FOREIGN FIRMS IN S.A. — UNITED STATES
1989

New agenda for inquiry into bid for ConsGold

Cpe Tim's 3/1/89 62

Own Correspondent

LONDON. — No stone will be left unturned by the Monopolies and Mergers Commission's (MMC) deepening inquiry into Minorco's £2,9bn bid for Consolidated Gold Fields.

A four-page letter sent by the MCC to both sides ahead of critical hearings this week specifies no less than 29 areas of inquiry.

They include gold, platinum, potential damage to the Amey Roadstone (ARC) aggregates group and claims that SA could have undue influence if Minorco succeeded.

The MMC's initial reference had only cited concern over the strategic metals zircon and titanium. It was on that understanding that Minorco CE Michael Edwardes agreed to co-operate with the inquiry following a "monumental row" within the Department of Trade & Industry.

Both the extent of the new inquiry agenda set out in the MMC letter and the language used will give little comfort to Minorco.

The commission asks about:

- Whether Minorco can act independently of Anglo-American.
- The "previous limited success of SA enterprises operating abroad".
- The likelihood of cartelistic practices being attempted.
- The political risk to ARC and the competition implications of widespread loss of contracts to a major competitor (Tarmac).
- Additional possibilities of manipulation in the gold market.
- For a detailed investigtion of Anglo's control over the platinum market.
- And the possible extension of collusive arrangements such as the international diamond cartel and those alleged to have been operated between the major platinum producers since the 1970s.

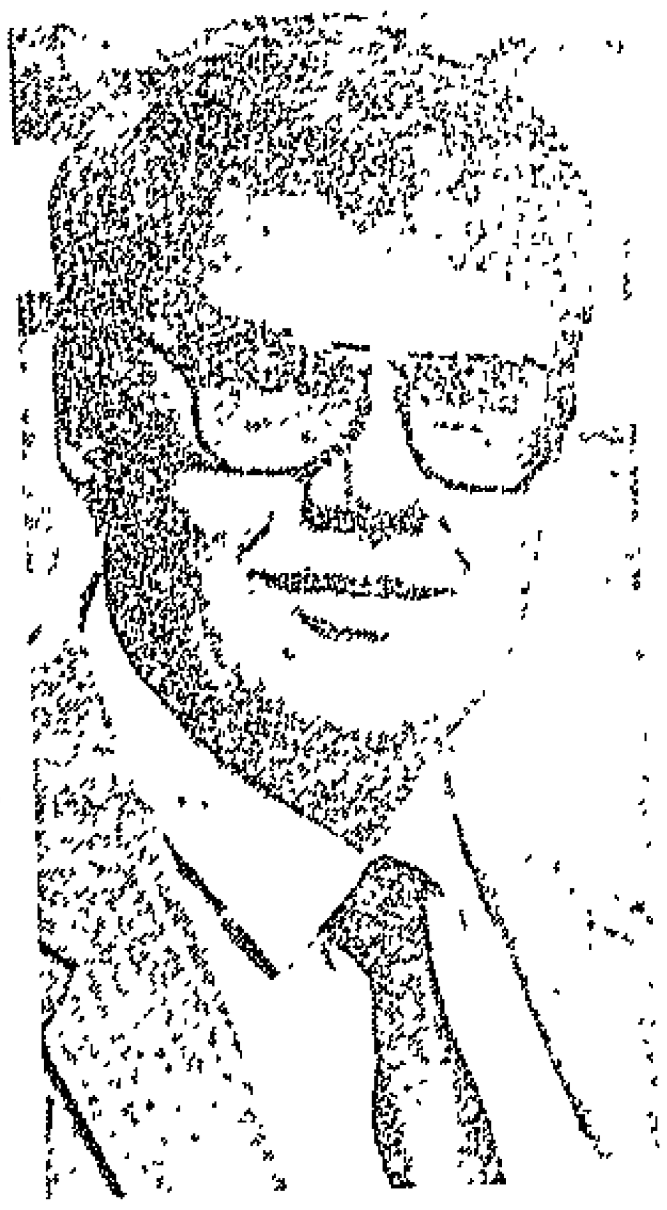
Finally, the MMC is examining whether it can veto on Minorco preventing it from selling any of ConsGold's assets including holdings in Gold Fields of SA (GFSA) and Newmont to Anglo or, indeed, to any SA company.

Edwardes is reported to be in SA. It is understood the MMC letter has been the subject of discussion at the highest level in Johannesburg of Anglo American and De Beers, which own 60% of Minorco.

But in spite of the claims in the Consgold camp that Anglo would back away from a full-scale probe, Minorco is determined to press on.

Minorco director Roger Phillimore said on Sunday: "From the outset we have co-operated fully with the MMC as we have full conviction in the merits of our case.

"We have no doubt that we can quickly and totally satisfy the MMC on all points it puts to us."



Marinus Daling has been appointed to the board of Genbel Investments Ltd.

Derek Keys has been appointed to the board of Genbel Investments Ltd.

Derrick Ollewagen has been appointed manager of Nedbank Ltd's Bellville branch.

The Star Tuesday January 10 1989

20 US companies leave SA in 1988

Star 10/1/89

Thousands lose jobs because of sanctions

62

By Winnie Graham

Between 8 000 and 10 000 people lost their jobs or were retrenched last year when a further 20 United States companies withdrew from South Africa, Mr Adrian Botha, the executive director of the American Chamber of Commerce, said in Johannesburg yesterday.

There were now 138 American companies — of an original 330 — left in this country, he added.

Among the top companies to bow to pressure from the sanctions lobby in 1988 were Control Data, Unisys Computers and Sterling Drugs.

Mr Botha said many people did not lose their jobs "because most of the disinvesting companies were either sold to local interests or to other international companies".

"Those who were retrenched, however, were mainly black."

Mr Botha said that as far as pressure from sanctioneers was concerned, 1988 was the "worst year" for South Africa. American companies in South Africa had been under more pressure than at any time since the disinvestment campaign first started 12 years ago.

South Africa had had the Dellums Bill hanging over its head throughout the year and although the Senate had not voted on it, the danger had not yet passed. Mr Ron Dellums was expected to re-introduce the bill this year.

Contribution

Mr Botha said American companies spent between R80 million and R90 million a year on social responsiblitity programmes in South Africa. He believed they were making a significant contribution to the country.

In terms of the statement of principals of the Signatories Association, members worked to a four-pronged programme. They were committed to improving education, providing training and advancement, promoting community development (including health, welfare and housing) and campaigning for social justice.

Mr Botha said a number of factors had worked in South Africa's favour towards the end of last year. The Angola/Namibia talks, the reprieve of the Sharpeville Six and the failure of the Foreign Funding Bill and the Group Areas Bill were viewed as positive signs for this country. One negative aspect was the Delmas trial.

The situation in South Africa was being carefully monitored by the sanctions lobby and no American politician would willingly "stick his neck out" without ammunition. However, he did not believe the sanctioneers would be satisfied until this country had a one-man, one-vote system and a black ANC government.

When Mr Botha visited the United States in May last year to argue against sanctions he had carried a simple message: It was not in anyone's interest to destroy the economic infra-structure of a country, regardless of which government controlled it.

"If the United States is to retain its influence in South Africa, its companies should certainly not withdraw," he added.

Most American firms in this country are managed by South Africans.

Heat comes off as US exodus from SA slows

15/1/89 S/Times (62)

By Patricia Cheney
Washington

AS far as economic heat from the United States goes, 1989 appears to have started on a hopeful note for South Africa.

Not only has the exodus of US business from SA slowed, but the number of states and municipalities considering anti-SA legislation has dropped.

A report by the Independent Investor Responsibility Research Centre (IRRC) says only 25 companies withdrew from SA last year, less than half the number that quit in 1987.

Only two states, Michigan and Rhode Island, and one county, Monmouth, New Jersey, passed disinvestment legislation last year as opposed to 10 states and six local governments in 1987.

Michigan tightened its disinvestment legislation this week and a selective contracting and buying law is under consideration in Massachusetts.

That leaves 138 US companies with direct investment or employees in SA, including giants like Mobil, Goodyear, International Paper, RJR Nabisco, Caltex and Johnson & Johnson.

Each employs more than 1 000 people in SA. The companies have expressed a determination to stay in SA.

Since January 1986, says the IRRC report, 132 US companies have ended their direct investment in SA, and 79 have severed all ties. The rest have retained some involvement through licensing, franchising, contracts or other non-direct links.

Twenty-six states, 19 counties and 73 municipalities have passed disinvestment and selective buying and contracting laws.

Analysts attribute the slowing in disinvestment to several factors:

- US companies with the smallest stake in SA have quit, leaving what one observer describes as the hard core. "What we have seen is a winnowing process," says an official at one corporation. "It is a sort of separation of sheep from goats."
- Political attention in the US has shifted, at least temporarily, from SA. "It's not very pleasant to have the name of your company smeared across the newspapers as allies of apartheid," says the official. "In 1988 we didn't have that."
- The anti-apartheid law of 1986 took the steam out of the disinvestment movement.

But, corporate officials and representatives of the sanctions lobby alike warn that the respite may not last.

"Who knows when South Africa will become a hot issue again?" says a pro-sanctions Senate official "George Bush might be president, but that's not going for sanctions again."

Corporations also fear that municipal contracting laws, the latest weapon of the sanctions lobby, will begin to catch on at the state level.

The laws, which have been adopted by New York City, Chicago, Los Angeles, Houston, San Francisco and Washington, prohibit the cities from buying any goods from or giving any contracts to companies with investments in SA.

So far only Maryland and Michigan have such legislation, but the ban has resulted in several big companies, including Xerox and General Motors, deciding to call it quits.

Michigan has banned investment of state pension funds in US companies which have cut direct ties with SA but which have retained a non-equity toe in the door.

Employee sues IBM over transfer to SA

B/Day 17/11/89

NEW YORK — A Pretoria-born black naturalised US citizen has sued computer giant International Business Machines (IBM) for $25m, charging he was fired for refusing a transfer to SA where he claims he still faces charges for treason.

Victor Khabo, a former marketing representative, filed the suit in the Federal Court in Manhattan alleging IBM engaged in unlawful employment practices.

The New Brunswick, New Jersey, resident, who was fired by IBM in November 1987, is seeking $25m in damages.

The suit says Khabo, a naturalised US citizen, was jailed for his anti-apartheid activities in SA when he was a student, and still faces charges in SA for treason.

The suit names Khabo's former managers, Patricia Linnon, Russell C Somers, Keith Gaylord and E G Trodahl, as co-defendants. Also listed in the suit as a co-defendant is IBM chairman John F Akers.

An IBM spokesman based in Armonk, New York, said the company had not seen the suit, and did not comment on current litigation.

In October 1986, the company announced plans to sell its holdings in SA to employees there.

The unit was renamed Information Services Management (ISM).

The spokesman said as of March 1987, IBM had no assets or employees in SA.

Khabo was hired by IBM in June 1984 and became a US citizen two years later. — AP-DJ.

CAPE TIMES 17/1/89 (62)

Samcor workers get first dividend

Own Correspondent

JOHANNESBURG. — Samcor employees who own 24% of the company's equity have received some R4m in dividend payments, the first dividend paid since the shares were transferred into an employee trust as part of Ford's disinvestment deal a year ago.

Samcor chairman Les Boyd said yesterday all of the 4 500 employees, who had been in service for the full year, each received a R940 cheque on the day the plant closed for the Christmas break in mid-December.

Beneficiaries include all wage and salary earners.

A dispute which blew up among workers last year over whether the fund's dividend income should be chanelled into community projects or distributed to the workers themselves has apparently been resolved.

Boyd said the trustees had changed the rules in order to give each individual worker the choice of accepting the money personally or handing it back to the fund for use in community projects. He said none had taken up the latter option.

Employee trustees have not yet been elected as provided for and the trust is still being run by three outside trustees — two lawyers and a Ford representative.

Boyd said the decision to change the rules was taken after extensive consultation between the trustees and groups of employees.

Spokesmen for the National Union of Metalworkers of SA (Numsa) motor section, who negotiated the original deal, could not be reached for comment.

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US food giant Nabisco to divest

B/Day 23/1/89

62 KB

KAY TURVEY

US FOOD and tobacco giant RJR Nabisco is to sell off its holding in SA's Royal Beech-nut following the $24,5bn takeover of Nabisco by New York investment house Kohlberg Kravis Roberts.

Nabisco, an Atlanta-based maker of a vast number of consumer items ranging from biscuits to cigarettes, has a controlling shareholding in Royal Beech-Nut.

Royal Beech-nut MD Doug Johnston said yesterday divestment moves were still in the early stages, but they were talking to possible local suitors for the R80m a year company.

Reluctant to name possible buyers, Johnston said a local management buyout was not being considered and a likely deal was not expected to affect staff.

The company, whose brand names include Beechies and Lifesavers, employs 850 people.

Malcomess moves to plug disinvestment gap

Star 23/1/87 (B) General

Finance Staff 62

Two agricultural giants, Malcomess and Claas, have joined forces in a bid to capture the largest slice of the local combine and baler market.

According to a joint statement by the two companies, Malcomess has been appointed from March 1 as the sole distributor of all Claas combines and balers in the Republic, Lesotho, Swaziland, Botswana and South West Africa.

Mr Jonathan Melck, MD of Malcomess, said the agreement with Claas was reached after Ford New Holland announced that, because of political reasons and on instructions from the Ford Corporate office in the US, they were withdrawing their combine and baler products from the South African market effective from the beginning of this year.

Malcomess has been distributing the New Holland products in South Africa for the past 28 years and became the combine market leader.

Mr Melck, however, gave farmers who are owners of these products the assurance that all relevant spares will be made available indefinitely and that Malcomess will continue, as in the past, to service this equipment through its branch network.

Malcomess is considering expanding its 36 branches and the possibility of appointing new dealers.

Sanctions 'cost few jobs'

62

Star 27/1/89

Impact of pullout by US firms questioned

MIKE SARAKINSKY of the Department of Sociology at the University of the Witwatersrand questions whether figures of job losses due to sanctions are correct.

The executive director of the American Chamber of Commerce (Amcham), Mr Adrian Botha, recently claimed that between 8 000 and 10 000 people, "mainly blacks", lost their jobs, or were retrenched because of the withdrawal of American companies from South Africa in 1988.

Although he subsequently said he was misquoted, and that these job losses occured between 1984 and 1988, Mr Botha's claims remain dubious in the extreme.

Disinvestment may take, broadly speaking, two forms. It may involve the complete closure of the plant and the withdrawal of all financial assets, machinery, technology, etc. Or it may involve the sale of the plant, including all the assets, to another company.

Economic grounds

It is clear that more American companies have disinvested than companies from other countries. Some of them began withdrawing prior to the intensification of the sanctions-disinvestment campaign in 1986.

This latter fact suggests that many foreign companies were already reconsidering their South African portfolios on economic grounds before the sanctions and disinvestment campaign got off the ground.

According to Amcham, 47 American companies left South Africa in 1984 and 1985, with another 50 leaving in the course of 1986.

Similarly, the value of British company investments in South Africa fell from a high of approximately R1 200 million in 1983 to about R400 million in 1986.

The long-term economic prospects of investments in SA were clearly being called into question. Yet no-one expressed concern over the fate of the workers affected by this spate of disinvestment.

One of the favourite arguments against disinvestment is that it creates unemployment and therefore, insofar as pressurising the Government into moving away from apartheid is concerned, it is counter-productive and deals the most harm to those it is meant to help — the blacks.

Contrary to the claims of the anti-disinvestment lobby, the manner in which the current wave of disinvestment occurred has had very little effect on the level of unemployment because it has seldom meant the complete closure of the operation, usually involving simply a transfer of ownership.

Very few American companies have actually closed their operations completely, and those that have have tended to be small-scale employers. Thus, according to the Investor Responsibility Research Centre (IRRC), of the 114 American companies that withdrew between the beginning of 1986 and mid-1988, only 13 closed completely.

Of the 13, nine employed less than 20 workers; two between 21 and 50; one between 351 and 500 and one between 501 and 750. Their total workforce (excluding that of two companies for which no data is available) was 1 164.

Retain links

On the assumption that the two companies for which data is not available follow the trend and are small employers, then little more than 1 000 jobs have been lost as a direct result of American disinvestment. This amounts to only a tiny portion of the workforce affected by American disinvestment.

And a study by the IRRC showed that 50 percent of American companies that have left SA since 1986 "retain a contract, or a licensing, distribution, technological, trademark or franchise agreement with a company in South Africa".

In short, therefore, while the number of companies apparently withdrawing from SA looks significant, most of these companies have found indirect ways of retaining access to the SA market while simultaneously continuing to provide the country with the commodities and technolgy it needs. Consequently, few jobs will be lost as the effect of this form of disinvestment on the economy is minimal.

By mid-1988, the IRRC had accounted for 114 companies that had withdrawn from SA. A more recent report by the IRRC shows that 25 American companies withdrew from SA in 1988, and that in total 132 American companies had left by the end of 1988.

Unless some very large employers completely closed down in the interim, it is difficult to understand how 8 000 to 10 000 jobs were lost as a result of American disinvestment.

What happens very often is that the new owners and managers of companies bought from disinvesting companies engage in a process of rationalisation involving changes to the labour process, the introduction of new technology and retrenchments. Examples of this are Ford and General Motors.

It is this process of rationalisation which creates unemployment, not disinvestment.

Rationalisation has been occuring long before the upsurge in the sanctions-disinvestment campaign, and should not be seen as a necessary outcome of disinvestment.

It is not only an exercise in conjecture, but also one of questionable logic to say that if the American owners had not sold the company to SA owners then the rationalisations would not have occurred, as Mr Botha does.

Actively destroying

The SA economy has not only been unable to create jobs throughout the 1980s, but has also been actively destroying jobs, long before the intensification of the sanctions and disinvestment campaigns.

Between 1981 and 1985, 181 634 African jobs were lost. Even if we take Mr Botha's figure of 10 000 at face value, and compare it to the increase in unemployment since 1984, of approximately 1 million, it represents about 1 percent.

Disinvesment in its current form has thus contributed negligibly to unemployment.

Star 30/1/89 (62)

Firms 'drop' aid

By Winnie Graham

Certain disinvesting US companies who have withdrawn from South Africa have abandoned the people and organisations they were assisting in terms of the Sullivan Signatory Code.

According to Arthur D Little's 12th report on the signatory companies, now available in Johannesburg, remaining American companies in South Africa have found it "extremely distressing" to be approached for assistance by organisations which have been dropped by American firms that have withdrawn.

One signatory commented: "Assisting people, and then ceasing to, is certainly worse than never commencing — or so it seems to us."

The report states that problems had arisen for those social and educational organisations that had relied heavily on US company contributions.

Some companies, when disinvesting, made arrangements to continue their financial support, at least for a period. This had been specially true for scholarship aid to individuals rather than aid to institutions.

One signatory who had continued to support a school, together with a former signatory, commented: "After the company was sold to a white South African firm, it abandoned its previous programme of involvement, but at our urging continued with the school project."

The report also quotes a senior black manager who asserted that, unlike his previous employment experience, he had not encountered racial discrimination in the signatory company. He had unlimited opportunities.

The report adds: "His concern — and he was absolutely convinced — was if the US joint owner and management were to withdraw, leaving the company to the South African minority owner, as a black he would be demoted and have no opportunity for growth. This is an example of the concerns of blacks with regard to US disinvestment."

In spite of a "significant reduction" in the number of signatories — they dropped from 92 to 70 — their overall performance had been impressive, contributing R86 million for the benefit of blacks, coloureds and Asians in South Africa.

The number of their employees had dropped by more than 10 000 — from 43 900 to 33 400, a reduction of 24 percent.

The report adds: "The companies are becoming more assertive in seeking opportunities to apply their money and effort in support of correcting and alleviating unfairness in South Africa."

Star 30/1/89

US petrol, oil airlift to Unita considered

By Neil Lurssen, The Star Bureau

WASHINGTON — The United States government is considering ways of stepping up aid to Unita to make up for the Angolan rebel movement's loss of aid from South Africa.

According to a report here, US intelligence officials are especially concerned about getting petrol and oil to Unita for its trucks and armoured personnel carriers, and for running the rebel headquarters at Jamba.

In a weekend report, the *Washington Post* said that the Central Intelligence Agency was studying the possibility of flying the oil and fuel from neighbouring Zaire to Unita-controlled airstrips in southern Angola. It would be carried in big rubber bladders on C-130 Hercules transport planes.

The report comes at a time when a bi-partisan group of US senators, led by Democrat Mr Dennis DeConcini of Arizona, is trying to win a commitment from the Bush administration that it will continue to supply the anti-communist rebels until there is final reconciliation between the MPLA government and Unita.

So far, there has been no indication that the Luanda regime is ready to start serious settlement negotiations with Unita that will include its leader, Dr Jonas Savimbi.

The Senate group wants the Bush commitment to be cemented in a formal Senate resolution that will also hold out carrots for Angola after reconciliation, such as diplomatic recognition, economic aid, and support for Angola's admission to the IMF and the World Bank.

Six more die in Natal township unrest

Star 30/1/89

Crime Reporter

At least six people died in a flare-up of Natal township unrest on Friday and Saturday.

The killings happened near Maritzburg, the scene of some of the worst clashes between Inkatha and United Democratic Front supporters in past months, and Pinetown, police said in their unrest report.

The weekend death toll could rise when yesterday's unrest incidents are made known.

Two men and a woman were murdered in separate incidents on Saturday. They were stabbed to death.

One was found in Nxamala, one in Willow Fountains and the third in Taylor's Halt.

In Pinetown, a mob killed two men after a third was shot.

Spec

Cutting down SA stake in United States

Argus 2/2/89 62

From NEIL LURSSEN of The Argus Foreign Service, Washington

THE American affiliates of South African companies own more than R150-billion in US assets and are steadily increasing their stake in key American industries, according to a US Congressman.

Citing the bid by SA-controlled Minorco to take over Consolidated Gold Fields, a British corporation with strategic mineral assets in the US, Congressman Mickey Leland of Texas, has introduced a Bill in the House of Representatives that would deny South Africans control over US corporations.

Mr Leland, a liberal Democrat and member of the Congressional Black Caucus, told his colleagues that the Bill would close a loophole in the 1986 sanctions legislation that had banned certain American investments in South Africa.

A successful acquisition by Minorco would give South Africa a greater hold on the international gold mining industry, he said.

"Because the use of apartheid-generated profits in such a manner provides economic and social stability for South Africa and fuels apartheid, it should be eliminated,' Mr Leland added.

The Leland Bill is the second anti-SA sanctions measure to be introduced in the Congress this year — and more are expected as liberal Democrats press their campaign to tighten the sanctions screws.

It is too early to assess their chances of being approved this year. The liberals say that pressure must be maintained because there have been few signs of real reform in South Africa.

But congressional leaders are waiting to see the details of President George Bush's South Africa policy before they take positions on the issue.

President Bush has promised to seek bipartisan support on foreign policy issues, but he is also firmly opposed to more anti-SA sanctions which he believes are counter-productive and harmful to blacks.

The key question is whether the Bush Administration is able to frame a policy that would reject sanctions and yet win the support of Democratic congressmen and senators.

Much will depend on the person who is appointed Assistant Secretary of State for Africa. At present, the job is still held by Dr Chester Crocker and there is no official word yet when — or if — he will be replaced.

Washington speculation about his likely successor centres on Mr Herman Cohen, Africa chief on the National Security Council, and Mr Frank Wisner, Dr Crocker's former deputy who was appointed US Ambassador to Egypt a few years ago.

Both men are closely associated with a policy that seeks to increase American influence in South Africa among all population groups and with maintaining a strong SA economy as "an engine for change."

Congressman Leland said the purpose of his Bill was to "prohibit South African business enterprises, persons or governments from acquiring, purchasing or owning five percent or more of voting securities of any US business enterprise."

He added: "While South African persons can continue to invest minimally in the US, they will not be able to exert control over US corporations.

"Our past actions suggest that Americans find apartheid so morally abhorrent that we chose not to associate with such a racist system.

"If we are to be philosophically consistent, if we are to maintain a congruent policy, and if we are to send a clear message to South Africa, we must end South African investment in the United States. To permit this practice to continue would be hypocritical."

SA workers face chop in US deal

ARGUS 2/2/89

Staff Reporter

MORE than 1 200 workers at a Tulbagh canning factory — owned by an American company which could soon withdraw from South Africa — will probably know before the weekend whether their jobs are in jeopardy.

A statement is imminent, according to the managing director of the SA Preserving Company (Sapco), Mr G McLaughlin.

"We feel, though ,there will be a continuity of the business operation as it is conducted at present," he said today.

CLOSE DOWN

US food and tobacco giant RJR Nabisco — which has a controlling shareholding in Sapco and another South African company, Royal Beech-Nut — has announced plans to close down Royal Beech-Nut.

Uncertainty over Nabisco's future plans are linked to a record R65-billion take-over bid by its chief rival, Kohlberg, Kravis and Roberts.

Nabisco shareholders have two months to consider the offer.

However, Mr McLaughlin said today: "We have been in touch with our London office and we are hoping for a statement today."

WITHDRAWAL

Asked about the impact of investment withdrawal, he said Sapco would probably continue operating in Tulbagh.

He added: "I cannot say anything more until I have heard from London."

Sapco, which has an administrative office and warehousing in Cape Town in addition to its factory in Tulbagh, is regarded as a vital component of the region's fruit farming industry.

The Argus Foreign Service in New York reports that neither Nabisco nor Kohlberg, Kravis and Roberts would discuss details of future plans for the two South African holdings.

However, Nabisco has announced its intention to close down Royal Beech-Nut, which has operating assets of less than R12-million, no matter what the outcome of its merger negotiations with Kohlberg might be.

It is thus not clear whether Nabisco's plans to close down its South African operations were part of the general US disinvestment movement or were spurred by the merger bid.

A spokesman for Kohlberg, Kravis and Roberts would say only that while no firm decision had been made in regard to the future of the Tulbagh company it was almost certain "to be disposed of" should the merger with Nabisco take place.

A MESSAGE TO OUR EMPLOYEES, GROWERS AND SUPPLIERS AND THE TULBACH COMMUNITY

FROM

SOUTH AFRICAN PRESERVING CO (PTY) LTD

SAPCO

w/k Argus 4/2/89 62

We at SAPCO want to assure all of our valued employees, growers and suppliers that it is <u>business as usual</u> as we complete a full and normal deciduous fruit pack.

As communicated to each of you we remain committed to all our business contracts, employee benefit programmes, and social responsibility programmes.

What is most important to understand is that any further action <u>does not</u> necessarily mean that SAPCO canning operations will be curtailed or ceased. As further details regarding any potential sale of our company become known, we will personally advise you. In the meantime it is

<u>BUSINESS AND QUALITY AS USUAL</u>

Sincerely

THE DIRECTORS, SA PRESERVING CO (PTY) LIMITED

(AAA24006)

Cape Times 14/2/89

Nabisco sells local stake to Imermans

Own Correspondent

JOHANNESBURG. — The Imerman family, which controls the listed Lovasz group, has acquired the SA subsidiary of Royal Beech-Nut (RBN), in a major disinvestment move by R J R Nabisco.

The sum and nature of the purchase consideration have not been disclosed, but the stature of RBN can be gauged by its projected turnover of R100m and staff of nearly 900.

The extent of the involvement of the Lovasz group in the acquisition is still under consideration. But yesterday's suspension of Lovasz shares on the JSE indicate that the association is likely to be significant.

Rumours of the deal followed the takeover of R J R Nabisco, which owns RBN internationally, by New York investment house Kohlberg Kravis Roberts for $24,5bn — one of the biggest takeover's in US history.

The Imermans have acquired the entire issued share capital of RBN, its brand names within the Southern African territories, its manufacturing, marketing and distribution facilities and have ensured the employment of its management and staff.

RNB will retain its renowned name and brand names which are linked to technology agreements with its former US parent, but it has its own R&D expertise geared to creating products for local tastes.

The Lovasz listing will be reinstated on the JSE today.

Local Nabisco goes to Imermans in wake of pull-out

Star 14/12/87

62

By Ann Crotty

Latest disinvestment move from SA sees onwership of the local Nabisco subsidiary, Royal Beech-Nut (RBN), move to the Imerman family, which controls listed chemicals group Lovasz.

RBN looks set to get its own listing at a later stage.

Nabisco is currently the victim of the largest-ever hostile take-over bid in US and it has been reviewing its worldwide asset base with the object of selling assets to strengthen its US base in the face of this attack.

The sum and nature of the purchase consideration for the SA deal have not been disclosed, but market sources have indicated that Nabisco will be paid somewhere in the region of R40 million for its SA subsidiary.

Because RBN is not listed and becaused the acquisition is being effected by the Imerman family and not a listed entity, details of the deal will only be revealed when/if they affect a listed company.

Professional advisers are still engaged in discussions between the Lovasz and Imerman interests regarding the final structure.

One figure that is available is the projected turnover, which is pitched at around R100 million.

The sale was conducted through a tender system and it is thought that most of the major players in the industry, with the exception of Tiger, put in a bid.

The list of the most obvious parties probably includes Fedfood, Anglo-Vaal, Premier and Cadswep.

Feeling in the market is that any of these would have been prepared to pay a reasonable amount to acquire the brand names that are in the RBN stable.

That they were beaten suggests that the Imermans bought expensively or that the deal involves something more complicated than a straight cash payment.

RBN's brand names include Beechies, Care Free, Lifesavers, Replay, Bubble Yum, Beech-Nut Rolls, Super-C, Royal Baking Powder and Royal Instant Pudding. The brand names will be retained.

On the basis of industry experience, a R100 million turnover could produce earnings of around R2,5 million, which would put the suggested sale price of R40 million on a price/earnings multiple of a relatively steep 16 times.

Lovasz was suspended yesterday amid rumours of a deal.

But at this stage the most significant connection between Lovasz (which is predominantly a chemical company) and RBN seems to be limited to Lovasz' Trimpak division.

Lovasz chief executive Vivian Imerman states that RBN has been a customer for years, adding: "We are well able to assess its enormous potential.

"We plan to develop the business which has great scope, particularly in the burgeoning black consumer sector.

"A likely start is to slot Lovasz' Trimpak division, which has synergystic capabilities with RBN, into that company and we will be looking for other acquisitions to help build up a major group in the manufacture and distribution of food, confectionery and related fields."

Lovasz could also become a major supplier of food chemicals to RBN.

In terms of technology, RBN is apparently largely self-standing, with its own research and development expertise geared to creating products for local tastes.

J I Case in local buyout

By TREVOR WALKER
Business Staff

J I CASE, one of the world's largest manufacturers of agricultural and construction equipment has sold its investment in South Africa to the local management team.

No figures have been released, but the funds were provided by Nedbank and Finansbank, a Nedbank subsidiary.

As part of the deal, Finansbank will hold a minority interest in the new company called Construction Specialist Engineers (Pty).

CSE has five branches in the country based in Johannesburg, Cape Town, Durban and the Eastern Cape.

J I Case sold off its agricultural business in this country to G North and Sons last December and the latest sale of its construction business has finalised the withdrawal of its investment in the South Africa.

A spokesman for the company said the exclusive distribution agreement for Case construction equipment would remain with CSE and "we are well placed to continue the import, supply and service of Case equipment to the South African market".

Case had a turnover of around R180-million a year, split fifty fifty between its agricultural and construction equipment divisions.

Case is owned by US multinational Tenneco Inc of Houston, Texas.

Mr Barney Strydom, managing director of Case in South Africa, established the company some 18 years ago and he is confident that the buyout by the management team will lead to increased growth in this country.

INDUSTRY

Cape Times 22/2/89

Trim-Rite to replace Weedeater in SA

62/100

Business Staff

THE famous name Weedeater is to disappear in South Africa and be replaced by Trim-Rite on a range of lawn trimmimg machines made by Nylon Line Cutters of Epping.

The move follows the United States licensees ending permission to use the name.

No reasons have been given for the non-renewal of the licence but the chairman, Mr John Gander, said the American manufacturer had been taken over by a Swedish company.

However, a considerable amount of money will also be saved because the paymant of royalties will lapse, he said.

The Cape-based company sells more than 120 000 machines a year and exports about one third.

Export prospects are bright, says Mr Gander, who forecasts that Trim-Rite will double its exports earnings in the next two years to R18-million as exports are boosted to more than half of the entire production.

The machines were designed to meet South African conditions and were given more powerful motors and other features — Mr Gander claims their performance is superior to the American models.

They are sold in the United States New Zealand, Australia, several European countries including France, where importers markets them "under three unpronounceable names".

The company claims to have about 75 percent of the local market.

TOURISM

Cape Times 23/2/89

Imerman pay R45m for RBN interests

(62)

JOHANNESBURG. — The Imerman group is paying R45m for its 100% control of the shares and tradenames of the South African subsidiary of the international Royal Beech-Nut company (RBN).

In a major disinvestment announced last week, RJR Nabisco, the world's largest food group, sold its interests in RBN to the Imerman family interests which control the listed Lovasz Chemicals.

The Imerman group corporate consultants, Curle Securities, and other professional advisors are structuring the final deal which is likely to involve Lovasz and almost certainly lead to a further listing.

Based on the pro forma of the 1988 financial year's historic earnings, the R45m represents an effective multiple of about 10. — Sapa

Anti-apartheid divestments cause headaches

Star 24/2/89

62

The Star's Foreign News Service

NEW YORK — Divestment from South African-linked US companies has become a nightmare for many big investment companies.

It is so complex an operation that trying to invest in a "South Africa-free" company is "like trying to hit a moving target", says one major investor.

The problem has been doubly acute because, as the stream of companies leaving South Africa continues, others are going the other way.

One example: The previously "South Africa-free" General Electric ended up on the restricted lists after its recent purchase of RCA Corp.

This made it, unexpectedly, an investor in South African-related commerce because RCA still conducts South African operations.

That, in turn, led to one of General Electric's biggest stockholders, the New Jersey state pension fund, having to add in its three-year divestment programme twice as much stock to its must-sell list as would otherwise have been the case. And bear the losses.

For similar public pension funds and other large investors that follow anti-apartheid policies, either by their own choice or through the myriad of complex — and often contradictory — state, municipal and federal laws, divestment has been equally costly.

An additional problem is that the definition of a "South Africa-free" company is also obscure to many. "Some companies say they are going to sell their holdings in South Africa, but all they do is turn them around into a franchise ownership and all the profits come back to the parent company," says Ms Martha Kelly, vice-president of a Bethesda, Maryland, mutual fund operator with several "South Africa-free" portfolios.

Of the 152 US and Canadian companies ending their direct investments since 1986, 70 retain non-equity ties, according to a report published in the Wall Street Journal.

Recent state laws have tried to plug this loophole by forbidding marketing, licensing and trademark pacts aimed at avoiding divestment.

A Michigan law, for instance, still considers Ford to be a South African company because it allows its former unit, now owned by local white and black workers, to use the Ford name.

Disinvestment from SA a nightmare for US firms

W/E Argus 25/2/89 62

Weekend Argus
Foreign Service

NEW YORK. — Disinvestment from South African-linked US companies has become a nightmare to many big investment companies — so complex an operation that trying to invest in a "South Africa-free" company is like trying to hit a moving target, according to one major investor.

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A Michigan law, for instance, still considers Ford to be a South African company because it allows its former unit, now owned by local white and black workers, to use the Ford name.

By contrast — and adding to the confusion — Ford stock is cleared under New Jersey law, which prohibits investments in companies doing business "in or with" South Africa, but stops short of agreements that don't involve having US company employees in the country.

Many US investors who oppose forced disinvestment policies are appalled by the actual and potential losses the policies cause.

AK645 6/3/89

New strike vote threat to fuel supply

The Argus Correspondent

DURBAN. — As the strike by about 650 workers at the Shell and BP SA petroleum refineries entered its sixth day today, more than 400 workers at Mobil's refinery have voted overwhelmingly in favour of strike action which could affect the country's fuel supplies.

Mobil spokesman Mr Barry Housdon said he was unable to comment because Mobil had not been advised either by the union of the result of the ballot.

Management was to meet the union today at its request.

The Southern Natal petroleum co-ordinator for the Cosatu-affiliated Chemical Workers Industrial Union, Miss Pat Horn, said today that 95 percent of the 84 percent of workers polled voted for the strike.

This followed management's refusal to take part in joint industry-wide negotiations.

She confirmed today's meeting with Mobil management and said workers would meet tomorrow to discuss action after the ballot.

Miss Horn said a conciliation board meeting between the union and Shell subsidiary, Veetech Oil, failed on Friday to resolve a dispute on wages and working conditions.

Wages at Veetech were below those of Shell and the company was not prepared to negotiate a worker housing scheme. All other Shell workers had a housing scheme, she said.

Cape Times 6/3/89 62

Mobil workers vote to join petrol strike

Own Correspondent

DURBAN. — The strike by workers at BP South Africa Petroleum Services (Sapref) enters its sixth day today while at the Mobil refinery, workers voted on Thursday and Friday to go on strike.

Ms Pat Horn, co-ordinator of the Chemical Workers' Industrial Union's petroleum sector in southern Natal, said 95% of the 84% poll at Mobil had voted to take strike action as a result of management's refusal to participate in joint negotiations in the petroleum industry.

The company has requested a meeting today with the union to try to resolve the wage dispute and workers will meet tomorrow to discuss the next step, Ms Horn said.

In the other dispute, shop stewards and Sapref management met on Friday in an effort to resolve the strike by Sapref workers.

"Some progress was made in the meeting and in principle agreement was reached on the wage increases.

"But the company's refusal to agree to educational assistance for their employees' children has created a stumbling block to reaching a settlement," Ms Horn said.

"This is a particularly important issue to workers," she said.

Simon's new Bill S 507 is a savage folly

Cape Times 7/3/89

62

Washington Letter

by SIMON BARBER

IN HIS approach to South Africa, Senator Paul Simon brings to mind the Jack Nicholson character in Stanley Kubrick's horror film *The Shining*.

For those who may not have seen it, Nicholson plays a seriously blocked writer engaged as caretaker at a cavernous rocky mountain resort hotel during the snowbound months when it is cut off from the outside world.

He goes insane and attempts to chop up his wife and son. There is a famous scene in which he staves in the door to their room with an axe, pokes his head through and says with demonic cheeriness: "Hi, honey, I'm home."

The chairman of the Senate Africa sub-committee would like Pretoria to believe that, if sufficiently provoked, he and his colleagues will become unhinged in precisely the same manner and will attempt to disembowel the South African economy. Allow me to present the policy of "deterrent derangement".

Last Friday, Simon introduced S 507, a Bill identical to HR 21 placed in the hopper by Congressman Ron Dellums in January and very similar to legislation (HR 5175) passed by House of Representatives last August which subsequently died in the Senate because it could not muster the 60 votes needed to end a filibuster.

S 507 is a savage piece of folly, as Simon well knows. Its main features, which should by now be tediously familiar, are total disinvestment by US firms, a hypocritical trade ban that excludes exports of South African strategic minerals, extra-territoral punishment of non-US firms involved in the South African energy sector, the withholding of all nuclear-related assistance even if a meltdown at Koeberg threatens to fry the Cape, and, my own favourite piece of humbug, a requirement that departing US firms arrange to transfer assets made valueless by their departure to "the victims of apartheid".

The last provision, I might note in passing, conjures the image of a poor man who asks for a car that he may start a delivery business and is given instead one of those charming wire toys that township children push about in the dirt.

But, as I said, Simon is aware of this (though he might frame his objections differently). So what, then, is driving him? Two things.

First, he is possessed by that most prevalent of Washington tokoloshes, the desire for re-election. Like the Reverend Jesse Jackson, who is principally headquartered in Chicago, he hails from Illinois.

The coincidence is critical because, though very liberal (in the debased American sense), he has managed to infuriate Jackson by backing the wrong man in the Chicago mayoral race. His seat is up next year. Therefore, he must do obeisance.

Second, he seems genuinely convinced that the threat of sanctions serves a worthwhile purpose in obliging Pretoria to give its opponents "breathing space" in which to expand their own bargaining power while at the same time strengthening the hand of those within government who want to see that expansion take place.

Jackson is of the political genus blackmailer, species rolling maximalist, which is to say he asks for everything, and when he gets it, more. This appears to be one reason Simon abandoned his original 1989 strategy, which was to offer a "mild" Bill — chiefly tightening "loopholes" left by the Comprehensive Anti-Apartheid Act (CAAA) — that would survive the Senate and could then be toughened up in conference between the two chambers after the House had passed the Dellums Bill.

His plan was to reverse the pattern of past years, in which the house has adopted Dellums's lunacy only to see it watered down or entirely blocked by the Senate, and thus make it at least look to Pretoria as though new sanctions were now a far more plausible proposition than they had been in 1988.

However, even the appearance of going soft (and appearances are now a deadly sin in Washington as Defence-Secretary designate John Tower can attest) would have left him open to attack by Maximum Jackson. He had no choice, therefore, but to go the whole hog. Hence, the madman strategy in which Simon will try to convince Pretoria that, if there is just one more Delmas-type verdict, Congress will fire up the old chain-saw it already has to hand and cut a swath of indiscriminate mayhem.

The trouble with this is that its fakery is too obvious. The strategy remains thoroughly unconvincing.

By introducing S 507, Simon has signalled to the new administration that he, not it, means to run US policy towards South Africa. He may be a trifle more judicious than his counterparts in the House of Representatives, but, one, Congress is constitutionally unequipped to direct any kind of foreign policy and, two, the idea that an object of Jackson's blackmail should be directing anything makes *The Shining* look like *101 Dalamatians*.

Admittedly, the administration has been more than a little lethargic in getting its own act together but, by pre-empting it in the way he has, Simon has all but ensured that it will start out where its predecessor left off, firmly on the defensive.

Bush and his team have made it their first aim, not only on South Africa but across the foreign policy spectrum, to retake the initiative from Congress. But if the fight over Tower's nomination as Secretary of Defence — which is not about the man's lifestyle but about who will be in charge of national security — demonstrates anything, it is that the Democrat-controlled Congress intends to relinquish none of the power it has seized from Republican presidents over the past two decades.

As for the administration's hope that it will be granted the flexibility to reward Pretoria for positive steps — for example, by encouraging banks to show lenience on the debt repayments that come due in 1990-91 — there is little room for optimism.

It would have been nice to see the Bush administration, which really has given South Africa a lot more thought than its predecessors, have a shot at something a little more nuanced and construc . . . oops, positive.

Cape Times 8/3/84

1 strike ends, another looms

DURBAN. — The strike by 650 Sapref workers here ended yesterday after the Chemical Workers' Industrial Union accepted management's wage offer of R160 a month or 15% across the board.

But CWIU organiser Miss Pat Horn warned that 450 workers at the Mobil refinery in Durban were "likely" to begin strike action today because "Mobil refused to negotiate jointly with other companies in the industry, and a dispute has arisen". — Sapa

Tulbagh workers in talks

Staff Reporter

THE first round of talks over disinvestment between the US-owned Del Monte Corporation, owners of the Tulbagh-based SA Preserving Company (Sapco), and the Food and Allied Workers' Union (Fawu) took place yesterday.

Del Monte was recently tied up in one of the largest takeover bids in US history when its parent company, tobacco giant R B R Nabisco, was bought by New York investment house Kohlberg, Kravis, Roberts (KKR) for $24,5 billion about R60bn).

Threats of disinvestment by KKR raised fears for the jobs of Sapco's 1 300 employees.

A Fawu spokesman confirmed the talks with a Mr Tony Bedford of the Del Monte Corporation, but said it was still unclear whether KKR would sell Del Monte — and Sapco — to offset takeover costs. Workers had been assured that, even if Sapco were to be sold, they would enjoy all current benefits till December 31, 1991.

CAPE TIMES 13/3/89 62

Deere shareholders vote to stay

JOHANNESBURG. — Over 89% of Deere and Co shareholders have voted to continue operating in South Africa.

This followed a statement by the chairman and chief executive, Robert Hanson, that withdrawal would hurt the company's black and white employees.

"There has thus been a strengthening of our commitment to this country, where we feel we have a progressive role as an equal opportunity employer enhancing economic and social advancement," said John Deere SA's chairman, Bill Hubbard, former MD and now director of Deere and Co responsible for South Africa, Latin America, Australia and the Far East.

John Deere (Pty) Ltd has also announced the resignation of MD Leighton Lee, who is taking up an appointment with another industrial company.

In the interim period before the appointment of a new MD by the end of March, marketing director Bert Pepler, is acting in the position.

Lee joined John Deere SA in 1968 and following Hubbard's promotion became MD in 1987. Pepler has been with the company since 1966. — Sapa

ARGUS 21/3/89 (62)

MINING

Minorco: Anglo's future not outside SA — Relly

The Argus Foreign Service

LONDON. — Chairman Gavin Relly has dismissed speculation here that Anglo American's future lies mainly outside South Africa.

In an interview on Channel 4's The Business Programme, Mr Relly said: "Anglo-American is based in South Africa and southern Africa.

"Eighty percent of our assets are there and more than 80 percent of our profit, and it's really the base from which we look to grow."

The Anglo-American chairman described the opportunities in southern Africa as "considerable".

"We have enormous opportunities down the road in additional gold mines, some base metal mines and nickel mines.

"I would look to seeing a major technical and investment input going into southern Africa for many years to come," said Mr Relly..

Asked how far Anglo planned to focus its interest outside South Africa, he said: "It can't really be outside South Africa to a vast extent. The bulk of our investment programme has to be within the confines of the rand monetary area."

But he said it was important to have facilities overseas, and added that Anglo would marshall resources overseas "to the extent that we can... but it can't be the central thrust of our growth".

Speculation about Anglo's future has been fuelled by Minorco's bid for Consolidated Gold Fields.

Mr Relly said Luxembourg-based Minorco was "obviously what we hope will become the cutting edge of a major international resource group".

He said this could not be run from Johannesburg and was essential therefore that "the bunch of assets represented by Minorco should get out and do its own thing".

He denied Minorco was part of a scheme to move interests out of South Africa, adding that he believed South Africa was "coming along" politically and was not far from achieving a position where business in the country would be able to resume its relationship with the international banking community.

● The sign of the bear was in the ascendant on the London Metal Exchange last week as zinc and copper continued last the previous week's retreat.

Aluminium dipped below $2 000 a ton for the first time in 13 months, and nickel prices touched two-month lows.

In the absence of any significant change in the fundamental supply/demand picture for zinc dealers attributed the cash price's $207,50 fall to $1872,50 a ton chiefly to a general feeling that the market had become overbought in the run up to the recent record highs.

Much the same could be said of copper. But in this case the fall was also influenced by a sharp rise in New York Commodity Exchange (Comex) stocks, which prompted substantial Japanese selling.

The LME cash price ended the week £85 down at £1 877,50 a ton.

Hewlett-Packard to sell its SA operation

CAPE TIMES 22/3/89

62

Own Correspondent

JOHANNESBURG. — Hewlett-Packard is leaving SA.

In an unexpected announcement yesterday HP disclosed plans to sell its entire SA operation to Anglovaal subsidiary Siltek for an undisclosed amount.

The acquisition catapults blue chip Siltek into second place as a computer force, behind leading industry giant TSI.

HP president and CE John Young said SA's disappointing lack of progress in ending apartheid had prompted the decision to leave the country.

HP has consistently said it would remain in SA as long it could maintain long-term commitments to local customers, sustain an economically sound business and contribute, even in a limited way, to peaceful change and the creation of a just and equitable society for all South Africans.

"Unfortunately increasing political and economic uncertainties have made it difficult to achieve these objectives," said Young.

Siltek's Marius Furst has been appointed chairman of the new venture. Furst previously headed up HP SA before becoming CE of Altron's Fintech and then moving to Siltek.

Current HP MD Patrick Landey will remain MD of the yet-to-be named new company.

With HP in its fold, Siltek's computer offering encompasses top of the line IBM-compatible mainframes, storages and communication systems and Unix PC's, mini-computers and mainframes.

Full-time employment has been assured to all 245 HP staff and the company will continue to operate from the Johannesburg headquarters and branches in Cape Town, Durban and Port Elizabeth.

Landey said the local HP management team would remain in place and the changeover will be as transparent as possible.

Star 22/3/89 62

Finance Staff

Hewlett-Packard now disinvests from SA

US computer group Hewlett-Packard, citing business concerns and disappointment over racial segregation, announced yesterday it intends to sell its 21-year-old South African sales subsidiary.

Hewlett-Packard president Mr John Young said in a statement at the group's head office in Palo Alto, California, that the sale to Anglovaal subsidiary, Siltek, represented the best interests for its employees, customers and shareholders.

"Hewlett-Packard consistently said that we would stay in South Africa as long as we could contribute, even in a limited way, to peaceful change and the creation of a more just and equitable society," Mr Young said

The latest disinvestment move leaves no major US computer group with a subsidiary in South Africa, although most of their equipment is sold here by local firms.

Of the major international electronics groups, only Italian firm Olivetti and West German-based Nixdorf and Siemens have subsidiaries in South Africa.

Hewlett-Packard (SA) had sales last year of about R150 million.

Siltek will assume the marketing, distribution and servicing of all Hewlett-Packard products in South Africa.

In a further development, the chief executive of TR Services, Mr Peter Brennan, has bought out the 65 percent interest in TR Services formerly held by UK parent Telephone Rentals for R14,4 million.

The deal follows a succesful bid in the UK for control of Telephone Rentals by Cable and Wireless, which subsequently announced its intention to dispose of its South African investment.

● See Page 12.

Minorco expected to pull out all stops

62 Cape Times 28/3/89

From ROBERT GENTLE

LONDON. — Minorco is expected to pull out all the stops this week in a last ditch attempt to salvage its faltering bid for Consolidated Gold Fields before it lapses on April 26th.

This follows last week's decision by the New York Appeal Court to reject an appeal by Minorco to have an injunction against the bid lifted.

The injunction had been brought by ConsGold's 49%-owned US company Newmont Mining on alledged anti-trust grounds, and effectively blocks Minorco from acquiring any more shares in ConsGold.

A Minorco spokesman said yesterday: "It's a very serious setback. We admit it. But we've come this far and we'll find a way out."

He added that news from Washington last week that the proposed takeover of ConsGold did not threaten US national security could further strengthen Minorco's bid to overturn the New York ruling.

However, time is not on Minorco's side. With barely a month to go before the present 60-day cycle expires, the market has already taken the view that if only for this reason, the bid is dead in the water.

This was reflected in the way the New York ruling immediately took the speculative element out of the ConsGold share price. It plummeted £1,85 to £12,28, wiping off about £414m of the company's market capitalization.

Few analysts expect Minorco to ask for an extension from the Takeover Panel.

Not only is there no precedent for this kind of request, but it would almost certainly be turned down as Minorco went ahead with its second bid in the full knowledge that the New York court decision was still pending.

What Minorco has said it would do, however, is to assure the US court that it would sell ConsGold's stake in Newmont within a reasonable time after a successful takeover and not exercise management control in the interim.

The other card Minorco is expected to play is that of a higher offer to ConsGold shareholders. That could conceivably result in enough of them turning against the ConsGold board and asking it to drop the US court injunction.

The effects of the New York ruling on the ConsGold share price could well play in Minorco's favour.

While ConsGold's share price stubbornly traded above Minorco's present £14,25 a share offer, City opinion was that it was totally inadequate.

Now, however, the bottom has all but fallen out of the Consgold share price, and analysts expect the slide to continue if Minorco throws in the towel.

"Whereas a week ago ConsGold shares were worth £15, they are now worth £12,50, and anyone who bets otherwise is getting into a very high risk game," said the Financial Times at the weekend.

ConsGold chairman Rudoph Agnew's immediate reaction to the latest developments reflected this caution.

"The implications for the outcome of this bid are far from clear, but we remain ready for any eventuality," he said.

MINING ARGUS 28/3/89

62

Minorco to pursue bid for ConsGold

The Argus Foreign Service

LONDON. — Minorco has decided to pursue its troubled R13,2-billion offer for Consolidated Gold Fields, despite a US appeal court decision which will make it difficult to meet the April 26 deadline for resolving the bid.

The Luxembourg group intends to defend the US anti-trust and securities law cases brought by ConsGold and its associate Newmont Mining, in the hope of persuading the New York District Court to lift the ban on its acquiring Consgold shares in time.

It regards any further appeal to higher courts as impractical and has little hope of reaching an agreed bid which would persuade Consgold to halt the actions.

Mr Keith Irons, a spokesman for Minorco, admitted that the appeal court decision to uphold the injunction against Minorco may defeat the bid. "It is a very serious setback and could still block us," he said.

There was some good news for Minorco, however. It was told that the US government committee on foreign investment had no objection to the bid on national security grounds under the 1988 Omnibus Trade Act.

Minorco said it now intends "to pursue means of lifting or modifying the injunction entered in the US District Court in New York which currently prohibits Minorco from purchasing shares in ConsGold to take its stake above 30 percent".

Graham Serjeant, financial editor of The Times said Minorco had hoped to persuade Judge Michael Mukasey of the New York District Court, who is hearing the ConsGold anti-trust suit, to lift the injunction against Minorco quickly, rather than conduct a full hearing.

It offered a binding pledge to sell ConsGold's 49 percent interest in Newmont Mining. But the judge has warned Minorco that he is unlikely to make any ruling before he goes on a two-week trip next Monday.

If that proves to be the case, no ruling could be given before April 17. Under City takeover rules, Minorco must complete its bid by April 26.

Sir Gordon Borrie, Britain's Director of the Office of Fair Trading, told The Times that although the Monopolies Commission had passed the bid, "there are still questions in my mind.

"I would predict that in one or more markets in which those companies are involved, the British or European or maybe other competition authorities will get involved and you won't have heard the last of these matters."

MINING ARGUS 31/3/89

Minorco offers to post $100-m bond with US court

62

The Argus Foreign Service

LONDON. — Minorco has offered to post a $100-million bond with a US court as part of its attempts to have removed an injunction which prevents it buying any more shares in Consolidated Gold Fields.

In exchange, it would sell ConsGold's substantial shareholdings in Newmont Mining, the US gold producer, and Renison Consolidated, the Australian gold and minerals group, within a year, or forfeit the entire amount.

Minorco offered an undertaking not to sell the stakes to any organisation connected with Anglo American.

It made its offer in a letter to Judge Michael Mukasey, who imposed the injunction on the grounds that a merger between Minorco and ConsGold would give Anglo American control of 32,2 percent of the non-communist world's gold output.

In recent US appeal court hearings, it was suggested that Anglo, via Minorco, would curtail the activities of both Newmont, 49 percent owned by ConsGold, and the UK group's wholly owned US subsidiary, Gold Fields Mining Corporation, to benefit its South African gold business.

Mr Roger Phillimore, Minorco's commercial director, said the allegations "clearly demonstrate the desperate lengths to which the ConsGold board is prepared to go to prevent their shareholders benefiting from our offer".

NCR set to sell out to Fintech

(62) 2/4/89

By Udo Rypstra

NATIONAL Cash Registers (NCR), the last American-owned computer company in South Africa, is poised to quit.

It would follow Hewlett-Packard, which sold out to Siltek a week ago.

NCR would go — like the others — because political pressure on American companies to leave has become almost impossible to counter. Not even polls showing that most black South Africans are opposed to sanctions have deterred the American lobby's efforts to cripple SA's economy.

Rival

Fintech, the information technology arm of the Altron group and a Siltek rival, is said to be the buyout vehicle. NCR products would enhance its product range

Altron chairman Bill Venter and executive director Neil Davis are believed to have concluded a preliminary deal in Dayton, Ohio, last year. Final negotiations for Fintech to obtain a controlling interest in NCR are expected to be completed soon.

Buyout speculation has lifted Fintech's share price on the JSE from a low of R17,75 in December to between R27 and R31 in recent weeks

But playing his cards close to his chest, Altron executive director Jacques Sellschop has "no comment" on questions about whether a deal is in the offing

NCR managing director Jim Houston is also silent.

Denial

That speculation is gaining momentum in the computer market is not surprising.

Hewlett-Packard denied the takeover of its SA operations — by either Fintech or Siltek — only a month ago. But soon after the denial, a complex buyout by Siltek was announced. Industry sources say the deal must have taken months of negotiations to complete.

The number of potential corporate buyers of NCR has dwindled in the past few years.

Siltek, rapidly becoming a computer giant, took Hewlett-Packard's operations in a deal said to be worth more than R10-million Already in its stable are other US disinvestors like Amdahl and Tran Systems (March 1987) and McDonnel Douglas and Medis (June 1987)

JIM HOUSTON

Management buyouts have shifted ownership to SA of Deltak (August 1985), Mohawk Data Sciences (1985), IBM (Oct 1986) and Wang (1987)

Eurofin took Bell & Howell in February 1986

Pie

Industrial conglomerates also took a slice of the American disinvestment pie Anglo American bought Computer Sciences in August 1985 and Murray & Roberts took Honeywell (1986)

Datakor pipped two other suitors by taking Unisys in August last year Altron opted to walk out on a deal.

Fintech is believed to have also looked at Hewlett-Packard and Nixdorf It has Xerox, and Altech has taken over Motorola

Fintech has undergone restructuring since October last year Once described as a "fragmented Methuselah" with a "myriad of duplicated facilities and services", it has a leaner and more efficient look today

Its subsidiaries Computer Warehouse, Sequel and Unitech have been delisted Computer Warehouse has been turned into a cash shell and the others are expected to follow

The operations of its four divisions — distribution, retail, systems and support and office products — have been regrouped under Punchline Holdings

The group assembles, manufactures and distributes products such as the Panda, the Computer Warehouse clones and the Punch Line top-end PC range

Its missing link has been in powerful computers, although it sells products which relate to mainframe computers They include mainframe front-end processors

Fintech's ambitions to become the biggest computer firm in SA, beating TSI and now Siltek, are well known The acquisition of NCR's interests would give Fintech an estimated additional turnover of R180-million on top of Punch Line's R400-million a year.

Punch Line marketing director Adriaan Dubbelman said recently: "It is our objective to become the largest information technology company in South Africa, and we are creating an environment where there is great potential career growth for our staff"

Minorco in a fight against time, courts

By RICHARD ROLFE in London

AFTER the shock ruling against Minorco by the US Federal Court in New York, four main legal options are open to the company as it battles on in its attempts to take over Consolidated Gold Fields.

- Minorco can apply for a rehearing, either before the same judge or the full bench of the appeal court
- It can appeal to the US Supreme Court, the ultimate legal authority
- It can accept the New York court's injunction and wait for the case to come to trial.
- The course Minorco has adopted for the present is to go back to the judge and ask for a "hold separate and divestment order" to deal with anti-trust aspects of the case

Quickly

The first option might enable the case to be resolved fairly quickly, although it is by no means certain. Judge Michael Mukasey, who upheld the injunction against Minorco, has gone to a two-week seminar. But he has agreed to consider submissions relating to a possible rehearing

It could be months before an appeal to the Supreme Court or a full trial were heard. But Minorco is on a strict timetable laid down by the UK Takeover Panel, within whose framework the hostile bid is taking place.

Minorco must decide by April 12 whether it wants to increase its offer and by April 26 the bid must close

Keith Irons, Minorco's head of public affairs, says the offer remains on the table in spite of the New York injunction, whose effect is to restrain it from buying any more Cons Gold shares.

Settlement

If Minorco were to obtain more than 50% of Cons Gold by April 26, it could attempt to arrange a settlement with the Cons Gold board, which could in theory withdraw its civil action that led to the US court's injunction. In such circumstances, Cons Gold would have few grounds for opposing the wishes of a majority of its shareholders

Only 0,2% of Cons Gold shareholders accepted Minorco's offer, now worth £14 a share. Cons Gold shares slumped to £12,50 when news of the court ruling was made known, but have since recovered to £13,30 — below the bid terms

The New York court held that Minorco's acquisition of Cons Gold might have an anti-competitive effect on the market because the combine would control 32% of world gold production

Cons Gold alleged before the court that Anglo American would close down Newmont's US mines to benefit its SA gold mines, a dubious argument.

It would be difficult to prove Cons Gold's claim at a full trial because all Anglo American's gold is sold through the Reserve Bank. Minorco is committed to sell Cons Gold's stake in Newmont, the biggest US gold miner But Judge Mukasey ruled that there was a case to answer.

"These allegations come from the people who produce the world's most authoritative gold review," says Mr Irons said, referring to the Cons Gold annual gold report.

Bond

Minorco offered to post a \$100-million bond with the New York court. If it failed to sell Cons Gold's stake in Newmont within 12 months, it would forfeit the bond. Cons Gold said this put the disposal of Newmont "in the hands of the New York court".

Mr Irons says Minorco hopes the "hold separate and divestment order" will dispose of the anti-trust issues.

The second Cons Gold claim upheld by Judge Mukasey was that Minorco infringed US securities law by failing to disclose fully the extent of its SA shareholdings and by failing to disclose how much and by what means its directors were paid.

Describing the Cons Gold allegations as insulting and libellous, Mr Irons says Minorco's executive directors are paid only through Minorco. "There is nothing from Anglo, Central Holdings or E Oppenheimer."

But the New York ruling, taken with the timetable laid down by the UK authorities may have killed the Minorco bid.

In spite of the fall in Cons Gold shares the UK institutions who hold the key to its future seem even less inclined than before to accept Minorco's current terms because of the legal uncertainties in America.

Crulife gets British assurance foothold

By Ian Smith

SOUTH Africa's Crusader Life is to enter the competitive UK life-assurance market.

A £1-million deal has given it slightly more than 26% of new Pegasus Financial Holdings, which will have Pegasus Assurance as its main subsidiary.

Heavyweight partners are JO Hambro, the financial services company set up in 1986 by Jocelyn Hambro and his three sons when they broke away from Hambros Bank, which has 21%, and Baring Brothers and group companies with 35%.

Architect

Pegasus management, headed by managing director Dan Dane, will have a 12% shareholding. Mr Dane was previously righthand man to former South African Sir Mark Weinberg, architect of the highly regarded Abbey Life and Hambro Life.

Crulife managing director Don Rowand says: "We are delighted that a deal with such eminent partners has gone through.

"The negotiations in the UK lasting several years have been worthwhile.

"With Dan Dane and a full management structure in place, our time can again be more appropriately divided between our South African and offshore operations."

DON ROWAND

Mr Rowand will be non-executive chairman of Pegasus, with Rupert Hambro as deputy chairman.

Mr Dane forecasts that Pegasus Assurance, to be formally launched on May 2, will build life business worth £100-million within five years. A 750-strong sales force will seek 100 000 policyholders.

One of the first products to be launched by Pegasus will be the dread-disease policy, introduced in SA by Crusader Life in 1983. It has since been copied by insurance companies around the world.

Mr Dane is confident that Pegasus will be a "flying success". He sets great store by a results-based options scheme which will be introduced for management and staff.

Specialist

Mr Rowand says that originally Crusader Life was satisfied to be going for a stake of the UK market. But Hambro and Barings have been looking at prospects in the European market after economic union in 1992. A specialist on the EEC is Baring's nominee on the Pegasus board.

Crusader Life has paid for its stake in the new company from the R12-million raised through a rights issue in 1987.

The share price is standing at a high of 180c, having risen from 95c last July.

Airport upgraded

Business Times Reporter

GRAND Central is to get a Customs and immigration facility after being declared "an airport for over-border flights".

Airport director Denham Rodwell says: "Businessmen and other people can now fly directly to neighbouring territories from Grand Central, which is only 10 minutes by car from Sandton City."

Investigations have begun into the possibility of upgrading the runway and other facilities to accommodate the larger aircraft expected to use the immigration facilities of the Class 2B airport.

Investi
develo
And, if
you're

NCR cashes up its SA interests

(62) B/Day 5/7/89

TANIA LEVY

NCR Corporation will be the third major US corporation to leave SA this year.

Last month, Hewlett-Packard disinvested — selling out to Siltek — citing frustration at the slow pace of change in the country. It followed insurance company St Paul, which sold out earlier in the year.

VENTER

Weeks of speculation involving NCR were confirmed yesterday by an announcement that it was to sell a 50,1% interest to the Altron information technology subsidiary, Fintech.

The balance of the equity is to be acquired by three or four unnamed European investors. Amounts involved were undisclosed.

NCR was the last remaining US computer company in SA.

NCR SA MD Jim Houston said the departure by NCR should not be seen as a vote of no confidence in SA's future.

He said: "The Ohio-based head office has stated clearly it was doing this in the long-term interests of its SA customers and staff."

Altron CE Bill Venter said the interest shown by European investors indicated a high level of overseas confidence in SA.

AP-DJ reported from New York that NCR had said the transactions were subject to government approval and other conditions. Management and the staff of about 500 would remain in place.

It said the impact of the sale on its revenue and earnings "would not be substantial".

Reuter reported that the Investor Responsibility Research Centre said 28 US companies left SA last year and 57 in 1987.

See Page 7

Fintech consolidates its position with NCR deal

B/Day 05/4/89 (62)

TANIA LEVY

FINTECH's acquisition of a controlling interest in NCR Corporation confirmed yesterday, surprised few following weeks of speculation.

The Altron information technology arm is to pay an unknown amount for a 50,1% interest in NCR consolidating its position as SA's second largest computer and information technology group.

The remaining 49,9% NCR SA equity is to be acquired by unnamed European investors.

Altron refused to disclose the purchase price but it is believed payment will be staggered over five to eight years to give Fintech added security against increased sanctions.

A comprehensive distribution agreement guarantees access to technology and supply of products including those resulting from future NCR acquisitions.

Altron CE Bill Venter said the interest shown by European investors indicates a high level of overseas confidence in SA.

NCR SA MD Jim Houston stressed that the departure by NCR should not be seen as a vote of no confidence in the country's future.

"The Ohio-based head office has stated clearly that they are doing this in the long-term interest of their SA customers and staff," he said.

Houston will remain at the head of a yet-to-be-named company to operate independently in the Fintech stable alongside Punchline and Xeratech.

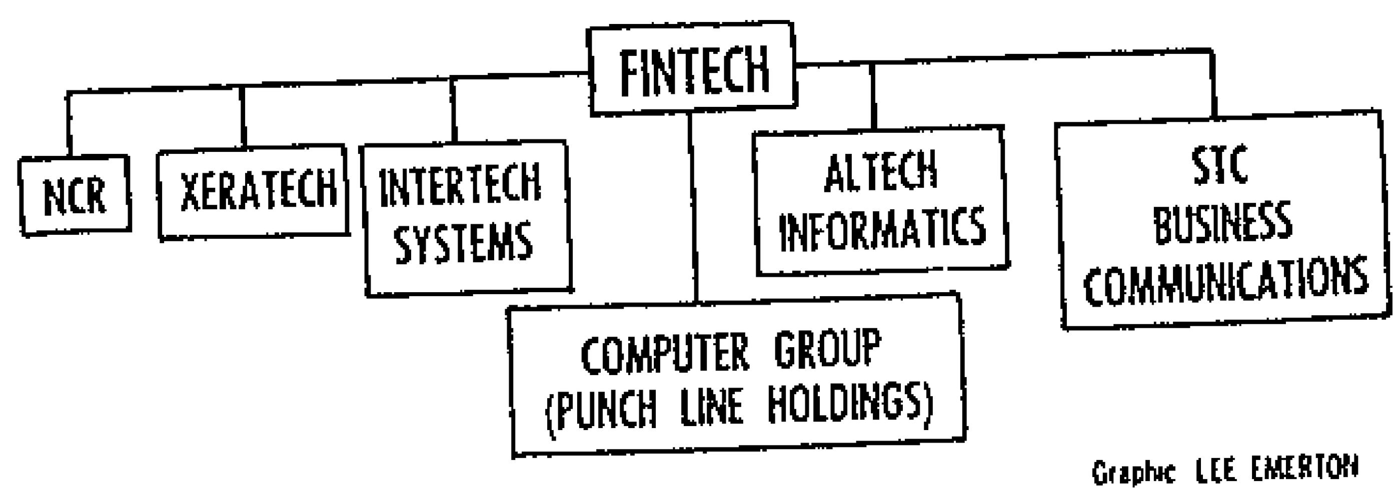
Venter said the addition of NCR gave Fintech the mainframe and multi-user compatibility it lacked previously.

NCR is a world leader in the automated teller machine (ATM), point of sales and electronic funds transfer products.

Dominating the local market in these fields, NCR's blue chip customer base includes the country's banking and retail giants.

The acquisition of NCR will have a negligible effect on net asset value and earnings this year. However, significant earnings growth is expected in the long term.

Proposed Fintech computer group



Graphic LEE EMERTON

Altron CE Bill Venter (right) and NCR SA MD Jim Houston.
Pic Coral Caro

62

Fintech pulls off a 'sensitive' deal

Star 5/4/89

Diagonal Street

MAGNUS HEYSTEK

The Fintech-takeover of the last remaining major US-computer company NCR (SA), which was announced yesterday, has been greeted with a mixture of acclaim and scepticism on the JSE.

While most analysts considered it a good deal for Fintech, others expressed some conern over the veil of secrecy surrounding the deal as very little concerning the transaction has been released, save that Altron-subsidiary Fintech will acquire 50,1 percent of NCR (SA) with the balance going to a consortium of unnamed European investors.

This is the second take-over of a US computer company in as many weeks in which a cloak of secrecy has been thrown around the finer details of the deal. Two weeks ago Siltek announced the disinvestment-inspired take-out of Hewlett Packard at an as-yet-undisclosed price but a spokesman for NCR(SA) denies that the latest deal has been inspired by disinvestment pressures.

Mr Bill Venter, executive chairman of the Altron group, declined to furbish more information regarding the price at which the deal was done or who are the European investors.

In both instances he cited anti-sanctions pressure as the main reason for withholding what he termed "sensitive information". In the case of the purchase price, Mr Venter said he was requested not to divulge this by NCR in the United States.

The deal, back-dated to December 1 1988, will be financed by the issue of new Fintech ordinary shares in renounceable form to be placed with selected institutions in South Africa. Mr Venter declined to reveal how many new shares would be issued or with which institutions these shares will be placed.

Electronics-analysts on the JSE expressed their concern about the way the deal was done but otherwise considered it sound with considerable long-term benefits for Fintech. Although both the earnings and net asset value of Fintech will only be marginally increased, it is considered likely that the deal will have several major advantages.

NCR(SA), which was a wholly-owned subsidiary of NCR prior to the acquisition, is a leading supplier of micro, mini and mainframe computers, business information processing systems, automated teller machines (an area in which it dominates the local market), electronic point-of-sales-systems, computer software and of customer and maintenance services.

NCR(SA) has been operating in South Africa for more than 66 years and currently employs about 500 people.

Mr Jim Houston, currently managing director of NCR(SA) will continue to hold that position and will also be appointed to the board of Fintech. NCR(SA) will undergo a name-change but will continue to operate as a stand-alone operation.

Major US computer firm NCR to pull out

Electronics giant NCR Corp yesterday became the the last of the major computer groups to make arrangements to pull out of South Africa.

NCR, based in Dayton, Ohio, will sell the major shareholding in NCR Corp (SA) to Altron subsidiary Fintech. 62

Altron executive chairman Mr Bill Venter said NCR would sell 50,1 percent of the shares in its South African unit to Fintech for an undisclosed amount, with the balance of stock going to European investors, who were not identified.

NCR is the third big US corporation to pull out of South Africa this year, according to the US Investor Responsibility Research Centre (IRRC).

Last month Hewlett-Packard sold out, citing frustration at the slow pace of change in apartheid race laws. Insurance company St Paul Cos disinvested earlier in the year.

NCR's South African subsidiary employs about 500 people.

More than half the 300 US companies operating in South Africa in 1984 have since pulled out.

● See Page 14

Fintech buys control as NCR bows out of SA

62

Own Correspondent

JOHANNESBURG. — Fintech's acquisition of a controlling interest in NCR Corporation surprised few after weeks of speculation.

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NCR SA MD Jim Houston stressed that the departure by NCR should not be seen as a vote of no confidence in the country's future.

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Houston will remain at the head of a yet-to-be-named company to operate independently in the Fintech stable alongside Punchline and Xeratech.

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Dominating the local market in these fields, NCR's blue chip customer base includes the country's banking and retail giants.

The acquisition of NCR will have a negligible effect on net asset value and earnings this year.

However, significant earnings growth is expected in the long term.

62

Gencor prepares for Mobil takeover

CAPE TOWN — Mobil South Africa and General Mining have announced that agreement has been reached with Mobil US for the sale of the local petrol operation to Gencor.

They said the deal is subject to satisfactory completion of a diligence investigation and approval of the authorities where necessary.

The agreement is not likely to be signed before the end of June.

Gencor said no further information would be made available until then.

Gencor also said it will continue Mobil's current labour practices, and continue to fund and support the Mobil Foundation, the oil company's social responsibility programme.

Included in the sale are the Mobil refinery in Durban and the marketing networks operated in Namibia, Botswana, Swaziland, Lesotho, Transkei, Bophuthatswana, Venda and Ciskei. About 12 affiliated companies are involved.

The chairman of Mobil in southern Africa, Mr R J Angel, said: "The Mobil companies are staffed with excellent people and local management has extensive experience in the oil industry, gained in southern Africa and on assignments in other areas of international operations."

Mr Angel said present employment policies, practices and benefits would continue and "all existing agreements and arrangements with the Chemical Workers' Industrial Union will be honoured". — Sapa.

Rev Jackson slates bank for SA links

Star 20/4/87

62

The Star's Foreign News Service

NEW YORK — The Rev Jesse Jackson, in a face-to-face confrontation with the chairman of United States banking giant Citicorp, told shareholders at the company's annual meeting that Citicorp had "blood on its hands" for its links with South Africa.

But two stockholders' resolutions to remove the last vestiges of Citicorp's South African business failed by large margins in voting at the meeting.

Mr Jackson, confronting the chairman, Mr John Reed, before a packed auditorium at Citicorp's New York headquarters, accused the company of acting knowingly and openly in complicity with a "fascist regime".

Mr Reed responded by pointing out that Citicorp had already made its decision to leave South Africa.

"Our involvement is on a level of technical details," he said.

Mobil mum on rumoured sale of SA interests

B Day 25/4/89 ZILLA EFRAT 62

SPECULATION that Mobil Oil would sell its SA interests to Gencor for $150m surfaced in the financial markets yesterday.

But Mobil Oil deputy GM Neville Deudney refused to comment on rumours. Two senior Gencor executives declined to comment.

Gencor is the holding company of Trek Beleggings which has extensive investments in the oil industry. Trek shares yesterday rose 25c to close at a new peak of 1475c. This was against the trend of Sasol shares which fell 10c to close at 1330c.

A disinvestment move by Mobil — the largest Amercan company in SA, with assets reported to be worth more than $425m — would represent the fourth major US disinvestment this year. The other three were Hewlett-Packard, NCR and St Paul's Insurance Company.

Companies held by Mobil in SA include Mobil Oil SA, Mobil Refining, Westchester Insurance, Condor Oil and Vialet.

Weekend Press said Mobil might be planning to transfer ownership of its SA interests to a tax haven in the Channel Islands — to avoid tax problems after the double tax arrangement with SA had been ended as part of US sanctions.

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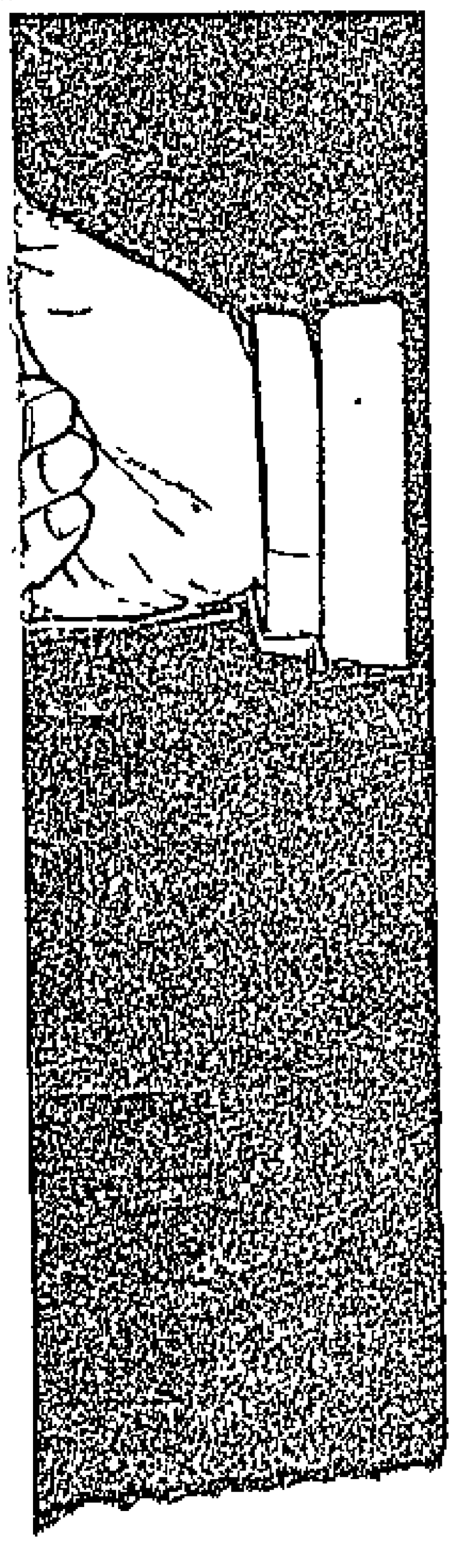


Mobil Oil to sell out?

CAPE TIMES 25/4/89

Own Correspondent

JOHANNESBURG. — Speculation that Mobil Oil is about to sell its SA interests to Gencor for $150m (R360m) surfaced in the financial markets yesterday.

But Mobil Oil deputy general manager Mr Neville Deudney said Mobil would not comment. Two Gencor executives also declined to comment.

A disinvestment move by Mobil — the largest US company in SA with assets worth more than $425m — would represent the fourth major US disinvestment this year.

Commercial and Industrial Review

A special 16-page Cape Times supplement will appear tomorrow.

TAKEOVERS

ARGUS 25/4/89 (62)

Judge blocks Minorco's R15bn bid for Cons Gold

Business Editor

AN AMERICAN judge has refused to allow the South African-controlled Minorco to go ahead with its R15-billion takeover bid for Consolidated Gold Fields.

The decision last night put Minorco's battle on a legal knife-edge.

A Minorco spokesman said in Johannesburg today the company planned to file an emergency appeal against the ruling. The takeover offer expires in London on Wednesday and, under British law, if Minorco cannot proceed by then it will have to wait a year before making another bid.

The spokesman said Minorco is also hoping it can win over more than 50 percent of Cons Gold shareholders so that the Cons Gold board will be forced to drop the court action.

Cons Gold has a controlling interest in Newmont Mining, a United States corporation, and at issue in New York was whether the takeover would break American anti-trust laws.

Luxembourg-based Minorco is controlled by Anglo-American Corporation and De Beers.

In New York, Mr Jeremy Epstein, a lawyer representing Minorco, said he had not yet seen the decision. "We are certainly considering an appeal," he said.

The court said that if Minorco bought Cons Gold, it would dominate the strategically important world gold market, Sapa-Reuter reports.

Minorco and its South African parent companies proposed posting a $300-million bond to satisfy anti-trust concerns.

They also said they would sell American assets if they violated US anti-trust law during a 10-year period.

But Judge Michael Mukasey ruled that Minorco's new proposal was inadequate.

He said that the proposal did not ensure "full enforceability" because members of the Anglo and De Beers group would still be free to buy any Cons Gold assets that Minorco would put up for sale in order to comply with anti-trust laws.

Mobil may disinvest from SA

Star 25/4/89 (62)

Speculation is mounting that American oil company Mobil is planning to disinvest from South Africa.

With assets thought to be worth more than R1 billion in this country, Mobil is the largest American company in South Africa.

Fuelling the speculation, which has it that the giant Gencor group (which controls local oil company Trek) is the prospective buyer, is the reticence of Mobil's executives in South Africa to comment on the issue.

Predictions that Mobil is about to disinvest were sparked off by a report in The Sunday Star, which quoted an *Observer* article suggesting that Mobil was planning to transfer ownership of its South African interests to a tax haven in the Channel Islands in order to avoid the tax problems that would result from the ending of the US-South Africa double taxation agreement as part of the American sanctions package.

Mobil to sell SA interests to Gencor

Star 26/4/89

By Sven Lünsche

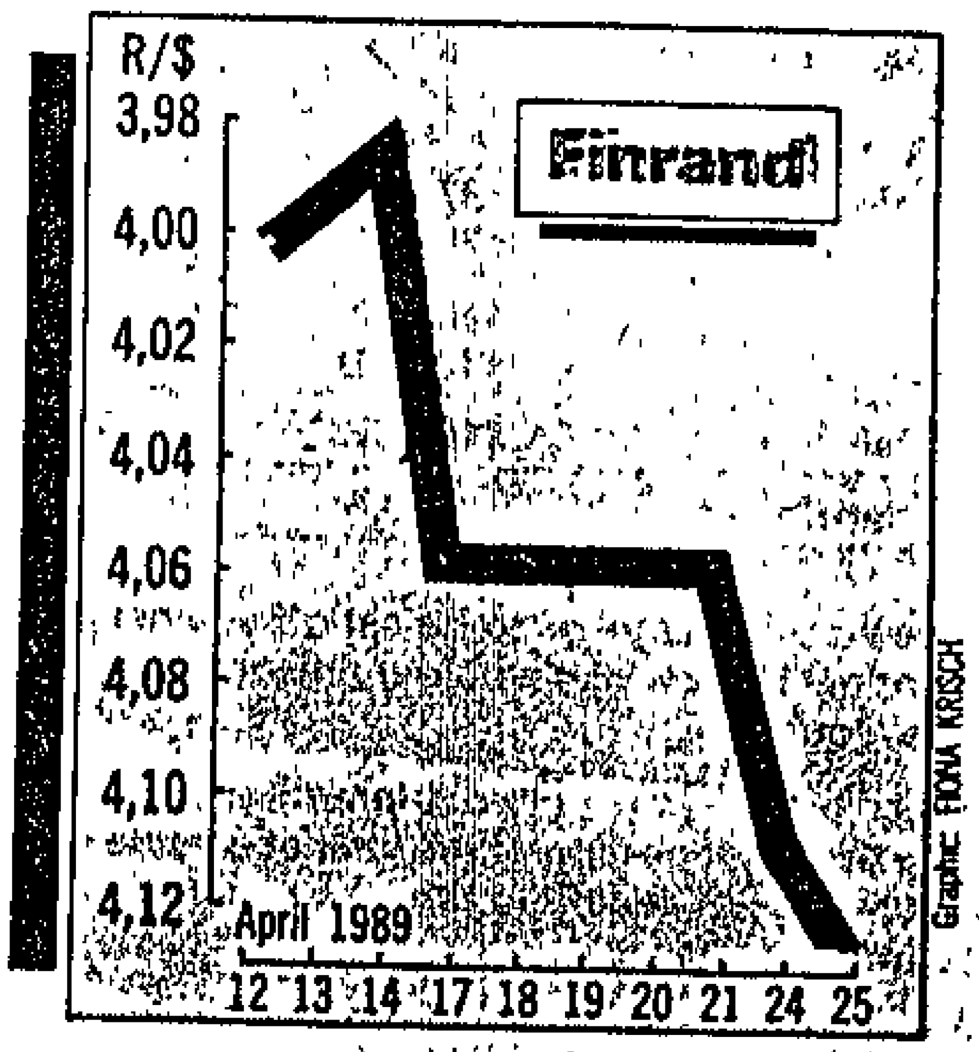
Industry sources confirmed this morning that Mobil Oil was selling its South African interests to mining group Gencor for an estimated R500 million.

Mobil is the largest US company remaining in South Africa and has assets in the Republic valued at around R1 billion.

Mobil executives in Cape Town and New York could not be reached for comment but financial analysts said a number of developments indicated that its withdrawal was imminent.

- The financial rand has weakened over the last 10 trading days on a large selling order, which finrand dealers suspect is Mobil.
- The share price of Gencor's oil subsidiary Trek, which is likely to take control of Mobil's oil interests, rose by 225c or 17 percent to R17 on the JSE yesterday after a 25c increase on Monday.
- An article in the London *Observer* at the weekend suggesting that Mobil was planning to transfer ownership of its South African interests to a tax haven in the Channel Islands.

The move was precipitated by fears of the effects of the Rangel Amendment, passed by the US Congress in December 1987, which obliged Mobil to pay taxes in the US on its South Africa profits.



Mobil 'source of weaker finrand'

B. Day 26/4/89

GRETA STEYN

THE financial rand weakened 1,2% on a large selling order believed to be the first stages of the Mobil disinvestment deal.

Finrand dealers said there had been a big seller in the market for the past 10 days — and they suspected it was Mobil disinvesting. However, foreign buying of SA gilts and other investments had kept the currency from depreciating dramatically. The finrand dropped to R4,1050 to the dollar from R4,050 on Monday but held at that level yesterday as some buying took place.

Although the spate of foreign buying of SA gilts has dried up, a dealer said there was still a steady finrand demand, which could keep it from sinking in the face of large disinvestments, such as Mobil.

The Mobil deal, said to be for $150m, would come onto the market in separate deals over a period of time.

□ ZILLA EFRAT reports speculation of a Gencor takeover of Mobil Oil's SA interests caused the shares of Gencor's oil subsidiary Trek to soar 225c (15,3%) on the JSE to a new peak of R17 yesterday. Trek shares — which rose 25c on Monday — are tightly held and volumes have been low (reflected in an average monthly trade of fewer than 18 000 shares over the past year). However, 19 900 shares changed hands in 25 deals yesterday.

Gencor executive director Bernard Smith would not comment.

ARGUS 26/4/89

Mobil 'gives it away'

62

By TOM HOOD
Business Editor

MOBIL, the oldest oil company in South Africa, is pulling out of the country and selling its assets to General Mining and Union Corporation for a give-away R500-million, according to industry sources today.

Speculation of a disinvestment has been doing the rounds for more than a year and surfaced again with news of the American giant possibly giving up its entire African market.

The company is the largest American business remaining in South Africa and employs about 2 800 workers throughout the country, with a large contingent in its Cape Town head office.

The move from South Africa has been forced on the company by the prospect of huge tax savings, according to reports.

HOLDS STAKE

The company's profits were in danger of being slashed by a third because of the ending of double-tax arrangements as part of United States sanctions.

Mobil's South African assets are valued at R1 060-million and include a refinery in Durban and more than 1 000 service stations.

Gencor, the mining and industrial giant, is already in the South African oil business, holding a stake in Trek with Shell and BP.

According to reports, Gencor is paying about 50 US cents in the dollar for the business, but this has not been confirmed by Gencor.

Mobil executives in Cape Town and New York could not be reached for comment and Mobil (SA) chief Bob Angel is reportedly in the US.

Among several hints that a withdrawal was imminent was the rise yesterday in the share price of Gencor oil subsidiary Trek, which is likely to take control of Mobil's oil interests. Trek rose by 225c (17 percent) to R17 on the JSE yesterday, following a 25c increase on Monday.

● The chief executive of the French-owned Total oil company in South Africa said he was "extremely disconcerted" by the pullout.

Mr Bernard Lafitte said: "If one pulls out there will be increasing pressure on the rest of us to pull out."

He was speaking at a French Chamber of Commerce meeting in Johannesburg.

BDay 27/4/87

Trek shares climb after Mobil sale

ZILLA EFRAT 62

NO announcements were forthcoming on Gencor's purchase of Mobil Oil's SA interests yesterday.

It is not known what effect the acquisition will have on Gencor's oil company Trek Beleggings, but Trek shares have been climbing since Monday. They initially rose R2 to a high of R19 on the JSE yesterday, but came off to end the day 175c firmer at R18,75, a 10,3% rise on the day.

Mobil, which employs 2 793 people in SA, has been in SA for 91 years.

In 1897 the US corporation, Vacuum Oil, established a branch in what was then the British Cape Colony. Its name was later changed to Mobil Oil SA.

Mobil markets a full range of petroleum products and owns or supplies 1 143 service stations.

Another Mobil subsidiary in SA, Mobil Refining Company SA, owns a 65 000 barrels-a-day fuels refinery in Durban. It also has a 47% stake in South African Oil Refinery.

Minor SA operations include asphalt manufacturing, road surfacing, re-refining of used lubricating oil and marine and insurance activities. Today, Mobil's investment in SA is about $400m.

Forex fears put multimillion-rand Mobil pull-out talk under scrutiny

BDay 27/4/89

CHRIS CAIRNCROSS

CAPE TOWN — Multi-million-rand international buy-out deals look like coming under much closer official scrutiny.

The Finance Department is wary of the hole such sales might have on the foreign exchange kitty.

Deputy Finance Minister Org Marais said last night his department would eventually have to sanction any prospective purchase — by Gencor or any other SA buyer — of Mobil interests.

He added, as far as he was aware, no official approach had yet been received either from Gencor or Mobil.

Marais said this could merely mean a deal had not advanced far enough for the parties to approach authorities with proposals for the transfer of funds.

Mobil's assets in SA are conservatively put at R960m.

There is speculation Gencor will buy them at bargain basement prices.

Mobil executives in SA and the US have remained uncontactable on the oil giant's probable withdrawal from SA.

No statement has been made by either party confirming or denying negotiations were taking place. Gencor officials declined comment yesterday.

Considerable political pressure has been exerted on Mobil to disinvest but this is now generally regarded as being a minor element behind current moves.

The main reason is economic, oil industry sources said, becaue of removal of the double taxation agreement between the US and SA two years ago.

Under the so-called Rangel Amendment Mobil — or any US company in SA — must pay US taxes on its SA profits as though they were income earned in the US.

This is believed to have placed an unacceptable burden on Mobil's earnings from this country.

☐ ALAN FINE reports if Mobil does disinvest it will anger trade unionists.

Chemical Workers' Industrial Union general secretary Rod Crompton said yesterday withdrawal would demonstrated what he called a consistent attitude of duplicity.

He added the union, to which several hundred of the 2 800 Mobil employees in SA belong, had no notice of the move. He had faxed a letter to the company requesting urgent clarification.

He said the union had tried since July 1987 to negotiate with Mobil an agreement to protect employees' interests in the event of a pull-out. Mobil had refused to enter talks for the consistently restated reason it had no intention of disinvesting.

"When Mobil's contingency plan for disinvestment was leaked to the media last August they repeated this," Crompton said.

The CWIU's disinvest proposal, also put to another 38 subsidiaries of multinationals, seeks assurances on continued employment, earnings, benefit fund rights and other matters for workers in the event of withdrawal.

● To Page 2

Forex fears in Mobil talk of a pull-out

BDay 27/4/89 62

● From Page 1

Crompton said his union would considering what to do over the next few days.

Gencor energy division executive director Bernhard Smith issued a flat no comment. Other Gencor personnel said Smith was the only person authorised to comment.

Adrian Botha, director of the American Chamber of Commerce in SA (Amcham) of which Mobil is a member, said he had been unable to get confirmation of the move.

"If true, it is obviously very disappointing," he added.

Botha said the Rangel Amendment had increased substantially the costs of operating in SA.

He added that, while the disinvestment drive at national level in the US had, for now, petered out, it remained fairly intense at state and local level.

Botha said rumours of Mobil's probable disinvestment had been circulating for some time but he had heard no similar talk about any other US companies.

● Comment: Page 6

Cape Times 27/4/89

SA firm's cou

Dramatic win for Minorco takeover bi

62

From IAN HOBBS

LONDON. — In Britain's biggest hostile takeover battle, the South African-owned Minorco company has succeeded in winning control of the giant Consolidated Gold Fields conglomerate.

The Luxembourg-based Minorco announced its victory late yesterday — but said the seven month-long battle for the giant British mining company was still far from over.

Sixty percent of Minorco is owned by Anglo American Corporation.

The battle between Minorco and Consgold has been the hardest, dirtiest, biggest, most expensive and, it is believed, longest take-over battle in British history.

The deadline for acceptances of Minorco's £3,5 billion (R15,26bn) bid was 1pm yesterday.

In addition to the 29,8% stake Minorco already held, they received acceptances from a further 24,9% of shareholders.

At 5pm — with more acceptances still to be counted — Minorco announced that they held a total of 117 161 820 Gold Fields shares, or 54,7%.

Gold Fields shares were trading at £12,85 at the close of trading on the London stock exchange, up 40p on the day.

A confident Sir Michael Edwardes, Minorco chief executive, told SABC-TV in a satellite link-up last night that Minorco's bid for Consgold had nothing to do with politics but was "just good business".

He said he and his colleagues had spoken to about 80 institutions in the past weeks and never doubted that Minorco would gain a majority.

Sir Michael ended the interview with a cheery "Totsiens."

London experts said last night that in normal circumstances the defeated board would concede and walk out of Consgold's headquarters.

But the immediate indications were that ConsGold chairman Mr Rudolph Agnew would not be conceding defeat.

Sources said Mr Agnew would fight back until the injunction imposed by the US Federal Court in New York, banning Minorco from buying more ConsGold shares, was lifted.

SA HOLDINGS FOR SALE?

Report, PAGE 14

Minorco still faces the injunction of the US district court blocking the bid on competition grounds, taken out by Gold Fields' US subsidiary Newmont Mining Inc.

Sources at Minorco said the company had the option of appealing against the injunction or of calling an extraordinary general meeting of shareholders to compel the Gold Fields board to drop the injunction.

In the atmosphere of a bitter family feud that has marked the seven-month battle, it is anticipated that Mr Agnew will force Minorco CE Sir Michael Edwardes to summon an EGM to have the shareholders sack the present board.

A spokesman for Minorco said: "The ConsGold board may well insist on being frustrating as they have all along — but they have lost."

Govt to sanction Mobil Oil's deal

Cpt Times 27/4/89 (62)

By CHRIS CAIRNCROSS

THE Department of Finance will eventually have to sanction any prospective purchase by Gencor or any other SA buyer of Mobil Oil's interests in this country because of the substantial implications the magnitude of such a deal could have for SA's foreign exchange position, according to Deputy Finance Minister Org Marais.

And, as far as he was aware, no official approach has yet been received either by Gencor or Mobil in this regard, Marais said last night.

This could merely mean that any prospective deal has not advanced far enough yet for the parties concerned to approach the authorities with any proposals for the transfer of funds arising from Mobil's "fire sale".

Mobil's assets in SA are conservatively valued at about R960m, and unconfirmed rumours among the investment community suggest that Gencor is in line to purchase them at bargain-basement prices.

Harms: Police raid city legal firm

Own Correspondent

JOHANNESBURG. — Police this week raided the offices of top lawyers in Cape Town and King William's Town and handed seized files and documents relating to Ciskei gambling rights to the Harms Commission, it was reliably learnt yesterday.

The commission is investigating cross-border irregularities in Ciskei and Transkei.

It is to resume hearings in Cape Town on February 20.

Police referred inquiries about the raids to the commission. When contacted, commission chief investigating officer Mr Frank Kahn said he had no comment.

The managing director of Kersaf, Mr Ian Heron, confirmed yesterday that the two legal firms raided, Hutton & Cook in King William's Town and Anton Buirski and Associates in Cape Town, acted for a Ciskei-registered company, Lenton, which held Ciskei gambling rights until about two years ago when Kersaf subsidiary Sun International bought the rights from it.

Sun International is the only company operating a gambling licence in the Ciskei.

Hutton & Cook senior partner Mr Robert Stanford, who is also president of the Cape Law Society, declined to comment when contacted yesterday.

But when asked whether the raid was in connection with Ciskei gambling rights, he said: "Client's privilege forbids me making any comment on any aspect concerning the Ciskei company. I am also on the board of directors so it is not appropriate to comment."

Mr Anton Buirski, of Anton Buirski and Associates, also declined to comment.

The Ciskei Registrar of Companies said Lenton's directors were listed as Mr John Richard Allisom (Sun International Ciskei financial director) and Mr Ken Rosevear (the MD of Sun International).

Mr Rosevear said last night that it was possible he had been made a director of Lenton after Sun International had acquired the rights.

In November last year, Jalc Holdings chairman Mr Chris van Rensburg and his two co-directors, Mr Laurie Painting and Mr Athos Poulos, discounted to Rand Merchant Bank a 7,5% in Sun International Ciskei shares, according to press reports.

- The leader of the PFP, Dr Zach de Beer last night said that given the degree o corruption that had already been discov ered in Transkei and Ciskei by two com missions of inquiry, steps should be take to ensure that the same kind of corrup tion did not exist in Venda and Bophuth atswana.

The corruption issue would be discussed a the PFP's federal council meeting to b held this weekend, he said.

Cape Times 27/4/89. (62)

Mobil silent on disinvestment

By MEG BRITS

MOBIL OIL, the largest US employer in SA, yesterday maintained silence on its disinvestment deal with SA mining and industrial giant Gencor.

However, based on market speculation that Gencor had acquired all the SA assets of the company — at a bargain price of some $150m (R360m) the share price of both Gencor and its petroleum company Trek rose on the JSE. At lunch time, though Trek had dropped back from a high of R19 to R18,75.

All calls made to Mobil staff yesterday were referred to the public affairs department, which said it would answer questions and issue a statement today.

Speculation in the market was that staff would be told the details of the deal first, but there seemed to be little surprise at the news yesterday. Rumours of a disinvestment deal have been doing the rounds for some time, in spite of vigorous denials by Mobil that it would pull out of SA.

As late as September last year, major oil companies, including Mobil SA, denied any intention to disinvest and refused to negotiate disinvestment conditions with the Chemical Workers Industrial Union.

Shell SA, Mobil Oil SA and Caltex stated unequivocally that they would continued to operate in SA.

Mobil SA is believed to have been forced into the deal by the ramifications of the Rangel amendment, passed in December 1987 which repealed tax credits for American companies which paid tax in SA.

The law is estimated to have cost the company about $5m (R12m) last year.

In January 1988, Mobil Oil Corporation, America's second biggest oil company, lashed out at the US Congress for "sneaking through" the Rangel amendment to the 1988 Budget Bill, saying the legislation flew in the face of US foreign policy.

At the time, George Bush, then Vice-President, described the law as "misguided". He said it would make it almost impossible for some companies to do business in SA.

"It is going to hurt the very people that the misguided legislation is trying to help."

In April last year, Mobil snubbed a US House of Representatives panel probing oil sanctions. It was among six oil companies which refused to testify before the subcommittee on mining and natural resources, which was staging a hearing on a Bill called the Anti-Apartheid Petroleum Sanctions Act.

In written testimony to the sub-committee, Mobil warned that imposing oil sanctions would be tantamount to the US "playing its last card" aganist SA.

It said SA could replace any technology US oil companies removed in withdrawing from the country.

In May last year, Mobil defeated two shareholder proposals that it abandon to limit its operations in SA.

US chairman Allen Murray said at the time that, through its continued operations here, the company was working to bring about social and economic change in SA.

"We will do everything we can to bring about the end of apartheid," he said.

The effects of disinvestment by Mobil SA on the Mobil Foundation, its social responsibility arm are not yet known.

In January, he said between 8 000 and 10 000 people had lost their jobs in SA as a direct result of disinvestment.

Mobil SA is believed to have almost 3 000 employees, more than half of whom are black.

Star 28/4/87 (62)

Board explanation today

Mobil pull-out puzzle: Why a turnaround?

By Ramsay Milne
The Star Bureau

NEW YORK — The full board of the Mobil Corporation, meeting in New York today, is expected to explain its sudden decision to pull out of South Africa — a move that could act as a spur for other US companies that have, like Mobil, so far resisted the strong international pressures to withdraw.

Mobil spokesmen refused to comment on Mobil's decision or to explain the apparent contradiction in the oil giant's move. Mobil is the largest US company operating in South Africa.

Double taxation

The company has until now strenuously rejected attempts from pressure groups to divest its SA holdings.

Indeed, in its current proxy statement to shareholders, Mobil reiterates its opposition to a shareholder proposal that it withdraw from South Africa — which makes reports of its planned withdrawal all the more mystifying.

Company spokesmen would not confirm South African and US reports that the withdrawal was being made because of a tax measure sponsored by Congressman Charles Wrangel, a New York Democrat, under which American companies are prohibited from seeking double-taxation relief by deducting the taxes paid to South Africa from the taxes they pay to the US.

The measure is reported to have made big inroads in Mobil's South African revenues.

Congressman Wrangel, a leading member of the Black Caucus, said yesterday he could not confirm that this was the reason for the Mobil withdrawal, but if so, the news "indicates that my amendment is having its intended effect — to have US corporations cease their contributions to the South African economy and therefore the apartheid regime".

At the time of the Wrangel measure, Foreign Minister, Mr Pik Botha described it as "a particularly gross form of hypocrisy", and argued that such attempts to undermine the South African economy would set back racial change.

Mobil's South African assets are reportedly being sold to Trek, a subsidiary of Gencor, which runs a chain of 400 petrol stations.

Mobil has been in South Africa for 92 years, refining, distributing and marketing petroleum products. It employs some 3 000 workers, the majority of whom are black.

Since 1985, more than 170 US companies — including such high-profile giants as General Motors, Coca-Cola, IBM and Kodak — have left South Africa under pressure from anti-apartheid shareholders and activists in the US.

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Mobil to explain it's decision to pull out

From RAMSAY MILNE
The Argus Foreign Service
in New York

THE full board of the Mobil Corporation, meeting in New York tomorrow, is expected to explain its sudden decision to pull out of South Africa — a move that could act as a spur for other US companies that have, like Mobil, so far resisted the strong international pressures to withdraw.

DISINVEST

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The measure, enacted in late 1987, took effect in the 1988 tax year which ended on April 17.

Mobil's South African assets are reportedly being sold to Trek, a subsidiary of Gencor, which runs a chain of 400 petrol stations.

Mobil, with assets totalling close of 4.25 billion dollars, has been in South Africa for 92 years, refining, distributing and marketing petroleum products. It employs 3,000 workers, a majority of whom are black.

Tomorrow's board meeting is a regularly scheduled one and has not been called specifically to deal with the South African issue.

If the board does confirm Mobil's withdrawal it will make moot a shareholder proposal to sever all economic ties with South Africa. A proposal to this effect was on the agenda for the company's annual meeting on May 11.

Mobil directors had been urging a vote against the proposal, which it characterized as 'singleminded and inflexible.'

While announcing it planned resolutely to resist divestment pressures, Mobil frequently stated that by remaining in South Africa the company was able to help black workers and the black community, and to help work for change in the country.

Since 1985, more than 170 US companies — including such high-profile giants as General Motors, Coca-Cola, IBM and Kodak — have left South Africa under pressure from antiapartheid shareholders and activists in the US.

Gencor to buy out all Mobil SA operations

Cit Trib 29/4/87

(62) (83)

By MEG BRITS

AGREEMENT has been reached between Mobil Corporation in the US and General Mining (Gencor) for the sale of Mobil's South African operation to Gencor.

This was announced yesterday, following a meeting of Mobil SA staff held at the Nico Malan Theatre and addressed by the company's chairman, Mr Robert Angel.

A statement from Gencor said the deal was subject to the "satisfactory completion of a due diligence investigation, the approval of the authorities where necessary and the signature of a contract between the parties".

The statement said that the closing of the deal was unlikely before the end of June.

It also said Gencor had agreed to continue Mobil's current labour practices and agreements, and to continue to fund and support the Mobil Foundation.

No sale price was announced, although Mobil said that it exceeded the local book value of the companies, estimated at $400 million (R960 million).

Speculation this week was that Gencor had acquired Mobil SA assets for a bargain US50c in the dollar.

Sapa reports that the Mobil refinery in Durban, and the retail and commercial petroleum marketing networks operated by Mobil in SA, Namibia, Botswana, Swaziland, Lesotho, Transkei, Bophuthatswana, Venda and Ciskei are included in the sale. Some 12 Mobil-affiliated companies are involved.

Mobil Corporation chairman Mr Allen Murray cited the impact of recently-enacted and proposed US legislation and regulations as the major motivation for the sale.

(62) S Times 30/4/89.

Mobil sell-out breaks my heart says U.S. manager

By SIMON BARBER, reporting from Washington on the angry response to oil giant's move

"THE bastards!" That was the first response of an executive from a major United States corporation active in South Africa on hearing that Mobil had agreed to sell its southern African operations to Gencor.

He was not alone in his anger. Even inside Mobil itself there were similar bitter reactions. "It breaks my heart," said one US-based manager.

Mobil's chairman, Mr Allen Murray, placed most of the blame on Congressman Charles Rangel, author of the legislation which imposed an effective 72 percent tax on the company's SA earnings.

Officials from other companies agreed that the punitive 1987 tax change was the single most important factor, but insisted that Mobil was still making a substantial profit in SA.

Said one: "I don't give a damn about the Rangel Amendment; they were still making money. They knew in advance what Rangel would cost them."

□□□

This and other officials argued that, after years of championing the US corporate presence in SA, Mobil's management panicked.

"It just got too hot for them in the kitchen. The present management have lost their stomach. I think they're a different company than they were two years ago."

Companies varied about the impact of Mobil's decision. Some officials argued that, while the Rangel Amendment might have been the straw that broke the oil giant's back, the pullout could have the same effect on the disinvestment campaign.

"If I were Rangel, I would hang my head in shame. We told him this would happen. A South African company is getting a terrific windfall, and we're losing whatever leverage we had down there. People may finally wake up."

Others were less optimistic. "The disinvestment campaign is a lot of people's livelihood. You don't really think they're going to give it up now."

Most agreed that much will depend on who takes over the leadership role Mobil is vacating. The likeliest candidate is Caltex, the largest US company left after Mobil pulls out.

Mobil and, in particular, its "point man" on SA, Sal Marzullo, co-ordinated most of the companies' defence against the disinvestment campaign.

Marzullo worked tirelessly to keep the Sullivan principles rating system alive after the Rev Leon Sullivan abandoned it in 1986, and he was behind a number of moves, including the hiring of respected former Democratic Senator Birch Bayh, to lobby on Capitol Hill last year.

One scheme Marzullo backed — the funding of the Coalition on Southern Africa, a black, church-based anti-sanctions organisation — backfired last year, embarrassing both his and other firms.

Most of the R1,85-million they provided ended up either going on dubious consulting fees or was otherwise improperly accounted for. The group has now all but dissolved.

Several sources said the fiasco damaged Marzullo's own standing with his management and may have been a factor in the Mobil's decision.

The first signs of any possible reassessment by Congress should come next week when Archbishop Desmond Tutu and the Rev Allan Boesak arrive in Washington to press for new sanctions.

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Meanwhile, Alan Duggan reports from Cape Town that Mobil employees in SA are angered by a 48-hour delay in being told that the oil giant was quitting.

The formal announcement on Friday of the disinvestment sell-out to Gencor contained no reassurances for the 2 973-strong labour force.

A statement issued by Mobil's chairman and managing director in southern Africa, Mr Bob Angel, merely gave the assurance that existing employment policies and benefits would be retained.

But, while lauding Mobil's "excellent people", Mr Angel made no reference to protection of existing jobs.

The announcement followed two days of uncertainty after news of the takeover leaked on Wednesday.

But 48 hours later, company employees were still relying on newspaper reports to tell them what their future held.

"I would have thought we'd be among the first to be told what was happening. Instead, we were among the last," said an angry senior employee at Mobil's Cape Town headquarters.

"The staff went through two days of hell. These takeovers often result in widespread rationalisation — which is just another word for retrenchment — and we'd really like to know who's going and who's staying," said another.

An employee with several years of service said he found it "absolutely amazing" that the company had not seen fit to confide in its own people, "when the whole country knew by Thursday that Mobil was pulling out".

Said a black employee: "We have no reason to think that the new owners will abandon the company's community service programme or change its policy on black staff advancement — but we'd appreciate some reassurance on those points."

Meanwhile, an urgent application to the Industrial Court by the Chemical Workers' Industrial Union to prevent the sale of Mobil's assets to Gencor was postponed to May 9.

The CWIU launched the application to prevent the mammoth sale until Mobil had honoured its commitments to "negotiate demands for a disinvestment procedure," in order to protect the interests of its members, the union said in a statement in Johannesburg yesterday.

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CWIU publicist Taffy Adler said the union demanded that certain procedures be followed, including:

- Mobil must give one year's notice of its action, pay separation compensation to workers and give guarantees on conditions of service;
- Clarity on the terms of sale. Any proceeds from Mobil's possible links with SA after the sale should go into a trust nominated by the union to prevent the money from leaving the country.

It was clear from Mobil's announcement that the company was involved in a corporate camouflage to avoid the economic penalties placed by US legislation on American companies operating in SA, the union said.

The union also protested against Mobil selling to Gencor — "one of the most notoriously anti-union SA corporations".

Mobil SA faces a shotgun marriage

S Times 30/4/89 (62)

THE future of nearly 3 000 Mobil SA employees is in the balance after Gencor's huge coup in taking control of their company.

Gencor has yet to decide whether Mobil will continue on its own or be merged with its subsidiary, Trek Petroleum.

By David Carte

Gencor director in charge of energy Bernard Smith said his company had the right to use the Mobil name "for the medium term", suggesting three to five years.

"But I have to confess we don't know yet whether there is a marketing advantage in keeping the two companies separate or putting them together."

If Mobil is put into Trek, the latter will be transformed from the smallest to by far the biggest fuel seller in SA. Its outlets will quadruple in number from 366 to 1 509.

In anticipation of a juicy deal, Trek's share price has risen 80% to more than 1 800c in the past month.

Mobil employees are not likely to welcome what they would see as a shotgun marriage. But they may be appeased if they are put in control of the merged companies.

Refinery

Ranking fifth in the latest Fortune list of the 500 largest US industrial companies, Mobil was the biggest US company still in SA.

After 92 years in SA, Mobil has 1 143 petrol stations, its own refinery in Durban as well as 47% of the southern African Oil Refinery. Mobil employs 2 800 in SA.

Mobil has been in the forefront of companies agitating for socio-political reform in SA. It was one of the first signatories to the Sullivan Principles.

It has been an affirmative action employer. It set up the R40-million Mobil Foundation and spent R1-million a year trying to improve black education.

Mobil was a major donor to Build a Better Society, which runs the Pegasus centre in Cape Town helping 18 000 under-privileged people in SA. Nearly 20% of Mobil's petrol stations are operated by blacks.

Gencor has a hard-nosed approach to business. When Carlton Paper of the US withdrew two years ago, Gencor subsidiary, Malbak, cut back sharply on staff and social responsibility programmes.

But Gencor has undertaken to continue present employment practices and to honour arrangements with the Chemical Workers' Industrial Union. The Mobil Foundation has had its funding extended to 1994.

Provided it can settle cultural differences, Mobil's disinvestment will be a major triumph for Gencor.

It has acquired one of the Big Five fuel distributors at a large discount Mr Smith said Gencor initiated the deal

Washington sources say Mobil will receive "50 cents in the dollar". Mobil says its investment in SA is about $400-million.

Analysts in SA say the cost to Gencor will be about R600-million, which means Mobil will receive about $150-million through the financial rand.

Gencor has performed outstandingly in the past two years. Last week it reported a 55% earnings leap to R456-million in the six months to February.

Mr Smith confirmed that energy is a top investment priority for Gencor. Last year it paid R30-million for the right to acquire more than 50% of the Mosgas scheme. It is managing construction of the project.

Gencor is putting the finishing touches to a proposal to the Cabinet advocating a R2-billion oil-from-torbanite scheme. It also has 8% of the Alba oil field in the North Sea

For those at Mobil who resisted the disinvestment lobby, the withdrawal is a stunning defeat.

BERNARD SMITH

In a social responsibility report last year, the chairman of Mobil SA, Georges Racine said. "Mobil will not disinvest from SA." The document gave strong reasons for staying in SA.

But the Rangel Amendment, which prevented tax paid in SA from being recognised by the US Internal Revenue Service, is reported to have been the last straw.

It is thought Mobil will be able to claim more than $150-million in tax relief because of its loss in selling to SA

Mr Smith said financing arrangements are still being considered. Gencor was lightly borrowed last annual report.

Net debt after dividends would have been R474-million, against equity of more than R8-billion.

A stock broker reported that Gencor has already concluded 60% of financial rands sales necessary for the deal

Caltex managing director Jock McKenzie said Caltex was sorry Mobil was going.

He acknowledged that pressure would intensify on Chevron and Texaco, which hold 50% each of Caltex's parent in Dallas. Shell, BP and Total would not comment.

Mobil's withdrawal means that not one of Fortune magazine's top 10 US industrial companies are left in SA.

Some US giants which have withdrawn in the past four or five years are: General Motors, Exxon, Ford, IBM, General Electric, Citicorp, Xerox, Pepsico, Coca-Cola, Unisys, Motorola and Merck.

The other big multinationals still in SA are Total, Colgate-Palmolive, Unilever, Johnson & Johnson, Philips and Nestle

Watt putting some spark into dull Powertech

POWERTECH, for years the Cinderella of Bill Venter's Altron empire, emerges as the belle of the ball in the year to February with a 58% earnings jump.

Powertech's managing director Peter Watt is Cinderella's prince or fairy godmother

He arranged and oversaw two happy marriages behind the sensational numbers — that of heavy electrical groups, Brown Boveri and Asea and before that of Abertech in electronics and computers respectively.

Then came the cable merger three years ago, the appointment of Mr Watt two years ago and the Brown Boveri merger a year ago. Now Powertech is outstripping its better fancied sisters.

The latest results in a nutshell: turnover soared 42% to R853,6-million and pre-tax

By David Carte

Mr Watt says cutbacks on new power stations will start to be felt only from 1992.

The major rationalisation benefits have already accrued but there are more to come.

"Some lines are more profitable than others, so we'll

as big, if not bigger than Chloride's Margins can be improved in the replacement market if demand from motor makers cools.

With demand for interior, exterior and security lighting booming, Lascon Lighting has come into focus lately.

Mr Watt said top priority lately has been to get Brown Boveri and Asea happily

equity of nearly R240-million Mr Watt has an aversion to debt, hence higher dividend cover.

At 210c, the share is at a 69% premium to published net assets but it is less than 10 times these earnings and yields 3,1%, so it cannot be called expensive.

Cheers to

Adcock pays high price for Sterling buy-out

Bottom Line

MICHAEL MENOF

Adcock-Ingram enjoyed record sales and attributable earnings in 1988.

The exceptional growth trend since 1982 is set to continue, with targets for 1989 higher than ever.

The 1988 annual report featured two important items: the group acquired disinvesting US firm Sterling Drug's net assets for R10,29 million and its trademarks for a R46,3 million. The acquisition, renamed Saphar-Med, had a marginal effect on group earnings.

The purchase price was funded by a rights issue of 462 270 ordinary shares of R120 each.

The capitalisation issue of nine ordinary shares for each share held at close of business on September 23 1988 should improve the share's marketability.

The US disinvestment debacle raises some interesting questions. Are SA companies grossly overpaying withdrawing US investors? Surely the US companies value SA as distributors and marketers of their products?

Wouldn't it be in SA's interests to pay the tax-deductible expense of royalties and technical fees based on products sold or manufactured, rather than goodwill, which is not tax-deductible?

Should the Government control the outflow of capital by imposing stiffer legislation, thereby preventing funds leaving the country?

It is easy to blame the Government for overspending, but why are SA businessmen paying such astonishing prices for foreign-controlled companies still requiring SA distributorship.

Legislation is needed to freeze the purchase price and pay it out in instalments over, say, five years.

Turnover increased to R334,64 million (1987: R250,86 million), with pre-tax income R45,13 million (1987: R32,2 million).

The effective tax rate declined to 42,9 percent (1987: 46 percent) — tax was R19,34 million (1987: R14,82 million).

Income from associates, minority shareholders' interest and pref dividends were insignificant, leaving attributable earnings up 50 percent at R26,21 million (1987: R17,66 million).

Earnings per share were 110c (1987; 100c) and the dividend went up from 30c to 44c.

Net trademarks of R44,68 million (for Sterling Drug) written off below the line turned profits to a loss of R18,7 million.

It is not apparent why the trademarks were not written off over 10 to 14 years, unless it was to justify price increases.

Chairman RA Williams and CE DC Bodley are confident that Sterling Drug will have a positive impact, but say nothing about how the R46 million trademarks price was computed.

Sterling produced sales of R30 million in 1986, less than R40 million in 1987 and about R46 million in 1988.

Profitability was not disclosed. Shareholders should query the price paid.

Mr Williams says government commissions have found health prices are not unrealistic in world terms and pharmaceutical profits not excessive. Who is he kidding?

Adcock's seven-year review since 1982 shows a 19,5 percent compound growth rate for turnover and a 21,5 percent bottom-line growth rate.

The group is owned 76,2 percent by Tiger Oats. Barlows is the holding company. Liberty Life, including Prudential and Guardian, hold 12,7 percent.

In 1988, capex, excluding investments, was R17,6 million, with R40 million planned for 1989. Over the next three years R74 million will be spent to maintain "a leading edge in manufacturing quality products at low cost", says Mr Bodley.

The balance sheet has improved, with shareholders' equity at R112,53 million (1987: R87,18 million) and working capital at R28,69 million (1987: R22,11 million) at end-September 1988.

Debt is negligible. Higher earnings and dividends are predicted for 1989: turnover R415 million, bottom line R33 million, earnings 124c and a 51c dividend.

In spite of a net worth of R4,22 at end-September 1988, the JSE price is bounding along at R25 per share — a P/E of 20 times and dividend yield of only two percent.

Taxed earnings at eight percent of sales proves my point. SA is moving along the same lines as the US where health care costs are beyond the reach of many.

62

Mobil move is the question

Sowetan 1/5/84

NEW YORK — The full board of the Mobil Corporation, meeting in New York, is expected to explain its sudden decision to pull out of South Africa — a move that could act as a spur for other US companies that have, like Mobil, so far resisted the strong international pressures to withdraw.

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Proposal

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Congressman Wrangel, a leading member of the black caucus, said he could not confirm that this was the reason for the Mobil withdrawal, but if so, the news indicates that my amendment is having its intended effect — to have US corporations cease their contribution to the South African economy and the apartheid regime."

Argued

At the time of the Wrangel measure, the Foreign Minister Mr Pik Botha described it as "a particularly gross form of hypocrisy", and argued that such attempts to undermine the South African economy would set back racial change.

Mobil to continue 'as separate entity'

B/Day 2/5/89 (62)

MOBIL Oil would continue to operate as a separate entity within the Gencor group and would play an important part in Gencor's extension into energy-related projects, Gencor executive director and energy division chief Bernard Smith said.

He said Mobil would compete with Gencor's Trek Beleggings in the market. It would keep its name "in the medium term".

● SMITH

The Mobil Corporation of the US confirmed on Friday it would sell off its southern African interests to Gencor for an undisclosed sum.

Mobil would operate as it had been, "doing what it does best". There were no plans for rationalisation or change, but Gencor would add some members to the Mobil directorate.

Smith said the acquisition would have an important impact on Gencor earnings a share. A Mobil JSE listing was possible, but issues had not yet been clarified.

Being part of Gencor would provide the Mobil organisation and staff members with many growth opportunities.

The sale is expected to be completed by the end of June and is subject to a formal agreement being drawn up and government approval where necessary.

ZILLA EFRAT

Mobil Corporation chairman Allen Murray has cited business considerations, including the impact of recently enacted and proposed US legislation and regulations, as the major motivation for the sale.

The deal involves 12 Mobil-affiliated companies and the retail and commercial petroleum marketing networks operated by Mobil in SA, Namibia, Botswana, Swaziland, Lesotho, Transkei, Bophuthatswana, Venda and Ciskei.

The sale price has not been disclosed, but Mobil says it exceeds the local book value of the companies, estimated at $400m.

Mobil Southern African chairman and MD Robert Angel said Mobil would continue to manufacture and market the same products and supply the same service.

He said present employment policies, practices and benefits would continue and all existing agreements and arrangements with the Chemical Workers' Industrial Union would be honoured.

□ AP-DJ reported the mostly black union had filed an urgent suit in the Industrial Court to stop the sale of Mobil assets until it negotiated a disinvestment procedure.

Union spokesman Taffy Adler said the urgent application was filed on Friday afternoon, but the two judges, appointed by the Department of Manpower, postponed a hearing until May 9.

GFSA rights issue on cards?

New twist in Minorco, ConsGold saga

Cit Times 2/5/89

62

LONDON. — The momentous Minorco-Consolidated Gold Fields (ConsGold) battle is set to take a dramatic twist this week with mounting speculation of a full-scale bid for Newmont Mining and the revelation that ConsGold's 38% associate Gold Fields of SA (GFSA) has been planning a R500m rights issue, in spite of denials by ConsGold in London.

Documents in the possession of The Sunday Telegraph show that the board of GFSA (which includes Rudolph Agnew and two members of the ConsGold board) was circulated with details of the rights issue plan in a memo dated April 13.

But in a statement on April 26, a ConsGold spokesman said: "There is no GFSA rights issue."

Rights plan

Minorco has protested to Britain's Takeover Panel that the rights plan is a "material fact" which should have been disclosed by ConsGold and mentioned in documents covered by responsibility statements. It is furious not just about the omission, but at the denial when it raised the issue with ConsGold on Wednesday.

ConsGold chairman Agnew said on Saturday: "We have no knowledge of a rights issue. It has not been raised with us (ConsGold) formally.

"GFSA has been looking at ways of financing its developments. These included selling off investments.

"I have not seen the memorandum. As far as I know, the rights issue has not been formally recommended."

The memorandum, from GFSA director B R van Rooyen, says that the cash was needed to fund new projects such as the Northam platinum mine.

It goes on: "The executive believes it would be prudent to raise between R500m and R600m by way of a rights issue to shareholders.

"Market conditions are more favourable than they have been for some time.

"Indeed, if our principal shareholder had not been preoccupied with other matters, the executive would have recommended a rights issue be mounted in the first quarter of 1989.

"The executive is of the opinion that further delay would not be wise . . . This memorandum therefore is designed to provide the directors with an early warning of the company's funding requirements and to enable them to consider the principles involved in advance of the event."

The Sunday Telegraph says it has also seen excerpts of detailed notes of a GFSA board meeting on April 18.

Largest shareholder

These reveal that GFSA chairman Robin Plumbridge said that the largest shareholder (ConsGold) "is aware of the fact that GFSA is thinking of a rights issue".

Plumbridge himself sits on the ConsGold board.

GFSA holds a 7,8% stake in ConsGold and Agnew's reference to the option of "selling off investments" hits the rawest of nerves.

This is because GFSA has stayed fiercely loyal to ConsGold and has refused to accept the Minorco offer, even though acceptance would have brought in R650m in cash to the heavily geared company and obviated the need for any cash call. — The Sunday Telegraph.

Union bid to block Mobil pullout

By Mike Siluma (62)
Labour Reporter

Legal action by the Chemical Workers' Industrial Union (CWIU) to prevent the sale of Mobil's South African assets to Gencor would not be heard by the Industrial Court until next Tuesday, the union said.

The union lodged an urgent application in the court at the weekend after Mobil Oil's public acknowledgment that it would sell its southern African assets to Gencor.

It asked the court to restrain Mobil from going ahead with the sale until Mobil had agreed to negotiate the union's conditions.

Despite statements by Mobil that present policies and existing agreements would not be affected by the sale, the CWIU said it was taking legal action to protect members' interests.

Mobil had as recently as February refused to negotiate a disinvestment procedure with the union, insisting it did not plan to leave SA.

The CWIU demanded that any proceeds from Mobil's possible links with South Africa after the sale should go into a trust nominated by the union.

Washington Letter by SIMON BARBER

Cit Times 3/5/89

62

Two sides of sanctions as seen by the priests

HERE is a statement issued on March 20 by Archbishop Desmond Tutu and other Anglican primates after a visit to Panama. I received it as part of an information packet distributed by the the church's diocesan news service and entitled "God's people have had enough".

Of what?

After reading the thing, I can only conclude God's people would be perfectly justified in fingering God's Anglican invertebrates. It reads:

"We have been informed by various groups and organisations of the disastrous effects of the US sanctions against Panama. These sanctions have led to the destruction of the country's economy, caused immense suffering on the poorest of the poor, increased unemployment and aggravated social problems.

"It is also apparent to us that the government of Panama uses the effect of these sanctions to rally nationalist support against the United States. This paralyses people who, like the majority of Panamanians, are opposed to sanctions but who are restricted from speaking out on this issue for fear of being labelled in favour of General Noriega.

"We can therefore say that these sanctions inflict a double oppression on the people of Panama.

"We believe these sanctions, opposed by the general population and inflicted by the United States in an attempt to force the ousting of General Noriega, must cease. The US policy has failed and their continued imposition helps the government to direct attention from the real, serious internal economic and political crisis.

"We call on the US Government, therefore, to immediately end the sanctions placed on Panama so that the unjust suffering can be alleviated and so that the overwhelming domestic problems can be brought to light and addressed by the people of Panama, as a sovereign independent nation without external oppression and interference."

It evidently occured to Their Holinesses that they had made a compelling case against South African sanctions also. Thoughtcrime! Naturally, they were quick to stamp on any such notion.

"We commend the holding of general elections set for May 7 1989. They are a sign of hope for the society and the fact that all Panamanians have been promised the right to vote is one of the reasons we can oppose the implementation of sanctions on Panama while supporting them against apartheid in South Africa."

This is a somewhat desperate distinction. If, as the Primates aver, sanctions have enabled Noriega and his men to "rally nationalist support" and "paralyse" their critics, it seems unlikely that the elections will be particularly reflective of popular sentiment. In fact, it is downright improbable since, as the churchmen also quite correctly point out, the Panamanian Government has detained many of its opponents without trial, forced others into exile and systematically stifled the independent Press.

Nothing new

South Africa could hold exactly the same kind of non-election tomorrow but, however broad the theoretical franchise, by no stretch of the imagination would it be viewed as such a "sign of hope" meriting an end to sanctions. What we have here, in other words, is a thoroughly predictable piece of special pleading.

I use the word predictable advisedly. There is nothing new in all this. Without fail, sanctions applied to topple or improve the behaviour of unloveable regimes, — whether in Cuba or Nicaragua or Libya or Iran or North Korea or South Africa — have had precisely the kind of contrary effect limned by the bishops after their jaunt to Panama.

Like automata, the proponents of sanctions in each particular instance have flatly refused to learn from the others, thus condemning millions of captive human beings to ever deeper torment. For this our ancestors first stood up?

Not losing

The point has been reached where reasonable men are simply surrendering to unreason. The latest to fall is the Mobil Oil Corporation — and, Heaven knows, it argued longer and harder than most.

Mobil is pulling out not because it has been losing money in South Africa. It estimates that between the start of the year and the closure of the sale to Gencor its South African subsidiaries will have earned about $10 m, even allowing for the punitive 72% tax imposed by the Rangel Amendment. Not an enormous profit for a company that earned $2,9 bn on worldwide sales of $54,3 bn last year, but a profit nonetheless.

Psychology, not finance, underlays the decision. The new chairman, Allen Murray, and his board simply lost the stomach for staying. In their own Olympian way, they sincerely believed they were contributing to something worthwhile in South Africa.

Greek tragedy

But even Olympians can grow petulant when what they see as favours go unrequited. The board wearied of the constant abuse, the legislative punishments, both threatened and meted out, the relentless shareholder resolutions, the inordinate amount of time and energy the company had to spend defending itself in public to no effect.

Some predict that Mobil's departure will teach the sanctioneers a lesson, that Congressman Charles Rangel, author of the tax provision, may finally be persuaded to hang his head in shame. I thought so too, at first, believing that Mobil would leave a hole too large to be ignored. After reflecting on Tutu's Panama cant, I am no longer so sure.

A constant refrain in Greek tragedy is that the hero learnt "too late". Unfortunately, it is not yet "too late". There is too much suffering left to be done.

The sanctioneers are in business to make that suffering happen, not to be distracted by it. When the Chemical Workers Industrial Union cries betrayal, they will demonstrate that the betrayal was Mobil's, not theirs. They will then not rest until the company has vowed never again to transfer a single washer or word of advice to the new South African owners.

The process will continue until every last foreign company has been needled into following suit. Finally, if and when the logic plays out, the fact that foreign capital was ever in South Africa will be blamed as the reason for the country's prolonged agony. When unreason rules, there is no argument that cannot be made.

Unequivocal

There is only one way that this can be stopped. Tutu, the Reverend Alan Boesak and other black South African leaders the outside world has deemed credible must recognise that sanctions and disinvestment are playing straight into the hands of their enemies, not least the security establishment which views all forms "empowering" assistance provided by companies like Mobil as a threat to the state.

Having so recognised, they must find it in themselves to state publicly what many say in private by issuing a declaration as unequivocal as the one the Anglican Primates issued on Panamanian sanctions

In many ways, it would be a declaration of independence. And what better occasion could there be for its unveiling than Tutu's visit to Washington later this month?

Cape Times 3/5/89

Disinvestment: Union to fight Mobil in court

Staff Reporter

THE Industrial Court has been urgently called to compel Mobil SA to negotiate a disinvestment agreement with the Chemical Workers' Industrial Union (CWIU).

The move follows the company's "consistent refusal" since 1987 to negotiate on disinvestment procedures and the job security of 650 union members at Mobil plants in the country, CWIU general secretary Mr Rod Crompton said yesterday.

The giant United States multinational disclosed the planned sale last week of its local assets to the Gencor mining group — drawing angry union charges that the company had lied about its disinvestment plans.

Explaining the grounds for last Friday's court action, Mr Crompton said Mobil had reneged on a written undertaking to consult with the union once it considered disinvesting.

This followed press leaks in New York last year revealing Mobil's intention to withdraw its South African operation — despite regular assurances to the contrary, Mr Crompton said.

After union representations earlier this year, Mobil had indicated it did not intend disinvesting, thereby seeing no need to negotiate a disinvestment agreement, he said.

Oil company to maintain funding

62

BDay 3/6/87

Mobil Foundation head pledges its work will continue

ADELE BALETA

WORK of the Mobil Foundation will continue in spite of the giant oil company's impending sale of southern African interests to Gencor.

Mobil Oil stated it would extend funding to the foundation until the end of 1994.

Foundation chairman Franklin Sonn said yesterday independence of the organisation from Mobil Oil Corporation, which donated R40m to fund it, was absolute.

He added an executive meeting would be held soon with Mobil and Gencor to discuss independence of the organisation, future of Mobil staff seconded to it and funding.

"We are confident of the future of our organisation. It will always be crucial for business to participate in such projects," Sonn said.

In its first report last year the foundation, formed in 1986, said it had spent R8,3m on more than 90 community projects designed to make an important contribution to a unitary non-racial system.

Sonn said its mission was "to support and develop programmes and any other activities that will impact on the current structures of society and help SA develop into a non-racial, democratic society based on the principle of freedom of association".

The report stated more than half the of the R5,7m allocation was spent on education focusing on early childhood, currriculum and teacher development and alternate education.

A total of R2,6m was spent on business and community projects.

Education board chairman Ken Hartshorne believed a mistake was to use education to divide people rather than using it to give a common purpose.

"I think there is a general feeling that money coming from the private sector should not be used to prop up the system. We should be looking at a future kind of education in a different kind of SA in a different society. That is the key criterion for the foundation," he said.

The foundation's business and community action board supports two different types of programmes. One is aimed at business development and the other at development in communities.

Mobil pullout 'a sham'

By CHIARA CARTER

THE Chemical Workers' Industrial Union (CWIU) has accused Mobil of using disinvestment as a "window-dressing" for the international community.

CWIU general secretary Rod Crompton said the company was "pretending to disinvest".

He claimed that far from really cutting ties, the sale of Mobil SA operations to the General Mining Union Corporation Ltd (Gencor) was basically a "warehousing operation".

This meant that Gencor would handle the company's operations in South Africa but the profits would rest with Mobil, who would also continue to provide the expertise.

Supporting CWIU claims is the admission last week by Mobil's USA chairperson Allen E Murray that the deal with Gencor included the right to use both the technology and formulas of the Mobil operation.

Gencor would also have the right to use the Mobil logo.

CWIU said it strongly suspected that Mobil would also arrange oil supplies for Gencor since the company had no experience in international oil markets.

All of this added up to "corporate camouflage", said Compton.

CWIU launched an urgent application last Friday asking the Industrial Court to halt the proposed sale until negotiations on disinvestment are concluded.

The application continues next week.

The CWIU said Mobil had not honoured its commitments to the union.

The union has been trying since July 1987 to get some 37 subsidiaries of multinationals, including Mobil SA, to negotiate an agreement on the terms of disinvestment, which would protect workers' interests in the event of a pullout.

Mobil consistently refused to negotiate on the grounds that it had no intention of disinvesting.

This was reiterated last year after a contingency disinvestment plan was leaked.

The union, to which several hundred of Mobil's 2 800 employees belong, said it had not received any notice of the planned sale.

"The first we heard of it was through the newspapers," Crompton said.

While considerable political pressure was exerted on Mobil to disinvest, Mobil Corporation chairperson Mr Allan Murray said the main reason for the sale was economic.

No sale price has been announced, but while Mobil said it exceeded book value, Gencor is believed to be acquiring the operation at a bargain-basement price.

Mobil's chairperson and managing director in South Africa, Mr RJ Angel, said Gencor would continue to manufacture and market the same products.

He said the company's social responsibility initiative, the Mobil Foundation, would continue until at least 1994.

"Present employment policies, practices and benefits will continue, and all existing agreements and arrangements with the CWIU will be honoured," he said.

But this was greeted with scepticism by CWIU, which said Gencor was one of the "most notoriously anti-union corporations in South Africa".

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62

B/Day 3/6/87

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Tax plan needed for South Africans abroad

62 Star 5/5/87

By Michael Menof

The decision by Mobil to withdraw from SA because of the one-sided tax legislation imposed by the US should not be taken lightly by South Africans living abroad.

The decision to scrap the double-tax treaty between SA and the US that was agreed to way back around World War Two smacks of duplicity.

The treaty was necessary because of the different way each country taxed income. South Africa adopts the source policy.

This means if the country you live in produces the wealth, then the country is entitled to a share of that wealth in the form of tax.

The US taxes on the residence principle.

This means if you are resident in the US, then irrespective of where the income is earned in the world, that income is taxed in the US.

The problem, of course, is what happens if that income is taxed in a foreign country in the first instance. In broad outline, the double-tax agreement worked as follows:

- The corporation pays tax on the income it earned in the foreign country at that country's existing company tax rate.
- Include the foreign income along with the rest of the US income and other world income and determine the total tax payable in the US.
- Allow a credit of the actual tax paid in the foreign country against the total US tax bill.

In order to spur the disinvestment programme and force US companies to leave SA, Congress decided to scrap the double-tax agreement, which means that US corporations in SA will now be paying tax twice, once in SA and again in the US because they will not receive the benefit of the tax credit.

With the SA tax rate of 50 percent and tax in the US of 35 percent, it means a US company operating in SA is left with a minimal retained profit.

Without the double-tax agreement, just how does this affect South Africans who have emigrated to the US or who may be working in the US.

The answer is that they would be required to include their world income and in effect be paying tax twice on any income they earn in SA.

This, of course, presupposes that they have done no tax planning with their income-producing South African assets.

There are ways and means of ensuring South African income is not taxed in the US, either by legally trapping it in the companies and not paying dividends or salaries or by investing in tax-free income in SA.

It is unbelievable the lengths that Congress is going to to promote unemployment in SA and how hypocritical it can be.

To put it mildly, Congress doesn't care two hoots about the blacks in SA, only about how it can use the sanctions issue to further its own political aims on Capitol Hill.

Congress is in a mess right now. It has no money to spend on new programmes, so the members are constantly looking for new issues, scapegoats and legislation to convince the taxpayer and the electorate that they are working hard and to further their political ambitions without paying a cent. What paper shufflers they are!

Another point is that if the US treats SA so badly, surely SA should retaliate by not buying US goods or any programmes associated with the US.

South Africans living abroad need to do some urgent planning now that the double-tax agreement has been scrapped and the consequences of the Mobil case are becoming apparent.

a thriving hotel, a post office and a general posed the fragmentation of medical services and had told government so on a number of occasions.

Mobil, CWIU to meet for discussions on disinvestment

8/04 5/5/87

(62)

ALAN FINE

REPRESENTATIVES of Mobil Oil SA and the Chemical Workers' Industrial Union (CWIU) are due to meet on Monday for negotiations over Mobil's withdrawal from SA, a day ahead of the resumption of the union's urgent court application.

There are strong indications there will be differences between them over the breadth of the agenda, given Mobil's view that the sale of its local assets to Gencor is a *fait accompli*.

CWIU general secretary Rod Crompton said yesterday the entire CWIU package of disinvestment demands remained at issue.

The CWIU has asked the Industrial Court to halt the sale pending negotiation of the union's disinvestment demands first submitted to the company, and 38 other multinationals, in July 1987.

Mobil industrial relations manager Jacques Franken said yesterday the meeting would discuss "the possible consequences of the decision by its ultimate foreign parent company to dispose of its interests in southern Africa".

He agreed this meant Mobil considered the sale a *fait accompli*, and certain union demands such as for 12 months notice of the intention to disinvest should fall away.

Guarantees

"We are prepared to listen to everything and negotiate whatever is negotiable," he added.

It appears Mobil will also resist giving, or be unable to give, any guarantees regarding employees' future job security under the management of the new owners.

On demands for severance payments, Franken said the sale would not disturb the employer/employee relationship. All that had occurred was a book entry transferring shares from one owner to another.

Franken, commenting on CWIU accusations that Mobil had lied and acted duplicitously in making previous assurances regarding its future in SA, said such accusations were unfounded. He had always made such statements in good faith.

CWIU official Pat Horn said this week many CWIU members employed by multinationals, particularly petroleum companies, were extremely worried that disinvestment announcements may be sprung on them soon.

She said management was aware of these fears and that, at Sapref, management had this week issued special reassuring briefs.

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8/P 27 5/5/87 ... (62)

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Mobil pull-out hits finrand for a six

BDay 3/5/89 62

GRETA STEYN

THE financial rand is at its lowest level in more than two years as a result of Mobil's sell-out to Gencor.

Sources involved in Mobil's disinvestment said "a large proportion" of the finrand deal had been done in the past few weeks, but the entire sale was not yet completed.

They said the deal exceeded the original figure of $150m expected by the market, but was "in that region".

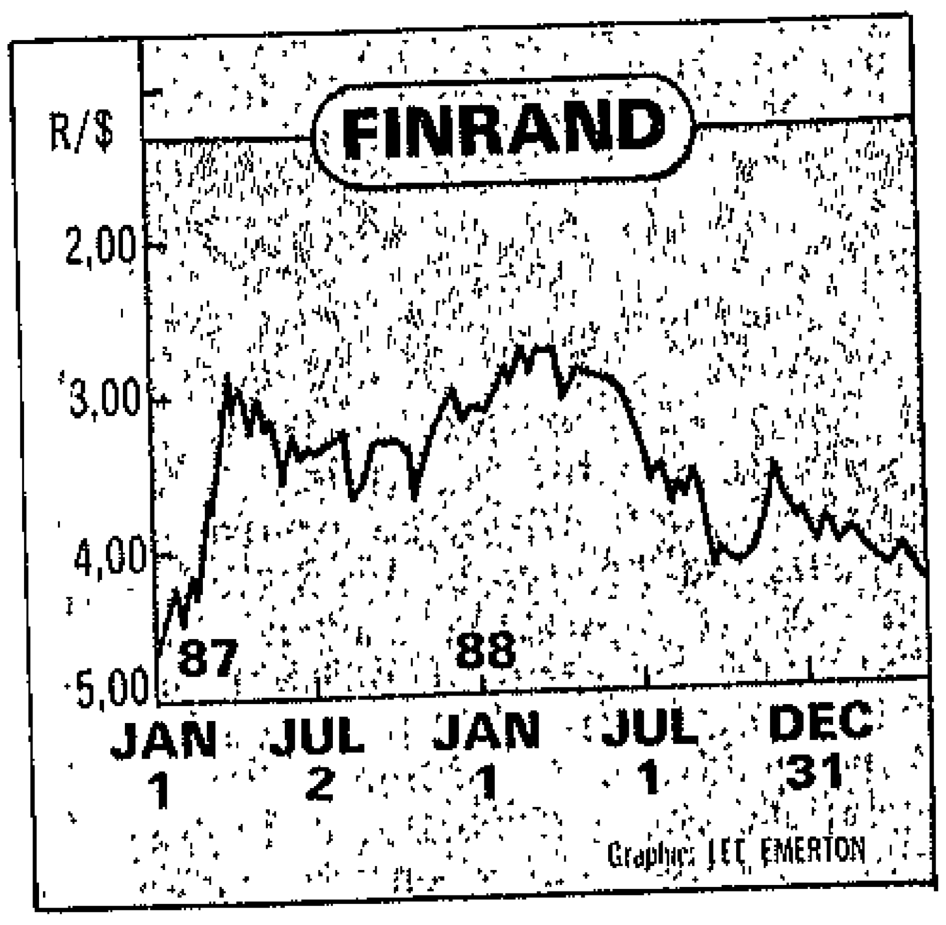
The finrand is now at $0,2372, or R4,2150 to the dollar — a level last seen in February 1987.

Finrand dealers at banks said a large seller, believed to be Mobil, had been obvious in the market, but they doubted the deal had been completed.

One dealer said a deal of that size would have pushed the financial rand to US21c to the rand. Further downward pressure came from the selling of De Beers and Anglo shares in London because of the drop in the gold price.

But there is a lot of two-way trade on the currency, which has saved it from plunging because of disinvestment and the weak gold price.

Gold closed slightly higher in London yesterday at $378,25 up $0,50 on Wednesday's close.



One banker said West German demand for SA capital market stock remained steady, as was Swiss and Dutch demand for SA property investments.

The commercial rand is in worse shape than the financial rand on an historical basis. The SA currency is at a three-year low to the dollar, surpassed only by the lows following the Rubicon speech in 1986.

The rand ended at R2,5773 to the dollar on Wednesday, under pressure from the dollar's upward march to DM1,89 and not getting any support from the gold price.

J/G Times 5/5/89

Union wants Mob sale stopped

62

Own Correspondent

JOHANNESBURG. — Representatives of Mobil Oil SA and the Chemical Workers' Industrial Union (CWIU) are due to meet on Monday for negotiations over Mobil's withdrawal from SA, a day ahead of the resumption of the union's urgent court application.

The CWIU has asked the Industrial Court to halt Mobil's sale to Gencor pending negotiation of the union's disinvestment demands first submitted to the company in July, 1987.

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Other CWIU demands include a guarantee that future employment conditions be no less favourable.

Finmail 62 5/5/89

GENCOR/MOBIL

Cash benefits

Until this week, Gencor's vaunted energy division seemed to exist somewhat more in the future than in its operating businesses. That changed when it was confirmed at the weekend that the house has bagged Mobil SA, reputedly for a low price.

Details are skimpy — the Gencor announcement says there will be further information on finalisation of the agreement which is unlikely before the end of June. While the price has yet to be disclosed, a figure around R600m has generally been mooted.

Should this be correct, it must mean that Gencor has got a bargain in terms of assets and potential cash receipts. A senior source in the oil industry says that, without knowing precisely what Gencor has bought and without a profit record, an accurate estimate cannot be placed on the value, but he feels that around R500m would be regarded as "very cheap" and a price above R1 000m would be excessive.

The sale includes the Mobil refinery in Durban and the retail and commercial petroleum marketing networks operated by Mobil in SA, Namibia, Botswana, Swaziland, Lesotho and Transkei. This means there are substantial assets involved. Apart from the oil refinery, it can be assumed that large amounts of capital are tied up in the marketing and distribution side of the operation. In SA, the major oil companies have long had a practice of directly owning a large proportion of their service stations, with the rest franchised. Gencor will be acquiring probably hundreds of such properties nationwide.

Capital projects

Trek, which operates 366 service stations, is a Gencor susidiary, so the group knows what to expect from the distribution side. Both this and the refinery could be particularly useful to the group over the next few years. Gencor chairman Derek Keys has referred to various capital projects and, it's hoped, acquisitions in the pipeline for Gencor. Just one of these offers a reason why the cash flow from Mobil would be useful: Gencor has the right to acquire 30% of Mossgas.

Once the commercial viability and robustness of Mossgas has been shown, or not later than six months after commercial production starts, certain loans will be replaced by equity and Gencor is expected to elect to invest about another R600m in 1988 money to maintain its stake in the venture.

Oil refining and distribution of petroleum products is seen as a mature business which should, in general, be a strong cash generator. At any particular time, though, profitability of crude oil refining is variable. The cost of the crude oil to the refiner is linked to the international price and the refining margin achieved is essentially an international margin.

When international refining margins are under pressure, the profitability of the local oil refiners are depressed. However, a fall in crude oil prices tends to result in temporarily widened refining margins due to the time-lag between the fall and the corresponding movement in refined product prices. The other big factor which influences a refiner's profitability is throughput of crude oil. This has increased recently.

Sasol, which owns 52,5% of Natref, noted last year that it was expecting an increase in the local refining margin and higher crude oil throughput and was, therefore, anticipating rising profits from oil refining. Analysts say the present profitability of Natref should not be underestimated and that it partly explains the recent strength of Sasol's share price.

Growth constraints

Industry sources estimate Mobil's share of the total SA retail market for liquid fuels at around 18-20%. All of the other multinationals are also reputed to hold between 15% and 20% of the market. The company has diversified to some degree and its refining operation apparently includes plants to recover aromatics and to produce lubricating oils. The Mobil Foundation, established with a provision of R40m, is to have its funding extended until 1994 at least.

What is less clear is where the growth will come from. There are three constraints — which may have been among the "business considerations" taken into account by Mobil Corp — to the growth potential for a pure refining and distribution operation, particularly one in which any capital investment almost certainly would have been limited. Firstly, prices and the return on investment in the marketing operation are subject to government controls; there is a fixed marketing margin. Secondly, the medium-term outlook for the international refining margin looks unattractive.

Thirdly, and more importantly, given that the official policy is to favour approved synfuel projects, any new synfuel plants could mean that the throughput of the refiners will be reduced.

Their level of capacity utilisation then would again depend on expansion of market demand in line with growth in the economy and the population. In the long term, the refiners may well see their capacity fully utilised again, but the inevitable development of SA's synfuel industry does restrict their growth potential.

Meanwhile, Mobil could be a very useful acquisition for Gencor. *Andrew McNulty*

Phelps rejects pullout proposal

PHOENIX — Shareholders of Phelps Dodge Corporation, a major US Copper company, have rejected a proposal seeking to force the company out of South Africa because of the country's apartheid policy.

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However the proposal, backed by a coalition able to vote less than 2 percent of the shares, drew 12,3 percent support during the company's annual meeting here this week. Star 2/8/89

The New York State Common Retirement Fund, which holds 473,478 shares, or about 1,5 percent of stock outstanding, introduced the resolution. Other supporters of the resolution totalled a further 191 400 shares. — Associated Press.

After Mobil withdraws from SA . . .

W/t ARGUS 6/5/89

MOBIL'S sudden decision to withdraw from South Africa will have widespread repercussions.

It immediately increases the pressure against the continued presence of Caltex and Shell. Caltex is now the only U S-owned oil company remaining in South Africa, while Shell is under quite serious pressure in the Netherlands.

Will they be forced to the decision that returns from doing business in South Africa aren't worth the hassle ?

LABOUR AFFAIRS

DICK USHER

Beyond this, with Gencor snapping up the assets, it's another step in the accumulation of the nation's wealth in fewer and fewer hands.

The Chemical Workers' Industrial Union (CWIU) is somewhat suspicious of the Mobil move and will be meeting management on Monday to discuss the withdrawal, followed by a court action on Tuesday which will seek to halt it.

The union has been pressing multinationals for national negotiations on disinvestment, with not much success.

Companies refused to consider one bargaining forum and when the CWIU sought to declare dispute the Minister of Manpower refused to appoint a conciliation board to hear them.

Since then they've had agreements with several companies to negotiate individually, but a union spokesman said progress had been slow.

Meanwhile, spokesmen for the union movement point out that the Mobil withdrawal, a result of international pressure against doing business with South Africa, must raise questions about how the South African economy will cope with any further withdrawals.

While the effects of disinvestment might not yet be severe, an already struggling economy needs all the help it can get — which doesn't include disinvestment and non-investment.

Leaving aside any questions of morality, one can't help suspecting that the Botha government learnt the same lesson in Namibia as the Johnson administration learnt in Vietnam — you can't run a foreign war and a reform at home simultaneously.

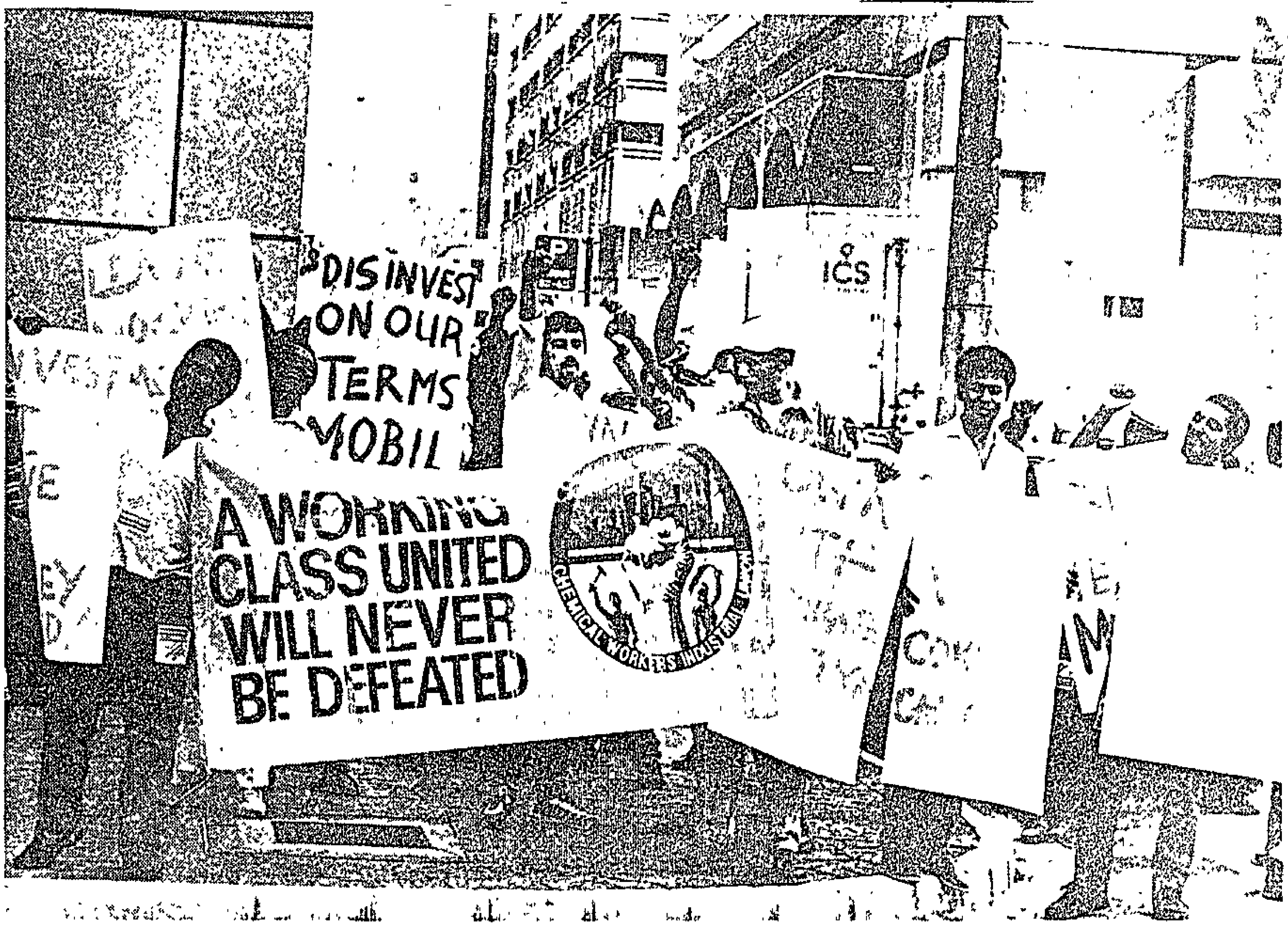
You simply don't have the money.

Union spokesmen argue that, as the economic crisis deepens, it is increasingly clear that the "reform" programme seeks merely to deracialise the economy and cannot resolve the crisis because it does not address the basic structural problems.

In the end reform addresses only the material needs of about 30 percent of the population in the industrialised sector, leaving the other 70 percent to struggle along as best they can.

In which case the state's repression, engendered by the fight against its policies, and the state's reform programme are not competing strategies but the same strategy, they argue.

Leaving the question still hanging: Is doing business with South Africa worth the hassle ?



Picture: DICK USHER, Weekend Argus

Members of the Chemical Workers' Industrial Union demonstrate outside Mobil House in central Cape Town at lunchtime yesterday in protest at the company's decision to withdraw from South Africa without first negotiating with the union.

W/ARGUS 6/5/89

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Mobil's not No 1 with union

By DICK USHER
Weekend Argus Labour Reporter

MOBIL employees have started a series of actions against the company in protest against its decision to withdraw from South Africa.

Members of the Chemical Workers' Industrial Union in Cape Town, Durban and Johannesburg have taken part in the protests aimed at pressurising the company to negotiate conditions of withdrawal with employees.

In Cape Town yesterday, about 30 shop stewards from the union held a 30-minute placard demonstration outside Mobil's South African headquarters in the city. In Johannesburg there was a similar demonstration.

A union spokesman said that further actions were contemplated depending on the outcome of a meeting scheduled for Monday between the union and management.

The union said workers at the refinery in Durban had instituted an overtime ban.

A Mobil spokesman there said no action had taken place, but a workers' meeting was to be held soon.

On Monday, the union and Mobil are to discuss union demands on disinvestment, including guarantees of job security and severance pay.

The union has also entered an urgent court application to halt Mobil's sale to Gencor, pending negotiation of disinvestment demands.

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Row causes jitters over IBM's plans

Own Correspondent

WASHINGTON. — A behind-the-scenes row over whether a major Florida county should continue doing business with IBM has led to jitters that the computer giant plans to stop supplying South Africa's ISM with equipment and software.

Dade County, which includes the high-growth Miami metropolitan area, adopted a selective buying law in March 1987 barring procurement contracts with any firm that has "contacts with or in" South Africa or Namibia.

A county appeals board decided last December to grant IBM a one-year waiver from the ban. This sparked an outcry from anti-apartheid groups and their supporters within the county government.

To justify the waiver, county officials claimed that IBM had promised it would not renew a three-year agreement with ISM to supply software and a five-year contract for parts and equipment.

Mysteriously, however, a full transcript of the meeting was never made — contrary to usual practice — because of what Mr Sam Brunt, a committee staff member, said was a "tape recorder malfunction".

But Mr Brunt insisted in an interview on Friday that he was "convinced" IBM had vowed to sever its South African ties, although he admitted he was not present at the meeting.

IBM strenuously denies that it ever made such an undertaking. Spokesman Mr Fred McNeese said that chairman Mr John Akers told the company's annual general meeting on April 24 that IBM had every intention of continuing the relationship with ISM that it has had since leaving South Africa in 1987.

Pressed by Ms Donna Revzin of the Interfaith Centre for Corporate Responsibility, a pro-disinvestment group, Mr Akers replied: "We have a relationship of indefinite duration with ISM and that will continue."

Union and Mobil clash today

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By Mike Siluma
Labour Reporter

The Chemical Workers' Industrial Union (CWIU) will today go ahead with its attempt in the Industrial Court to halt the sale of Mobil's South African assets.

Talks between the parties ended unsuccessfully yesterday.

The union said the only undertaking by Mobil, which was unsatisfactory to the union, was that the union was free to exercise its rights under the law if workers' employment conditions were changed.

The CWIU said Mobil representatives had refused to disclose information on the nature of the disinvestment, referring the union's queries to the company's headquarters in the United States.

Attempts to get comment from Mobil's head office in Cape Town were unsuccessful.

The union has asked the Industrial Court to restrain Mobil from going ahead with the sale until the company agrees to negotiate the union's conditions for disinvestment.

Shell will remain in SA, says chairman

Argus 9/5/89

(2)

Staff Reporter

MOBIL'S decision to disinvest from South Africa has not affected Shell's determination "to continue in its fight to maintain its South African operations", according to Shell South Africa chairman Mr John Kilroe.

Commenting "with regret" on the decision by Mobil to disinvest from South Africa, Mr Kilroe said the Shell group remained convinced that the presence of "responsible, enlightened companies" helped bring about positive change in South Africa.

Foreign companies had a sound track record of setting high standards in industry and of meaningful involvement in broader society, he said.

Although 550 foreign companies had left since 1987 "the economy has not crumbled and the government has not toppled".

The Mobil case was another illustration of this where, according to Press reports, it would be "business as usual", confirming that South African business was quite capable of running a refinery and managing an oil business, Mr Kilroe said.

But money which could have been spent on "vital job creation by local companies" was being used to purchase disinvesting companies and employee conditions and social responsibility spending were frequently adversely affected.

According to the Amercian Chamber of Commerce, between 8 000 and 10 000 workers had lost their jobs through disinvestment by US companies.

The Star Finance

ISM confident of IBM support

Star 9/5/89

(62)

IBM's sole marketing representative in South Africa, ISM, says its relationship with IBM is one of indefinite duration and this continues to be the position in spite of reports to the contrary.

The company was reacting to reports from the United States stating that IBM may be forced to cut off supplies of equipment technology and software to SA.

The reports stated that the fears were as a result of a behind-the-scenes row over whether a major California county should continue to do business with IBM as the county refuses to do business with organisations that have contacts with SA or Namibia.

The county claims it gave IBM a waiver from the ban as a result of an undertaking by IBM not to renew supply contracts.

ISM MD Brian Mehl said in Johannesburg yesterday: "IBM has stated as a matter of public record in a deposition to the Florida authorities that it has every intention of continuing to do business with us.

"John Akers himself (IBM CEO) is on record as having said so and his statement is further confirmation of the IBM policy towards ISM as its sole representative. This policy was re-affirmed by Akers on April 24.

"I myself confirmed this when I spoke to the IBM executive on a recent routine visit to the US. In fact they were very pleased with ISM 's performance to date and offered us every encouragement, not only in the business sense, but particularily in regard to our intitiave in terms of economic development amongst disadvantaged groups as well as our affirmitave action programmes."

Reports have stated that IBM strenuously denied that it made any pledge not to renew its agreements with ISM.— Sapa.

Workers take Mobil to court

Wkly Mail 9/5/89

(62) (182)

DURBAN. — The Chemical Workers' Industrial Union (CWIU) "will be exercising its rights" in the Industrial Courts today when its application for an interdict against Mobil SA is set down for a hearing, it said after a meeting here yesterday to discuss the oil company's disinvestment plans.

A statement by CWIU said the only undertaking that Mobil would give was that the union could exercise its rights under the law if Mobil attempts to change workers' conditions of employment.

The union claimed that Mobil negotiators denied they had any prior knowledge of the disinvestment plans.

It said Mobil refused to disclose information about the disinvestment. — Sapa

SAPE Times 9/5/88

Shell 'regrets' Mobil's choice to disinvest

SHELL regretted the decision of Mobil to sell their shareholding in their South African subsidiary, the chief executive and chairman of Shell South Africa, Mr John Kilroe, said yesterday.

Mr Kilroe said the majority of black South Africans did not want disinvestment. It was not a local issue, but one that was being pursued by anti-apartheid activists.

Surveys had shown that black South Africans wanted foreign companies to remain.

Meanwhile in Geneva, UPI reports that the World Council of Churches (WCC) urged its members yesterday to organise boycotts of the Royal Dutch Shell Oil Company because of its business deals with South Africa. — Sapa and UPI

Union 'empty-handed' after Mobil meeting

BDay 9/5/89

(62)

ALAN FINE

THE Chemical Workers' Industrial Union (CWIU) yesterday returned empty-handed from a day of talks in Durban with Mobil management on the pending sale of the company to Gencor.

The union is now basing its hopes on its application to the Industrial Court for an order halting the sale pending negotiations with the union. The case resumes in Pretoria today.

General secretary Rod Crompton described the meeting as a "farce" with the company refusing to negotiate the terms of disinvestment.

He said the only undertaking Mobil had given was that the union could exercise its rights under the law if Mobil attempted to change workers' conditions of employment.

"This is no undertaking at all. The union will exercise (in court) what few rights it has," he said.

Crompton said Mobil had refused to disclose any information on the nature of the deal, and referred the CWIU to Mobil in the US. The union would approach Mobil headquarters, he added.

Crompton said Mobil negotiators had denied any prior knowledge of the deal — which he described as corporate camouflage rather than disinvestment. But, he said, it was impossible for a major deal like this to be made with an SA buyer without Mobil's local management knowing anything about it.

Mobil spokesmen could not be reached for comment.

The CWIU demands include job and wage guarantees, disclosure of information on the sale, severance payments,

Shell to 'fight on'

(62) Sowetan 10/5/89

MOBIL'S decision to disinvest from South Africa has in no way affected Shell's determination "to continue in its fight to maintain its South African operations," according to Shell South Africa chairman Mr John Kilroe.

Commenting "with regret" on the decision of Mobil to disinvest from South Africa, Mr Kilroe said the Shell Group remained convinced that the presence of "responsible, enlightened companies" helped to bring about positive change in South Africa.

Foreign companies had a sound track record of setting high standards in industry and of meaningful involvement in the broader society, he said.

Although 550 foreign companies had left since 1987 "the economy has not crumbled and the government has not toppled".

The Mobil case was another illustration of this where, according to Press reports, it would be "business as usual" confirming that South African business was quite capable of running a refinery and managing an oil business, Mr Kilroe said. — Sapa.

Counter bid for Mobil

CM 11/3/B 10/5/89. 62

Own Correspondent

DURBAN. — A syndicate of black businessmen from Natal has made a counter bid to take over the giant Mobil Oil company in SA by offering 5% more than the Gencor offer.

Hariram, of Libra Finance Trust Co, of Durban, said yesterday that he had been appointed to act as negotiator on behalf of a syndicate of black and Indian businessmen.

"If American companies are sincere in their motive for pulling out of SA, they should also consider selling their interests to blacks who have the financial resources to enter into big business undertakings.

"Disinvestment must not be a one-sided issue," he said.

In a letter to the MD of the Mobil Oil Corporation in New York, Hariram said: "We act for a syndicate of black businessmen who have instructed us to address you on the proposed sale of Mobil Oil (SA) to Gencor.

Hariram said he would be flying to New York on May 19 to discuss the offer with Mobil.

By last night, there was still no response from Mobil's management in New York to a fax sent by the Mercury inquiring about the counter offer made by Hariram.

BUSINESS

TAKEOVERS

ARGUS 10/5/89

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Minorco needs a miracle

By TOM HOOD,
Business Editor

BRITISH mining group Consolidated Gold Fields acted swiftly last night to deprive South African-backed Minorco of a three-week breathing space to complete its R15-billion takeover bid.

But analysts say Minorco will have to to pull off a miracle to counter this new stumbling block by Con Gold, which has been under siege by Minorco for almost eight months.

Con Gold's move, the latest shot in Britain's biggest corporate takeover battle, leaves Minorco with only eight days to push through its bid.

In a statement, Con Gold said in London it was withdrawing from an American court action against the Minorco bid, but its associate Newmont Mining Corporation would maintain an injunction barring Minorco from buying any more Con Gold shares.

Newmont has said that it would "vigorously pursue to trial its antitrust action against Minorco and a trial date could not be expected until late in the year."

The move means the deadline for Minorco to clear the legal obstacles against its bid is brought forward by three weeks to May 17.

Con Gold's announcement effectively negated a decision by Britain's takeover watchdog earlier yesterday making it call off the legal action unless shareholders voted to continue it at an extraordinary general meeting to be held by May 30.

The Takeover Panel would have given Minorco until June 7 — a week after the meeting — to try to clinch the takeover.

The Con Gold move restores the original timetable by which the bid must succeed or fail. Unless Minorco can get the US injunction removed, its bid will lapse on May 17.

Minorco, the Luxembourg-based investment arm of De Beers and Anglo Investment Corporation owns or has acceptances for 54,9 percent of Con Gold, but the injunction held by Newmont stops it from actually buying shares from holders who have accepted its bid.

Newmont is 49 percent owned by Con Gold.

Mr Antony Hichens, a Con Gold managing director, told Reuter: "Short of a complete about-face by Newmont, I think the most likely outcome is that the bid will lapse."

Minorco spokesman Mr Keith Irons said: "We are left with one remaining obstacle, the Newmont injunction.

Minorco said yesterday it was in talks on finding a possible third party buyer for the whole of Newmont as a way of removing the injunction.

But share analysts believe the Con Gold move left it with little time to finance such a bid.

If Minorco loses, it will be the first time a takeover bid in Britain has been killed by a foreign court.

See Page 17.

Argus 10/5/89 62

Minorco boardroom battle spearheaded by locals

By TOM HOOD, Business Editor

TAKEOVER

FORMER Rondebosch schoolboy Gordon Parker could repay a debt and stymie the R15-billion takeover bid by Minorco spearheaded by another South African, Sir Michael Edwardes.

Mr Parker, a former managing director of O'Okiep Copper, now hold oneof the top mining jobs in the United states as chairman of Newmont Mining Corporation.

Newmont stands in the way of success for the South-African backed Minerals and Resources Corporation (Minorco) which has battled since last September to take over the London-based gold mining and industrial congoomerate, Consolidated Gold Fields (Con Gold).

Newmont is a 49 percent-owned American associate of Con Gold and "owes one" to Con Gold, whom it could surprising rescue from the South African raiders.

□□□

In 1987, Con Gold protected Newmont from an American takeover specialist T Boone-Pickens, who was trying to bid for the company. In terms of a standstill agreement, it guaranteed Newmont's independence from a predator.

Minorco is the overseas investment arm of the diamond and gold giants De Beers and Anglo American Corporation, which would become virtually immune from the pressure of overseas sanctions if their foreign empire expands as a result of the takeover.

Sir Michael, who was born in Port Elizabeth and made his name as a leading British industrialist, was appointed chief executive of Minorco the day the South African raiders decided to try and buy out Con Gold's shareholders in the face of bitter opposition from the board of directors.

The bid is the biggest in British business history and the battle has become the one of the most expensive and viciously fought.

Minorco won an important battle yesterday when the British govemnment's business watchdog, the Takeover Panel, gave the go-ahead and ruled in favour of Minorco in an an unprecedented decision.

The takeover bid will lapse on May 17 if legal hurdles in the United States are not settled and Minorco will have to wait until next February before making another offer.

The panel instructed Con Gold to withdraw obstructive legal action which is thwarting the wishes of the majority of shareholders.

Almost 55 percent of these shareholders have accepted Minorco's offer..

□□□

But Minorco's bid could still be stymied by the legal action of Newmont. The panel ruled that it had no jurisdiction over Newmont, which has said it does not intend to withdraw legal action and an injunction against Minorco.

A Minorco spokesman said in Johannesburg that Minorco would appeal in the American courts against Newmont's action.

Newmont is pursuing anti-trust action on the ground that a merger of Minorco and Con Gold will create a monopoly in the world gold and platinum markets.

But Minorco claims a monopoly is impossible because Newmont is independent of Con Gold. Also Minorco is committed to selling Newmont.

The panel ordered Con Gold to call off the American court action unless its shareholders vote to continue it at a meeting to be called by May 30.

The panel said that to continue the American legal action without shareholder approval would unfairly frustrate Minorco's bid.

Sir Michael Edwardes last night said the takeover panel ruling endorsed the principle of shareholders' rights and he had no doubt it would be welcomed by all Con Gold shareholders.

"Minorco will now focus on the resolution of ourstanding matters in the United States," he added.

GORDON PARKER, above, aged 53, was born in Cape Town and educated at Rondebosch Boys High School and the University of Cape Town, where he also obtained an MBA. He also has a mining degree from the Montana College of Mineral Science.

Before joining Newmont, a leading world-wide mining company, as vice-president operations in 1981, he was managing director for six years of the O'Okiep Copper Company and the Tsumeb Corporation in South West Africa, both affiliates of Newmont.

He was appointed chairman of Newmont, one of the top jobs in the American mining industry, in 1985.

Buit many analysts believe the takeover battle still has a long way run and only a miracle or a complete takeover of Newmont can win the day for Minorco.

If the share market is any guide to the betting, Con Gold shares surged in London after the takover panel statement but later edged back below Monday's closing price — indicating that the market if far from decided over the outcome of the battle.

The Anglo-De Beers camp has stalked Con Gold since the early 1980s, when the South Africans build up a strategic 29 percent stake in a famous share-buying "dawn raid" on the London stock exchange.

Sir Michael has said this 29 percent stake represented too large a proportion of Minorco's assets to be a passive investment.

When he announced the takeover bid he claimed: "Minorco is ready for a quantum leap forward. We propose to unlock the true value of Minorco and, given our bid is successful the potential value of Con Gold as well."

Minorco has undertaken to sell off Con Gold's South African assets, including a 38 percent stake in Gold Fields of South Africa, which Rembrandt Group is expected to buy.

Shell stands firm but Caltex wilts

Star 10/5/89

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By Michael Menon

The recent announcement that Mobil has quit SA due to one-sided tax legislation introduced in the US, should not lead South Africans to the conclusion that other foreign petroleum companies are about to do the same. As a US controlled company, it was difficult for Mobil to operate in a country where there is no double tax relief.

The Royal Dutch/Shell group of companies is different. Formed more than 80 years ago when Royal Dutch Petroleum Company and The "Shell" Transports and Trading Company PLC merged their interests on a 60-40 basis without losing their separate identities they have a different philosophy.

For one thing they are not US companies. In their latest annual report for the year ended December 1988 they have the courage to say exactly what they feel about their investment in SA.

Their President, Mr L C Van Wachem says: "The situation in South Africa is of great concern to everyone, and it presents unique problems for companies operating there, and for their overseas shareholders and affiliates.

Shell SA has made clear its opposition to apartheid and its commitment to work towards a society which offers a just and democratic future for all citizens of that country. Its policies and practices and its corporate social responsibility programmes reflect that commitment. In this it has our support."

Hats off to Shell which has dug its heels in when presurised to leave SA in the past and which is prepared to say so forcefully and in public.

While Mobil is leaving SA employees can count themselves lucky for not losing their jobs. Caltex, which relocated its headquarters from New York to Dallas in 1982, intends drastically reducing its corporate staff from 600 to only 195 by mid June 1989.

Hundreds of relocated Caltex employees, who settled in Dallas seven years ago, finding with their high New York salaries a quick and pleasant adjustment, now suddenly have to find new jobs.

With Mobil pulling out, Caltex remains the only US-based oil company with major operations in SA. It is estimated they have 20 percent of the SA market with more than 2 000 employees

If pressures that have forced other US companies to leave SA continue, the elimination of so large a size operation would make a significant dent in the company's income statement.

In 1988 Caltex had sales of $10,3 billion with a bottom line of $471 million profit. This was about the same as sales and income for 1986 and 1987 but way below 1984s high.

Their chief competition internationally is from Mobil, Shell and BP. Unlike its competitors, Caltex is a very secretive company and considers itself a private company not bound to disclose its income statement.

Caltex management blames the oil industry's continuing problems in recent years and greater worldwide competition for its massive headquarters staff cuts plan.

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Union sets conditions for Mobil

Star 10/5/89

Labour Reporter

The urgent Industrial Court hearing in which the Chemical Workers Industrial Union (CWIU) is asking the court to stop the sale of Mobil's South African assets was yesterday postponed to May 24.

A union spokesman said the case was postponed after Mobil lawyers undertook to secure the provision of full information to the union about the proposed pull-out.

PRECONDITIONS

Mobil lawyers are to report back to the court on May 24.

The union has asked the court to restrain Mobil from going ahead with the sale until Mobil agrees to negotiate the union's preconditions for disinvestment.

A meeting between the union and Mobil ended unsuccessfully on Monday.

BDay 10/5/89

Mobil pullout: CWIU urgent application postponed

b2 ALAN FINE

THE Industrial Court yesterday postponed until May 24 the Chemical Workers' Industrial Union's (CWIU) urgent application for the sale of Mobil Southern Africa to be suspended pending negotiations with the union.

Court deputy president Pierre Roux, sitting with president Daan Ehlers, said the second postponement (the court initially sat on April 28) was made "with some reluctance".

The most persuasive factor in this decision was an undertaking by Mobil SA's counsel to seek instructions from his principal in order to provide the union with information about the pending sale to Gencor to try allay disquiet existing among union members, he said.

The CWIU has also asked that the court declare Mobil's alleged failure to negotiate the terms of disinvestment, and to disclose information, an unfair labour practice, and to order the company to negotiate.

Jeremy Gauntlett SC, for Mobil SA, earlier pointed out CWIU's real target was the US-based Mobil Corporation, which, while cited as a respondent, had not had papers served on it and was not represented in court.

Commitment

He said Mobil SA was the equivalent of "a pound of cheese which has been sold".

Senior management, with the possible exception of MD Bob Angel, had not known of the sale any sooner than had the union.

He said Mobil SA was as much the victim of the sale as the union. Angel had made a commitment that existing conditions of employment would remain unchanged, and no more could be asked of the local subsidiary.

Paul Benjamin, for the CWIU, said the Mobil SA negotiating team at Monday's meeting between the two had been headed by industrial relations manager Jaques Franken, who had repeatedly stressed his ignorance of the situation. This was evidence, he said, of the absence of serious negotiation by the company.

CWIU general secretary Rod Crompton described the meeting as a "farce".

In an affidavit filed yesterday backing Mobil's request for a postponement, Franken said there were substantial and fundamental disputes of fact in Crompton's version of the meeting.

Cape Times 11/5/89

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Newmont head faces dilemma

By BRUCE WILLAN

MINORCO's long battle for control of Consolidated Goldfields (Consgold) is ending with a confrontation between two ex-South Africans.

Minorco CE Michael Edwardes — born in Port Elizabeth — is now up against a former Capetonian, Gordon Parker, who went to school in Rondebosch.

As chairman of Newmont Mining, Parker is the man who may be able to frustrate Minorco's attempted takeover of Consgold if he does not abandon a court action in the US.

Last night Parker was not available for comment but indications are that Newmont has no intention of withdrawing its injunction against Minorco.

By holding out against Minorco, Parker must be facing a personal dilemma. If his action is lost and he becomes an employee of a Minorco subsidiary he may have placed his career at risk.

Parker holds an honorary degree of Engineer of Mines from the Montana College of Mineral Science and Technology as well as a BS and MS degree from the same college.

He also has an MBA from the University of Cape Town.

Prior to joining Newmont in 1981, he was MD of O'Okiep Copper mines and Tsumeb Corporation for six years. Both were affiliates of Newmont at the time.

In 1981 he joined Newmont as vice-president (operations) and was appointed a director in 1983.

The following year he became president and in October 1985 was elected as CEO.

He was proposed by the then CEO Plato Malozemoff, who had held this position for 31 years.

Cape Times 11/5/89

Minorco, Newmont set for 'head-on clash'

From ROBERT GENTLE

LONDON. — The US gold company Newmont was last night set for a head-on clash with Minorco in a New York court after allegations of contempt and breaches of its injunction.

The injunction is standing in the way of Minorco's £3,5bn bid for Consolidated Gold Fields (ConsGold), which until Tuesday was a joint party to it before being forced to withdraw by the Takeover Panel.

Newmont, 49%-owned by ConsGold, alleged that Minorco's recent application to the Takeover Panel and its subsequent actions to procure an offer for all of Newmont's share capital constituted breaches of the injunction.

Minorco dismissed the allegations, which according to its lawyers are groundless.

CE Michael Edwardes called it yet another spoiling tactic designed to frustrate the bid and entrench management.

"It patently has nothing to do with the alleged anti-trust issues that underlie the existing injunction," he said.

"It is absurd for Newmont to seek that Minorco be further penalized for obtaining a ruling form the Takeover Panel in relation to a British takeover."

Minorco was "fully justified" in procuring an offer for all the share capital of Newmont, he added.

Newmont's senior spokesman on the affair in Denver, Colorado, was unavailable for comment at the time of going to press.

It is understood that Minorco will also press for an urgent hearing at which it will advance further arguments supporting its claim that Newmont no longer has any legal right to pursue its injunction.

The key to this plea is the ruling made by the Takeover Panel which formerly accepted that ConsGold — and by extension any company which may take ConsGold over — has no control over Newmont.

Meanwhile, analysts remain sceptical on Minorco's chances of settling the court injunction before the bid lapses next Wednesday, May 17.

The argument is that Newmont patently has no intention of dropping the court action, in spite of the Takeover Panel's ruling.

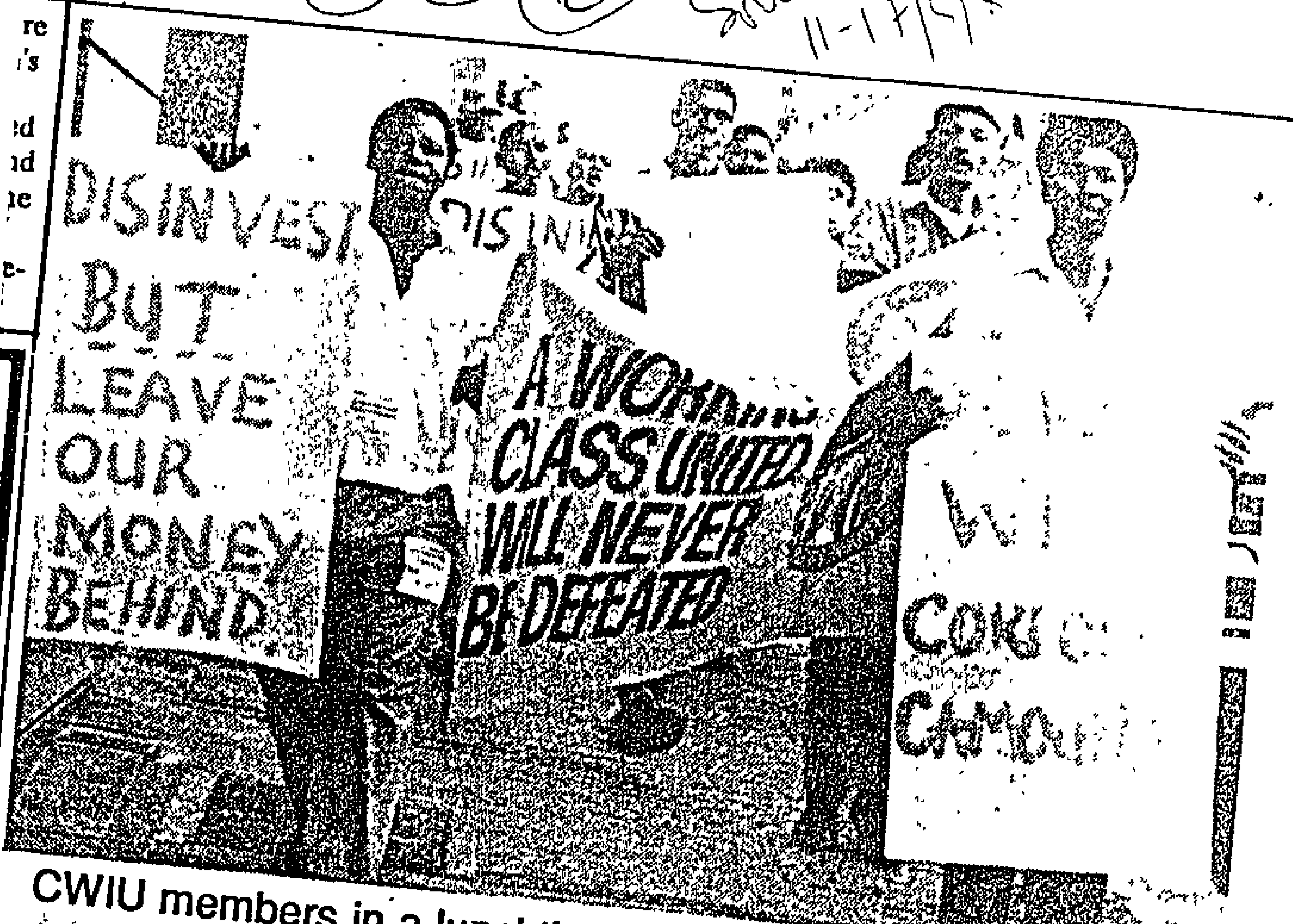
Moreover, finding a buyer for the company may not be enough as Newmont appears to prefer the current standstill agreement it has with ConsGold.

This 10-year agreement, which prevents ConsGold from acquiring more Newmont shares, allows the Newmont management to get on with the job without the constant fear of a takeover.

However, one analyst cautioned against handing ConsGold victory before the bid is truly over.

"Minorco have been written off before and they surprised everyone and came back," he said.

UR (62) South 11-17/5/89



CWIU members in a lunchtime demonstration outside Mobil's Cape Town offices

Oil firms under fire

MULTINATIONAL companies operating in South Africa are under increased pressure to disinvest following last week's bombshell announcement of Mobil's impending pullout.

Top on the list of companies rumoured to be on the verge of following Mobil is Caltex, which faces the same double taxation burden as Mobil.

But Caltex spokesperson Roy Wright said the rumours were "absoloutely unfounded".

While Mobil's departure would place "renewed pressure on shareholders", the company had no intention of leaving, said Wright.

He said that since there was no intention to disinvest, there was no need for the company to agree to demands by the Chemical Workers' Industrial Union (CWIU) to negotiate the terms of disinvestment.

Mobil, prior to news of its impending sale to Gencor, took the same stance with CWIU.

Meanwhile, Shell came under renewed pressure this week with the release of a report which alleges close links between the company and apartheid, and the planned disruption by anti-apartheid activists of the company's AGM today in the Hague and London.

A church report entitled "Shell Shock" was released in Geneva, while in London the Anti-Apartheid Movement planned to attend the Shell AGM.

Dr Beyers Naude was expected to urge disinvestment at the Dutch AGM.

Five of Royal Shell's pumps were sabotaged in the Netherlands this week in a further attempt to increase pressure on the company.

Shell SA chairperson John Kilroe said the company "was determined to continue its fight to maintain its South African operations" and reiterated Shell's view that it was opposed to apartheid and disinvestment.

Kilroe said the presence of foreign companies with an "enlightened" attitude was important to effect change in South Africa

He said the withdrawal of more than 550 companies in the past two years had not succeeded in toppling the government but had led to the loss of between 8 000 and 10 000 jobs.

CWIU general secretary Rod Crompton described talks with Mobil management held in Durban on Monday as a "farce".

No details of the pending sale of Mobil SA were disclosed at the meeting and CWIU rejected Mobil mangement's claim that they knew nothing about the proposed sale.

But on Tuesday, Mobil lawyers gave CWIU an undertaking to provide the union with information regarding the sale.

An urgent court application by the union for the sale to be halted until the company negotiated the terms of its disinvestment with the union was postponed until May 24.

BRIEFS

Strike ballot for Actwusa

A STRIKE ballot will be conducted next week at Hextex in Worcester following final deadlock between management and the Amalgamated Clothing and Textile Workers' Union of South Africa (Actwusa).

The di...

Syndicate vies with Gencor in bid for Mobil

62

The Mobil saga has taken an unusual turn with a syndicate of prominent Durban businessmen attempting to outbid Gencor for Mobil's assets in South Africa. Star 11/5/89.

Mr Mangalpersaid Hariram, spokesman for the group, said it had R150 million at its disposal provided by the four syndicate members and a possible further R150 million from another businessman.

He said the initial plan was to raise Gencor's offer by at least five per cent. — Sapa.

● Mike Siluma reports that following the postponement of its urgent Industrial Court application on Tuesday, the Chemical Workers Industrial Union yesterday said it would hold a ballot to prepare for a national strike against Mobil.

The strike would be to force Mobil to negotiate with the CWIU preconditions for disinvestment prior to the sale of the company's assets.

At Tuesday's hearing, Mobil's attorneys undertook to see to it that Mobil provided the union with full information pertaining to the sale. The company says its local management did not know about the proposed sale until it was announced publicly more than a week ago.

The CWIU claims Mobil is refusing to negotiate.

Manufacture

LABOUR LETTER/Alan Fine

BDay 12/3/84 62

Mobil's troubled waters

MOBIL's disinvestment from SA could yet prove decisive in prompting a rethink of union policies on disinvestment.

It is too early to tell whether the Chemical Workers' Industrial Union's (CWIU) efforts through the Industrial Court and on the shop floor will bring any joy to its endeavour to negotiate the terms of the sale of Mobil's assets.

If the court takes the momentous step of granting the CWIU's application to halt the sale pending negotiations, this will significantly strengthen union claims in such circumstances.

Even before that may occur, though, a key issue could be the position of the US-based Mobil Corporation which, according to the local subsidiary, is the only body able to deliver what the CWIU is demanding.

The parent company cannot be brought to court unless it is shown to be an "employer" in SA. It then would have to submit voluntarily to South African jurisdiction, or its South African assets would have to be attached — the latter process a web of complex legal procedures.

A strike may be an embarrassment to Mobil — as, no doubt, is the general union dissent. But with only seven more weeks to operate in SA, a stoppage would, on its own, probably be insufficient to move the company.

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SO UNLESS there is a dramatic new development, Mobil will ultimately leave on its own terms. The corporation has already stated that the Rangel Amendment, which subjects American operations in SA to double taxation, provoked its decision. It will not gain, and apparently does not seek, political kudos in the US for the move.

It will doubtless profit from adequate royalties and licensing fees from Gencor, and will further gain by having eliminated hassles and double taxation. In these circumstances, it has little to lose other than the temporary embarrassment CWIU actions will have caused.

The CWIU can comfort itself with the thought that it has exposed the move as a "corporate camouflage", allowing Mobil to retain indirect interests in SA while doing nothing to bring the elimination of apartheid any closer.

But Mobil Corporation doesn't seem to care, and there is no reason to think that future disinvesting companies will act any differently. Other than the possibility of a last-minute rescue by the Industrial Court, the CWIU has little muscle with which to pursue its claims.

□ □ □ □

ALL OF this raises questions on the wisdom of current union policies on disinvestment.

It is now generally acknowledged among those identified as supporters of disinvestment that the process has gone awry. The formal withdrawal of 190-odd US firms and scores of others has done little but enrich South African corporations and local management and, at worst, it has led to less advantageous working conditions for some union members and some job losses.

Speaking on sanctions in general at a recent seminar, the labour movement's foremost economist Alec Erwin said: "It is clear comprehensive and mandatory sanctions would have a devastating effect (on the survival of apartheid). But creeping sanctions as we have now are the worst of both worlds: they have a negative effect on employment but no political effect."

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FROM that perspective, it would seem the next logical step is to tell international protagonists of sanctions that the choice is between all (an unlikely scenario) or nothing. Close to nothing come mere gestures which have no economic costs, and pressures on foreign companies which do not uphold acceptable standards of employment.

The campaign around the list of minimum collective bargaining standards devised by the German union I G Metall and its South African counterparts is a positive example of how local unions can use foreign pressures to advance worker rights. It has not, in SA, been portrayed as an alternative to disinvestment. In reality, it comes close.

To turn overtly to such watered down policies would mean a revision of demands which anti-apartheid groups began advocating 30 years ago and which have become articles of faith. Such a step which would encounter great resistance. Right now, such thoughts are expressed only in most cautious and unofficial ways.

Even if such thoughts do become the official line, many anti-apartheid groups outside SA will not respond. They have their own agendas which have become distanced from desires of internal groupings. The reportedly minimal coverage in the US of CWIU objections to the Mobil pullout attests to this.

□ □ □ □

THERE have been many tributes to David Webster. I wish to add a brief personal one related to his work with the Detainees Parents' Support Committee. I was one of the several dozen people whose detention in late 1981 led to the formation of the DPSC, and David's involvement as a central figure.

The pressure brought by him and others — for things like food parcels and visits — made more tolerable the effects of the evil system of detention without trial, as did the counselling-type services provided to our families on the outside. For that, in particular, I thank him.

REVIEW

Caltex will not leave SA — chief

Star 12/5/87

Caltex has no intention of disinvesting from South Africa, the chairman of Caltex Oil SA, Mr Jock McKenzie, announced yesterday.

Mr McKenzie said in a press statement that he was reacting to reports to the contrary — that Caltex Petroleum Corporation intended disinvesting from South Africa.

"CPC indicated in a recent statement that they would continue to support Caltex SA in its efforts to serve all sectors of South Africa's population," Mr McKenzie said.

DEFEATED

He added that at recent annual general meetings of CPC's parent companies, Texaco and Chevron, shareholders' motions calling for their withdrawal from South Africa were overwhelmingly defeated.

Press speculation on Caltex's withdrawal from South Africa follows Mobil's recent disinvestment announcement after denying for years that it intended doing so. — Sapa.

Labour Update

Union to put the squeeze on Mobil

THE Chemical Workers Industrial Union is to initiate a strike ballot to prepare for a legal strike against Mobil Oil South Africa following the breakdown of discussions held in Durban.

SOWETAN Reporter

A statement released by the union yesterday says that Mobil refused to negotiate the terms of its recently announced disinvestment at the meeting and that a group of ten senior officials of the company "persisted in their denial of any prior or even current knowledge of the disinvestment process.

"They were only willing to confirm the company's employee bulletin announcing the sale, the statement says."

In addition, the union notes that it is "dismayed" at the industrial court's decision to grant the company "yet a further postponement in our application for an urgent interdict."

"We do, however, take note of the disquiet expressed by the court at the lack of information provided by Mobil to the workforce. We also welcome the court's directive to Mobil's attorneys to attempt to get instructions from Mobil to provide the union with information concerning the disinvestment.

"It was also clarified that a key witness on Mobil's intentions is managing director, Mr Bob Angel, who so far has been inexplicably absent from South Africa and unavailable to shed the light on Mobil's sudden inability to negotiate when disinvestment became an issue."

A spokesman from Mobil Oil was not available to comment on the statement.

Cape Times 12/5/89

US judge shakes finger at Minorco

NEW YORK. — A US judge issued a warning to SA-controlled Minorco yesterday over its attempts to break down the last takeover defences of Britain's Consolidated Gold Fields plc (Consgold), which is fighting hard to stay independent.

Judge Michael Mukasey said he would consider holding Minorco in contempt of court if it tried to freeze Consgold's 49,3% stake in Newmont Mining Corp. The Newmont stake is the only thread keeping Consgold out of hostile hands.

Newmont asked Mukasey on Wednesday to find Minorco in contempt for allegedly violating a court order blocking its bid for Consgold. If Minorco were found in contempt, the judge could levy substantial fines and order Minorco to stop efforts to circumvent the injunction.

Minorco's takeover offer expires next Wednesday. If Minorco does not succeed with its bid by then, it will have to wait a year before launching another under British law. — Reuter

DISINVESTMENT

NMEWS 12/5/89 (64)

Mobil SA sells out to Gencor for R490-m

By TOM HOOD, Business Editor

MOBIL sold its South African business to General Mining Mining Union Corporation (Gencor) for a mere $150-million — R490-million at current exchange rates.

The figure was disclosed for the first time yesterday by Mobil Corporation's chairman, Mr Allen Murray, at the company's annual meeting in Orlando.

He said a punitive United States tax law aimed at discouraging investment resulted in an effective tax rate of 72 percent, "making it too burdensome to operate in South Africa," reports Reuter.

The sale will result in a book loss of $140-million (about R364-million), he said.

Mobil's trademark could be used by Gencor for up to five years, he said in reply to questions by activists.

Gencor had also promised not to lay off any workers for at least one year, he added.

Activists claimed Mobil had broken a promise to consult with its local workers before a sale of the South African company was arranged.

But Mr Murray stressed that workers would be treated to the same benefits Mobil had provided.

Anti-apartheid shareholders at the meeting claimed Mobil had not done enough to sever its ties with South Africa.

While they applauded the sale, religious groups and an official for New York city's pension fund submitted proposals that would end all indirect economic ties and petroleum product sales to South Africa.

Mr Murray said Mobil had believed its presence in South Africa would do more to combat apartheid than if it left.

"We remain proud of what Mobil people have accomplished in South Africa for their contributions to economic and social programmes for non-whites," he said.

Mr Murray urged shareholders to vote against resolutions proposed by the activists.

Only 14,3 percent of Mobil's voted shares were in support of a resolution to sever all economic ties, while 15,5 percent were voted to end all petroleum sales to the South African government.

Mr Murray said Mobil has a staff of about 2 800 workers in South Africa, all but two of whom would srtay there after the sale in completed in June.

The Rev Andy Smith, who recently visited South Africa, said the issue of worker consultation was so important there that Mobil's unionised South African workers were deciding whether to strike to protest against the way Mobil consulted the sale.

● Caltex, a joint venture of Chevron Corporation and Texaco Inc, is the sole remaining American oil company in South Africa.

Since 1985, more than 170 American companies have left South Africa under pressure from anti-apartheid groups back home, reports Reuter.

Union may strike over Mobil pull-out

(C2) WMail 13 12/5/89

By EDDIE KOCH

WORKERS at Mobil Oil SA are planning legal strike action over the company's refusal to negotiate the terms of its disinvestment from South Africa, says a representative of the Chemical Workers' Industrial Union (CWIU).

CWIU general secretary Rod Crompton told the *Weekly Mail* his union was planning to hold a ballot among workers at Mobil's refinery in Durban, and that this could lead to a nationwide strike in the company.

Mobil has about 2 000 workers at the refinery and depots around the country.

An application by the union for the industrial court to declare Mobil's failure to provide information about its sell-out to Gencor — as well as its failure to negotiate the terms of the disinvestment — an unfair labour practice was postponed this week to May 24.

The court's deputy president, Pierre Roux, said the main reason for the postponement was an undertaking by Mobil lawyers that they would seek instructions from the multinational to provide the union with information about the proposed sale.

Talks between the oil giant and CWIU on Monday this week made little headway. The union said after the meeting that the company's agreement to talk had amounted to "nothing more than an attempt to stall and undermine the court proceedings already under way".

"They persisted in their denial of any prior or even current knowledge of disinvestment process ... They refused to give any guarantees to the union beyond a commitment to uphold their legal responsibilities not to change existing conditions of employment," said a CWIU press release.

The union said Mobil employees had staged demonstrations in Mobil plants and outside Mobil offices in Durban, Cape Town and Johannesburg. "In view of Mobil's intransigent position, the union will now take steps to protect the interests of our members," it said.

The Department of Manpower failed to appoint a conciliation board after the CWIU declared a dispute last year with a number of multinationals which had refused to negotiate the terms of a possible pull-out from South Africa. The lack of conciliation gives the union the right to begin legal strike proceedings.

Meanwhile the CWIU has welcomed the industrial court's directive that Mobil's lawyers attempt to obtain more information concerning the sale. However, the union expressed disappointment that its application for an urgent interdict to suspend the sell-out had been postponed.

- The CWIU announced that it had agreed to a request for a meeting with a syndicate of black businessmen in Durban who are making a bid to take over Mobil by offering five percent more than the Gencor offer.

Mobil: 'No negotiation'

Cape Times 13/5/87

WASHINGTON. — Mobil Oil Corporation had no plans to negotiate with the Chemical Worker's Industrial Union about the sale of its Southern African assets to Gencor, chairman Mr Allen Murray told the company's annual shareholder meeting this week.

Pressed by a representative of the pro-disinvestment Interfaith Centre on Corporate Responsibility (ICCR), Mr Murray replied "you ask us whether we intend to negotiate the terms of this agreement (with the CWIU). Not that I know of."

ICCR's Ms Donna Katzin called this "an inadequate and paternalistic approach" and accused the company of "stonewalling with its own workers".

Ironically, shareholders overwhelmingly defeated two church-backed resolutions, one calling on the company to withdraw from South Africa, the other asking its to cease sales to the SAP and the SADF.

● The CWIU yesterday briefed the representatives of the syndicate which has made a counter offer to buy Mobil SA, CWIU general secretary Mr Rod Crompton said.

Mr Mangalpersaid Hariram, who represents the syndicate, is expected to leave for the US tomorrow to seek a meeting with the Mobil.

Mr Compton informed Mr Hariram that the union was still trying to negotiate a fair disinvestment procedure with Mobil.

Strike by Mobil workers would be 'undesirable'

B/Day 15/5/89

ALAN FINE C2

ANY industrial action by the Chemical Workers' Industrial Union (CWIU) against Mobil would be unfair, unnecessary and detrimental to their good relationship, Mobil industrial relations manager Jaques Franken said at the weekend.

He was responding to the CWIU's decision to conduct strike ballots on Mobil's failure to negotiate the terms of its disinvestment from SA.

Franken said action would be undesirable because the union had taken the matter to the Industrial Court, employees had been given assurances on employment conditions, and the operations of the company could be severely affected, as could employees themselves.

Mobil last week issued a special memo to staff to reassure them, "with the full knowledge and support of (the purchasers) Gencor", that their conditions of employment would remain unaltered.

The memo said all existing staff benefits would remain in force.

It also assured employees that they would continue to be employed by the same company, and that the change of ultimate shareholders from Mobil Oil Corporation to Gencor would not interfere with the employer/employee relationship.

MANDY JEAN WOODS reports that Mobil Corporation in the US has declined to discuss the offer by a syndicate of black and Indian businessmen in Durban to buy Mobil SA.

Mobil relations director Barry Hurt said yesterday Mobil in the US had told Mobil SA that syndicate spokesman Mangalpersaid Hariram had made contact on behalf of his clients.

The corporation had responded by saying "one of our affiliated corporations and Gencor have reached an agreement. Thus it would not be appropriate for any Mobil company to enter into discussions with Hariram or anyone else".

Natal syndicate's bid will test Mobil

ARGUS 15/5/89 (62) (183)

The Argus Correspondent

DURBAN. — The bona fides of Mobil Oil's disinvestment from South Africa are being tested with the annoucement that a Natal syndicate is to bid more than the reputed R600-million by Gencor.

Mr Mangalpersad Hariram, spokesman for the syndicate, has flown to New York to "beat on the company's door" for a meeting.

Mobil has indicated that it would not be appropriate to enter in negotiations with Mr Hariram because of the agreement with Gencor.

Mr Hariram claims that Mobil's deal with Gencor has a "warehousing" taint and that if the political situation in South Africa becomes more internationally accepable, Mobil will move back to South Africa.

CLEARED WITH UNION

"Our bid will prove whether the Gencor deal is genuine or if it is one of convenience," he said before flying to the US.

Last week Mr Hariram held discussions with representatives of the Chemical Workers' Industrial Union to clear the way for his bid.

Mr Hariram claims to have raised R250-million in cash from two local blacks and two Indians. This, he said, would be matched by R500-million from the Standard Bank.

The bid from the Natal syndicate has taken the established commercial world by surprise. Mr Hariram is managing director of Libra Finance Trust, a small estate agency and finance brokerage business with a turnover of about R3-million a year — not the usual kind of operation to negotiate deals worth hundreds of millions of rands.

WEATHER

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MEDIA PUBLICATION

Mobil workers strike ahead of ballot

ALAN FINE

MOBIL employees at nine Transvaal depots went on strike yesterday, pre-empting Chemical Workers' Industrial Union (CWIU) plans for a nationwide strike ballot later this week.

The union said workers were protesting against Mobil's failure to honour its commitment to negotiate with them when disinvestment became an issue.

The 240 members were demanding that genuine negotiations on CWIU proposals submitted in 1987 take place, and that Mobil's final pullout be delayed until agreement was reached.

The CWIU said workers believed Mobil had, in repeating assurances that it had no intention of disinvesting, "deliberately lied to them about its intentions".

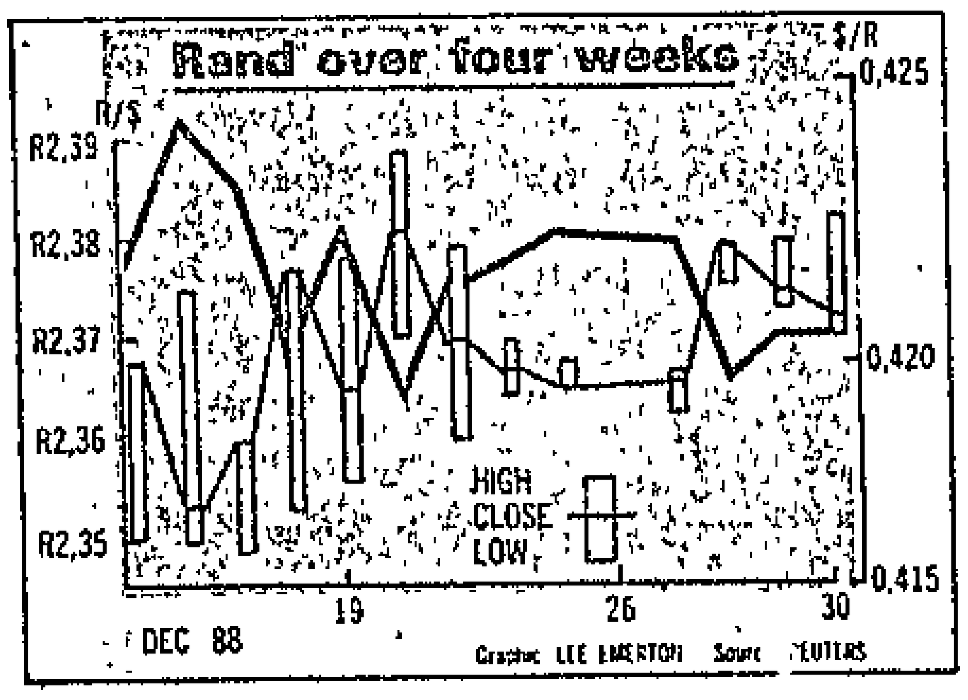
Mobil industrial relations manager Jacques Franken confirmed there were sit-ins at a number of distribution depots. Contigency plans had been put into operation to minimise disruptions to supplies.

He said management had held talks with shop stewards yesterday and had repeated its willingness to discuss disinvestment issues with them.

Franken said Mobil had proposed a meeting for tomorrow to allow shop stewards from the different regions to attend.

He said he had always acted in good faith when giving the assurances of the company's intentions to remain in SA.

LIESBET TSOTE



EXCEPT for a slight hiccup the rand, influenced by a weak gold price and a stronger dollar, moved in a narrow band against the US dollar last month.

In the closing days of December the currency was barely tested in the very thin foreign exchange market and was probably sustained by the Reserve Bank.

Ford, GM in trouble over SA

B Day 3/1/89

LANSING — Michigan, home of the big three US carmakers, will no longer invest state pension funds in two of the motor companies because they have business ties with SA.

General Motors and Ford are among 172 firms from which $5bn in state pension funds must be withdrawn over the next five years because of a state law, which came into effect on Sunday, restricting investments in companies with SA ties.

The latest steps in the state's move against the firms were announced by State Treasurer Robert Bowman.

"Ford and GM have both taken large steps in the last few months to move closer to dissociating themselves from SA, but we will indeed curtail our investments both in GM and Ford," he said.

GM spokesman Karen Longridge said the company would have no comment until today. GM is no longer represented by name in SA, following a management buyout that created Delta Motor Corporation.

Ford spokesman Tom Foote said the company would not have any reaction to the state's announcement. It operates in SA through Samcor.

A sponsor of the new law downplayed the impact on the two large employers and the state's economy.

The state currently had $1,25bn invested in Ford and GM which had to be be sold over the next five years because of the law, Bowman said.

"They are multibillion-dollar com-

To Page 2

SA ties cost Ford, GM state investment

B/Day 3/1/88

From Page 1

panies and losing a Michigan investment is something they would prefer not to do, but there is an ample number of investors out there so from a capital structure point of view, it would be hard to argue this Bill by itself financially straps GM or Ford," he said.

In addition to requiring divestiture of current investments, the law also bans new investments in firms doing business in SA until the companies drop their associations in SA or the country ends its apartheid policy.

Besides GM and Ford, Bowman said Michigan-based Kellogg, Unisys and Upjohn were on the list of firms known to have SA ties, but he said state investments in those were small.

Bowman said state officials would urge the companies to end operations in SA.

□ Spokesmen for the SA companies could not be reached for comment. AP-DJ.

Mobil workers stage protest

MORE than 200 workers embarked on a work stoppage at about nine of Mobil's Transvaal depots yesterday, in protest against the multinational company's refusal to negotiate a disinvestment package with them.

The Chemical Workers' Industrial Union (CWIU), which represents workers, said in a statement that members were protesting against Mobil's failure to honour a commitment to negotiate the issue.

Mobil recently announced that it was selling its South African assets to Gencor for an estimated R500 million.

The announcement evoked anger among CWIU members, who had been demanding an agreement with the multinational to protect employees' interests in case it decided to divest.

The CWIU said yesterday: "They (workers) are demanding that genuine negotiations on the CWIU proposals submitted as long as 1987 take place, and that agreement be reached prior to the company's pull-out."

~~CAPE TIMES 16/5/89~~

Mobil hearing postponed

JOHANNESBURG. — The urgent Industrial Court hearing in which the Chemical Workers' Industrial Union (CWIU) is asking the court to stop the sale of Mobil's South African assets was yesterday postponed to May 24.

A union spokesman said the case was postponed after Mobil lawyers undertook to secure the provision of full information to the union about the proposed pull-out.

The union has asked the court to restrain Mobil from going ahead with the sale until Mobil agrees to negotiate the union's preconditions for disinvestment.

A meeting between the union and Mobil ended unsuccessfully on Monday. — Sapa

Court issues 'directive' against Mobil strikers

165 ALAN FINE 62

THE Industrial Court yesterday issued a "directive" against the Chemical Industrial Workers' Union (CWIU) to end the strike by union members at 15 Mobil depots.

Court vice-president Pierre Roux directed if the strike did not cease within 24 hours, the court would hear argument tomorrow on why urgent interim relief should not be granted to Mobil.

A union spokesman said it was unprecedented for the court to issue a directive in such circumstances. BDay 18/5/89

The CWIU has said about 350 workers were on strike against Mobil's failure to negotiate the terms of its disinvestment.

A Mobil spokesman said the company urged employees to co-operate. He put the number of workers involved at 240.

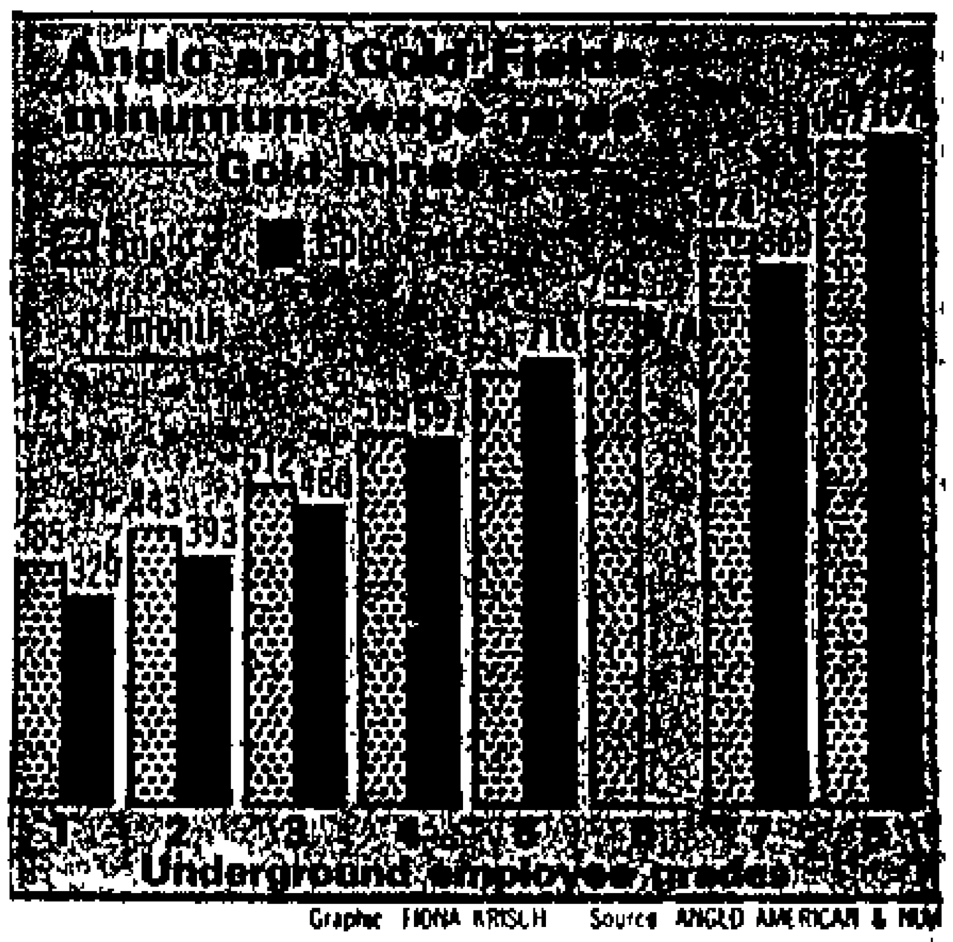
Anglo black wages higher than GFSA

ALAN FINE

ANGLO American black wage levels are higher, and its attitudes to union organisation policies historically freer, than those at mines administered by GFSA, in which ConsGold holds a 38% interest.

As part of its defence against the failed Minorco takeover bid, ConsGold criticised Anglo's black staffing policies and accused it of deriving profits from apartheid.

Minimum wages in the lower job categories at Anglo mines are up to 20% higher



Graphic FIONA KRISCH Source ANGLO AMERICAN & NUM

than the same grades at GFSA. At Anglo most black miners fall into these grades.

Anglo confirmed wage statistics supplied by the NUM. GFSA was unable to do so, or to comment on other matters, by the time of going to press.

NUM national organiser Gwede Mantashi said yesterday union organising rights at Anglo mines had deteriorated markedly since the 1987 wage strike — a matter documented in the NUM's controversial report on repression released this year.

However, he said previous to that the union officials had enjoyed at most mining groups, apart from GFSA, open access rights for organising purposes. They were also entitled to operate union offices next to hostels.

The NUM claims a total 111 000 members at Anglo. Membership at GFSA had only recently begun to climb and had now reached 24 000, he said.

Both Mantashe and Anglo said Anglo's freer attitude to allowing organisers to enter hostels for organising purposes explained the NUM's vastly quicker progress at Anglo, although Mantashe repeated the

□ To Page 2

Higher wages

□ From Page 1

NUM had had difficulties since 1987.

Neither would comment on whether progress had been made towards normalising the relationship in the past two months' "Code of Conduct" talks.

Mantashe said GFSA, in contrast to such groups as Anglo and Gencor, allowed access by union organisers only once the union had achieved majority membership in bargaining units.

Office accommodation was granted at GFSA only temporarily and in special circumstances, for example earlier this year when due to an increase in subscriptions each member had to sign a new stop-order form.

He said a dispute had arisen in this period when NUM activists at West Driefontein had used the temporary office for organising purposes. Management had closed the office and threatened disciplinary action against offenders, he said.

Washington Letter
by SIMON BARBER

14/5/89

Cape Times

62

Will Tutu and Co get the point that sanctions do not work?

YET another new improved opinion survey is to be released here today showing that a majority of black South Africans oppose sanctions and disinvestment. Two cheers.

We will be told that this is the most thorough poll of its kind ever made and that infinite care was taken to conduct it in such a way that all the usual criticisms would disintegrate in the face of its perfection: the interviews were of unprecedented length and scope, any fear respondents might have had to make them less than candid was reduced irreducibly, the questions themselves were state of the art in their quest for objective truth, and so on.

This may well be, but it is also beside the point. What rank and file black South Africans actually think on any issue is thoroughly immaterial. If they say that unemployment is their principal concern, and they do, that is because they have a selfish interest in feeding themselves and their families in utter disregard for the livelihood of the intellectuals and not-so-intellectuals who purport to represent them overseas.

Timing

Now you could, of course, argue that surveys of this nature permit voices to be heard that would otherwise not be. Alas, that rather depends on who is listening. In this case, the poll has guaranteed itself a less than functional audience. The problem lies not in its scrupulousness — that, at least, seems beyond reproach — but in its sponsorship and the timing of its release

The thing was paid for by the South African Chamber of Mines, which surely will not take umbrage if told that it is not an institution that can boast much credibility among those whose minds must be changed on sanctions and disinvestment. As for timing, the sponsors could hardly have laid themselves more open to a charge of cheap political trickery had they tried.

The release has been deliberately hurried to coincide with the arrival in Washington of Archbishop Desmond Tutu. Tutu plus The Reverends Allan Boesak, Beyers Naudé and Frank Chikane are to unveil a "new plan" for ending apartheid at a Capitol Hill forum tomorrow.

So the chamber had the wheeze of having the poll hit the newspaper headlines the same day. There is a word for this. It is "cute". And while cute may look swell back at head office, here it simply does not play.

Tutu and his fellow sanctioneers will say the following. One, what do you expect a poll conducted by white mine owners to conclude? Two, we are no longer advocating sanctions and disinvestment, we are asking a dozen or so banks not to extend or roll over any form of credit. Three, no one asked the masses what they thought of that.

All of which, in a serious discussion, would be laughed out of court. But Tutu is a man of God, a Nobel prize-winner and a representative of the oppressed. Therefore whatever tripe he chooses pipingly to utter must be treated as received wisdom. Thus does the West infantilise the Third World and its spokesmen.

If the sanctions and disinvestment campaign is to wither before it has succeeded in turning South Africa into Albania, it will do so as the result of quiet reflection by the politicians and policy-makers who have been swept up in it, not because of flashy clever-boy attempts to discredit men like Tutu. Beating up on the archbishop only exacerbates the shrillness of the "debate" so that it drowns out the real signals that are coming from South Africa.

Vibrations

The latest poll is just one of those signals and had it been released without trumpets, the better might it have been heard and acted upon. Capitol Hill is already picking up other vibrations, which is part (albeit a small one) of the reason no one in a position to know up there predicts any rush to legislate again this year.

What people like Senator Paul Simon, chairman of the Senate Africa subcommittee and currently the sanctioneers' designated ball-carrier, are hearing is this: talk loudly and make like you're carrying a big stick, but don't use it.

The Mass Democratic Movement (if we must call it that) has been trying for some time to warn American and European activists that they are going too far, but the warnings, of necessity somewhat subtle and convoluted, have generally been ignored by those, like transAfrica's Randall Robinson, who make their livings in the game.

Last year, for example, a fairly radical Canadian publication called Southern Africa Report printed a biting attack on two New York-based activists, Jim Cason and Mike Fleshman, who had complained in a previous issue that "ambivalence" inside South Africa after the passage of the Comprehensive Anti-Apartheid Act was ruining their fun. "Cosatu's increasingly ambivalent attitude towards corporate withdrawal," they wrote, "is undermining the divestment movement — by far the most important and successful anti-apartheid campaign in the US."

Rebuttal

The author of the rebuttal was a black South African well-placed within the MDM writing pseudonymously under the by-line of Geoffrey Spaulding. Here is a flavour of what he had to say:

"It is true that some in South Africa, most notably church leaders, have on occasion presented sanctions . . . As an alternative to other forms of political struggle. But this is not common, and indeed most North American activists would, if asked, endorse the sentiments expressed last year by Richard Trumka, United Mineworkers of America president and US Shell Boycott chairman: "Sanctions alone cannot eradicate apartheid; that task is ultimately left to the people of South Africa themselves. Economic pressure can only hasten the day."

Ritual nod

"Nevertheless one sometimes has the sense, from US activists, that this is little more than a ritual nod to self-determination for South Africans. Hidden behind this is the notion that what is really needed to do the trick is American power. A shared view of the omnipotence and justice of American foreign policy in sorting out other countries' conflicts is found among many Americans who differ only over which side of the conflict should be the lucky beneficiary.

"In the anti-apartheid arena, this is reflected in the prioritising of US sanctions/disinvestment campaigns over the strategic needs and choices of South African organisations. Hence (Cason and Fleshman's) attack on the trade unions in effect for failing to adapt their sanctions policy to the needs of the US campaigns."

In a follow-up article, "Spaulding" discussed how outside activists might better use their energies. Principally, he pleaded with them to recognise "we are now in a new period" in which the prescriptions of the CAAA and its successor, the Dellums Bill, were no longer as valid as they had been "in the days of optimism — 1984-86".

"International strategy at this stage therefore demands supporting the rebuilding of organisations inside South Africa, not helping undermine them — as sanctions would appear to do. This may require a basic reorientation on the part of sanctions campaigns . . . Towards more "positive" measures to assist the rebuilding process."

PAUL SIMON . . . "Carry a big stick, but don't use it."

BEYERS NAUDE . . . "New plan to end apartheid".

Adopted

"Spaulding" observed that such measures "are increasingly being adopted by foreign corporations", and suggested, though in a very roundabout way, that groups like the Interfaith Centre on Corporate Responsibility, which have spearheaded disinvestment, might try to "engage with (the companies) more positively in an effort to ensure that corporate actions are as appropriately oriented as possible", instead of simply pressuring them to leave.

It will be interesting to see whether Tutu, as one of the church leaders "Spaulding" criticises for their obsession with sanctions, has hauled aboard the point. If he has not, the net effect of his visit will be to muffle yet further those for whom the world has anointed him to speak.

Workers gear up for oil strike

(62)

24/5/89

By CHIARA CARTER

MULTINATIONAL oil companies could face a nationwide strike as the row grows over their refusal to negotiate terms of disinvestment with their workers.

Members of the Chemical Workers' Industrial Union (CWIU) are presently discussing whether to go ahead with a strike ballot at several companies.

The Minister of Manpower last year refused to appoint a conciliation board after CWIU declared a dispute with 39 multinationals which refused to negotiate disinvestment.

The companies maintain that since they have no intention of disinvesting, it is not necessary to discuss the terms of disinvestment with the union.

About 400 CWIU members this week went on strike at Mobil depots in the Transvaal and Eastern Cape. More workers, including those at the Mobil refinery in Durban, are likely to join the strike.

CWIU petroleum sector national organiser, Martin Jansen, said the workers were demanding that Mobil negotiate the terms of its disinvestment before the proposed sale to Gencor went ahead.

Mobil SA has indicated that it wishes to meet with CWIU this week.

A company spokesperson said Mobil SA was willing to discuss matters over which it had control with the union, but that the decision to disinvest came from the Mobil Corporation in the United States.

Both Shell and Caltex said they knew nothing about the possibility of a strike over disinvestment.

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STRIKE BALLOT AT MOBIL

ABOUT 300 workers at Mobil Oil in Durban embarked on a strike ballot yesterday as the disinvestment strike by members of the Chemical Workers Industrial Union spread to the Eastern Cape.

Eastern Cape workers on Tuesday joined a three-day strike by workers at nine Mobil distribution depots in the Transvaal.

A spokesman for CWIU said yesterday that a strike ballot at Mobil in Durban was scheduled to start yesterday.

If positive, the ballot would mean that the 300 workers would join their 350 Mobil workers on strike in the Cape, Transvaal and Orange Free State.

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Mobil strike spreads

THE strike by Mobil employees at nine of the company's Transvaal depots has spread to all the depots in the Transvaal, as well as to Port Elizabeth and East London yesterday, the Chemical Workers Industrial Union announced.

SAPA

In a Press statement the CWIU said that about 350 workers were involved in the "worker protest against Mobil's refusal to negotiate the CWIU's demand for fair disinvestment procedure."

The statement added that workers at the Natal refinery, who are presently on an overtime ban, took a strike ballot yesterday.

Meetings held thus far have achieved nothing because of Mobil SA's insistence that they are not responsible for the actions of its parent company, the CWIU said.

The CWIU has now asked Mobil Corporation for a meeting in South Africa to negotiate the union's demands.

62 Fmail 19/5/89.

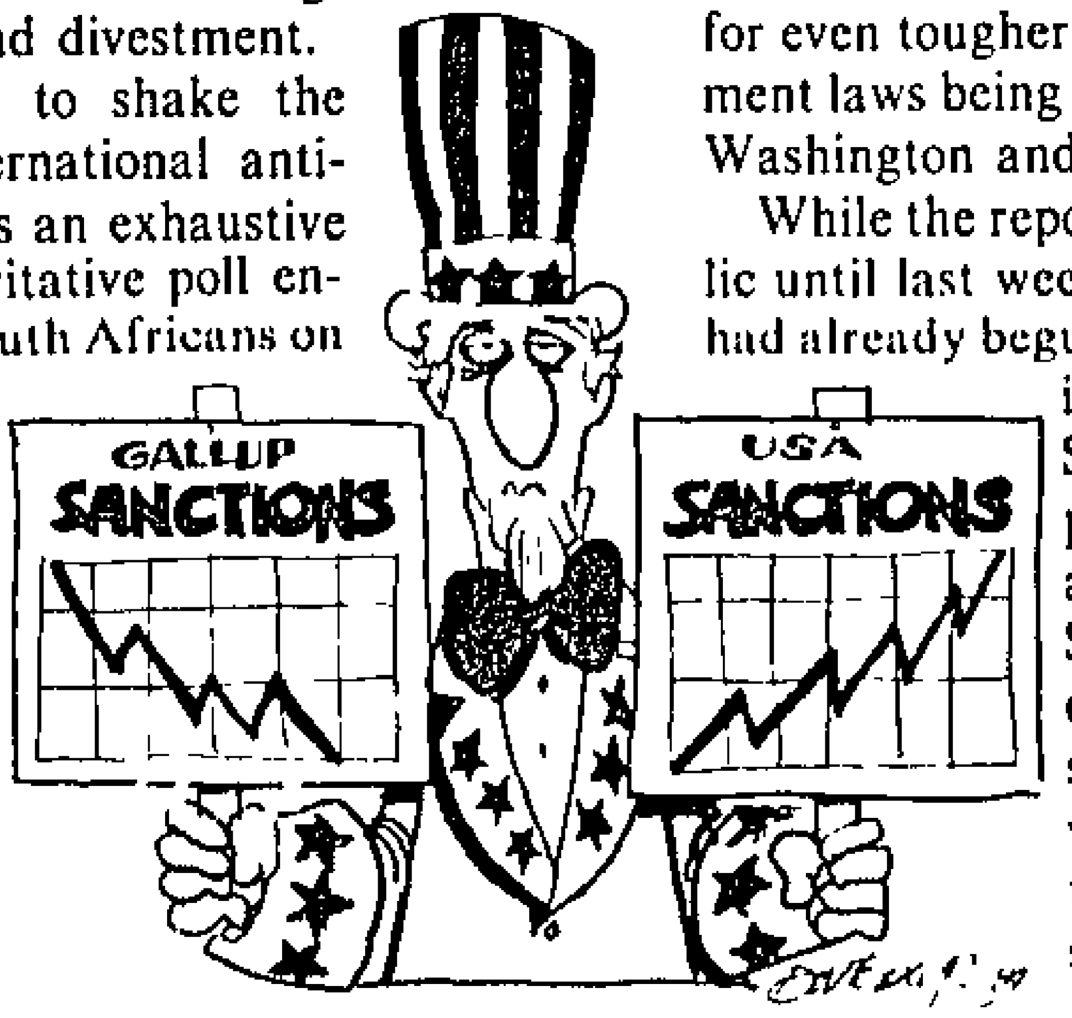
SANCTIONS AND DIVESTMENT

Gaining the edge over truth

Organising this week's media jamborees in Johannesburg and Washington DC to announce the outcome of the Chamber of Mines-commissioned Gallup Poll on local attitudes to divestment and sanctions was easy. Selling the results abroad is another matter altogether.

The poll was rejected by some of SA's most influential opponents overseas even before they had read the details. Their reaction highlighted the frustrating inability of SA corporations and foreign firms with investments in the US to sell the simple message that South Africans of all races have been scientifically shown to overwhelmingly oppose sanctions and divestment.

The latest attempt to shake the awareness of the international anti-apartheid movement is an exhaustive and apparently authoritative poll entitled: "A Survey of South Africans on the Subject of Sanctions and Foreign Corporate Divestment."



It was conducted earlier this year using a large sampling of South Africans of all races and ethnic groups. It sought to sanitise their responses from all pressures by an elaborate process of interviews that guaranteed privacy and anonymity. The precautions, it is asserted, resulted in a high level of candour not found in previous polling efforts.

The results show that most South Africans believe sanctions (84%) and divestment (85%) are bad ideas. Among blacks 85% oppose divestment compared to 89% of whites. But whites voice stronger opposition to sanctions (95%) than do blacks (82%).

"The possibility that sanctions will lead to higher unemployment is the reason most frequently given for thinking such policies are a bad idea," is the poll's summary conclusion.

An impressive show of unanimity. Also impressive was the Gallup organisation's effort to achieve real candour from its respondents and accuracy in reflecting the whole of SA opinion. While pollsters in the US and Europe are satisfied with the statistical accuracy of any sampling of more than 1 000 random respondents, the SA poll covered more than 2 000 interviews.

The 1 600 SA blacks interviewed were in cities, small towns, villages and rural areas and there were 200 interviews with squatters or shack dwellers living near cities. Interviews were conducted away from work or other public places, and interviewees did not give their names. They were questioned by interviewers of their own race or ethnic group and in their own language.

The widespread opposition to sanctions and divestment should not surprise South Africans, but it will come as news to most Americans who are regularly assured by the news media and by liberal political leaders that both tactics are having an enormous effect in hastening the breakdown of apartheid barriers. The real question is whether the American news media will give much attention or credence to the Gallup Poll in the face of the month-long offensive for even tougher sanctions and divestment laws being launched this week in Washington and across the nation.

While the report was not made public until last week, the anti-SA forces had already begun to discount its findings. Senator Paul Simon, the failed presidential candidate and co-sponsor (with Senator Ted Kennedy) of the 1989 version of mandatory divestment and sanctions legislation, issued the strange statement that his presidential campaign had taught him "not to put too much faith in polls."

As for the Gallup sampling in SA he said: "I'll believe it after I see it."

Rob Jones, an official for the American Committee on Africa (ACOA), a New York-based anti-apartheid lobby, put the matter squarely to the *FM*: "We have to be guided in the final analysis by what the *organised* and *recognised* leaders of the anti-apartheid movement believe and they believe overwhelmingly that sanctions and divestment are successful.

"After all, when Mobil decided to pull out last week, the black workers' union only protested the company's failure to negotiate the terms of its leaving with them. They did not protest the decision to leave. And if you look across the rest of the landscape to Cosatu, the ANC, the Council of Churches and their leaders, all of them are united in backing sanctions and divestment. So I really don't know what difference this poll will make."

It will make some difference, certainly. The Gallup name and reputation alone will mean that it is the first anti-divestment evidence that can be thrown back at anti-apartheid leaders when they argue in favour of the Simon-Kennedy Bill's passage.

The timing is good too. In addition to the sanctions Bill push, this week marks the start of a month-long "SA awareness" drive in the US which will feature a tour by Archbishop Desmond Tutu and other SA celebrities along with American leaders of the protest movement.

But the report may be bypassed in the public attention shift caused by a public relations tactic of the anti-SA forces that should draw admiration even from Pretoria for its brilliant audacity. Churches across America and other liberal organisations are combining concern over apartheid's evil with the national horror sweeping the country over its epidemic of cocaine abuse and the violence of the multi-billion-dollar turf war to control this awful traffic.

So the public media in the weeks of "awareness" to come will be filled with stories about black mothers in America who have had children killed in the drug war crossfire "adopting" black SA mothers whose children have been lost to the violence, whether that violence is tribal or protest-orientated in origin.

"My son was lost to violence and all I know is their sons are being lost to violence," one woman told a packed audience at Washington's National Cathedral last Sunday.

Against such calculated manipulation, a poll with detailed data may go unheard and disbelieved. And when a national political leadership is determined to play "the SA card" for its own political gains, reason and truth must wait on the sideline for their time to come. ■

LEGAL FEES

Performance pay

The cost of litigation — in certain limited circumstances — may soon be cut significantly if attorneys and advocates can agree on what has delicately been called "special fee arrangements."

At issue is a proposal from attorneys to quote performance-related fees — more if a case is won, less if it is lost — though supporters of this revolutionary departure from current practice are afraid such plain language may upset traditionalists.

Long in use as a "contingency fee" in America, the notion of fees related to performance has already won the support of attorneys who want to make the courts more accessible to the less affluent in SA. Their proposal has now been submitted to the Bar Council, and secretary Daan Joubert told the *FM* this week a meeting was "imminent" another court would other decision.

Ninja. I think it was R2 000 per month. — Sapa.

Black business group 'has backing of R1bn'

BDay 17/5/87

ROBERT GENTLE

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LONDON — The syndicate of black SA businessmen who wanted to buy Mobil's SA assets have financial backing of up to R1bn, with possible access to further funds from the Middle East.

This was revealed yesterday by syndicate spokesman Mangalpersaid Hariram, who departs for New York tomorrow on a lobbying mission.

During his 10-day stay there, Hariram will try to convince US companies expected to disinvest in the near future not to sell their SA assets at bargain basement prices to white-owned conglomerates like Gencor.

He said Mobil had already informed him that the deal with Gencor was contractually binding, but this would not deter him from putting across his message anyway.

Hariram suggested the Gencor purchase was not yet a foregone conclusion, and "certain factors" might put the deal into question, opening the way for his syndicate to make an offer.

The other companies he said he would be seeing during his US visit included oil giants Texaco and Chevron.

He was particularly interested in the real price Gencor was paying for Mobil's SA assets as this would provide a valuable pointer for future disinvestments. "If recent experience is anything to go by, we will see a lot more pullouts before the end of the year."

He said Standard Merchant Bank would have come in on the Mobil deal had Gencor not beaten his syndicate to it, and that Standard was the most likely backer for future disinvestments.

Shell said it was a side issue as foreign companies should not be leaving in the first place.

Mobil strike: 400 more may join

ABOUT 400 workers at 15 Mobil depots in the Transvaal and Eastern Cape stopped work this week in protest against the multinational's decision to disinvest from South Africa without negotiating with their union.

Mobil acknowledged the strike had caused some of its stations to run out of petrol on Wednesday, but said it was confident the situation would return to normal.

Chemical Workers' Industrial Union (CWIU) general secretary Rod Crompton said the union was yesterday counting a ballot at the Mobil Refinery in Durban, where another 400 workers could join the strike before the end of the week.

The Durban workers are currently refusing to work overtime in protest against the company's reluctance to negotiate the terms of its sell-out to Gencor.

Meanwhile an industrial court hearing in Cape Town on Wednesday urged the strikers to return to work. Court president Pierre Roux said that if the strike did not end within 24 hours, he would allow the company to file an application in court today for the strike to be declared unlawful.

Roux also directed the workers to "refrain from interfering unfairly with the company's normal business activities".

Crompton said the CWIU had not been able to send its legal team to the court hearing, as it had not been informed that proceedings would take place. "We will contest Mobil's application if it takes place on Friday."

However, the union was planning to send a team to conduct negotiations with Mobil in Johannesburg, and it was possible that the outcome of the talks would make the court application unnecessary, he added.

W mail 19-5-1989.

Churchmen call for US finance pressure

19-5-89 Weekly Mail

BY MARLENE STANGER
In Washington

SOUTH African church leaders Archbishop Desmond Tutu, Reverend Allan Boesak and Reverend Beyers Naude this week called on the United States government to exert strong economic pressure on South Africa to bring the government to the negotiating table.

"The pressure of financial sanctions is crucial as a means of ending apartheid," Tutu told delegates to the American Forum on South Africa in Washington on Wednesday.

The forum was organised by the Washington-based anti-apartheid organisation, TransAfrica, and hosted by senators Edward Kennedy and Paul Simon and congressmen Ronald Dellums and Howard Wolpe.

Its aim was to inform the Bush administration of "the true picture of where the South African majority stands vis-a-vis economic sanctions and how the US can help achieve a peaceful settlement in South Africa".

Boesak told delegates that he had not come to offer an indictment of the South African government. "If SA was a democratic country, if everyone had the right to vote, if there was freedom of speech and expression, if our leadership was not banned or in prison, and if organisations opposed to apartheid were not banned, the South African government in its present form would not exist.

"The fact that it does is its own indictment," noted Boesak.

He stressed the vital role the US could play in averting a "catastrophe" in South Africa by "taking the sanctions package that it has and rigorously applying it to South Africa".

Like Tutu, he emphasised that sanctions were not an end in themselves, but an important means to the abolition of apartheid.

In addition to the limited sanctions imposed in 1986, he listed air links, coal, gold and oil as important elements of any sanctions package, and urged the US to encourage South Africa's major trading partners, notably Japan, Germany and the United Kingdom, to apply sanctions as well.

Naude spoke about the South African economy and told delegates that unemployment was an issue in South Africa long before mention was made of sanctions.

Unless apartheid was abandoned, economic growth was virtually impossible, he added.

Naude noted that the proposed meeting between FW de Klerk, Margaret Thatcher and George Bush would "once again fool and mislead the business community and outside world that new directions towards reform were being taken". This was not the case, he said.

The resignation of cabinet ministers Chris Heunis and Stoffel Botha indicated tensions within the National Party, he said, but the current leadership lacked vision.

"Until they accept the unpalatable truth that you cannot have a separate but equal political policy in a country that is geographically and economically integrated, they will have no peace."

Naude said the US was in a better position than any other country to play a decisive role in helping the people of South Africa achieve their political goals. Thatcher's offer to act as a peace-broker was of limited significance, as she had little credibility.

Tutu told delegates that if apartheid could be ended without sanctions, ":I would be the first to shout 'I agree'". However, pressures applied by the US, especially the pressure of economic sanctions, were proving to be effective, he said.

"We believe Namibian independence could be achieved because sanctions made it increasingly difficult to finance the war in Angola."

Tutu repeatedly stressed that sanctions should not be treated as a punitive measure against South Africa but as a conditional strategy aimed at achieving peaceful negotiations.

Tutu said that the message of sanctions should be extended to the international community, including international bankers and financial institutions. If South Africa wanted loans, for example, various conditions should be met: the lifting of the state of emergency, the release of all political prisoners, allowing exiles to return home, and the unbanning of political organisations.

Does black 'empowerment' mean anything?

62

19-25/5/87

By the time black business hears that a company has disinvested, a white company has already bought the shares, complained a delegate to a conference which examined 'black empowerment'.
By ANDREW CLARK

IF American companies like Mobil were serious about aiding black economic empowerment, they should sell their assets to black South Africans when they depart, according to speakers at a conference in Johannesburg this week which sought to question whether the empowerment "buzzword" actually promotes black political advancement.

"By the time we hear that somebody is disinvesting, a deal is already signed, sealed and delivered" to a white-held company such as Gencor, said Khehla Mthembu of Active Financial Planning Services at the conference sponsored by the Centre for Labour and Community Research.

Of the more than 180 American companies that have disinvested, less than 10 have actually stopped doing business in South Africa. "The rest still operate under a licensing agreement that has been taken over by white South African," said Mthembu, a former president of the Azanian People's Organization.

"Why is it not possible for our unions and our workers to put together financial packages to buy out these disinvesting companies? That would be real black economic empowerment," Mthembu added.

"Mobil Oil was in the forefront of involvement in the community," added George Negoto of Nafcoc and the Black Management Forum. "They knew that we would be interested in working out a package," he added, "but they refused to come and talk with us."

Although most speakers expressed scepticism that "black economic empowerment" would be beneficial unless accompanied by black political demands and pressure, participants as diverse as Ronald Bethlehem of JCI, Professor Gerry Coovadia of the now-restricted UDF, Anglo American's Bobby Godsell and Mthembu in his closing address agreed that no progress at all would be had unless South Africa adopted policies that led to a buoyant, high-growth economy.

"Freedom or liberation is indivisible for me," Mthembu said. "Economic empowerment can work — but not if it is some kind of self-enrichment programme for those committed to the present system. It must be practiced by those committed to the transformation of South Africa and those who acknowledge a need for business and a need to create wealth even in a liberated society."

Sneaking out of the country?

Of particular interest to both speakers and questioners from the audience was the role that unions could exercise in converting consumer and labour power into concrete gains. "The fate of Anglo American is at least as much in the hands of the National Union of Mineworkers as it is in the hands of its shareholders," Godsell said in response to a question. Although listed on the programme, National Union of Mineworkers General Secretary Cyril Ramaphosa was not present to reply.

But instead of checking the power of large white-run corporations by striking for higher wages, real economic empowerment would come when unions had access to the millions of rands in their members' pension funds, several speakers agreed.

"Old Mutual and Sanlam only became strong and could challenge the power of Anglo when they took up insurance finance from their members in the Afrikaans community," Mthembu said, proposing that black unions spearhead a similar campaign for their members.

"By taking the surplus cash of these newly-created insurance companies," he added, "black people can finance housing, education, and capital ventures right now"

JCI's Bethlehem encouraged informal and small business actors to "walk around the apartheid wall rather than trying to knock it down". As more and more people turned their back on apartheid restrictions on social and economic activity by "walking around" them, "the Afrikaner too would realise that the wall is no longer serving its purpose", Bethlehem said.

with Minorco's strategic objectives.
The same argument applies to

the injunction which caused Minorco's bid for ConsGold to lapse.

See Page 6

Mobil, union plan to meet

ALAN FINE 62

REPRESENTATIVES of Mobil Oil SA and the Chemical Workers' Industrial Union (CWIU) have scheduled a meeting for today to discuss union demands and concerns related to the sale of the company to Gencor.

Strikes at 16 Mobil depots continued yesterday and a CWIU spokesman said their course, and possible action by Durban refinery employees, would be determined by the outcome of the meeting today.

The union plans to oppose an application for an interim interdict by Mobil, if it goes ahead, which is set down for hearing in the Industrial Court later today. 6104 19/5/89

A CWIU spokesman said the meeting became possible after discussions with management revealed it was possible there were areas where progress could be made.

A Mobil spokesman confirmed the planned meeting. He said 99% of delivery backlogs caused by the strike had been remedied.

Mobil strike to spread

Cape Times 20/5/89

DURBAN. — The workers' strike at Mobil Oil plants looks set to grow following the overwhelmingly vote in favour of strike action by two of the company's Durban divisions.

A spokesman for the Chemical Workers' Industrial Union said yesterday that 97% of the 300 workers at the refining and marketing divisions of Mobil's Island View plant voted to strike.

The results were announced yesterday after three days of balloting which began on Wednesday.

Workers at nine Mobil distribution depots in the Transvaal have been on strike for five days. This week they were joined by their fellow workers in the Eastern Cape.

Subsequent to the strike ballot, Durban could be the next to join the industrial action.

Meanwhile, the strike of about 1 000 workers at Mondi Paper Mill in Merebank ended yesterday, the sixth day.

And more than 350 workers who have been on strike for over a week at Blaikie-Johnstone in Mobeni also returned to work yesterday. — Sapa

B Day. 22.5.89

Strike against Mobil suspended

SIPHO NGCOBO and ALAN FINE

THE Chemical Workers' Industrial Union (CWIU) had suspended its strike action against Mobil's sale to Gencor until midnight on Wednesday following certain guarantees by Mobil, the union said at the weekend.

It said significant progress had been achieved in the course of negotiations with Mobil at a meeting held in Johannesburg on Friday.

"Guarantees given by Mobil have resulted in the union agreeing to suspend the strike until Wednesday, May 24. Mobil has also agreed that the suspension of strike action in the Transvaal and eastern Cape will not preclude the union recommencing strike action."

Mobil (SA) had also undertaken to canvass urgently with Mobil Corporation the union's demand for a meeting with Mobil Corporation (US) and the claim for compensation.

Mobil SA is to report back to the union this evening after the weekend's meeting in London between Mobil SA's legal team, Mobil SA's CEO Bob Angel and Mobil Corporation (US) representatives.

A Mobil spokesman said the meeting had been extremely positive.

The CWIU said: "Union members have agreed to suspend strike action in expectation that Mobil will deliver."

This agreement was reached in talks pre-empting an Industrial Court hearing on Friday in which Mobil was to apply for an interdict against the strike.

Star 22/5/89 (62)

New Mobil bidders are still hopeful

DURBAN — Two key members of the five-man syndicate bidding to take over the South African interests of the disinvesting Mobil Oil Corporation are now known to be a wealthy Natal Indian businessman, Mr Goolam Kadwa, and a foreign investor who lives in Durban, Mr Rashid Dambha.

The identities of the other three members remain a mystery although it has been disclosed that one is a black taxi operator who runs a number of trading stores, another a Natal North Coast industrialist and the third an accountant.

Despite reports earlier this week that the syndicate bid had failed, it was established the syndicate was still attempting to buy Mobil SA before Gencor clinched the deal, the *Sunday Tribune Herald* reported.

The syndicate reportedly offered R750 million, compared to Gencor's offer of R500 million.

Mobil has assets of R1,5 billion. A decision is expected by Wednesday.

A spokesman for Mobil said Mr Hariram had made contact with the company, but its southern African subsidiary had already reached an agreement with Gencor. — Sapa.

to the Far East

tt said he could ca, reports Reuter.

CWIU suspends Mobil strike after agreement

62

Star 22/5/89

By Mike Siluma, Labour Reporter

The Chemical Workers' Industrial Union (CWIU) has suspended a week-long strike by members at 16 Mobil installations in the Transvaal and the Cape after an out-of-court agreement with management.

The strike was meant to induce Mobil to negotiate with the union workers' pre-conditions for disinvestment, following the American oil company's decision to sell off its southern African assets.

A CWIU statement said out-of-court discussions on Friday between the union and management — just before Mobil's Industrial Court application to halt the strike was heard — had led to the suspension of the strike until midnight on Wednesday.

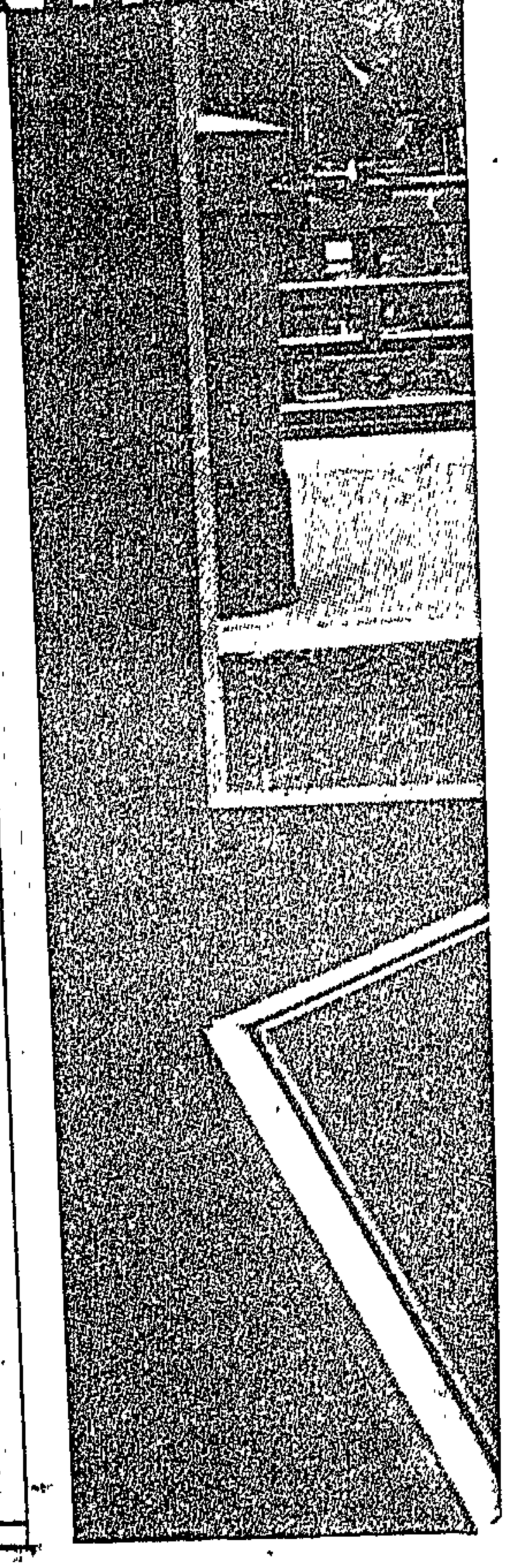
'SIGNIFICANT PROGRESS'

The suspension of the strike followed "significant progress" made in talks between the parties on Friday morning. In that meeting some of the information sought by the union had been provided by management.

"Mobil has agreed that the suspension of strike action in the Transvaal and Eastern Cape will not preclude the union recommencing strike action," said the union, adding that without such an undertaking, resumption of the strike "would have been illegal under apartheid law".

In terms of the agreement, Mobil also undertook to "urgently canvass" its parent company over the union's demand for a meeting with the company's New York head office, and the union's claim for compensation, the CWIU said.

Local management is to report back to the union this evening after a meeting in London.



Name change for Hewlett-Packard SA

(62) 2/Dcu 23/5/89

TANIA LEVY

HEWLETT-Packard SA is to change its name to HiPerformance Systems (HPS), following the parent company's decision to disinvest from SA.

Amid growing political and commercial pressure in the US, Hewlett-Packard sold its entire SA interests to Siltek at the end of March.

HPS MD Patrick Landey announced yesterday the company's name change is to be phased in over the next six weeks with full implementation by the official takeover date, July 1.

HPS will remain the sole authorised distributor of HP products and services in SA.

Landey said the company would retain its strong ties with HP, using HPDesk, the electronic mail system for speedy and efficient communication with HP entities worldwide.

"By agreement, all HP products, services and the latest technological advances will continue to be available to us," he said.

Police disperse Mobil HQ demo

Cape Times 23/5/89

JOHANNESBURG. — Police yesterday dispersed a demonstration outside the headquarters here of Mobil, a spokesman from the Chemical Workers' Industrial Union said.

He said the demonstration was to "protest Mobil's refusal to negotiate a fair disinvestment procedure with the union".

Police liaison officer Lieutenant-Colonel F Malherbe said there was "no disruption from the police side".

He said police on the scene had asked for reinforcements — by the time the reinforcements arrived, the demonstrators had already left the scene on their own accord.

Union workers from factories across the Witwatersrand displayed placards with the slogans "Down with Corporate Camouflage", "Disinvest on our terms" and others.

The spokesman for the union said that about 20 minutes after the start of the demonstrations, police arrived and "without warning used dogs to disperse the workers.

"Police then followed the dispersing protesters and chased them up the streets," he said.

"The union condemns in the strongest terms this totally unnecessary police action against the peaceful voicing of protest." — Sapa

Divorce papers led to couple's fatal shooting

DURBAN. — Divorce papers which should have been cancelled, but were instead served on Mr Ben Delport on Saturday, apparently led to the tragedy in which he and his wife died early on Sunday, sources said.

The bodies of Mr Delport, 41, who had been the caretaker at the Merryvale Training Centre in Mangold Park, and his wife, Mrs Marieta Delport, 37, were found in a bedroom of their home in Audrey Street shortly after midnight.

Both had died of gunshot wounds. A pistol was found nearby.

The couple's 16-year-old daughter, Marlie, had allegedly narrowly escaped death when she broke free from her father's hold after a heated argument following the death of Mrs Delport.

She fled from the house and ran for help to a neighbouring house.

Union's case against Mobil sale continues

Star 28/3/89

By Mike Siluma,
Labour Reporter

The disinvestment court case in which the Chemical Workers' Industrial Union (CWIU) is seeking to halt the sale of Mobil assets in South Africa resumes in Pretoria today.

The CWIU wants the Industrial Court to restrain Mobil from pulling out until it has agreed to negotiate on the union's members' preconditions for disinvestment.

CWIU general secretary Mr Rod Crompton said the company had asked for a meeting to present new proposals to the union. The parties would probably meet today.

Mr Crompton said a strike at Mobil plants, suspended on Friday last week, would be resumed if the union could not reach a satisfactory solution with Mobil.

● Six Commercial, Catering and Allied Workers' Union members enter the third day of a hunger strike today, following a wage dispute with Edworks management.

The six were evicted from an Edworks store in Johannesburg on Monday, but are continuing the strike at union offices, according to Ccawusa.

Killer's appeal dismissed

BLOEMFONTEIN. — The Appeal Court here has dismissed the appeal of Nicolaas Booysen — no address given — against the death sentence he received for the murder of Mr Vincent Africa at Steenberg, Cape, on September 6, 1986.

Cape Times 26/5/89 62

Mobil strike suspended

JOHANNESBURG. — A strike by the Chemical Workers' Industrial Union has been suspended for a week after offers from Mobil.

Reports by Staff Reporter, Own Correspondent, Sapa-Reuter-AP and UPI

Mobil board 'set to' clinch sale to Gencor

STAR 27/4/89

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By Sven Lünsche

The board of Mobil Oil is reported to be meeting in the United States tomorrow to ratify the sale of its South African interests to the local mining giant, Gencor.

Mobil (SA) and Gencor yesterday again refused to confirm the transaction, but this only strengthened market talk that Mobil was selling its local stake for an estimated $200 million (about R500 million).

Analysts have described this as a give-away, as the sum would drop to $125 million (R313 million) if payment is made in financial rands.

Mobil is the largest US company remaining in South Africa, and has assets in the Republic worth about $400 million (R1 000 million) and employs a staff of about 2 800.

The reports have strengthened the share price of Gencor's oil subsidiary Trek, which is likely to take control of Mobil's oil interests. Since Monday, Trek's shares have soared by 25 percent.

The disinvestment was precipitated by fears of the effects of the Rangel Amendment, passed by Congress in December 1987, which obliged Mobil to pay taxes in the US on its South African profits, costing Mobil about $5 million (R12,5 million) in lost profits last year.

Independence boosts ISM

W/C ARGUS 27/5/89

From STAN KENNEDY

JOHANNESBURG. — It has been a stimulating and edifying two years for Information Services Management (ISM) since it became a castaway from the IBM flagship.

It has enjoyed the freedom to chart its own course, promote entreprenurial spirit among its 200 managers and generate a camaraderie that was previously unachievable.

As a subsidiary of IBM, which had a highly integrated centralised management making all the decisions, ISM had little room to manoeuvre in the South African marketplace. Its methodology was, in fact, immutable.

For about two years before the buyout by ISM, the company was in a state of near catalepsy and was losing market share.

This had resulted from rumours of disinvestment, loss of customer confidence and the competition riding on the bandwagon of anti-US feeling.

"We have exceeded our expectations and own a company that is now firmly on its feet," says managing director Mr Brian Mehl.

"We have the best product range in the world, we have an organisation eager to stamp its success on the industry and we are becoming more adaptable to the local environment. We are also pushing decision-making down to a lower level."

No longer a miniature facsimile of IBM, it has retained IBM's standards and principles and these, according to Mr Mehl, are exceptional.

"Our marketing strategy and the way we manage ourselves has changed and will continue to change. We have moved into business partnerships and solution-selling, away from the box-selling concept.

"We have re-established confidence among our large customers and are beginning to bring the same focus to buyers of our mid-range equipment. A new strategy has been unveiled for our PS/2 and the upshot is that people will no longer regard us as only a large mainframe supplier."

Mr Mehl, 46, went through an uncertain period himself. At university, he shilly-shallied over his choice of a career, spending three years studying medicine before deciding that medicine was not for him.

Then he took up actuarial science while working for an insurance company, but gave it up after two years. Back he went to university to study maths and statistics for a B Sc degree, ending up with a B Comm.

But like ISM, he came through. From the day he joined IBM, as it was then — he was with the company for 21 years — his indecisiveness fell away and he became more confident and purposeful, knowing he had found his niche.

During his time with IBM, he did a two-year stint in Paris where he had financial operating responsibility for several European countries.

Before becoming managing director in January 1988, he headed a group called Business Development, which was formed post-ISM to look at opportunities for diversification in the event of sanctions.

He also played a major role in the group which recommended and negotiated the joint venture with Barlow Rand in the creation of TSI, the holding company.

He sees his position now as an opportunity to raise ISM to a position of pre-eminence which, he says, it should have, not only in the computer industry, but in the country as a whole.

"I have always wanted to be the best, individually or part of a team. And where I feel we are not doing as well as we ought to, I will push myself into that area and try to make a contribution."

coffers. the issue

Mobil faces a huge bill

S/Times 28/6/87

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By Robyn Chalmers

MOBIL is making concessions which could cost it hundreds of thousands of rands to the Chemical Workers Industrial Union.

The CWIU has demanded that Mobil agree to its proposals on disinvesting companies or face a resumption of strikes were suspended for the second time on Friday.

On May 15, 240 employees at nine Mobil installations in the Transvaal stopped work. By May 17, the strike had spread to 16 installations and involved between 800 and 1 500 workers.

Workers are protesting against Mobil's failure to negotiate with them when disinvestment became an issue. They demand that negotiations on the CWIU proposals on disinvestment submitted in 1987 take place and that agreement be reached before Mobil quits.

The proposals include a demand that Mobil make adequate provision for workers in the form of severance pay, social security, pension-provident and trust funds.

In addition the social wealth embodied in the SA company — assets or proceeds of sale — must remain the property of the people as plant, profits or a fund.

The strike was suspended last Friday after negotiations. Mobil gave numerous guarantees at a meeting which the union described as positive.

Mobil also agreed to talk to

● To Page 2

● From Page 1

Mobil

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Mobil Corporation in America about setting up a meeting with representatives of the US multinational. This was one of the CWIU requests when workers first went on strike.

Talks with the union are continuing. Items on the agenda to be settled are the quesion of severance pay, a trust fund for the workers and outstanding information on the agreement of sale between Mobil and Gencor.

CWIU spokeswoman Pat Horn says: "Mobil will have to settle outstanding requirements over the course of next week, otherwise the union will have to resort to strike action."

Mobil employs about 2 800 workers in SA.

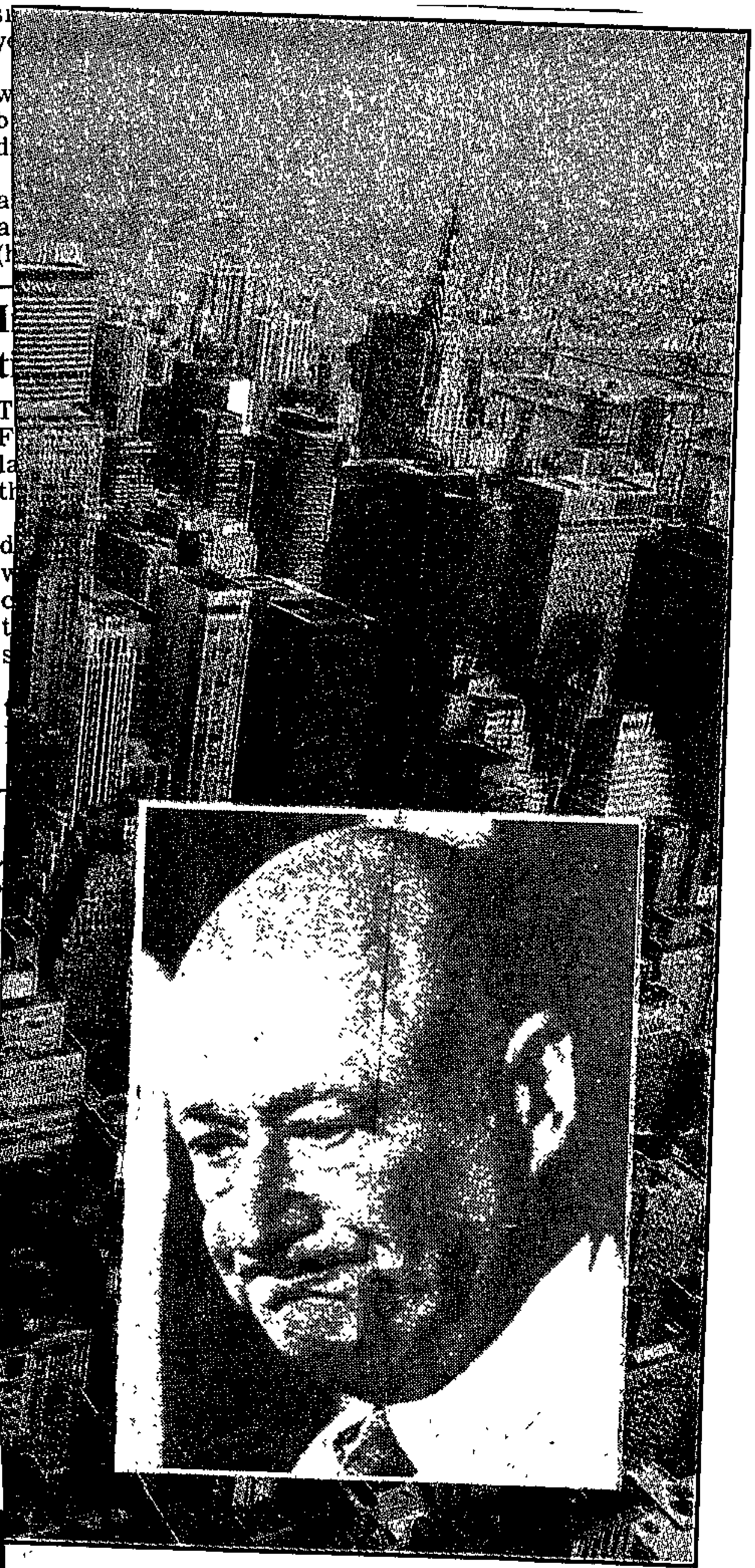
Mobil could well give in to the union's demands because the concessions it has made indicate that it is desperately trying to avoid a bitter dispute on the eve of its departure.

The multinational has always stressed that it would not sell out in SA. In its most recent report, chairman Georges Racine said Mobil was committed to maintaining its operations here.

"Walking away from SA and its problems may make some people feel good. But we cannot accept that we should walk away from an active role that promotes change — and thereby surrender to those who are trying to hold back the process of change and those who are trying to push us into a future of violence and disorder.

"Mobil will not disinvest from SA, because it is obvious that this will not benefit SA, any of its peoples, Mobil's employees or its shareholders.

"We know that the freedoms that Mobil has created within its own organisation after 87 years in this country are an effective reply to the indefensible ideologies that exist within SA at large — and to those who would have us leave."



...ong-time New York mayor Mr Eddie Koch for the mayoral ...linging weapon between the two.

SA 'dirt' flies in mayoral election

62

Star 29/5/89

By RAMSAY MILNE, The Star Bureau

NEW YORK — The dirt has begun to fly in New York's mayoral election — and it is sticking on all three leading candidates because of their alleged "South African connections".

The city's present mayor, Mr Ed Koch, now fighting for an unprecedented fourth term, first of all accused his most dangerous opponent, Republican contender Mr Rudolph Guliani, former United States attorney in New York — noted for his all-out prosecution of Mafia leaders — of joining a law firm that includes Nicaragua's drug-dealing President Manuel Noriega on its books.

Then the mayor accused the firm of also handling a South African account.

Strongly on the defensive, Mr Guliani said the mayor had accepted a $2 000 (R5 400) donation in his 1981 campaign from Baskin and Sears, a law firm registered with the justice department as an agent for South Africa.

Not to be outdone, both the mayor and Mr Guliani have joined in the media disclosures that the cosmetic empire of Mr Ronald Lauder, also a Republican candidate, operates in South Africa, despite the campaign by anti-apartheid groups to force US firms out of the country.

200 WITHDRAWALS

Estée Lauder International Incorporated, which is ranked among the top privately owned US firms, has continued its Johannesburg operations even as 200 US companies have withdrawn from South Africa since 1984.

Mr Lauder, now using his $300 million (R810 million) personal fortune to finance a $250 000 (R675 000) a week mayoral campaign, is a director of the firm, which was started by his mother.

Now also nervously on the defensive, Mr Lauder, through a spokesman, could only reply that he found apartheid "repugnant" — and was careful to point out that his day-to-day involvement in the cosmetic company's management ended in 1983, before divestment or sanctions became a political issue.

Evidently much alive to the danger of being tarred with a South African brush, an Estée Lauder statement issued soon after denied the company's presence in South Africa propped up apartheid.

For good measure, the company quoted a Johannesburg spokesman as saying: "We are doing a hell of a lot here for them (the blacks)."

BANKS TARGETED

No one got round to saying what Mr Lauder is doing for New York blacks.

But one final squirt of mud came whizzing Mr Guliani's way — an inspired "leak", thought to have come out of the Lauder camp, pointing out that Mr Guliani's new law firm, White and Case, also represents two of the major banks that have been targeted to stop making loans to South Africa.

The two banks, Swiss Bank and Deutsche Bank, are among 14 to which South Africa owes $14 billion (R37,8 billion) in overdue loans.

Evidently all the candidates, if not New York's municipal voters, find the South African mud-slinging more politically profitable than any discussion of civic issues — like New York's rampant crime, the plight of its army of homeless men and women, poverty, its potholes — or, indeed, the city's accelerating drift into bankruptcy.

Maybe that will come later in the campaign.

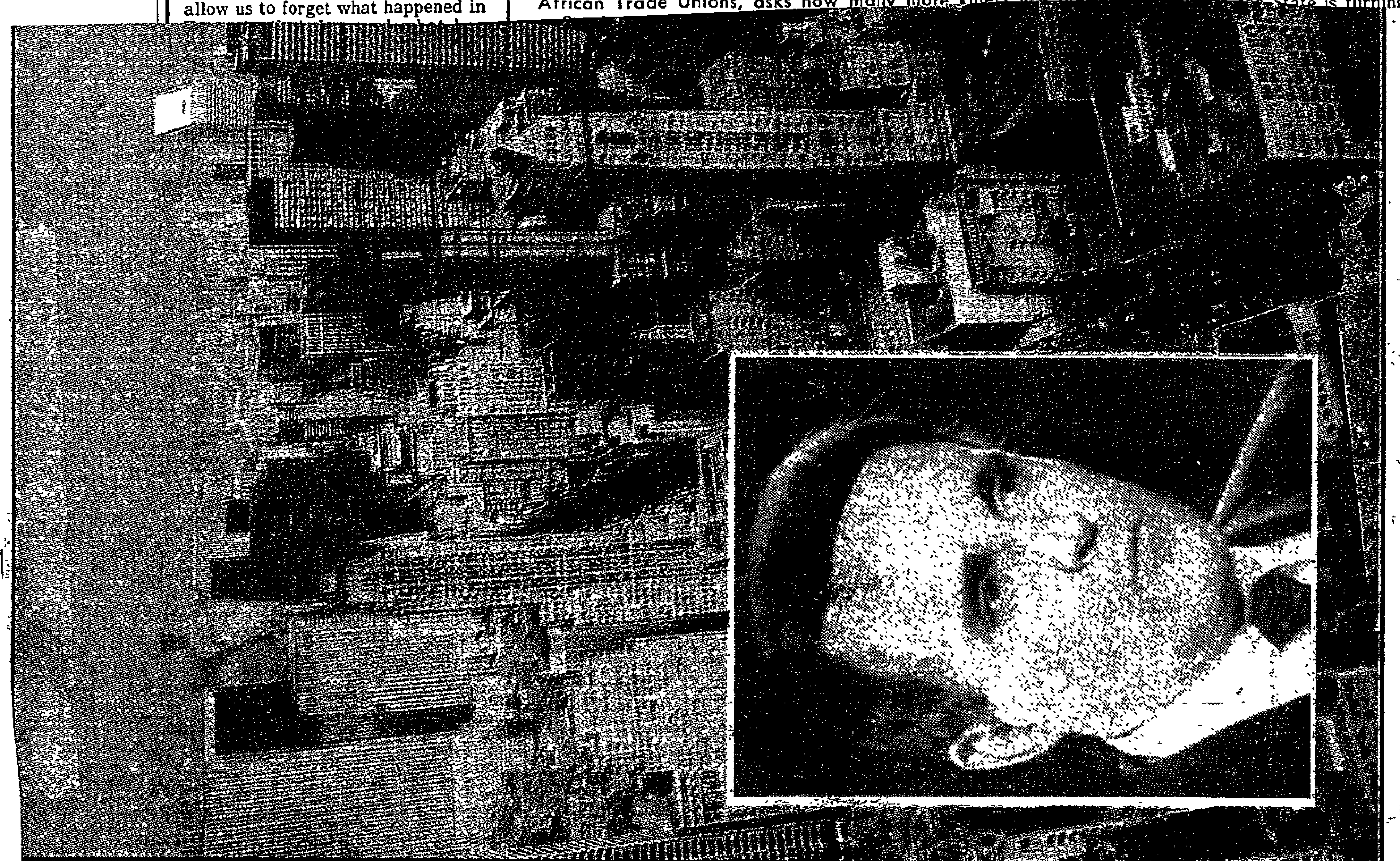
Unless some more well-seasoned South African mud can be found.

Apartheid is to blame for Strydom – Cosatu

MR JAY NAIDOO (below), general secretary of the Congress of South African Trade Unions, asks how many more killers like Barend

The "sordid" sensationalism around the Barend Strydom trial should not allow us to forget what happened in

While racism in our society remains entrenched in all State institutions the State is turning its at-



Mr Rudolph Guliani (left), noted for his prosecutions of Mafia leaders, squares up
elections. The "South African connection" has become a m

while the crime of apartheid goes unpunished and is about to be given another lease of life by yet another state of emergency

Cosatu and the entire mass democratic movement shall not rest until the root cause of the Strydom massacre and all other forms of brutality which our people experience is eradicated from our country

Natal group bid for Mobil still on

News 11/6/87

The Argus Correspondent

DURBAN. — The determined syndicate from Natal which has taken on the giant Gencor in a counterbid for Mobil Oil South Africa is still fighting to get control of the huge energy conglomerate.

Reports over the past few weeks indicated that the bid had fallen through but a representative of the syndicate who met international financiers in London and then moved to New York where he met with one of the senior Mobil management last week has denied that the bid is off.

Mr M Hariram is now back in South Africa and said in Durban yesterday that his first meeting with Mobil in New York had gone well but that, following a denial from Mobil South Africa that the bid would be successful, his negotiations with head office personnel cooled and no decisive answers could be obtained.

He has, however, decided to aggressively persue a "more satisfactory" conclusion to his discussions.

Mr Hariram said that, in his opinion, the Gencor bid smacked of "warehousing" — primarily because he claims its US$150-million (R400-million) bid price is way below the worth of Mobil in this country and because he has bettered this bid by $7,5- million (R20-million).

His warm then cool New York reception has "infuriated" him and he has taken the matter up with Senator Ted Kennedy and the Governor of New York State, Mr John Marino in an effort to have the Gencor bid stopped.

"I cannot believe that the deal supposedly struck with Gencor has been done in the best interests of the American shareholders nor do I believe it is a genuine disinvestment move," he said.

Mr Hariram will be informing major US shareholders of Mobil shares of the discussions which he has had and will draw to their attention that the deal which he has offered is more than the Gencor bid.

Prior to meeting with Mobil in New York Mr Hariram met with two international financiers in London, Mr Tikko Singh and Salem Sabri Abu Taleb who, he said, agreed to back his bid.

He also indicated that, should his bid be successful, 20 percent of the shares in Mobil South Africa would be allocated to the local staff.

Cosmetics heir to seek SA pull-out

Argus 2/6/89

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From RAMSAY MILNE
The Argus Foreign Service

NEW YORK. — Mr Ronald Lauder, heir-apparent to the Estee Lauder cosmetics empire, proposes to ask his family-owned business to pull out of South Africa.

"They should not be there," he said today, barely a week after his rivals in New York's mayoral elections challenged him on the subject.

He added that he regarded apartheid as "repugnant".

His statement came after public disclosures that Estee Lauder has maintained a subsidiary in Johannesburg, even as hundreds of other US firms had bowed to anti-apartheid protests and ended their South African operations.

REPUBLICAN

Mr Lauder, a Republican candidate for mayor, said he had "raised questions" about the firm's South African operations in the past. But he acknowledged that he had never urged his fellow-board members to pull out.

His position came after senior aides of the favoured Republican candidate, Mr Rudolph Guliani, a former attorney who made a strong political base for himself by vigorously prosecuting many of New York's top Mafia bosses, turned up the pressure on Mr Lauder to push for his family to cut ties to Estee Lauder's South African affiliate, Horton Products (Pty) Ltd.

BUSINESS

And now ... Goodyear takes itself home

Sanctions, double taxation in the US and the falling rand were cited by Goodyear management this week as reasons for the firm's withdrawal from South Africa, reports HILARY JOFFE

GOODYEAR South Africa had always had an American managing director. The last one was transferred to India several months ago and a South African caretaker MD was appointed. That, says one industry source, was when he became suspicious.

The Goodyear Tire and Rubber Company this week announced it would sell its Uitenhage manufacturing operations to Anglovaal subsidiary Consol Glass for an expected R178-million.

This makes Goodyear the second United States company to take itself home — Firestone Tire and Rubber sold its remaining 25 percent stake in the local company in 1987 to Federale Volksbeleggings, which had been the controlling shareholder since 1981.

Of the two other tyre companies in South Africa, Dunlop is British-owned and the parent company is said to have been looking for a buyer for some time, while General Tyres is a South African-owned company which manufactures under licence.

Goodyear's chairman, president and chief executive Tom Barrett said this week from the corporation's Ohio headquarters that it regretted leaving but "it is becoming increasingly difficult for American companies to obtain adequate returns on investments there".

He cited US sanctions against South Africa, double taxation of the earnings of US companies' South African subsidiaries and the likelihood of continuing devaluation of the rand.

The agreement between Consol and Goodyear will include a 10-year technical and service arrangement, described by Barrett as "an essential part of a viable acquisition for the new owners who have limited experience in tyre and general products manufacturing".

He said Anglovaal had said it intended to keep the current workforce of 2 400 people, most of them black and "coloured".

Mike McNamara, chairman and managing director of Goodyear South Africa, said the company would "continue to operate under present employment policies, practices and benefits, and all existing agreements and arrangements with our two trade unions remain unaltered".

Goodyear, which began manufacturing tyres in South Africa in 1947, adhered to the Sullivan Code and said it had spent more than $10-million on education, housing, community and social programmes for blacks.

In addition to tyres, Goodyear makes conveyor belting (mostly for the mines), plastic food packaging and other rubber products.

Consol, which makes glass and plastic packaging, has been looking for acquisition opportunities in packaging and for a chance to diversify into other mass-produced products.

The tyre business is doing well at present, and there is a shortage of new tyres particularly for tractors and earthmoving equipment, says an industry source. It's a business which tends to be recession-proof because when people aren't buying new cars they have to replace the tyres on their old ones.

Other disinvesting companies which the Anglovaal group has acquired this year include Mooi River Textiles and Hewlett Packard.

The Goodyear sale, due to take effect on July 1, has to be approved by Consol's shareholders although this is automatic since Anglovaal, the majority shareholder, will vote in favour. The purchase price is subject to the financial results of Goodyear South Africa for the first six months of this year.

● The National Union of Metalworkers (Numsa) which represents more than 1 300 Goodyear workers, met with company shop stewards this week, but by yesterday had not commented on the disinvestment. The company had notified shop stewards of the sale shortly before the press announcement, an official said.

Church sets its sights on new target: SA's debt underbelly

By HENNIE SERFONTEIN

SOUTH AFRICAN church leaders have launched a new and more sophisticated sanctions approach, involving a clear shift away from past calls for total and comprehensive sanctions.

The new strategy appears to be designed to win over reluctant conservative bankers and governments to apply greater pressure on the South African government to start negotiations with legitimate black leaders and movements.

The church leaders are Archbishop Desmond Tutu, Dr Allan Boesak, the Reverend Frank Chikane and Dr Beyers Naude.

Last week the four announced they had written to foreign creditor banks, asking that when South Africa's foreign debt agreement comes up for negotiation before June 30 next year — the date of expiry — rescheduling "should be linked to demands for a just political order in South Africa".

They said the banks should refuse to reschedule South Africa's debt, end trade credits to South Africa and demand that South African gold be separated on the London and Zurich markets unless certain conditions were met.

These were that the Emergency was lifted, all political detainees and prisoners released, all political organisations unbanned, racial laws repealed and "a process to negotiate a new constitution for a democratic non-racial and unitary South Africa is established".

The approach is in contrast to 1985, when Tutu and Naude called on the debt negotiations mediator, Swiss banker Fritz Leutweiler, to ask banks not to reschedule South Africa's debt unless the government resigned.

And earlier this week, the synod of the Anglican Church adopted a resolution urging the bishops to investigate a halt to the rescheduling of South African foreign debt as a means of ending apartheid. It supported an earlier stand of the bishops calling for "carefully selected and specifically targeted forms of pressure".

The church leaders are going for South Africa's soft underbelly, focusing international attention on the financial sanctions which have cost the country billions of rand in capital and which have damaged the economy more than have trade sanctions.

They are also linking their demands to the growing international consensus among even the most conservative governments that Nelson Mandela and other jailed leaders should be released, the African National Congress unbanned and that negotiations between the government and the ANC should start in earnest.

The latest developments follow the church leaders' historic visit to US president George Bush two weeks ago. For the first time, the churchmen did not ask the US government to impose new sanctions.

In a memorandum they explained: "The methods which you use to put pressure on the South African government are secondary to the main issue, which is to get it to the negotiating table.

"If it can be done without sanctions, so much the better. Nevertheless, we reiterate that we remain totally convinced that the South African government will not be brought to the negotiating table without pressure, and therefore the time is not appropriate to lift the campaign to exert such pressure."

In an interview on the eve of his departure for the US, Boesak stressed that he preferred specifically targeted, selected sanctions.

Explaining the churchmen's mission, he said: "I think the crucial question will be not whether the US should impose more sanctions against South Africa. The question is what the US can do today to get the South African government to participate in a process of negotiation with the black majority.

Archbishop Desmond Tutu

"We will say to the US: We have the feeling that we have reached in South Africa a situation where it has become possible, or where it must be made possible, to talk about negotiation with the black majority.

"You can help us, and the only way to do this is to say to South Africa: 'Unless you concede to realities and unless you do the following things (Boesak then reiterated the demands sent to the banks) to make possible the negotiation process, we will follow with new sanctions."

Boesak stressed that developments in Namibia did not mean existing sanctions should be lifted. "The pressure that was exerted on South Africa with regard to Namibia must now also be exerted on South Africa with regard to its domestic situation. Then it is guaranteed that we will eventually get the same response," he said.

In the interview, Boesak said Shell should withdraw from South Africa — "the sooner the better".

But he stated three conditions on which Shell could stay. These were that it should refuse to pay taxes, provide financial support to the mass democratic movement, and join the church delegation next year to the international bankers to discuss conditions for the rescheduling of South Africa's international debt.

Star 9/6/89

Pressure grows to urge US firms to leave SA

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The withdrawal of Mobil and Goodyear, which were among the biggest American companies remaining in South Africa, is not likely to deter trade unions which see economic pressure as necessary to end apartheid, writes **Labour Reporter MIKE SILUMA.** Rather, unions can be expected to explore ways of making the campaign more effective.

The decision by American tyre manufacturer Goodyear to withdraw from South Africa is likely to increase pressure on major black unions which support disinvestment to give direction to the practical implementation of the policy.

Goodyear's decision, involving the sale of the multinational's South African assets to Anglovaal subsidiary Consol, comes just weeks after another major American company, Mobil, announced it was leaving.

Indications are that more American companies are likely to leave. According to the director of the American Chamber of Commerce, Mr Adrian Botha, 196 US companies have left South Africa since 1983, with 130 remaining.

Besides Mobil and Goodyear, which respectively employed 2 700 and 2 400 people, the list of American companies which have disinvested includes General Motors, IBM, Ford and Kodak.

Said Mr Botha: "In rands and cents, it has become too expensive to do business in South Africa — if you take into account the high level of South Africa corporate tax, the high surcharge on imports, the Regional Services Council levy, double taxation (in South Africa and the US) and the social responsibility programmes."

Negotiations

He said it would be naive not to expect more US companies to return home.

Mobil is at present locked in negotiations with the Chemical Workers' Industrial Union (CWIU) on aspects of the company's pullout.

The CWIU, with other Congress of South Africa Trade Unions (Cosatu) affiliates, supports disinvestment and sanctions as an important component of the anti-apartheid campaign.

But since 1987, when the number of disinvesting companies peaked, Cosatu and the CWIU have demanded that disinvesting companies do so on terms laid down by their employees.

A major criticism of the way the sanctions and disinvestment drive was carried out was that "the organised working class in South Africa" did not have any control over it.

Flowing from this, the CWIU — the union with the largest membership in the employ of multinationals — drew up demands for a "fair disinvestment procedure" to be followed by companies leaving South Africa.

Among these were that departing companies give a year's notice and full information, including details of the sale of assets and resultant proceeds, to allow for "bona fide" negotiations.

Guarantees

Also, workers should receive a month's pay for each year of service, with loans to workers being written off. The departing company should also make a lump-sum payment to a pension or provident fund for each worker until retirement age.

In case of "partial disinvestment", such as the Mobil and Goodyear sell-out, the new owner would have to guarantee the continuation of existing conditions of employment, including the maintenance of a provident fund, staffing levels and recognition of the CWIU.

Despite these guidelines, virtually all disinvesting companies have done so unilaterally, with the unions only learning about the decision after the fact.

This, however, is unlikely to lead to a withdrawal of black union support for economic pressure to end apartheid.

Internal political conditions, such as the state of emergency restrictions on Cosatu and the denial of political rights to blacks, militate against a change in union policy on sanctions and disinvestment.

Rather, it can be expected that debate within the unions on how to make the policy work will intensify.

Black syndicate opposes Mobil takeover

BDay 12/6/89

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ROBERT GENTLE

LONDON — A syndicate of black SA businessmen opposing the terms of the Mobil disinvestment has taken its case to US President George Bush.

Its members have written him a letter expressing their concern and asking that he appoint a Commission of Inquiry to investigate the matter.

The syndicate, which claims pledged funds of more than R1bn, seeks to overturn Mobil's decision to sell its assets to Gencor. It has made a higher counter-offer which it feels should be seriously considered.

The letter says the black community is disappointed that the interest of disinvesting companies has always been passed over to whites, without making such interests available to all South Africans.

CAPE TIMES 12/6/89 (62)

Mobil: Bush asked to intervene

From ROBERT GENTLE

LONDON. — A syndicate of black SA businessmen opposing the terms of the Mobil disinvestment have taken their case to US President George Bush.

They have written him a letter expressing their concern and asking that he appoint a commission of inquiry to investigate the matter.

The syndicate, which claims pledged funds of over R1bn, is trying to overturn Mobil's decision to sell its assets to SA mining house Gencor.

It has made a higher counter-offer of its own which it feels should be seriously considered.

The syndicate estimates that Gencor will be getting Mobil for $150m, considerably less than the estimated net asset value of $1,5bn.

"The black community is disappointed to note that the interest of the company disinvesting has always been passed over to the whites in SA without making such interest available to all South Africans," the letter states.

"The purchase price for which Mobil has been sold and the total disregard for the counterbid by the black syndicate, which is well in excess of the purhcase price, is cause for serious concern and cannot be in the best interest of either the shareholders or the principle on which the issue of disinvestment is based."

Syndicate spokesman Mangalpersaid Hariram said on Friday that although Mobil had informed him that the Gencor deal was "signed and sealed", he subsequently learned of a press advertisement by Mobil SA stating the deal would only be signed by the end of June 1989.

Hariram said approaches to Mobil to discuss this "contradiction" were unsuccessful.

Since his return from New York last month where he visited Mobil's offices, the syndicate Hariram represents claims to have received the backing of more black, Indian and coloured businessmen.

"They have put up about R500m and have asked us to negotiate on their behalf," said Hariram.

He said he had informed a large number of US-owned businesses in SA that his syndicate should be allowed to come in on future disinvestments.

INVESTMENT

ARGUS 14/6/89 (62)

Natal syndicate in Caltex SA buy-out bid

Business Staff

DURBAN. — A Natal syndicate of black and Indian businessmen, which has faced mounting frustration in its attempt to get control of Mobil South Africa, is to make a bid for the local Caltex empire.

The syndicate has made numerous attempts to further its negotiations with Mobil both here and in the United States, but it appears that the deal, struck at a reported R400-million with Gencor, could hold and the R420-million bid from the four Natal businessmen will fail.

However, a group of nine Mobil dealers has recently approached the syndicate with a view to joining in the negotiations.

According to Mr M Hariram, a spokesman for the syndicate, this new development should result in a bid of R440-million being put to Mobil in New York for the South African operation.

"Should this offer not be considered we will ask for a formal auction to be held and we would look forward to the opportunity of bidding openly against Gencor," he said in Durban today.

"We welcome this group of multiracial Mobil dealers. They add strength to our proposals," he said.

In spite of the Mobil development, Mr Hariram said that the syndicate's attention now included Caltex and contact has been made with both the local office and the international headquarters in Dallas, Texas, in an attempt to open negotiations leading to a buy-out of the entire local Caltex operation.

"We had made all the financial arrangements for the Mobil transaction so it obvious that we would use these facilities to look for similar disinvestment opportunities if our offer is not successful," he said in Durban today.

Mr Hariram recently made contact with international financier and ship-owner Mr Tikko Singh in London, where financial arrangements for the Mobil deal were structured.

It is understood that Mr Singh and his partners are prepared to back South African disinvestment deals up to a value of R1,5-billion.

Union threatens to strike again

Cape Times 19/6/89

JOHANNESBURG — The Chemical Workers' Industrial Union yesterday threatened further strike action against Mobil if the disinvestment dispute is not settled soon. The union also said it would take up dispute with the company's headquarters unless issues concerning the withdrawal from South Africa are resolved before the scheduled June 30 date of withdrawal. — Sapa

Mobil dispute may go to US

Sowetan 19/6/89.

·62

THE Chemical Workers' Industrial Union will take up dispute with Mobil corporation's New York headquarters unless issues concerning the oil company's withdrawal from South Africa are resolved before the scheduled June 30 date of withdrawal.

At a national general meeting in Durban over the weekend, CWIU discussed strategies to take the dispute further with Mobil in the United States and the buyers of Mobil South Africa, the Gencor mining house, unless its demands were met.

A CWIU spokesman said it was further resolved that a strike ballot "should immediately be taken" in the event of the conciliation board, called for by the union to deal with the issues in dispute with Mobil, deadlocking.

Conciliation board

The issues presented for conciliation board attention include CWIU's demand of a copy of the Mobil/Gencor contract of sale, the compensation to be paid to workers as a result of the corporation's withdrawal, and the establishment of a trust fund "funded from the money Mobil corporation intends withdrawing from South Africa".

The spokesman said solidarity messages, from the Brussels-based International Chemical Energy and General Workers' Federation and from support groups and unions who staged a demonstration outside Mobil headquarters in New York on June 16, were read at the weekend's meeting.

CWIU negotiators are scheduled to meet Mobil management on June 22 for further talks. — Sapa.

New takeover bid: Con Gold shares up

Argus 22/6/89 (62)

By TOM HOOD, Business Editor

A NEW takeover bid for British mining giant Consolidated Gold Fields boosted the share price by R9,30 to R89,30 on the Johannesburg Stock Exchange today.

Minorco, whose long takeover battle by South African-controlled Minorco was blocked by a court action in the United States, announced it had made a deal with the British conglomerate Hanson PLC.

Hanson is offering R13,4-billion to take over Con Gold and Minorco, which has 55 percent of Con Gold's shares, will sell its entire shareholding to Hanson.

Sir Michael Edwardes, Minorco's chief executive, said today: "We're delighted to accept Hanson's offer. This is a very satisfactory outcome for Minorco and our shareholders."

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COMPANIES

Charter meets forecast

The Argus Foreign Service

LONDON. — Charter Consolidated, the UK industrial holding group which is part of a world-wide network of companies under the influence of the Anglo-American Corporation of South Africa, has reported a 23 percent increase to £67,71-million (R291,1-million) in taxable profits for the year to March 31.

Earnings a share rose 20 percent to 43,1p (R1,84) and the dividend is lifted 19 percent to 17,25p (R0,74) against 14,5p (R0,62) last year via a proposed final of 12,5p (R0,53).

Sir Michael Edwardes, who moved in as chairman last November when the Charter board was reconstituted, said: "We are confident about the prospects for realising Charter's potential and for achieving continued earnings growth for our shareholders."

He reported that the strategic review started at the time he joined would be finished soon but would take another year to implement. Already a more aggressive, hands-on mnagement approach was being taken to improve group profitability.

He gave little away about future possible relationships between Minorco, its sister company De Beers Consolidated Mines and Charter, or between Charter and Johnson Matthey, the precious metals marketing and refining company.

Minorco, where Sir Michael is chief executive, owns 36 percent of Charter. Charter owns 38,9 percent of JM. Some experts expect Anglo to reshuffle those interests shortly.

However, Sir Michael said the board saw Charter "as having a long-term life of its own".

Mr David Davies, a former joint chairman of the Hill Samuel merchant bank who joined Charter as deputy chairman in December and subsequently became a JM director, said the relationship between Charter and JM was being examined as part of the review.

Mr Davies pointed out that the JM shareholding represented half of Charter's current market capitalisation of about £530-million and said Charter was taking a "close interest" in both JMs short-term profit performance and its long-term strategy.

Tougher for 437 US firms to keep trade links with SA

Star 26/6/89 p2

WASHINGTON — The state of Massachusetts will restrict 437 companies that do business with South Africa from doing business with the state, the *Boston Globe* reports.

The restrictions on seeking state business, which include a provision requiring firms named as having South Africa interests to bid 10 percent less than other companies, will come under an executive order issued by Governor Michael Dukakis last January.

The Globe cites General Motors as one of the companies on the list.

State economic affairs spokesman Mr Richard Gureghian said General Motors would be hard pressed to continue supplying the state with cars and that the future of a GM factory in the state was doubtful.

"We want to work with GM to keep the plant open," Mr Gureghian is quoted as saying. "On the other hand, you can't shut your eyes to slavery. Doing business in South Africa is a reprehensible thing." — Sapa-Reuter.

Mobil agrees to R6,5m payout for employees

Cape Times 28/6/89 (62)

Own Correspondent

JOHANNESBURG. — Mobil and the Chemical Workers' Industrial Union (CWIU) yesterday ended their two-month-old disinvestment dispute with an agreement on a R6,5-million payout to employees.

But the National Union of Metalworkers of SA announced just hours later that it had reached deadlock in negotiations over similar matters with Goodyear, and planned to stage strike ballots around the country today.

Mobil and CWIU spokesmen yesterday said each of the company's 2 800 South African employees was to receive R2 000 or one month's salary, whichever was the greater.

The sales of Mobil SA to Gencor, and of Goodyear SA to Consol, are due to go through in June.

Local Mobil management has also undertaken to meet with a senior Mobil US executive to discuss the union's demands for a copy of the agreement of sale with Gencor and for the establishment of a trust fund to finance social projects.

When negotiations broke down in May, the company was offering a payout of about R1 340 an employee.

Quitting SA 'a vote for revolt'

Staff Reporter

The kwaZulu Chief Minister, Chief Mangosuthu Buthelezi, has condemned the Mobil Oil Company for its decision to quit South Africa, describing the move as "hideously wrong".

Speaking at a lunch in Ulundi for Mobil's vice-president, Dr Sal Marzullo, the Chief Minister said yesterday that South African blacks saw every withdrawal by overseas companies as a vote in favour of violent revolution.

"There must be an end to this stupidity before too much damage is done by those who claim to be doing something for our benefit," he said.

Large companies which continued to invest in South Africa were by extension allied to the forces which would bring the changes that nobody else could produce.

Acknowledging that Mobil had committed itself to assisting black interests in South Africa, Chief Buthelezi said some international companies showed no interest, once they had left, in continuing with projects they had started ostensibly to improve conditions. "I find it brutal that morality is so relative," he said.

If it had been right for the Sullivan Code signatories to be here because the Reverend Leon Sullivan correctly said that they could help by remaining, then they should still be here.

Their input had been positive, despite their assessment that the SA Government needed a push. He asked: "But why push the South African Government with the pain of our poverty?".

SA links could sink NY mayor's career

Star 12/7/89

62

By Ramsay Milne, The Star Bureau

NEW YORK — The sudden disclosure of a South African "connection" — a personal investment of more than $175 000 (about R470 000) in 10 US companies doing business in South Africa — may have all but put paid to the re-election prospects of New York mayor Mr Ed Koch.

The politically explosive disclosures are particularly embarrassing to Mr Koch, who, in wooing New York's disenchanted black voters, has made a public virtue of his abhorrence of apartheid and offers frequent reminders that it was he who led the campaign to withdraw the city's huge municipal pension fund investments from SA-associated companies and banned New York companies from having any dealings with SA companies.

All 10 firms in which the mayor has invested his money have been cited by the American Committee on Africa as being unsuitable investments for Americans.

News of the mayor's SA connection was disclosed on TV last night.

Mayor Koch said in his defence: "I don't pick the stocks. I have someone who does it without any prior authority."

62

Americans determined to hang on

S/Times 16/7/89

Business Times Reporter

MOST American companies in SA say they are staying — but several are preparing to pull out.

An American Embassy official told Business Times: "It will be be surprising if any major US corporation is still in SA in a year."

The Rangel Amendment, which provides that tax paid by US corporations in SA is not recognised at home, plus state and local government embargoes against companies with links with this country make it almost impossible to stay.

US tax rules make it possible to claim expenses incurred in withdrawing from SA — another compelling reason for companies to go.

In January, failed presidential candidate Michael Dukakis, governor of Massachusetts, issued an executive order forbidding the state to buy from 400 companies he claims do business in SA. The list applied not only to companies directly invested in SA, but those supplying this country.

Although several companies are contesting their inclusion on the list and the step makes it almost impossible for the the state to buy certain items, other states and local governments are expected to increase pressure on companies with even remote SA links.

SA buyers are eager to buy US companies prepared to disinvest — provided they can retain access to products and technology.

Reluctant

Johnson & Johnson is among the most reluctant to go. For three consecutive years, a group of minority shareholders has tried to get a resolution proposing withdrawal from SA passed at the company's annual meeting. They have been overwhelmingly defeated, once as recently as May. J&J has four companies in SA employing 1 200.

A spokesman for Colgate Palmolive says his company pulled out of Nicaragua only after bombs starting falling inside the perimeter fence. Colgate Palmolive is in many trouble spots, but hangs on. Numerous resolutions calling for Colgate's withdrawal from SA have been resoundingly defeated. The 700-man firm looks forward to operating in a post-apartheid SA.

"Morale is excellent since we won our anti-tartar toothpaste court case against Elida Gibbs. The company is doing well and as far as we are concerned, we stay."

But the Colgate spokesman concedes that Mobil's men in SA would have said the same thing the day before that disinvestment was announced.

These are the only Fortune top 120 industrial companies still in SA: Texaco (through its 50% stake in Caltex), EI du Pont Nemours, Chevron (through Caltex), United Technologies (through Otis), Minnesota Mining & Manufacturing, Johnson & Johnson, Colgate Palmolive, Bristol Myers, Firestone (minority holding in Firestone SA) and Kellogg.

Giants which have departed include: General Motors, Exxon, Ford, IBM, Mobil, General Electric, Chrysler, Dow Chemical, Eastman Kodak, Pepsico, Xerox, Goodyear, Unisys, Hewlett-Packard, Coca-Cola, Motorola, Honeywell, NCR, Merck and WR Grace.

Tutu backs Mobil workers' trust fund

Star 18/7/87

Archbishop Desmond Tutu has thrown his weight behind the campaign by the Chemical Workers' Industrial Union (CWIU) for the establishment of a trust fund by American oil giant Mobil.

The demand for a trust fund is one of the CWIU's guidelines for disinvesting companies, and has been a point of dispute between the union and Mobil since the company announced its decision to withdraw from South Africa.

The CWIU has demanded that Mobil place proceeds from its sale of assets to Gencor in a trust fund "controlled by working people for the upliftment of workers and their communities". It has also demanded that Mobil disclose the contents of the agreement of sale.

A meeting with representatives of Mobil's American headquarters takes place tomorrow. — Labour Reporter.

Goodyear to pay out pensions

B/Day 19/7/89

ALAN FINE

GOODYEAR has offered to meet union demands for the liquidation of its pension fund and payment of the proceeds to employees, in an effort to resolve the 19-day-old disinvestment strike involving more than 1 000 Numsa members.

However, the company has continued to stand firm against union demands for "separation pay" for workers, and Numsa said the dispute would not be resolved without movement on this issue. (62)

The dispute was sparked by the announcement in May of the sale of US-based Goodyear's interests to Consol. The sale went through on July 1.

Consol group MD Piet Neethling said yesterday he was keeping a close watch on the dispute, and several meetings had been held with Goodyear management.

Numsa is to inform Goodyear today on whether it accepts the mechanics of the proposed liquidation of the pension fund. "We are hoping this offer will be acceptable to our members," spokesman Gavin Hartford said.

The company has suggested the immediate payout to employees of double their

☐ To Page 2

Goodyear

B/Day 19/7/89 (62)

☐ From Page 1

contributions plus 3% interest. Remaining reserves would be paid out within six months.

Neither party would estimate how much money the fund, which has operated since 1985, had available.

Hartford said the company had also made its guarantees on wages, job security and social responsibility expenditure more comprehensive. However, Goodyear said the guarantees, first given at the time of the announcement of sale, had merely been reworded to meet Numsa's approval.

The company has refused to contemplate any severance payment on the grounds that the employment relationship has not been disturbed by the sale. Numsa argues the payment should be seen as a form of compensation for the years of service workers have given to the now departed parent company.

Goodyear say no to 'disinvestment pay'

By Joe Openshaw 62

Several hundred Goodyear employees staged a peaceful sit-in strike on Monday after a deadlock over demands by the National Union of Metalworkers of South Africa (Numsa) for a minumum of R5 000 "separation pay" on the disinvestment of the company's U S parent.

A company spokesman said yesterday that management met union officials when 700 of the company's 1 000 employees staged the sit-in.

The company opened its gates yesterday with a limited working schedule and a skeleton staff and by mid-morning 400 employees had arrived in dribs and drabs and continued their sit-in on the premises. Many union members did not come to work at all.

"There will be no concessions because we consider there has been no change in the position of employees as a result of disinvestment," the company spokesman said.

He said last week's settlement with the Chemical Workers Industrial Union Union in which employees of Mobil would receive at least R2 000 from the departing parent company had raised Goodyear employees' expectations.

"Goodyear's view is that the sale of the local company to Consol involves merely a change in ownership of equity. The employment relationship will not change and there is no reason for employees to receive separation pay," he said.

● The National Union of Metalworkers of South Africa has accepted the offer of a minimum 56 cents per hour wage increase following negotiations between the union and Seifsa yesterday.

Union in talks with Mobil on workers' trust fund

CMS TIMES 20/7/89

Own Correspondent

JOHANNESBURG. — The Chemical Workers' Industrial Union (CWIU), which has already won from US-based Mobil a R6,5-million payout for employees as compensation for disinvestment, yesterday met a senior company executive to discuss massive financing for a trust fund.

General secretary Mr Rod Crompton confirmed the meeting here with Mobil's international employee relations manager Mr Don McLucas, held to discuss "the two outstanding issues demanded to ensure a fair disinvestment procedure".

The second demand is for disclosure of the contents of the agreement of sale between between Mobil Corporation and Gencor.

The union previously expressed its desire to establish a trust which would fund a variety of social projects.

Mr Crompton said the parties had agreed not to make public the contents of their "frank" discussions.

But, he said, Mr McLucas had listened carefully to the union's views.

Mr McLucas could not be reached for comment.

CWIU, Mobil meet on trust funding

BDay 20/7/89 ALAN FINE

THE CHEMICAL Workers' Industrial Union (CWIU), which has already won from US-based Mobil a R6,5m payout for employees as compensation for disinvestment, yesterday met a senior company executive to discuss massive financing for a trust fund.

General secretary Rod Crompton confirmed the meeting in Johannesburg with Mobil international employee relations manager Don McLucas jnr, held to discuss "the two outstanding issues demanded to ensure a fair disinvestment procedure".

The second demand is for disclosure of the contents of the agreement of sale between Mobil and Gencor.

The union previously expressed its desire to establish a trust that would fund a variety of social projects. It has proposed the fund be financed by Mobil's 1989 SA dividends, estimated to be worth $10m after the double taxation imposed by the Rangel Amendment.

Crompton said the parties had agreed not to make public the contents of their "frank" discussions.

But, he said, McLucas had listened carefully to the union's views, and had undertaken to discuss them with his principals and respond by the end of the month.

McLucas could not be reached for comment.

62

Union, Mobil hold talks

Star 20/7/89

62

DURBAN — Chemical Workers Industrial Union representatives met Mobil Oil Corp international employee relations manager, Mr D McLucas jun, in Johannesburg yesterday to discuss the two outstanding issues in the union's demands for a negotiated and fair disinvestment procedure.

The union is demanding disclosure of the agreement of the sale to Gencor and the establishment of a trust fund with the 1989 dividends.

"Mr McLucas listened carefully to the union's views and undertook to discuss a number of points with his New York head office and to reply to the union by the end of the month," a union statement said. — Sapa.

Sanctions are not working – expert

'Marshall Plan' idea could aid SA blacks

Star 21/7/89

By David Braun, The Star Bureau

WASHINGTON — The West should look into some kind of Marshall Plan in which it could put money into education, housing and other social spending for South African blacks, a leading investment analyst has said on American television.

Mr Larry Kudlow, chief economist for Bear Stearns, appearing on an NBC special programme on the efficacy of economic sanctions against South Africa, said the South African economy had been performing rather well in spite of sanctions.

He said the Johannesburg Stock Exchange had been among the best performers in the world over the past 18 months. A lot of money was flowing into South Africa from outside the country by way of private capital inflows, even though the debt moratorium was being continued.

The capital inflow was in the form of investment money which foreign governments could not prevent or keep track of.

Mr Kudlow said that although the economy was performing fairly well in the circumstances, sanctions were very disturbing from the point of view of black South Africans.

Many of the companies which had been owned by American firms had been sold at bargain prices to local whites who had cut back on a lot of social welfare spending for black employees.

Furthermore, sanctions had strengthened the white far right, which could not be good news for the country's black people.

Mr Kudlow said: "So I don't see what great pressure sanctions have brought to bear on South Africa. South Africa is running a very large trade surplus, quite unlike Australia which has a similar commodity-based economy.

"White entrepreneurs have had a windfall from the departing American companies while thousands of black middle-class employees of those companies are not as well off as they were."

Not worked

62

He said the notion that economic sanctions would be destructive had clearly not worked. The prospects for the South African economy were decent and maybe even better than decent.

The better way to deal with South Africa, he said, would be to secure international co-operation. He would like to see some kind of quasi-Marshall Plan which would put money into the right channels for blacks, such as in housing and education.

Unionists bombed, receive death threats

CT 7/7/89

Own Correspondent

PORT ELIZABETH. — Prominent trade unionists in Uitenhage have been the victims of firebomb attacks which have left one dead. Several others have been threatened with death in the past week.

Mr Andile Sapotela, brother of Goodyear shop steward chairman Mr Joe Sapotela, was killed when Mr Sapotela's home was firebombed with a chemical substance at 1am on Thursday, a National Union of Metalworkers of South Africa official said.

A spokesman for Numsa said yesterday that the vice-president of the Congress of South African Trade Unions and Numsa official Mr John Gomomo and Numsa local co-ordinator Mr Jurie Harries had received death threats last week from "White Wolf No II".

At least four other leading Numsa personalities also received letters threatening them with death.

Numsa said in a statement that the killing and the threats could be linked to the 20-day-old strike at the plant over the terms of Goodyear's disinvestment and were part of organised attack on worker leaders and their organisations.

Mobil takes $140m charge

SIMON BARBER 62

WASHINGTON — Mobil has taken a $140m charge against its second quarter net income, which it attributes to losses stemming from the sale of its SA operations. B/Day 27/7/89

The company said its second quarter earnings fell to $401m on revenues of $14bn from $519m on virtually identical revenues in the same period last year.

The charge is an accounting device, and it is unclear whether it accurately reflects Mobil's losses on the sale of its SA refinery and other assets to Gencor earlier this year.

Excluding the charge, the company boasted a 4% rise in earnings over the second quarter last year to $541m. Even so, earnings in the first six months of 1989 were 22% behind the first half of 1988, at $830m.

Chevron, which with Texaco co-owns Caltex, the last US oil company active in SA, also reported a 22% drop in net income in the quarter. Its foreign operations were stagnant, returning after-tax profits of $136m, down from $138m a year ago.

New York Mayor Koch ... embarrassed by his links with South Africa.

Magazine exposes senator's SA links

62

Star 27/7/89

By David Braun
The Star Bureau

WASHINGTON — Serious questions regarding the sincerity of US senators' efforts to dismantle apartheid have been raised by an American magazine following its disclosure that 23 members of the legislative body hold shares in companies with links to South Africa.

Multinational Monitor reported that 12 Republican senators and 11 Democratic senators together held shares worth $4.2 million (R11.76 million) in companies that did business in or with South Africa.

Senator John Danforth, a Republican from Missouri, was the heaviest investor in South African-linked shares, holding stocks worth $1.4 million (R4 million).

Another Republican, Senator Malcolm Wallop from Wyoming, weighed in with the second largest stake in South African-connected companies. His shares totalled $861 000 (R2.4 million).

BLIND TRUST

A spokesman for Senator Wallop said nothing the senator owned personally could influence the way he voted on issues regarding apartheid because his share portfolio was in a blind trust.

Recently, the mayor of New York, Mr Ed Koch, an outspoken advocate of sanctions and disinvestment from South Africa, was severely embarrassed when it was disclosed that he held shares in South African-linked companies. He hurriedly [illegible] the investments

New York Mayor Koch ... embarrassed by his links with South Africa.

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Star 2/7/89

By David Braun
The Star Bureau

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STimes 30/7/89 (62)

Disinvestors lose out

By Richard Rolfe

LONDON — Two US corporations which recently sold out in SA report sharp setbacks in their quarterly earnings.

Mobil, one of the biggest US oil groups, sold its SA refinery and distribution interests to Gencor in April.

For the three months to June 30, its earnings fell from $519-million in the June quarter last year to $401-million. The company attributes the fall to a $140-million loss on the sale of the SA interests.

Mobil's quarterly revenue was unchanged at $29-billion.

Goodyear, the world's largest manufacturer of industrial rubber products, sold its SA subsidiary to Anglovaal's Consol. Its earnings in the June quarter were $27-million, down by 80% from the $135-million of a year ago.

Goodyear blames lower tyre sales in the US market for most of the $107-million drop, but $33,4-million resulted from the sale of its SA interests.

Legislation removing the double taxation agreement between the US and SA has lifted the marginal tax rate on subsidiaries of American concerns to more than 70%. It has prompted US investors to reconsider the value of their SA interests.

The size of the losses absorbed by Mobil and Goodyear lends credence to the view that Gencor and Consol bought the subsidiaries on favourable terms.

clamped a curfew on the market.

Union slams Mobil

Cit Times 7/8/89 62

JOHANNESBURG. — The Chemical Workers' Industrial Union (CWIU) says it cannot be satisfied that Mobil Corporation US has disinvested from South Africa in light of the company's refusal to release to the union a copy of the contract of sale of Mobil SA.

Union still in conflict with Mobil

The Chemical Workers' Industrial Union (CWIU) said today it was not satisfied that Mobil Corporation had disinvested from South Africa in the light of the firm's refusal to release a copy of the contract of sale to the union.

A CWIU spokesman said the US multinational had formally refused to release a copy of the sale contract in a letter last week to the union, which had followed a meeting between Mobil and the CWIU in Johannesburg on July 19.

Mobil had also told the union it would repatriate $165 million to the US and not release any of it to a union-nominated social responsibility trust fund, the spokesman said.

The spokesman said Mobil had persisted in its refusal to give a portion of its profits to a union-nominated trust fund.

"In Mobil's view its conscience is satisfied by making monies available to the Mobil Foundation over the next five years."

This contribution was "scant repayment for 92 years of exploitation of South Africa's workers", he said.

Mobil should further note, he added, that South African workers had the right to decide what constituted socially responsible investment and they did not accept the right of companies "unilaterally to decide in a paternalistic fashion" what was good for workers.

"We certainly will not trust the decision of what is socially responsible to a company which reneged on promises relating to security of employment and negotiation of disinvesment procedure, and which provoked, prolonged, and continues to prolong this dispute," the spokesman said.

He said the issue would be referred to union membership for discussion.

"Until it is proved to the contrary, we will continue to believe that Mobil retains some non-equity ties with its former subsidiary. Mobil therefore remains within the ambit of our disinvestment campaign." — Sapa.

62 STAR 7/8/89.

Mobil holds back

MOBIL SA will not hand over a copy of the sale contract between itself and Mobil US to the Chemical Workers Industrial Union because it is simply not ethical, a Mobil SA spokesperson said yesterday. Sowetan 10/8/89

"It also does not affect the union at all," she said. 62

A CWIU spokesman said the union was satisfied with its deal with Mobil SA, which ensures work for the next year.

Massive US and Canadian investment planned for blacks

Star 12/8/89

JABULANI SIKHAKHANE

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

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

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

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

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

Managerial talent

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

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

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

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

US poised to back black business

(62) B/Day THEO RAWANA 15/8/89

THE US Agency for International Development (Usaid) is looking into the possibility of a private venture capital company to invest in SA black business.

US embassy Press information officer Barrie Walkley said yesterday Usaid believed this would enhance blacks' participation in the SA economy and assist them to assume greater control over their own economic destinies.

"Usaid is in the final stages of selecting a black-controlled SA consulting firm to assist in investigating specific issues related to the feasibility of possible US assistance in forming a private company to invest in black business (in other words, a private venture capital)," said Walkley.

He said Usaid's interest in such a project reflected a conviction that SA's capital markets could be an important ingredient in black participation in the economy.

"The current stage of pre-feasibility investigation focuses broadly on the feasibility of venture capital to the black entrepreneurial market. Lack of capital is an unquestioned obstacle to black business; whether venture capital is the best means of addressing this hurdle is a wholly separate issue," said Walkley.

He said the present study was to investigate the needs and characteristics of the "emerging black entrepreneur".

"The US embassy emphasises the preliminary nature of this study," Walkley said.

Race row over sacking of 2

Sowetan 17/8/89

By LEN MASEKO

AMERICAN multi-national Colgate Palmolive is embroiled in a racial row over the dismissal of two black employees for alleged "gross negligence" at the company's Boksburg plant.

The Chemical Workers Industrial Union, which represents the two boiler attendants, claims that its members were dismissed for the "gross negligence" of their white foreman.

The two are Mr Petros Mabuza, a shop steward, and Mr Milford Amos.

A union spokesman said: "This highlights inconsistency on the part of

Foreman is to blame says union

management in deciding the penalty for different racial groups.

"Workers believe that this action is a violation of company policy on 'Equal and Fair Employment Practices' for all employees irrespective of colour, sex and race."

The CWIU is to challenge the validity of the dismissals in the Industrial Court. The union's application will be heard early next year.

The company's industrial relations manager, Mr Walter Skosana, said the dispute will be decided by the court. He declined to comment any further.

A CWIU spokesman said the conciliation board had failed to resolve the dispute between the two parties. The board had also failed to temporarily reinstate the two workers pending the final determination of the matter in court.

Management, he said, had hinted that it was prepared to compensate the two instead of reinstating them.

"Recently a white man slapped and pulled a gun on a black man on the company premises and the white man got away with a warning," the union spokesman said.

Church votes to sell SA stock at R229-m loss

ARGUS 29/8/89 62

From RAMSAY MILNE
The Argus Foreign Service

NEW YORK. — After a hotly contested debate among its laity and clergy, the Evangelical Lutheran Church in America has voted to sell all its stock in companies doing business in South Africa by September 1 1991 — posing a loss of $84,9-million (about R229-million) in direct South African investment among the church's total pension fund investment of $1,6-billion (about R4,32-billion).

In a heated debate at a special meeting in Rosemont, Illinois, yesterday, Bishop William Lazareth of New York seemed to carry the debate when he declared: "Prudence is a Christian virtue, and I'm not going to listen to pagan lawyers tell me how to be a prudent Christian."

In an equally emotional address, Bishop Harold Jensen of Washington declared: "It's a matter of outrage. We can't deal with it simply on a rational basis."

THIRD LARGEST

Though several Protestant churches, particularly the Episcopal Church, the United Church of Christ, the Church of the Brethren and the Quakers, have applied strong disinvestment policies, none has yet voted to sell all its holdings in companies doing business with South Africa.

The church has 5,3-million members, making it the third largest denomination in America.

Before the vote, which was carried overwhelmingly, members were warned by an investment specialist, Mr John Kapanke, who heads the church's pension fund, that constraints on investments "could jeopardise them and increase risks", including the possibility of a law suit accusing the church of violating its fiduciary responsibility.

His view was endorsed by the Rev Elvin Bjork, of Salem, Oregon, who said: "We should not fight our social battles with other people's money."

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US firm to quit

ARGUS 29/8/89 (62) 89/33

The Argus Foreign Service

NEW YORK. — In yet another US withdrawal from South Africa, Raychem Corporation announced today its South African subsidiary, Sigmaform (South Africa) Pty, is to sell its holdings to Electric Cable Accessories.

Raychem spokesmen did not disclose the terms of the sell-out, but said the transaction would provide "substantial" protection for the rights and benefits of all its employees in South Africa.

JOINT VENTURE

Electric Cable Accessories is a joint venture between Aberdare Cables Africa and J Illman and Co (Pty), a subsidiary of Berzack Brothers (Holdings).

Sigmaform Corporation develops, manufactures and markets heat shrinkable systems for the electrical, transportation, telecommunication and utility industries.

US Lutherans vote for disinvestment

Cit Tn 30/8/89

62

ROSEMONT, Illinois. — The Evangelical Lutheran Church in America voted overwhelmingly on Monday to sell all stock in companies operating in South Africa by September 1, 1991, despite objections that the church could lose money.

"Prudence is a Christian virtue and I'm not going to listen to pagan lawyers tell me how to be a prudent Christian," said Bishop William Lazareth of New York City, who supported the deadline.

An estimated 85% of the 1 041 delegates voted for the deadline in a show-of-cards vote. At stake was the church's $1,6 billion (R4,3b) pension fund, of which $84,9 million is invested in companies doing business in South Africa.

The meeting is the first since the 1988 merger of the Lutheran Church in America, the American Lutheran Church and the Association of Evangelical Lutheran Churches.

The divestment move is aimed at pushing South Africa to end apartheid. Several Protestant denominations have had strong divestment policies, but none has sold all its holdings. — Sapa-AP

Troubled Fintech uses NCR stake to build again

S/Times 3/9/89 (62) (8)

By Ian Smith

ALTRON'S troubled Fintech has taken advantage of its 50,1% stake in US disinvestment casualty NCR to streamline all its information technology operations.

Long and difficult negotiations have resolved the conditions which remained after the deal was announced last April, and the purchase price has been settled at R28,4-million, paid by the issue of new Fintech shares.

Altron has picked up the renounceable letters, lifting its direct stake in Fintech from from 40% to 54%.

Investors will hope that this sign of confidence and the muscle from NCR, which is said in the market to be looking at turnover in the year to November of R200-million, will rally support for Fintech stock.

Heady

The share has languished since problems surfaced in subsidiary Punch Line and it is now not far off the year's low at 1 350c — less than half the high point of 3 100c in February and a far cry from the heady pre-crash days of 8 500c.

With Punch Line apparently back on course after its first restructuring earlier this year, Fintech executive chairman Neill Davies apparently believes the group is ready for its second dose of medicine.

Shareholders will be asked to approve the sale of the trading operations of its office automation group to subsidiaries of Punch Line for about R46-million cash, effective from July 1.

NEILL DAVIES ... putting it together

The subsidiaries acquiring the business will be committed to payment of fees for the right to use the intellectual property. This will effectively provide Fintech with assured revenue of about R2-million a year.

The busineses sold by Fintech will continue to trade under present names and management.

Finance

Punch Line will also acquire Altron's equity-accounted interest in Technology Acceptances, a finance company primarily serving Fintech and Punch Line customers, for about R800 000 cash.

Fintech says: "Much progress has been achieved under the management of Punch Line to restore it to former levels of profitability in due course, once the full rationalisation programme has been completed."

Caveats preclude the inclusion of NCR in the restructure and it will remain a directly held subsidiary of Fintech.

But the main activities of the two listed companies should be merged as far as possible into a single, clearly identifiable trading and listed entity.

The directors believe these moves will streamline and consolidate the group's trading activities.

"Fintech now comprises two separate, strategic business units — the consolidated office automation and microcomputer trading activities under Punch Line, and the mainframe, multi-user computer operations under NCR (SA), which will be renamed National Data Systems."

Logo

The renamed company will, however, have the right to use the NCR logo and trademarks in Southern Africa for 12 years.

No details of NCR (SA) financial performance have been disclosed, but Fintech says it has a record order book — which augurs well for the period beyond the end of the current year in November.

The company will continue to specialise in mid-range Unix and minicomputers and banking and retail computer systems. It claims to be the world leader in automated teller machines, point-of-sale and electronic funds transfer products.

Mr Davies says: "This major acquisition will enhance Fintech's already strong position in the local information technology industry by extending its mainframe and multi-user computer capabilities."

62

First major test of US laws barring investment in SA

SIMON BARBER

WASHINGTON — US anti-apartheid activists have scored an important victory in the first major court test of state and local laws barring public investment in companies with business ties to SA and Namibia, but the case could now go to the Supreme Court.

The Maryland Court of Appeals on Tuesday upheld Baltimore's 1986 divestment ordinance requiring the city's pension fund trustees to sell stock in SA-linked companies.

The trustees filed suit against the law in 1986, saying it required them to violate their fiduciary responsibilities, contravened the Federal Constitution and illegally delegated authority to a private anti-apartheid organisation, the Africa Fund, to determine which investments had to be sold.

City Council attorney Russell Frisby said the judgement "will clearly have national impact".

"Hopefully, this decision will put an end to questions of whether or not divestment ordinances are constitutional".

George Nilson, acting for the trustees, said he would discuss with his clients tomorrow a possible appeal to the Supreme Court.

"From a legal point of view, it's the kind of case the Supreme Court would review."

Divestment

System deputy director Tom Taneyhill said yesterday more than 30% of the retirement system's $1,5bn portfolio wasaffected by the law.

No divestment has yet taken place.

The Appeals Bench, reaffirming a lower court decision in 1987, found that beneficiaries would not be harmed.

It also said that the Africa Fund's list of tainted companies was to be used only as a non-binding "guide" to trustees and did not therefore usurp their authority.

SAB landed Amcham's former executive director

BDay 12/9/89. (62)

TANIA LEVY

AMERICAN Chamber of Commerce (Amcham) former executive director, Adrian Botha, has taken up a position as SA Breweries (SAB) public affairs manager.

● BOTHA

Idasa national co-ordinator Wayne Mitchell takes up Botha's vacated post at Amcham from October.

Botha said his move was prompted by a "fantastic job offer" from SAB and was not a vote of no confidence in Amcham.

"Amcham undoubtedly still has a definite role to play in SA despite US sanctions and disinvestment," Botha said.

About 130 US companies remain in SA after 160 US subsidiaries have pulled out over the past six years.

Amcham president Ian Leach said disinvestment had obviously affected Amcham with about 15% of member companies resigning over the past two years.

However, new members had been attracted to join the chamber with SA companies comprising 75% of the 200-strong membership.

Leach said US sanctions and disinvestment had not rendered Amcham redundant but had, in fact, strengthened its resolve.

Disappointing

"Now, more than ever, Amcham has a mission — to fight against sanctions," he said.

Botha's departure was obviously disappointing but he left with the chamber's best wishes and understanding that he had secured an excellent job at SAB.

Leach said Amcham had been fortunate to secure Mitchell as Botha's replacement.

"He has excellent experience in lobbying against sanctions in the US, a sound administrative background and familiarity with SA's political and business scene," said Leach.

Caltex gives R10 000 to Klawer Fund

Argus 14/9/89 (62)

By SHARKEY ISAACS
Staff Reporter

CALTEX South Africa has given R10 000 to The Argus Klawer Disaster Fund.

The cheque, the biggest so far, has sent the fund soaring to R13 512,50.

Mr Moegsien Harris, Caltex co-ordinator of social responsibility programmes, Western Cape, said: "Caltex is committed to a programme of helping educational, welfare training and advancement of disadvantaged communities.

"Our gift will help to bring some relief to those rural farm-worker families who have been hard hit by the tragic accident.

"There is no doubt when a tragedy like the lorry disaster hits a poor farming community like the one at Klawer then its affects us all.

"All of us feel deeply moved by the tragic loss of life and the bereavement suffered by the families."

He described the gift as "a small token to assist the families of all those affected, including the survivors".

Accepting the cheque on behalf of the fund, the editor of the Argus, Mr Andrew Drysdale, said he hoped it would encourage other companies to contribute to the fund.

At least 40 people died last Wednesday when a lorry laden with rural contract workers, their relatives and a farmer crashed through safety railings on a bridge spanning the fast flowing Olifants River and plunged into the water near Klawer.

Only 12 half of the passengers, mostly women and children, were saved.

The fund was launched by The Argus with a gift of R1 000. An additional R200 was given by the community newspapers The Plainsman, Athlone News, Southern Mail and Northern Echo. Mail-room staff of The Argus also raised R245,50.

Yesterday gifts from 46 readers boosted the fund by R2 067.

People who want to contribute to the fund should send donations to: Klawer Disaster Fund, P O Box 15399, Vlaeberg 8018.

Star 14/9/89. (62)

Malbak buys Wyeth as US parent quits

Tom Chalmers

By Ann Crotty

Another Malbak acquisition and another US disinvestment. This time around it's pharmaceutical group Wyeth-Ayerst.

Yesterday Malbak said it had bought an 80 percent interest in the infant food and ethical drugs producer from its US parent, American Home Products Corporation.

The acquisition will not have any immediate material effect on earnings, dividends or the net asset value of Malbak ordinary shares.

In what seems to have become customary with US disinvestments, detailed information is fairly thin on the ground because of sensitivity over the issue.

But industry sources say Wyeth-Ayerst's turnover is around R80-R90 million a year.

Working on the assumption that operating margins are in the region of 15-20 percent and allowing for tax and interest payments, a price-tag of R70-R80 million seems to be on the cards.

The SA company will continue to pay royalties to its former parent.

The name will be changed, but Wyeth will have continued use of its existing brand names.

Malbak executive director Tom Chalmers would not comment yesterday on the turnover level or the price paid, saying the matter was sensitive.

But he did say a technical knowhow agreement had been signed with the US group.

The deal will give a significant boost to Malbak's pharmaceutical activities, lifting annual turnover to above R200 million.

Mr Chalmers said: "Wyeth-Ayerst is well-managed, financially sound and already holds a major share of its principal markets.

"We believe that under Malbak's ownership, its considerable potential for continued real growth in financial as well as operational terms will be fully realised."

The trend has been for local operations to perform well once they have been released from US owners who tend to be ambivalent about having an operation in SA.

This ambivalence makes them reluctant to invest resources to ensure that the asset is maintained at its most efficient level.

The existing management team will continue to run the business.

Although released from strict adherence to the Sullivan code, Mr Chalmers says that basically Malbak does adhere to it.

Wyeth-Ayerst's major areas of interest are infant nutritional products (including SMA), hormone drugs and oral contraceptives (including Loganin).

Malbak has been in contact with Wyeth-Ayerst for a number of years. It bought an East London production facility from Wyeth about three years ago.

due to their campaign ... sanctions against South Africa?"

Mr G Godfrey, Gardens: "This summer we wish to peace walk our dogs unleashed on our beach-

Goodyear workers get cash bonanza

CAPE TIMES 15/9/89

62

Own Correspondent

JOHANNESBURG. — Goodyear employees have won a cash bonanza which could average R6 000 each, and the company has also agreed to write off, over five years, housing loans to employees worth R3 000 to R5 000.

The deal arises from the settlement, announced yesterday, of the 11-week-old strike by 1 200 Numsa members over the terms of disinvestment of Goodyear's former US parent.

It also includes guarantees on employment conditions, jobs and union contracts, and effectively nullifies the dismissals during the strike.

The agreement provides that employees should return to work by Monday, although a number began streaming back to the Uitenhage factory yesterday.

According to Numsa, the cash payments are to be paid out through the company pension fund.

Each employee is to receive a one-off R1 000 payment as "compensation". Goodyear said it was to pay this money into the fund.

In addition, employees will be entitled to withdraw double their own contributions plus interest back to the date of their last entry into the fund. Numsa national organiser Mr Gavin Hartford said this would average R4 500 to R5 500 per person.

● Goodyear disinvestment was thinly disguised "corporate camouflage", Numsa said yesterday.

Lambasting the company and other large corporations, the union said in a statement that multinationals disinvesting from SA had tried to portray themselves as allies of the anti-apartheid struggle.

Numsa's experience with Goodyear had, however, revealed that this was not true.

Strike over disinvestment settled

Employees at Goodyear win cash bonanza

BDay 15/9/89. (62)

ALAN FINE

GOODYEAR employees have won entitlement to a massive cash bonanza which could average R6 000 each, and the company has also agreed to write off housing loans to employees worth R3 000 to R5 000 over five years.

The deal involving 2 600 employees arises from the settlement, announced yesterday, of the 11-week strike by 1 200 Numsa members over the terms of disinvestment of Goodyear's former US parent.

It also includes guarantees on employment conditions, jobs, and union contracts, and effectively nullifies the dismissals technically carried out during the strike.

A union spokesman says Numsa members have "succeeded in defending and advancing the gains made at Mobil" where 2 800 employees won a R6,5m disinvestment package in June.

The agreement provides that employees return to work by Monday, although a number have begun streaming back to the Uitenhage factory. The company expects to be back to full production within a week.

A company spokesman said the guarantees were given, and housing scheme improvements proposed, at the time of the announcement in June of the sale of the company to Consol.

According to details supplied by Numsa, the cash payments are to be paid out through the company pension fund. Each employee will receive a once-off R1 000 payment as "compensation". Goodyear says it will pay this money into the fund.

In addition, employees will be entitled to withdraw double their own contributions plus interest back to the date of their last entry into the fund. They may alternatively transfer their benefits to a new provident fund whose establishment was agreed to in principle before the dispute.

Numsa national organiser Gavin Hartford says this will average R4 500 to R5 500 a person. A Goodyear spokesman has been unable to supply an estimate, but says he doubts the figure is that high.

Furthermore, it has been agreed the actuarial reserve, which includes pre-1985 employer contributions, will be calculated for employees back to the date of their first entry into the fund. These amounts will then be transferred to a new provident fund still to be established.

Most black Goodyear employees withdrew their contributions from the fund in the mid-1980s, and then rejoined.

A Goodyear spokesman says the company has become "increasingly concerned about the future welfare and retirement plans of some employees who have made two withdrawals from the pension fund in recent years".

The R1 000 payment is apparently a bid to discourage further withdrawals.

The other major financial benefit for employees will derive from improvements to Goodyear's housing scheme.

The company spokesman was unable to say last night how many employees already participated in this scheme.

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Goodyear bonanza

BDay 15/9/89 (62)

☐ From Page 1

Beneficiaries of the scheme, which is open to all employees, will be required to pay only 8% interest on the outstanding amount with the company bearing the capital repayments.

Employees have been guaranteed no retrenchments for 12 months, and that wages, benefits, other employment conditions, and social responsibility programmes will be maintained at at least their present levels for the same period.

Hartford maintains Goodyear's disinvestment cannot be seen as an anti-apartheid move since Ohio-based Goodyear is maintaining a licensing contract and will continue to transfer technology.

S/Times 17/9/89

62

Pension folly

By Robyn Chalmers

GOODYEAR employees may not benefit as much as they hope from a settlment in their favour.

Pension industry spokesmen call it extremely dangerous.

The agreement ended an 11-week strike in protest against Goodyear SA's American parent company selling its majority share ownership to Consol, a member of the Anglovaal group.

The National Union of Metalworkers of SA (Numsa) and Goodyear reached a compromise this week.

The agreement has been likened to one reached at Mobil whose employees gained a R6,5-million disinvestment package.

Goodyear will pay R1 000 for each of the 2 600 employees into the pension fund. They will be entitled to withdraw this amount, plus double what they have already accumulated in the fund, and either transfer it to a provident fund or use it.

Goodyear is thus paying R2,6-million into the fund. Workers will not receive a bonanza when they withdraw their funds because they will really receive only their own money.

Spokesmen in the pensions industry warn that using the pension fund for a payout is a dangerous practice, and could leave employees virtually penniless when they retire.

Although the actuarial reserve, which includes employer contributions before 1985, will be calculated and transferred into the provident fund, pension experts believe employees are playing with fire.

One spokesman describes it as madness, and says pension funds are governed by strict rules to prevent this type of thing from happening.

The rand's world value

	R1 equals 15/9 /89	R1 equals 15/9 /88	One foreign unit equals (R) 15/9 /89	One foreign unit equals (R) 15/9 /88
US $	0,3539	0.4072	2,8252	2,4552
UK £	0,2275	0,2430	4,3947	4,1160
Deutschemark	0,6988	0,7653	1,4310	1,3067
Japanese yen	51,92	54,76	0,0193	0,0183
Swiss franc	0,6030	0,6454	1,6584	1,5494
French franc	2,3561	2,6037	0,4244	0,3841
Canadian $	0,4194	0,4988	2,3843	2,0048
Italian lira	501,47	570,73	0,0020	0,0017
Zimbabwean $	0,7877	0,7555	1,2695	1,3236
Australian $	0,4549	0,9134	2,1983	1,9478

Trade weighted value of rand, % change against 1974 base 37/66

Domestic interest rates

MONEY MARKET

	Friday 15/9 /89 %	Friday 8 /9 /89 %	Friday 1 /9 /89 %
SARB accommodation: rediscount rate TBs	17,00	17,00	17,00
Treasury bill tender rate	17,14	17,12	17,19
Basic call of discount houses	17,00	17,00	17,75
Three-month banker acceptances	17,35	17,40	17,40
Three-month NCDs	18,25	18,35	18,35
Three-year RSA stock	15,73	15,94	15,88
Prime overdraft rate	20,00	20,00	20,00
All-in yield of finest acceptance credits	18,34	18,40	18,40

CAPITAL MARKET

SECONDARY MARKET — RATES ON MOST TRADED STOCKS

	Average Previous Month	As on Friday
Long-term RSA stocks	17,17	16,79
Long-term Escom stocks	17,08	16,72

Best sections this week

	Av % Mv	Av D/Y	Av E/Y
Food	2,9+	4,7	13,8
Insurance	[illegible]	4,7	13,0
Banks and Fin Serv	1,4+	7,3	18,4
Development Capital	1,1+	5,2	14,7
Coal	0,8+	[illegible]	[illegible]

Overall market this week

(Ordinary Shares Only)

	Mining	Non-Min	Total
Volume	9 152 383	24 791 443	33 943 826
Value traded	R205 384 812	R109 708 719	R315 093 530
Up	27	136	163
Down	77	155	232
Unchanged	49	296	345
Number traded	135	483	618
New highs	2	40	42
New lows	5	19	24

London gold

	am	pm
Monday	$358,10	$358,35
Tuesday	$358,95	$358,60
Wednesday	$358,80	$358,50
Thursday	$359,80	$361,60
Friday	$359,65	$355,75

JSE Actuaries Index

	THIS WEEK	LAST WEEK	WKS% MOVE
OVERALL	2731	2767	1,3-
MINING PROD	2732	2765	1,2-
COAL	2301	2278	1,0
DIAMONDS	10704	10903	1,8-
ALL GOLD	1559	1570	0,7-
RAND&OTHERS	491	497	1,2-
EVANDER	1425	1465	2,7-
KLERKSDORP	5016	5027	0,2-
O.F S	768	790	[illegible]
FINANCIAL	1629	1644	0,9-
BANKS&OTHER	1385	1402	1,2-
INSURANCE	1191	1185	0,5
INV TRUSTS	1827	1907	4,2-
PROPERTY	378	377	0,3
PROP TRUST	161	160	0,6
INDUSTRIAL	2735	2769	1,2-
IND HOLDING	2837	2929	3,1-
BEV,HOTL,LES	4772	4726	1,0
BUILD&CONSTR	1917	1932	0,8-

disinvestment in 1988, though Hillsam re-

See Page 12

Goodyear: R7,5m withdrawn

ALAN FINE

MORE than 1 500 Goodyear employees have withdrawn an estimated R7,5m from the company's pension fund, in terms of the deal struck with Numsa two weeks ago to end an 11-week disinvestment strike.

A Goodyear spokesman said yesterday said more than 60% of the 2 500-strong workforce — including a large number of non-Numsa members — had so far made the decision, although employees had until November before the offer closed.

The agreement included a provision that employees were entitled to withdraw double their own accumulated contributions plus interest, and the company paid into the fund another R1 000 per worker.

The pension fund declined to give the total value of the withdrawals, but it was estimated the individual entitlements would average R5 000. It appeared many were withdrawing to service arrear mortgage payments.

The settlement also included guarantees on job security, working conditions and union contracts, and an improved housing scheme whereby employees are liable to repay only 8% interest on loans while the company writes off the capital amounts of

To Page 2

Goodyear

From Page 1

BDay 26/9/87.

R3 000 to R5 000 over five years.

The spokesman said the company was bringing in outside insurance experts to give counselling to employees on what would be the best course of action for them.

At the time of the settlement Goodyear management expressed concern about the future welfare and retirement plans of employees.

It had previously been agreed in principle that the pension fund be converted to a provident fund. In the settlement the parties agreed that the actuarial reserve of the pension fund following the withdrawals is to be used as initial financing for the provident fund, the rules of which are still to be negotiated.

The Ohio-based Goodyear corporation sold its SA subsidiary to Consol in a R176m deal which took effect on July 1.

Sunday. With him is the group's manager, Christine Connor.

Goodyear changes name

62

From PAT CANDIDO
Argus Bureau

26/9/89

PORT ElIZABETH. — Goodyear Tyre and Rubber has changed its name to Tycon.

The company, which was bought by Anglo Vaal subsidiary Consol, will continue to produce Goodyear and Kelly tyres and a wide range of rubber products at its Uitenhage plant in terms of a technology agreement with Goodyear in the United States.

Three Consol executives have joined the board of Tycon. They are Consol managing director Mr P J Neethling, who is chairman, Mr H Stroh and Mr K H Forgan. They replace Mr Basil Hersov, Professor Nic Wiehahn and Mr E Mafuna.

Meanwhile, more than 1 500 of the company's employees have withdrawn R7,5-million from the company's pension fund in terms of a deal struck with Numsa two weeks ago.

The agreement included a provision that employees were entitled to withdraw double their own contributions, plus interest. The company would also pay R1 000 a worker into the fund.

Black US business seeks openings in SA

B/Day 2/10/89

(62)

THEO RAWANA

THE president of Soft Sheen Products, the sixth largest black-owned company in the US, is looking for black SA businessmen interested in taking out a licence to manufacture its hair-care products in SA.

Gary Gardner, who heads the $85m-a-year company, will attend the Matchmaker Services conference in Johannesburg tomorrow. The conference will be attended by consultants, buying executives and entrepreneurs engaged in small business development.

Chicago-based Soft Sheen has been an innovator in the hair-care products arena for 25 years and is said to have been a major economic and political force in that city for 10 years. Now Soft Sheen is expanding to other continents, seeking to turn into a global market force.

In a telex informing the US Foreign Commercial Services of Gardner's visit, senior US government spokesman Das de Marino said: "I regard Gardner's offer as a breakthrough in the US government's attempts to involve the American private sector in assisting in the economic empowerment of black South Africans."

The seminar will handle such themes as: a practical approach to setting up deals between big and small business, identifying entrepreneurs, matching opportunities with capabilities, venture capital formation and financing small business, and bankers' expectations and relationships.

Speakers include Andrew Rolfe and Terry McLaughlin of the SBDC, Phil Khumalo of Business Challenge, Kobus Visser of the University of the Western Cape, Evert van Dijk of the University of the North, Lin Anderson of Get Up Lending Trust, Eddie Johnstone of First National Bank and Lot Ndlovu of the Black Management Forum.

...service at San Gregorio church, Rome. ... embraces Pope John Paul during a

Picture: REUTER

Apple back on computer shelves

BDay 7/10/89

TANIA LEVY

APPLE computers will officially be back in SA within a year, according to Strider Group MD Gerry Aab.

"In reality Apple is already here," Aab said, speaking at the opening of the group's new Woodmead offices.

Aab said that although the US group was still reticent about specific future moves, the group felt an announcement had to be made that Apple Macs and software would be freely and fully available in SA.

Aab said despite sanctions and the departure of every US computer company from SA, Apple Macintosh would continue to be available and fully supported by The Strider Group, SA's biggest and most experienced Apple distributor.

He said the group's recent sale of 400 Macintosh computers to Auto & General marked the biggest SA sale in the product's history. (62)

The Strider Group has been appointed the official SA supplier of more than 20 Apple-related products and more were being signed up each week, Aab said.

US firm sells its SA assets

STAR

10/10/89

PITTSBURGH — USX Corporation said yesterday that it had sold all of its equity interests in South African companies.

The oil and steel concern withheld the identity of the buyers and the sale price.

Shareholders submitted a resolution earlier this year that USX sell its holdings in South Africa. They withdrew the resolution after management said that sale negotiations were under way.

(62)

USX held a 21 percent stake in Associated Manganese Mines of South Africa Ltd, a 45 percent stake in Feralloys Ltd and a 46 percent stake in Prieska Copper Mines Ltd.

The companies produce iron ore, manganese ore, chrome ore, zinc concentrates and ferro-alloys. — Sapa-AP.

Trans Hex buys Rio Tinto ore stake

62

Cape Times 9/10/89

JOHANNESBURG. — Rio Tinto has sold to Trans Hex its total beneficial interest in an ore deposit in the north west Cape Province for an undisclosed cash sum.

The statement issued by both companies at the weekend said the property has been fully researched and holds the potential of being brought into production within two to three years.

It is expected to become an important producer in SA of tin and wolfram (tungsten) concentrates and, to a lesser extent, zinc concentrates.

Details of this essentially cash transaction are being finalised and Trans Hex will inform its shareholders in this regard as soon as possible.

Shareholders are advised to deal circumspectly with their shareholding in the company.

BIDay 13/10/89

Survey shows who retains SA holdings

SIMON BARBER

WASHINGTON — The Investor Responsibility Research Centre's latest survey shows that 440 non-US nationals have direct investments in SA, 124 more have non-equity ties such as licensing and distribution agreements, and 130 have disinvested since 1984.

The pace of disinvestment has declined this year. At least 26 multinationals, including US giants Mobil and Goodyear, have pulled out since January 1, compared with 55 in 1988 and 96 in 1987.

62

Active

West German companies have paid the least heed to disinvestment pressures. Since 1984 24 have left — only two following suit this year — and 137 remain. The top four, Volkswagen, Daimler-Benz, Philipp Holzmann and BMW between them employ 20 400.

Britain leads the league with 172 firms still active in SA, including largest single employer Lonrho with "at least" 10 030 employees in 70 subsidiaries. Since 1984 76 British companies have departed, 12 of them in 1989.

Of the 131 US firms retaining direct investments, none are among the top 20 employers.

Kodak film available despite firm's pull-out

By Louise Burgers

62

Kodak film is still available in South Africa despite disinvestment by the film giant nearly three years ago and an intensive campaign to close down "back door" suppliers, The Star has established.

The general manager of the photographic division of South African Druggists, Mr Oscar Abramovitz, said the film brand was available at most pharmacies and photographic stores since the pull-out.

"A group of us ex-Kodak people got together and decided to find other ways to continue importing the film. Its part of the whole sanctions busting routine."

Mr Abramovitz said Eastman Kodak in New York was continually trying to close down the rebel suppliers overseas. Star 4/10/89

"They are keeping an eye open all the time and have closed off some of our suppliers, but there are always dealers out there who want to sell."

62

GILLETTE 'RESTRUCTURING'

Cutting edge

Departing foreign investors will no doubt be taking note of the cost of the exercise following the deal struck between Gillette USA and Cosatu's Chemical Workers Industrial Union (CWIU).

The union has described it as the "best ever for SA workers" and provides the example of a 36-year-old worker earning R1 200 a month (with 18 years at the firm) who will take out R26 000.

However, Gillette MD John Ford says it is too early to calculate exactly what the retrenchment deal will cost the firm — but, he says, it is expensive.

The package includes up to two months' notice depending on age and length of service; 12 days pay a year of service; and repayment of pension credits including employer contributions and interest. The union says workers will get between R5 000 and R35 000.

Technically, however, Gillette is not disinvesting. FMail 3/10/89

It has sold its Springs factory to a local firm, Twins Pharmaceutical Holdings, and will move to offices in Bedfordview from where it will distribute and market its imported products. A Twins spokesman says: "Products will continue to be manufactured at the Springs plant. These include all the products currently manufactured there (toiletries and Jiffy bags)." He says Twins bought the plant and has agreed to employ 100 of the work force currently working there in terms of an agreement with Gillette.

This means that jobs for 50 employees will not be offered — though Ford says the redundancy offer is open to all. He says the firm will shut the blade manufacturing plant which brought in less than 20% of turnover; of 250 workers currently employed, 100 will be offered work at the new offices.

Ford adds that the move is part of rationalisation in up to 10 countries — and both the union and Gillette agree that this is not disinvestment in the usual sense.

As an "inducement" for the 100 workers to take up the Twins job offer, Gillette has offered two months' salary which the union says works out at an average of R3 000. Gillette has also guaranteed that all current conditions of service will be maintained for 18 months.

Ford says about 15 workers were already in the age and service group where they would have been pensioned off in the next two years.

CWIU organiser Nelson Mthombeni says more than 50 employers could take the offer. The package followed deadlocked negotiations over retrenchments: "In the middle of this, the company suddenly said events had overtaken them and that they wanted to talk disinvestment. Then we drew up the agreement."

Later, all agreed to drop the term "disinvestment" in favour of "restructuring." ■

Fmo

Incorrect information on Gillette sale

62

IN A report yesterday headlined "Gillette sells off SA assets" Business Day stated that Oral-B had been included in the sale of Gillette USA's SA assets. Business Day was reporting on erroneous information provided by a spokesman for Gillette USA; Oral-B is, in fact, not part of the deal.

Business Day also inferred that the entire Gillette factory involved in the manufacture of the Minora twin-blade would be shut down. In fact the factory will be sold to Twins Pharmaceuticals, though Gillette SA will discontinue the manufacture of the blade, which will now be imported.

Without the inclusion of Oral-B, the move represents the sale of just over 50% of Gillette USA's assets in SA, and not 100% as stated. The errors are regretted.

BRENT MELVILLE

B Day 10/10/85

(62)

Machinery set up for a major export drive

Finance Staff

In response to the debt recall by its major lenders and sanctions by the US, South Africa has embarked on an export drive.

Dr Stef Naude, Director-General of the Department of Trade and Industry, says the Government and the private sector are working very closely to restructure export potential.

"My department has established 32 offices around the world, which cost a lot of money to keep operational. If staff members do not perform, they will be recalled immediately.

"We are looking for results and my core team is of a very high calibre. We expect our staff members worldwide to back up their expertise with results.

"I have travelled abroad and talked to many businessmen and government officials in countries that South Africa has never traded with before," he says.

BUSINESSMEN

"Unfortunately I am not in a position to divulge who I have been talking to or where I will shortly be leading a team of prominent South African businessmen to.

"But suffice to say it encompasses a wide spectrum of socialist-oriented countries.

"Our efforts to foster trade with Southern African countries have been singularly successful and we expect some major advances in the region.

"Our economy is by far the largest on the continent and the pragmatism that is sweeping across sub-Saharan Africa should lead to a whole new wave of economic development, if the political support to boost this is forthcoming."

He says traditional export markets will remain, but that as an exporting country South Africa is beginning to flex its muscles.

"We have a wealth of business, financial and industrial talent and are now devising ways and means of using this to our and our neighbours' advantage."

ACADEMIC

Mr Naude, an academic in mercantile law, was chairman of the Competition Board prior to his appointment to the Department of Trade and Industry.

He was largely responsible for the legislation dealing with the introduction of the Close Corporation Act.

"I am a firm believer in keeping it simple. Civil servants must not be obliged to get bogged down in a plethora of paper work.

"The Close Corporation idea was designed to allow potential businessmen more freedom to succeed with their entrepreneurial designs.

"This is the way that South Africa will succeed in building up its exports.

"We in the department are totally committed to assisting business to export.

"The more we can cut out excessive paperwork, the more successful will this country be in flooding the world's markets with Made-in-South Africa labels."

BUSINESS DAY, Friday, December 1 1989 3

Two US firms paid SA workers below 'minimum'

(62)

SIMON BARBER

WASHINGTON — Two US subsidiaries have been named in the State Department's latest annual report on US employment practices in SA as failing to comply with the minimum standards mandated by the Comprehensive Anti-apartheid Act.

The penalty for such failure is loss of US government export marketing assistance. The report, though only released this week, covers the 1988 calendar year.

The companies are Lohmann and Co, a Port Elizabeth wool operation, and Isando-based Consolidated Pneumatic Tool Co, owned by Atlas Copco North America.

A spokesman for Lohmann's US parent, Standard Commercial of North Carolina, admitted yesterday that the subsidiary had paid workers less than the minimum wage required by the department, which was "at least" 30% above the Unisa-calculated minimum living level for a family of five or six.

Standard Commercial vice-president Guy Ross said Lohmann had been told to "get in compliance". He said the company had been paying sub-standard wages because many of its workers were young and unmarried.

ALAN FINE reports Consolidated Pneumatic Tool Co MD Magnus Gyllo said he had taken over the company in November last year, at which time two employees were earning less than the recommended minimum. This situation had now been corrected. Local Lohmann management could not be reached for comment.

Mobil SA's link to US cut

Star 2/12/89

American MD stays on to join new owners

CAPE TOWN — Mobil Oil southern Africa's last link with the New York-based Mobil Oil Corporation, was severed yesterday when it was announced in Cape Town that local managing director Mr R J (Bob) Angel had resigned with immediate effect from the Mobil Oil Corporation.

Mr Angel will be remaining in South Africa to join the Energy Division of the Gencor Group, which acquired Mobil's southern African interests on July 1, according to a statement released in Cape Town yesterday.

Expatriate

Mr Angel (47) was transferred from the United States to South Africa in February 1986 on an expatriate assignment. In March 1987 he was appointed chief executive of the then-South African subsidiary of Mobil.

"South Africa is truly a remarkable place — it is a developing, changing society filled with unequalled promise and opportunities, and we are undoubtedly living at the most exciting and challenging time in the country's history," Mr Angel said yesterday.

He said in business as well there was an urgency and dynamism which was infectious, and he had thoroughly enjoyed his time as chief executive of the Mobil Group in southern Africa.

"Clearly the major event during my assignment has been the acquisition on July 1 of Mobil Oil SA by the Gencor Group. At that time, I told Mobil staff we had every reason to be confident and secure about the future of our company."

Mr Angel said that after nearly six months, he was even more convinced the new ownership was in "our direct and best interests".

"We are a major part of a multifaceted, highly successful group at the very forefront of economic development and progress in southern Africa.

Impressed

"I am tremendously impressed with the quality and vision of Gencor's management, and their imaginative plans for the energy division of which Mobil Oil Southern Africa is an integral part.

"As we enter the 1990s, we are without doubt at the threshold of a new and exciting era for the South African energy industry," Mr Angel said.

The chairman of Gencor's energy division, Mr Bernard Smith, said Mr Angel's decision to join Gencor reflected his total confidence in the future of the company.

"By choosing to remain in South Africa, Bob Angel has also demonstrated his faith in the economic, social and political future of this country," Mr Smith said.

"We in the Gencor group are delighted by his decision. Bob has 23 years of international experience as a senior executive with the Mobil Corporation and he will be an invaluable asset to our group and to the expanding energy industry in South Africa as a whole," Mr Smith added. — Sapa.

PRINTED by The Newspaper Printing Company for the proprietors and publishers, the Argus Printing and Publishing Company Ltd, 47 Sauer Street, Johannesburg

Journalists march for press freedom

Star 2/12/89

About 300 journalists and media workers yesterday marched from Johannesburg's Central Method[ist] Church to the Department of Home Affairs to hand over a petition protesting against the ... ments on press freedom. The Southern African Society of Journalists asked journalists to support ... march and petition, which was handed to a Department of Home Affairs official, "because ... tions are that since the warning issued to *New Nation* three weeks ago, harassment of the me[dia] has not ceased". The chief magistrate granted permission for the march. © Picture by Alf K...

3 in court over caretaker's death

THREE men appeared in the Johannesburg Magistrate's Court yesterday in connection with the murder of the caretaker of King Edward VII School in Johannesburg, Mr Sidney Robson

They are Mr Andries de Beer (21) of Carltonville, Mr Petrus Kruger (19) of Vrededorp, Johannesburg, and Mr James Bothma of Hillbrow, whose age is not known

The men said Mr Robson was strangled with martial arts fighting sticks in his vehicle early last Friday morning and that his body was thrown down an old mine shaft outside Johannesburg

The body has not been recovered.

The men, who were arrested in Durban on Tuesday, have admitted breaking into Mr Robson's house and to charges of robbery, but denied intending to murder him.

The trial continues on Monday — Sapa.

Ecology Party makes its entry on political stage

SOUTH Africa's newest political party, the Ecology Party, was formally registered in terms of the Electoral Act this week

This means that in the next election voters will be able to cast their vote, and elect representatives to municipal councils and Parliament, on environmental issues.

The legally required 500 signatures to register the party were obtained within 30 days The party claims to have close to 1 000 members.

A steering committee has been formed to handle interim administration and to plan future developments. A countrywide network of branches is the next step.

Although it has adopted a green heart as its emblem, the Ecology Party has no links with the leftist Green parties in Europe It believes South Africa needs an unemotional, pragmatic approach and solutions to environmental issues which are unique to southern Africa.

Anyone interested in joining the party should write to Ecology Party, PO Box 41890, Craighall 2024; or phone Mrs Patty van Pletzen at (011) 786-2360.

WEBSTER WATCH

POLICE announced this week that a month ago th[ey] had detained a former police sergeant, Mr Ferdi B[ar]nard, under section 29 of the Internal Security Act [in] connection with the assassination of Dr David We[b]ster. It is now 209 days since Dr Webster was ki[lled]. Asked why the police did not reveal the detention [of the] suspect at the time, Major Reg Crewe said that [police] believed it would have hampered their investig[ation]. A reward for information leading to the arrest of Webster's assassins now stands at more th[an] R150 000.

BARA BAROMETER

In the week between November 23 and November there was a cumulative shortage of 518 beds in medicine wards at Baragwanth Hospital and [every] night an average of 74 patients slept on the floor. worst night was on November 26, when there we[re] patients without beds. The worst overcrowding single ward occurred on November 27, when t[here] were 69 patients in a 41-bed ward, requiring 28 [pa]tients to sleep on the floor This week a total of fewer patients slept on the floor, thanks to the newly extended wards now in use.

Majority say hit squad exists and condemn its actions

THERE'S little doubt the police "death squads" exist in the eyes of most **Speak Out** callers this week — and most condemn their actions

Mrs Mitchelson, Riverlea: The death squad comes as no surprise The SAP belongs to the Government — the fact that I pay for these people is sickening

Andy Meintjies, Haddon: Anyone who is reasonable knows the death squads exist.

Mark Fuhr, Sydneham: The squad may be part of the police and if they were killing ANC terrorists they have my blessing

Louis Ardelson, Rustenburg: Death squads exist worldwide and I don't see anything wrong with them

L Anvil, Rosebank: Individual policemen and police groups have been involved in these scurrilous activities An honest police force that helps people must be set up

Hans van Bavel, Hillbrow: The squads exist and the Government knows it. The punishment should be De Klerk's disappearance

Anita Kuper, Sandton: All free-thinking South Africans believe the police force is corrupt We are sick and tired of police brutality

Speak Out!

ON SATURDAY

Louis Kuna, Soweto: Police hit squads have existed for a long time

Laura Hofer, Fontainbleau: The squads do exist Punishment for corruption in an organisation that is supposed to uphold the law should be the strictest possible.

Tony Motsa, Kabokweni: The death squad is the brainchild of a previous government of which De Klerk was part. He knew about the squad

Daluxolo Yeki, Tsakane: This had to come into the open Mr Vlok and company will try to hide the squads but they should be given a dose of the medicine they have been prescribing for others

Siphiwo Mfuphi, Kanyamazane: The SAP must root out this vicious squad and they should receive life sentences

A Rakgomo, Makwassie: The hit squads

Kanakana Mathibha, Sebokeng: I believe the squads exist within the police, particular the racist officers who belong to the extreme Right

Titus Sgudu, Middleburg: The squads exist — I believe the Minister of Law and Order is involved in buying ANC members to man his hit squads.

Mr Alan Bland, Boksburg: It is hard to believe that the Department of Justice and the Department of Law and Order were unaware of the existence of police death squads If the murder allegations are proved correct, the perpetrators should be hanged

Mr Guy Mogashoa, Daveyton: There are death squads Three policemen cannot tell one accurate lie

Mr Mabuti Manana, Springs: When these people are found guilty, they should be sentenced to death

Mr Phillip Dempsey, Hillbrow: There should be some sort of inquiry into some of the court cases, when you consider that Barnard has already served six years for murdering two people — while a gang of blacks can be sentenced to death for just being on the scene of a necklacing

Miss Alison Tomas, Hillbrow: In 1987,

Mr Ahmed Kahn, Lenasia: When you how many of the police take the law into own hands and you see how they abuse authority, then you are bound to believe stories about the death squads. The should be hanged

Mr Valentine Mkhize, Bothal: squad is present. But I don't believe going to be any punishment — just

Mr Thabiso Kote, Tsakane: The squads do exist, because if you get a from a horse's mouth, it's convincing

Barney Segal, Yeoville: Are we ing a vigilante-type nation eliminating tims no matter what their political and leanings — something associated the Thirties mafia-style assasinations?

Mr Gerald Alper, Bezuidenhout V: This whole business is a vindictive and cious smear campaign to besmirch the and the SADF The editors of certain papers are printing absolute rubbish, them by people with doubtful and even nal records I have the highest regard police Without them, many of us victims of ANC terrorists

Mrs Lynne Diggs, Windsor: The squads are shocking and as far as

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Business as usual in spite of divestment — Westmark

BDay 7/12/89

LINDA ENSOR

CUSTOMERS of Scientific Medical Systems (SMS) need have no concern about the withdrawal from SA of its US parent, Westmark International, said Westmark's group senior vice-president and chief financial officer Robert deGavre yesterday.

DeGavre was asked about the continuation of supplies and the servicing of the ultrasound and patient-monitoring equipment produced by Westmark subsidiaries and used in SA's hospitals and private medical practices.

Other industry sources have confirmed that it will be "business as usual" after Westmark's withdrawal.

On the reasons for the divestment DeGavre said: "Our SA operation was once an extremely profitable operation but due to the business environment in the market for sophisticated medical equipment, this profitability declined. I think this was an important factor in our considerations."

He said no deal had yet been concluded with the owner of Bloemfontein-based Medex Services, but that negotiations were proceeding.

DeGavre said Westmark had voluntarily provided information to the US Commerce Department about the contravention of US export regulations by selling medical equipment to the SADF and had obtained a licence on humanitarian grounds to continue servicing this equipment.

He would not disclose whether or not a fine was paid.

Neither would he comment on whether there were further investigations concerning the deals with the SADF or on whether a claim for damages against former SMS MD Herman Kleuver, who allegedly concluded the deals with the SADF, was being considered.

● Comment: Page 8

IBM 'must stop sales to SA'

WASHINGTON — A group of 210 IBM employees from seven countries have submitted a shareholder resolution calling on the computer giant to stop all direct or indirect sales and services to South Africa.

The resolution says IBM is the leading supplier of computers to South Africa and that almost all of the company's customers in the country are whites.

While IBM denies shipping computers to the military and the police, the company does supply computers to military contractors in South Africa. — The Star Bureau

(62)

(62)

Sol Kerzner pepping up local Pepsi?

Staff Reporters

PEPSI COLA International (Pepsico), which pulled out of South Africa in 1984 during a wave of disinvestment, is now putting money back into the country.

And Mr Sol Kerzner is reported to be involved in Pepsico's newly-revealed assistance to its franchise-holder in Cape Town and Bloemfontein.

A secretary to Mr Kerzner, who is holidaying at his Leeukoppie estate in the city, refused to comment on a report in yesterday's Burger about his supposed Pepsico involvement.

When Mr Henry Roux, the new managing director of Pepsi Cola Africa Ltd, was asked whether Mr Kerzner was involved in the restructuring of his company, he declined to comment at first and then said: "I knew that he (Mr Kerzner) did not want to comment."

Mr Barry Holt, director of public relations for Pepsi Cola International in New York, confirmed yesterday that his company "did make some relief funds available" to help a management buy-out, under way at present, of Pepsi Cola Africa Ltd.

However, Mr Holt denied that his company's actions amounted to a reinvestment in South Africa.

"This does not represent an equity investment," he said. "The South African bottling group is and will remain 100% independently owned and operated."

Mr Holt would not reveal the amount of the relief funds, even when he was told that local sources had mentioned a figure of R3,2 million. "It's a small amount," he said. "It's only an advancement of some funds to tide them over this difficult time."

He referred questions about Mr Kerzner's involvement to the local company. When asked what had happened to Mr Juan Oteiza, the former Cape Town Pepsi managing director and before that an international Pepsico trouble-shooter, Mr Holt said: "He was employed by the local bottler, not by us."

New managing director Mr Roux said this week that his company had retained Mr Oteiza as a consultant, although a telephonist at the company was under the impression that he was "no longer with us".

Mr Roux said that the bulk of the buy-out deal had been tied up about a week ago, although some negotiations were still under way.

Personal Trust, which until recently had a 75% shareholding in the local Pepsi franchise-holder, had sold most of its stake in the company.

According to the Cape Times files, Pepsi in the Western Cape went through a bad patch after Pepsico pulled out. Early last year its Western Cape market share, previously 20%, was estimated to have dipped as low as 1%, though it subsequently climbed to 10%.

Last year, when the Soweto Investment Trust Company (Sitco) still owned most of the shares and Pepsi Cola Africa Ltd was in trouble, Pepsico sent in a team to look at local solutions.

FOREIGN FIRMS IN S.A. – United STATES

1990

Firms to disclose SA deals

EDYTH BULBRING

CALIFORNIA state disclosure laws requiring companies wishing to sell stock or other securities to state residents to disclose in their prospectuses any dealings with SA came into effect on January 1.

Observers believe this is the first state initiated disclosure law affecting listed companies. BDay 4/1/90

The laws require any firm issuing securities in the state to declare, both in its prospectus and in separate filings with the California secretary of state, whether or not it does business in SA or "with persons or groups located" there. (62)

"Doing business" in SA was defined as owning or leasing any factory, plant, shop, warehouse, office or income producing real estate or having more than three employees in SA.

AP-DJ reported yesterday that also subject to California's strict new disclosure laws were manufacturers of "household toxic products". Businesses which advertised "toxic household products" in California were required to provide information about proper disposal procedures.

The laws, known collectively as Proposition 105, applied to out-of state companies as well as to firms based in California. Failure to comply with either law carries a $10 000 fine.

The laws were so loosely worded that lawyers were predicting confusion and court fights over what precisely was required.

"This is going to affect a lot of companies," said Keith Bishop, a partner in a California legal firm representing a number of companies which could be affected.

"We're not talking about a few isolated examples. It affects just about everyone we can identify," California Chamber of Commerce general counsel Fred Main said.

"It will have a wide-ranging impact," he said.

The California Secretary of State's office last week issued emergency regulations that clarified what constituted "doing business with any person or group in South Africa", said Bishop.

US do-gooders stick to the Sullivan path

S/Times 7/1/90 62

THE handful of American companies left in SA are still bending over backwards to do good.

By David Carte

The Signatory Association, comprising 59 US companies which continue the social programmes started by the Rev Leon Sullivan, has produced a 48-page report on the activities of its members to promote social justice.

The signatories report to management consultant Arthur D Little, compiler of the report.

Sanctions

The report, aimed at the pro-sanctions lobby in the US, details virtually every good work done by every American company in SA — but it does not mention outstanding companies by name because "full details ... would precipitate recrimination and reduce the effectiveness and willingness of companies to take further action".

In the year to June 1989, 11 companies withdrew because of divestment. That was less than the previous year when 22 stopped reporting. The size of the signatory work force fell to 27 036 from 33 451.

But the amount spent on social programmes rose to R86-million from R83-million. That means there was a 19% increase in spending per workforce member — from R2 600 to R3 100.

Since the programme was started in 1976, signatory companies have contributed R657-million for the benefit of blacks, coloureds and Asians in SA.

Several signatory companies helped to get employees released from detention. Almost all signatories adopted policies which provide for financial, legal and negotiating support for detained employees. Some have provided similar assistance to non-employees.

No less than 43% of the companies surveyed have allocated part of their contributions budget to committees of black, coloured and Asian employees, giving them a decision-making opportunity and the experience of defending their decisions to their own communities.

Signatories helped black entrepreneurs and protected hawkers from harassment. They spent R40-million on goods and services from black, coloured and Asian enterprises.

They also helped blacks to boycott Boksburg by providing buses to alternative shopping centres free of charge after the Conservative Party reintroduced petty apartheid.

Signatory companies helped to establish unified non-racial health and education facilities. They spent R37,5-million on educational assistance of non-employees, mainly children.

"Companies continue to organise events which bring students of all races together. They are supporting the growing number of non-racial schools and the admission of blacks, coloureds and asians into under-utilised white schools.

"Similarly, they are encouraging their employees to seek medical attention from white practitioners, who are more numerous and generally more available. This is made feasible by corporate medical aid."

Minimum

All signatory companies must pay a minimum wage of 30% more than the annually determined subsistence income.

"The subsistence income is determined for a family on the basis of one wage earner and five or six dependants, which is applied even if the employee is single with no dependants. The resultant minimum wage was a difficult challenge for many signatories in the manufacturing and agricultural sectors.

"The imposition of this standard has placed all signatory employees in a better economic position to fight the system. It, along with other enlightened employment practices ... has been acknowledged, even accepted by other SA companies."

More than half of the signatory companies paid a minimum wage of 50% more than Unisa's subsistence income.

Categories

The Signatory Association defines three categories of companies: those making good progress; those making progress; and those needing to become more active. No less than 72% made category one, 17% category two and 11% category three. All 59 signatories passed the basic requirements.

Companies that "passed basic requirements" but received low point rating were Donaldson Company Inc, Harnischfleger Industries, Ingersoll Rand, Joy Technologies and Joy Manufacturing, HH Robertson Co and Trinova Corp.

The principles of the signatory companies are: Non-segregation of work, eating, comfort and locker rooms, equal and fair employment practices for all races, equal pay for equal work, initiation and development of training programmes to prepare blacks, coloureds and Asians for more senior jobs, increasing the number of these people in more senior jobs, improving the quality of life outside work in housing, transport, schooling, recreation and health, and working to eliminate laws and customs that impede socal, economic and political justice.

THE WEEK IN BRIEF

A SUMMARY of the week's corporate announcements.

Wednesday — Staalchem sells its steel roof-sheeting business to the former managing director for R9,8-million. The directors consider further disposals, caution urged.

Bankorp's rights offer 82,2% subscribed, balance underwritten.

Vlakfontein sells Droogebult for R16-million, settled by the transfer of 32-million Nigel shares currently held by Southgo. Vlaks to conclude operations within 18 months.

Liberty Life's capitalisation issue cash alternative is to be 960c a share.

SA companies among 'debt deadbeats'

SIMON BARBER

WASHINGTON — SA companies are among the least reliable bill-payers in the world, ranking with a rogues gallery of deadbeats that includes Peru, Brazil, Nigeria and Zimbabwe, according to a top US debt collection firm.

In a report issued yesterday, Mid-Atlantic Agencies Inc, the largest privately held commercial collection agency in the US, warned against doing business with SA and nine other countries unless payment was guaranteed in advance.

Spokesman Linda Easterwood said the list was based on the frequency the agency had to be retained to collect debt in the countries concerned. The company did not divulge the sums involved.

US businesses exporting to SA "should insist their customers and clients obtain a letter of credit through a sound, well-established international bank. This ensures that a customer not only has funds, but has reserved funds, for payment".

Sanctions proposals now before Congress would deny SA importers letters of credit on US banks and would ultimately attempt also to block sales on open account.

The high-risk countries listed by the agency are: Argentina, Brazil, Greece, India, Nigeria, Peru, SA, Venezuela, Yugoslavia and Zimbabwe.

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BDay 12/11/90.

$55m coup as Plate Glass clinches deal

S Times 14/1/90

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A CONSORTIUM of US and European investors has paid $55-million for half of Plate Glass & Shatterprufe Industries' International wood empire. The cash injection values the foreign timber operations of PGSI at $110-million — R410-million through the financial rand.

By Ian Smith

In terms of an agreement in principle, clinched in transatlantic telephone calls running through to 2 am on Friday, PG Wood Industries (PGWI) and the Whitestone Investments consortium will form Luxembourg-based Wood Products International (WPI).

WPI will take over the businesses of PGWI's offshore subsidiary Wood International (WI), one of the world's biggest timber trading companies.

The consortium will put $55-million into WPI in return for a 50% stake in the company. WI will hold 49% and the remaining 1% will be held by an international management trust.

PGSI joint executive chairman Bertie Lubner will be executive chairman of WPI.

Confidence

He told Business Times: "This is one of the most significant breakthroughs for the wood division's international expansion programme".

If the expansion had been financed from SA it would have cost about R200-million through the finrand.

Members of the Whitestone consortium come from an international who's who in business. It was put together by US industralist Alan Quasha, who specialises in selecting strategic industries for investment.

Consortium chairman is Aubrey Cole, who recently retired as vice-chairman of US forest products group Champion International. Other Americans include Bill Donaldson, a founder of investment banking house Donaldson, Lufkin & Jenrette Inc, and Robert Wright, a former senior partner of Arthur Andersen & Co. French banker Herve Pinet, former chief operating officer of Banque de Paribas, is also a member.

It must be a vote of confidence for PGSI that businessmen of this calibre will go into partnership with the group, and are content to leave present management in place.

Biggest

The project began with a chance meeting of Mr Lubner and Mr Quasha in Europe. Investigations into a couple of joint ventures began, followed by serious negotiations which began about four months ago.

Mr Lubner says: "The group was looked at, from top to bottom. Every aspect of our operation was examined in detail before the green light was given."

WI has established itself as as one of the biggest players in the international wood industry.

Its activities cover almost all operations from rough-sawn timber through the range of added-value timber and board products to components meeting the needs of the furniture, construction and do-it-yourself markets.

It is established in the UK, contintental Europe, the US, Australasia, South-East Asia, South America and Central Africa.

International management has been investigating ways to secure growth from a sound base, says Mr Lubner. "The industry is going through a time of transformation and we wanted to be sure we were ready for the changes."

Most sectors of the foreign operations are in line with or ahead of strategic targets, but PGSI's interim report in December said the international timber trading operations were being comprehensively restructured to meet changing market demands.

● To Page 3

350 000 copies sold last year

(62)

Anti-SA guide to US shopping doubles in size

Star 6/11/90

By David Braun,
The Star Bureau

WASHINGTON — A consumer's guide to socially responsible shopping which lists all brand and company names associated with South Africa has proved so popular in the United States that an expanded version has been published.

The pocket-sized book urges consumers to switch to brands away from socially irresponsible companies and to write to the concerned chief executives to tell them why they are doing so.

South Africa is one of 11 categories in which companies and their products are judged for their social responsibility. Corporations with investments in South Africa, or, worse, which have subsidiaries in the land of apartheid, lose points.

Companies are also assessed in terms of whether they give adequate donations to charities, whether they practice equal opportunity employment, whether they contribute to pollution of the environment and in a series of other categories dealing with women's advancement, minorities advancement, military contracts, animal testing, disclosure of information, community outreach, nuclear power and family benefits.

On the South African issue, the guide urges shoppers to write to companies listed as being involved in apartheid, asking them to divest fully or to improve their practices under the US Statement of Principles (formerly the Sullivan Principles).

Consumers are also asked to support community funds, housing funds and educational exchanges for black South Africans and to urge their senator or legislative representative to impose stricter sanctions on South Africa.

According to the publishers of the guide, the New York-based Council on Economic Priorities, the new booklet, called *Shopping for a Better World 1990*, is twice the length of the 1989 edition, which sold 350 000 copies.

More than 1 800 products, from Aunt Jemima Pancake Mix to Ziploc baggies, are listed in 54 product categories such as cereal, coffee, soft drinks, soap, bread and oral hygiene.

New York mayor backs anti-SA law

NEW YORK — New York mayor David Dinkins wants to introduce tougher laws to stop companies trading with SA from doing business with the city.

Holding his first foreign policy briefing on Wednesday, New York's first black mayor said he supported a measure before the city council aimed at closing loopholes in a law that forbids companies doing business in SA from also selling their services to New York.

"There are loopholes because companies often do business in South Africa through franchises and licence holders," Dinkins told the foreign media corps.

But he saw no reason to propose a law that would prevent foreigners from buying property in New York after a Japanese company bought the Rockefeller Centre.

"I assume the Japanese bought Rockefeller Centre because they got a good deal," he said.

While he was concerned about Palestinian rights, he would support no settlement to the Middle East crisis that did not have Israel's support.

He hoped to visit the Soviet Union, he said, and had discussed the possibility with the Soviet ambassador. — Reuter.

Disinvestment: chances of US comeback 'remote'

62

LALA CAMERER

B Day 23/11/90

A TOTAL of 195 US companies have quit SA in the past seven years — and the chances of any of them coming back are remote, says the association of US companies which accepts a corporate responsibility code in SA.

The 131 still in the country face political and financial pressure, from the "hassle factor" to diminishing returns caused by double taxation and a weak rand.

The Johannesburg-based Signatory Association deals with all US companies signing the Statement of Principles, a seven-point code previously known as the Sullivan Code.

Association chairman Roger Crawford said: "Once a company has cut ties with a country, it is difficult for it to return for a number of reasons."

Crawford cited staff recruitment and the rebuilding of consumer confidence as main stumbling blocks.

What Crawford sees as the bottom line facing US parent companies at home is the "hassle factor".

"Threats of procurement Bills being passed, the constant debate about SA and moral pressure make up this factor. However, at the moment with the new FW (De Klerk) administration, the spotlight has been shifted," he said.

Economically, with factors such as the Rangel Amendment of 1987, which subjects companies to double taxation by eliminating US credit for tax paid in SA, increased surcharges on imports of capital equipment, the weak rand and the recent loan levy tax, more US companies are finding it impossible to remain in SA.

The association's administative manager, Denise Buckle, says the prospect of diminishing returns on SA investments has led US companies to put responsibility to shareholders above that to employees.

Of 114 US firms which divested in the period 1986 to 1989, with a peak of 54 leaving in 1987, almost 60% have sold to SA-based management in management buy-outs (MBOs).

None of the MBO companies have been willing to report to the Statement of Principles.

Reasons for this, Buckle believes, are that to be a signatory meeting up to Category 1 status (making good progress), requires time, effort and money.

According to the 13th signatory report, R83m was spent by 59 signatories on social responsibility programmes in fields such as education, training and advancement last year, compared withR85.8m spent by 70 signatories the previous year.

US helps bankroll Pepsi management buyout

B Day 26/1/90 · 62

ZILLA EFRAT

PEPSI Cola Africa has been bought by its management after some "relief funds" were made available by Pepsico Inc, the former US parent.

Other bidders included the Rembrandt group, Jeff Liebesman's FSI and Gilbeys.

Newly appointed MD Henry Roux said yesterday speculation linking Sol Kerzner to the buyout probably stemmed from the involvement of former Sun International MD Ken Rosevear in negotiations for FSI.

Pepsi had been controlled by the Personal Trust group, while the Soweto Investment Trust Company had a shareholding. These two groups now held 25%, while management held 75%.

A statement from Pepsico Inc said: "Pepsico did make some relief funds available during this transitional period, an action it has taken in similar instances elsewhere in the world to promote the financial viability of local franchised bottling operations."

It said the SA bottling group would remain 100% independently owned.

Roux would not disclose the price paid by management and denied a previous Press report that Pepsico had given R3,2m in assistance.

He said there was no intention of attempting to dominate Coca Cola in the local market.

Roux said since Pepsi's disinvestment in 1984, the local company had never really got off the ground and its market share had plummeted.

However, for the first time in five years, Pepsi would appear on the shelves in major centres in the Transvaal and Natal.

Strong foreign growth means things go better with Coke

0/Day 1/2/90

ATLANTA — Coca-Cola in the US said on Tuesday that strong foreign growth pushed its fourth quarter operating profits up 5,2% from a year ago to almost $248m, while full-year net income rose 64,2% to a record $1,7bn. (62)

The world's biggest soft drink company closed the books on 1989 by recording a one-time profit of $509m from the sale to Japan's Sony Corporation of its controlling stake in Columbia Pictures Entertainment, which re-focused Coca-Cola solely on beverages after a decade of mixed success in diversification.

Coca-Cola said 1989 operating profits from its key foreign business, which generates three quarters of its profits, rose 13% from 1988, while income from the US soft drink business grew by 11%.

The beverage business is growing much faster in foreign markets than in Coca-Cola's home market. The company said it ended the 1980s with more than 48% of the soft drink market outside the US, compared with just more than 40% of the domestic market.

Operating income in 1989 rose by 16% in Europe, 26% in Latin America, and 13% in north-east Europe, Africa and the Middle East. Profits rose by just 7% in Canada and the Asia-Pacific region. — Sapa-Reuter.

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B/Day 6/2/90.

US companies 'not rushing to return to De Klerk's SA'

PITTSBURGH — The SA government might have demolished a few pillars of apartheid, but US businesses are not rushing to re-enter the country, according to yesterday's Wall Street Journal.

While corporations praised government's promised political reforms as a step in the right direction, few seem eager to return to SA.

"We have no plans to go back into SA," said a spokesman for General Motors Corporation, which sold its SA manufacturing subsidiary in 1987.

Only 123 of more than 300 US companies that owned assets in SA five years ago own them today, says David Hauck, who tracks foreign investment in SA for Washington's Investor Responsibility Research Centre.

Most left at the urging of Rev Leon Sullivan, a Baptist minister from Philadelphia known for the fair labour principles he drafted. He persuaded GM, IBM, Xerox Corporation and Eastman Kodak, among others, to quit SA.

But those that remained, including such corporate heavyweights as International Paper, United Technologies Corporation, Johnson & Johnson and Minnesota Mining & Manufacturing, now feel vindicated.

"We never severed or finessed our interests in SA," said Bill Lane, a trade specialist at Caterpillar Inc whose parts warehouse in SA supports 650 US jobs.

Yet few who left seemed eager to return. After years of shareholder unrest and boardroom indecisiveness over moral issues, some saw the country as more trouble than it was worth.

The journal said they doubted the white-minority government would ever yield its "opposition to true democracy"; and they saw SA's economy, already burdened by unrest and economic sanctions, as potentially at risk of future bloodshed.

For the moment, at least, businesses that got out could not return even if they wanted to. US Congressional sanctions prohibit most new US investment from abroad, and neither President George Bush nor Congress is ready to move immediately to lift them.

But Bush said on Friday he would like to meet Congressional leaders to review US sanctions in the light of SA's decision to legalise the ANC and its announced intention to free ANC leader Nelson Mandela. — AP-DJ.

Pepsi in SA to be provisionally liquidated

8 1096 6/2/90 (62)

LESLEY LAMBERT

CAPE TOWN — Pepsi Cola Africa has been placed under provisional liquidation, following years of financial instability since the US parent, Pepsi Cola International (Pepsico), disinvested in 1984.

An application for the provisional liquidation was brought in the Cape Town Supreme Court on Friday by one of Pepsi's creditors, Cream Advertising, and a court order was granted after Pepsi failed to settle the matter out of court.

Cream's application for R203 000 for services between June 1989 and January 1990, followed an application last year by Maister Directories for an amount of R9 400 which was only paid once liquidation proceedings had been launched.

Cream MD Brian Addison claimed in papers that Pepsi had initially delayed settlement of the debt in December as it said it was involved in a management buyout and was awaiting a transfer of funds.

Addison said that agreement was reached on the terms of settlement last month but, when the first of three post-dated cheques was deposited, it was returned by the bank.

He claimed it was clear the company was insolvent.

Henry Roux, new Pepsi MD and the third since Pepsico helped the Soweto Investment Trust Company (Sitco) to buy Pepsi Cola Africa from Cape Beverage Holdings in the early 1980s, said yesterday that Pepsi had been unable to get new capital investments for many years.

He said the company would need about R2m to fight off final liquidation.

The return date is February 22.

Implats profits rise by 17,3%

By Sven Lünsche

npala Platinum has increased its attributable profs by 17,3 percent to R224,5 million in the six months › end-December. The interim dividend was in-:eased by 5c to 80c a share.

However, earnings per share only improved by),5 percent to 367c after a substantial rise in the 'ansfer to reserves for expenditure on mining assets.

This amount was lifted by 87,3 percent to R85,6 mil-on (R45,7 million) in respect of higher capital expen-itures on both Implat and subsidiary Messina.

Implat acquired a 55 percent stake in Messina in lovember last year through a cash payment of R253 er 100 Messina shares and the issue of 3,51 mil-ion new Implat shares.

The new shares qualify for the interim dividend ayment, the company said yesterday.

As a result of the acquisition, Messina's results ave been consolidated for the first time. After group rofits of R35,74 million and payment to outside hareholders of R13,46 million, Implat's share of Mes-ina profits totalled R11,32 million.

This amount boosted Implat's pre-tax profits by .1 percent to R476,17 million (R428,85 million), after urnover for the six months increased by 12 percent o R1,056 billion (R943,07 million).

Slightly higher tax and lease considerations of 1238,18 million (R237,39 million) and lower royalty ayments to the Bophuthatswana Government and he Bafokeng tribe, resulted in a 14 percent rise in axed profits of R238,2 million (R191,5 million).

The income statement also reflects an extraordi-iary income item of R32 million, arising from the lisposal of the assets of Gazelle Platinum, when Ga-elle's main asset, Karee, was merged with Lonr-ho's Western Platinum.

US companies adopt 'wait and see' attitude

STAR 6/2/90 (62)

By Ramsay Milne,
Star Foreign Service

NEW YORK — Though welcoming the reforms promised by President FW de Klerk, US businesses are not rushing to re-enter South Africa, according to spokesmen for a wide range of US companies.

Reflecting a generally qualified US response, bankers also said that notwithstanding South African hopes for a quick economic stimulus to the changes they doubted whether South Africa would find it easier to get new loans from international banks.

General Motors, which sold its SA subsidiary to local interests in 1987, appeared disinterested in the new moves, a spokesman saying bluntly: "We have no plans to go back."

But the man who more than anyone else set in motion the US divestment procession, the Rev. Leon Sullivan, said: "US corporations are prepared to assess their involvement in South Africa, but only if the government follows through on its promises and brings an end to apartheid."

Businesses themselves, though, seem more wary, with several spokesmen expressing either disinterest or pointing out that South Africa is facing an unpredictable future.

Just 123 of the more than 300 US companies that owned assets in South Africa five years ago own them today.

Among those that left were GM, IBM, Xerox and Eastman Kodak

But those that remained — including such major companies as International Paper, United Technologies and Johnson & Johnson — now feel vindicated.

Pepsi unable to meet debts

CAPE TOWN — Pepsi Cola Africa has been provisionally liquidated in the Cape Town Supreme Court for failing to pay an outstanding debt of more than R200 000 and when payment of a postdated cheque was frozen.

Mr Justice H L Berman granted an application by Cream Advertising and issued a rule nisi calling on all persons interested to show cause, if any, by February 22, why Pepsi Cola Africa should not be placed under final liquidation.

Mr Brian Addison, MD of Cream Advertising said Pepsi owed them R203 397,86 in respect of services rendered between last June and January.

After repeated telephone calls he was told Pepsi Cola Africa was involved in a "management buy-out". — Sapa.

( )(62)

STAR 6/2/90

US animal health firm disinvests

JACQUES MAGLIOLO

ANOTHER US group, Coopers Animal Health, has disinvested from SA.

Coopers, a joint venture between UK companies Wellcome and ICI, was bought out in December 1988 by US-based Pitman-Moore, which then announced its "intention to sell the SA subsidiary to a consortium of senior management," says new chairman Pat Pullinger.

No price was given, but the deal was completed at "a price that is very reasonable in relation to turnover".

The local management will acquire all local existing business and will continue to trade as Coopers. BDay 8/4/90

Pullinger says the management buyout will not change the way in which the company operates.

In the period between 1985-1989, sales leapt to R36m (R15m) and the directors believe turnover will, in the current trading period to end-August, climb to R42m.

Continued supplies have been secured through an agreement with Pitman-Moore. The company has also concluded contracts with overseas countries.

Although the company seems solid, with good prospects, Pullinger says he does not believe in listing it.

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De Klerk speech seen as first step

ARGUS 8/2/90

62

By RODERICK ORAM in New York and ROBERT THOMSON in Tokyo, both of the Financial Times

TRADE

UNITED STATES capital will keep flowing out of South Africa until the last vestiges of apartheid are eradicated, American business leaders and lobbyists have said.

Measures announced by the De Klerk government last week are seen as only a first step. It needs to do much more before US laws severely restricting new US investment in the country are lifted.

Many US companies which withdrew from South Africa during the 1980s say it is far too soon to return even if US law allowed it.

General Motors, for example, says it had no plans to reinvest in the country. But even many of these corporations are likely to continue under attack from lobby groups which say they have retained strong ties with the country. About half the departing companies licence South African companies to sell or make their products. Moves such as last week's lifting of the ban on the African National Congress provide a strong argument for increasing sanctions and pressure for disinvestment, says Ms Donna Katzin of the Interfaith Centre for Corporate Responsibility.

Pressure

The centre plans to keep up its shareholder pressure on corporations until there is basic and fundamental change in South Africa.

For example, at more than 100 company annual meetings this spring it will propose shareholder resolutions to stop dealing with South Africa. "I'm still urging disinvestment until I see an actualisation of the promises that seem to have been made," said the Rev Leon Sullivan, a black Baptist minister whose 13-year-old Sullivan Principles on US investment in South Africa helped trigger the wholesale withdrawal of US capital in the 1980s.

The exodus swelled from seven companies in 1984 to a peak of 56 in 1987 before falling back to 18 last year. In total 176 US companies have left over the past five years.

More than 120 still remain fully active in South Africa, according to the Investor Responsibility Research Centre in Washington.

Caltex Petroleum is the largest with 2 056 employees followed by International Paper with 1 966 and Johnson and Johnson, the drug group, with 1 451. Other big names include United Technologies, Caterpillar and Minnesota Mining and Manufacturing.

"We believe our position there is a positive one for social justice," says Mr Bill Lane, an international government affairs specialist at Caterpillar.

It has a parts warehouse there serving southern Africa and exports to the country create some 650 jobs in the US.

Withdrawal

At its last annual meeting 12 percent of its shareholders voted for withdrawal.

There was little chance that legal restraints on US companies would be lifted as long as key friends in Congress maintained their strong position, said Mr Richard Knight, a research associate of the American Committee on Africa, the oldest anti-apartheid lobby group in the US.

People here understand you have to look beyond the changes announced so far. The bottom line is universal suffrage in a unitary state.

The Japanese government, embarrassed in the past by the country's highly-publicised commercial ties with South Africa, has indicated to Japanese companies that Pretoria's announcement of reforms should not herald direct investment or an increase in trade.

Although individual Japanese companies were reluctant to comment on possible changes in strategy, a senior Japanese Foreign Ministry official said the government and corporate position on South Africa should not change until after the release of Mr Nelson Mandela, the jailed leader of the African National Congress, and some other improvements on the segregation policy occur.

Japanese exports to South Africa, which, on a monthly average, fell by 16 per cent last year on a customs-clearance basis, rose 17,9 percent in December compared to the same month in 1988, according to Ministry of Finance figures.

Restraint

Japan became South Africa's largest trading partner in 1987, with bilateral volume, totalling 4,27-billion dollars, prompting Tokyo to urge restraint and encouraging some companies to find third country routes for products. Trade with South Africa fell by four percent in 1988, putting Japan behind West Germany in bilateral volume.

In early 1988, the Keidanren, the Federation of Economic Organisations, urged member companies to restrain trade with South Africa after the increasing volume had been condemned in the US.

The Keidanren has also emphasised that Japanese companies have honoured a ban on direct investment, while bans remain on direct flights to Japan by South African Airways and the use of the airline by Japanese government employees, and South African tourists are refused entry visas to Japan.

Mr Jerry Matsila, the African National Congress representative in Japan, said that companies would be tempted to upgrade commercial ties because controls were imposed only after international criticism.

The ANC estimates that Japanese brands comprise 62 percent of the car market in South Africa and take 64 percent of the car components market.

S/Times 11/2/90 62

Faith restored

By Robyn Chalmers

PRESIDENT De Klerk's speech has probably halted the disinvestment trend of US companies from SA, says California Institute of Technology's Professor Ned Munger.

Professor Munger is a member of an advisory group set up to advise US companies operating in SA about how to bring about the removal of apartheid and discriminatory laws.

He says the group would be surprised if any more of the remaining 59 signatory companies operating in SA were to leave after President De Klerk's positive speech. A total of 121 firms have disinvested.

"The State President has opened up new vistas and opportunities for American organisations in SA. However, it would be premature to say whether or not firms which have disinvested will return."

The group, which arrived in SA this week, will visit US companies in the Transvaal, Natal and Cape.

Professor Munger says many American organisations which have not disinvested have outstanding records in promoting racial integration at all levels, assisting employees and devoting large sums to black advancement.

"However, there is a need for this advisory council to help American companies work toward the elimination of apartheid.

"We need to look at the next step that these companies can take. It may be funding more black suppliers, but this needs to be explored more deeply."

Before US Congress approved economic sanctions in the early 1980s, the Sullivan Principles governed US firms operating in SA. The advisory council is expected to take over this role.

The rand's world value

	R1 equals		One foreign unit equals (R)	
	9 /2 /90	9 /2 /89	9 /2 /90	9 /2 /89
US $	0,3941	0,4092	2,5377	2,4438
UK £	0,2330	0,2341	4,2914	4,2709
Deutschemark	0,6576	0,7644	1,5207	1,3082
Japanese yen	57,03	52,95	0,0175	0,0188
Swiss franc	0,5872	0,6502	1,7029	1,5379
French franc	2,2353	2,6025	0,4474	0,3843
Canadian $	0,4713	0,4845	2,1218	2,0639
Italian lira	489,225	557,565	0,0024	0,0018
Zimbabwean $	0,9013	0,80701,10	95	1,2392
Australian $	0,5225	0,4589	1,9139	2,1791

Trade weighted value of rand, % change against 1974 base 40/47

Domestic interest rates

MONEY MARKET

	Friday 9 /2 /90 %	Friday 2 /2 /90 %	Friday 26/1 /90 %
SARB accommodation: rediscount rate TBs	18,00	18,00	18,00
Treasury bill tender rate	18,00	18,00	18,00
Basic call of discount houses	19,25	20,50	20,50
Three-month banker acceptances	18,55	18,65	18,00
Three-month NCDs	20,00	20,00	20,00
Three-year RSA stock	16,49	16,52	16,44
Prime overdraft rate	21,00	21,00	21,00
All-in yield of finest acceptance credits	19,65	19,77	19,77

CAPITAL MARKET

SECONDARY MARKET	RATES ON MOST TRADED STOCKS Average Previous Month	As on Friday
~~Long-term RSA stocks~~	~~16,53~~	~~16,48~~
Long-term Escom stocks	16,34	16,32

Best sections this week

	Av % Mv	Av D/Y	Av E/Y.
Diamonds	6,9+	4,7	11,6
Mining Houses	3,2+	3,3	9,5
Bevs, Hotels, Leisure	2,9+	5,5	11,9
Building and Constr	2,8+	6,2	19,5
Coal	2,8+	7,2	19,5

London gold fixings

	am	pm
Monday	$418,75	$423,00
Tuesday	$421,40	$421,05
Wednesday	$419,90	$423,75
Thursday	$418,50	$418,00
Friday	$418,5Q	$415,50

Overall market this week

(Ordinary Shares Only)

	Mining	Non-Min	Total
Volume	23 800 676	40 981 133	64 781 809
Value traded	R592 268 491	R233 236 219	R826 924 710
Up	41	235	276
Down	76	104	180
Unchanged	39	249	287
Number traded	137	508	643
New highs	28	72	100
New lows	4	17	21

JSE Actuaries Index

	THIS WEEK	LAST WEEK	WKS% MOVE		THIS WEEK	LAST WEEK	WKS% MOVE
OVERALL	3341	3280	1,9	FINANCIAL	1876	1811	3,6
				BANKS&OTHER	1651	1622	1,8

STAR . 12/2/90 (62)

Sanctions, disinvestment could ease after release

Nelson Mandela's release could help ease punitive anti-apartheid sanctions by Western nations and halt the stream of foreign disinvestment from South Africa, financial analysts said.

The black nationalist's freedom on Sunday after 27 years in prison was also likely to have a big impact on financial markets.

"Mr Mandela's return to public life creates opportunities for all parties to engage in reasoned debate about how to structure democratic politics in a future South Africa," said Gavin Relly, chairman of Anglo American.

Financial analysts said this would give powerful impetus to the economy, battered by a flight of foreign capital, high inflation, surging unemployment and slow growth in the past five years.

Said Wayne Mitchell, executive director of the American Chamber of Commerce: "The move could help stop disinvestment by ending double taxation on US companies operating here and possibly lead to the lifting of other sanctions such as the prohibition on landing rights for South African Airways," he added.

Mandela's freedom could also persuade international bankers to ease a clamp on loans to South Africa, cut off in 1985.

Certainly capital inflows are likely to increase. Over the last week, since President de Klerk's opening of Parliament speech over R1 billion has come into the county and more is expected now that the ANC leader is released.

But some analysts cautioned against over-optimism, saying Mandela's release should not be seen as a panacea for SA's economic problems. — Sapa-Reuter

The Star Finance

STAR 12/2/90 (62)

SA Brews' muscle drives Pepsi Cola out of business

By Trevor Walker

CAPE TOWN — Peninsula Beverages bottlers of Coca Cola in the Western Cape has won the latest "Cola War" now that arch-rival Pepsi Cola has been placed under provisional liquidation.

However the sad fact is that the consumer will be the loser after Coke's obliteration of the opposition.

There is no doubt that the fierce competition which errupted last year kept prices down after a group of local investors banded together and attempted to tackle Coke head-on in the Western Cape.

Cool drink prices fell across a wide front and the competition for floor space at the corner cafe was particularly severe.

Huge discounts, as much as 30 percent, were offered to cafe owners to push particular products.

Coke International and SA Breweries and certain other companies such as Natbev the Coke franchise holder in Southern Africa quickly established a "war chest" and set about eliminating the new upstart.

Pepsi Cola in the 1950s and '60s was larger than Coke in South Africa, but after the purchase of Cadbury Schweppes by SA Breweries, Pepsi was forced to stop bottling Schweppes cool drinks and the company began what was eventually to turn out to be a losing battle against SA Breweries.

Coke has no less than 51 percent of the total South African cool drink market and nowhere else in the world is the product so dominant.

It also bottles Tab, Fanta, Sprite, Yellow Mellow, Crest and other drinks. Pepsi included a diet Pepsi, Mountain Dew, Miranda, Stani and the Evervess range of tonic, soda and ginger ale mixes.

Yet all is not over with the fortunes of Pepsi in southern Africa. Pepsi International was hamstrung by the US sanctions regulations to a greater extent than Coke, which made good use of its operation in Swaziland.

About 80 percent of soft drink sales in South Africa are to blacks and it is no coincidence that the Sowetan Investment Trust (Sitco) had a R1 million investment in Pepsi Africa.

The latest political developments in South Africa could well lead to an easing of certain US sanctions against this country and if yet another rescue of Pepsi was to be mounted it might just be possible that with solid help from Pepsi Intenational the monopolistic stranglehold of Coke might be broken.

The Cape Town investors who were involved in the venture capital project to rescue Pepsi formed Pepsi Investment Trust and the board of directors was made up of executives from Personal Trust and Sitco.

A Pepsi Trust director who declined to be named said: "We totally underestimated the trully massive response from the combined forces of the opposition.

"Our call for investment funds to put Pepsi back on its feet was well oversubscribed, but the weight of money and promotional backing thrown against us from up north was so large that without solid financial help from Pepsi International there was no way we were in a position to compete.

"I learnt that it is impossible to compete against a monopoly and certainly when you have one hand tied behind your back."

SA Breweries has bottling plants spread across the country and Pepsi Africa with plants in Cape Town and Bloemfontein was intent on gaining 10 percent of the Western Cape market.

This would have been enough for it to run a profitable bottling company, but for SA Breweries, the master company at eliminating competition this was clearly seen as the thick end of a wedge it was not prepared to tolerate.

Liquidators Cape Trustees said the company had liabilities of about R11,5 million, but a "quick liquidation" was expected as a number of companies had shown interest.

Unpaid wages

The liquidators have until February 27 to decide on the fate of the company and the 300 people that were employed by Pepsi. Nearly R1 million is owed in unpaid wages, pension and other benefits.

The price of cool drinks in the Western Cape is expected to increase this year as a result of the lack of copmpetition and higher prices will be most noticeable at the corner stores.

The large hyper stores use the two-litre Coke as a loss leader and the price can vary widely from day to day.

Latest prices for the two litre are around R2,25, but the future price will depend on normal inflationary factors and to what extent Peninsula Beverages decides it needs to recoup its promotional expenditures in its battle to stop Pepsi.

Pepsi Cola's liquidation

Star 13/2/90 (62)

An article published yesterday from our correspondent in Cape Town concerning the demise of Pepsi Cola in the Western Cape wrongly stated that SA Breweries, the holding company of Amalgamated Beverage Industries (ABI), played a major role in the price war that erupted in the cold drink industry and ultimately forced the liquidation of Pepsi Cola.

A spokesman for SAB has pointed out that ABI does not operate in the Western Cape and therefore could not have been involved in any price-war with Pepsi Cola. The error is regretted.

Sowetan 13/2/90 62

US business: No rush to return to SA

NEW YORK. — US business is in no rush to return to SA and will look on Nelson Mandela as a touchstone for determining when and if to reinvest in SA, economists and analysts said.

"A great deal not only depends on the goverment but on Mandela himself. Much depends on him and the government's ability to work with him," said Philip Braverman of DKB Securities, a unit of Dai-Ichi Kanygo Bank

"Mandela is the sort of guy they'd love to have negotiating the change. He is a moderate by black Southern African standards," said Ian Giddy, a professor at the Wharton School of the University of Pennsylvania.

"If he were to remain politically influential, business would be happier."

The analysts said the pullout from SA by US corporations in the 1980s had been painful and costly and would be reversed only slowly, even if SA's power shifts are orderly and non-violent.

US economic sanctions, too, remain in place and would interfere with efforts to invest heavily in SA, the analysts said.

"Gradually business attitudes will change as the society opens up and there are greater freedoms for blacks," said David Jones at Aubrey G Lanston.

In addition, according to Katharine Kine, an economist at the Wefa Group, most US corporations have set their spending plans for 1990 and were unlikely to alter them meaningfully as far as SA is concerned. — Reuter

Share index futures

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US business in no rush to come back — analysts

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"Mandela is the sort of guy they'd love to have negotiating the change. He is a moderate by black southern African standards," said Ian Giddy, a professor at the Wharton School of the University of Pennsylvania.

Giddy said Mandela's role in SA will be determined not only by government willingness to bargain, but whether he can unite SA's divided black groups.

Analysts said the pullout from SA by US corporations during the 1980s had been painful and costly and would be reversed only slowly, even if SA's power shifts were orderly and non-violent. Sanctions would remain and retard investment.

Two hundred US companies got rid of their SA holdings between 1984 and 1989, while dozens more have retained direct investment or sell products in SA.

"Those still involved will stay. They will not close down as they might have done. But those who have pulled out won't be in any rush to go back in," said Giddy.

According to Katharine Kine, an economist at the Wefa group, most US corporations have set their spending plans for 1990 and were unlikely to make major adjustments as far as SA was concerned.

The sharp rise of the rand since February 1, when President F W de Klerk announced the end of a 30-year ban on the ANC, indicated an infusion of foreign capital to SA, Giddy said. But SA policy makers knew very well "this hot money" could leave just as quickly if events warranted it and they could not afford to slow the reforms.

Gold prices, which rose 15% since September to $415 an ounce in London on Friday, closed unchanged on February 2, the day after De Klerk announced the freeing of Mandela and the legalisation of the ANC.

"Gold has, on a world basis, picked up some of the 'safe haven' status of the dollar," Braverman commented. — Reuter.

DE KLERK

US firms wary of SA return

Sowetan 14/2/90 62

NEW YORK - Though welcoming the reforms promised by President F W de Klerk, US businesses are not rushing to re-enter South Africa, according to spokesmen for a wide range of American companies polled yesterday.

Reflecting a generally qualified US response to President de Klerk's declarations to Parliament on Friday, bankers also said that notwithstanding South African hopes for a quick economic stimulus to the changes announced by the State President, they doubted whether South Africa would find it easier to get new loans from international banks.

General Motors, which sold its South African subsidiary to local interests in 1987, appeared disinterested in the new moves, a spokesman in Detroit saying bluntly: "We have no plans to go back to South Africa."

But the man who more than anyone else set in motion the US divestment procession, the Reverend Leon Sullivan, had a more conciliatory view.

"What we have seen so far is progress - real progress - but it's just one step. A statement is not far enough. We still have to wait and see what happens."

He added that he thought US corporations are prepared to assess their involvement in South Africa, "but if - and only if - the government follows through on its promises and ends apatheid."

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Cape Times 2/3/90

Pepsi Cola goes into liquidation

Supreme Court Reporter

THE affairs of Pepsi Cola Africa (Pty) Ltd will be wound up after a final liquidation order granted in the Supreme Court yesterday by Mr Justice C T Howie when the company failed to pay an outstanding debt of more than R200 000.

In his application Mr Brian Addison, managing director of Cream Advertising (Pty) Ltd, said Pepsi owed the company R203 397,86 for services rendered between June last year and January this year.

He had received three post-dated cheques and a day before he could draw on a R100 000 cheque he was asked to hold it, but when it was eventually deposited it was returned and marked "payment stopped".

He submitted the company was unable to discharge its liabilities.

Mr C W Rosenthal, instructed by Mr Leonard Katz of Sonnenberg Hoffman and Galombik, appeared for Cream Advertising.

Don't expect divested US companies to return

W/Mail 2/3-8/3/90

(62)

By HILARY ANDERSSON

SOUTH Africa should attempt to attract new investment from the United States if sanctions are relaxed, since companies which disinvested are unlikely to return.

That's the view of Wayne Mitchell, executive director of the American Chamber of Commerce in South Africa (Amcham), who points out that some of the companies who left did so in an atmosphere of tension with their workforces.

Kodak, which encountered antagonism from affiliates of the Congress of South African Trade Unions on its departure, is a case in point. Other companies, such as Ford, left on favourable terms. But even these, Mitchell believes, may not want to "go through it again".

There is, however, potential for attracting first-time US investors and some are "cautiously optimistic" about recent changes in South Africa, says Mitchell.

But he points out the cautious optimism translates into a "wait and see" policy in the short term. This may mean the loss of potential investment in South Africa to newly opened Eastern European markets. The timing of the lifting of sanctions may therefore be crucial.

Despite increasing competition in the field of high technology from Japan, markets for American goods here generally remain good, according to Mitchell. Demand for American health care products, heavy industrial equipment, mining equipment and vehicles is particularly strong.

The ban on new investment and the double taxation of profits are the key sanctions. If these are lifted, any hesitancy to invest, Mitchell believes, will stem from uncertainty about the outcome of government-African National Congress negotiations.

Of the 337 American companies which were in South Africa in 1983, only 140 remain. The remaining US companies here are "very excited" and "bullish" about recent political developments, says Mitchell. His impression, following a recent unusually well-attended Amcham AGM, is that they feel vindicated for having stayed.

They are hopeful for the future integration of the southern African economy, as South Africa's increasing political credibility removes barriers, and with Mozambique and others liberalising their economies.

Helping to fuel their optimism is the fact that political pressures from state and local-level sanctions and consumer boycotts are finally beginning to ease as South Africa gets its first taste of positive publicity.

This is important for companies such as Johnson and Johnson, for example, who get more business from New York alone than they do from South Africa.

Amcham will go again to Washington this year to lobby against the Dellums Bill and for the relaxation of sanctions. Mitchell is confident the present feeling in Congress is in favour of any relaxation of sanctions that President George Bush might put forward.

Mitchell has been involved in direct talks with both the ANC and the government on behalf of Amcham. He describes the ANC as "pragmatic" and in view of this the redistribution which is inevitable in the future "mixed" economy could occur through taxation, rather than necessarily nationalisation.

the moment. Above that ... there is no protection, and above $28,7 per barrel Sasol starts paying in: it must pay 25 percent of any extra ment. And it has been a large one: so far R5-billion has been sunk in the project.

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Samcor in battle over pension fund

BD 5/3/90

(62)

LINDA ENSOR

SAMCOR is locked in a multi-million-rand legal battle over the Ford SA Pension Fund (FSAPF) which was transferred to the Anglo American Corporation Pension Fund (AACPF) after Ford's amalgamation with Amcar in 1985 and its relocation to Pretoria.

The amalgamation occurred after Ford Canada divested from SA and sold its local operation to Samcor.

An employee, John Sauls, who is being supported financially by the National Automobile and Allied Workers' Union (Naawu) — since incorporated into the National Union of Metal Workers' of SA — has brought the application in the Port Elizabeth Supreme Court.

The matter was heard last week.

Samcor and the other respondents opposed the application as "improper", saying the programme to close Ford had been agreed to by all parties. Judgment was reserved by Mr Justice Jones.

Sauls wants the original assets of the fund (about R44m) to revert to the FSAPF, plus the R13m in pension fund money which, he claims, was used to finance the retrenchment packages of 3 900 workers.

He is also seeking the liquidation of the fund so that members can use their pension benefits to purchase retirement annuities. But, before he can proceed, he is required to give notice to all the other former members of the fund about his intended application for the liquidation of the fund.

Sauls' application to the Supreme Court sought directions on the proper way for this notice to be served. He applied for the amendment of the FSAPF rules allowing for retrenchment benefits to be paid out of the pension fund to be declared improper and set aside.

He submitted that there was a prima facie case that five Ford directors, who were members of the Committee of Management of FSAPF, had breached their obligations in terms of the FSAPF rules.

No employees were represented on the fund's management committee which allegedly amended the rules of the fund two days after negotiating the retrenchment package to make it possible for the FSAPF to pay for the retrenchment benefits.

In a supporting affidavit, Naawu national secretary Frederick Sauls says: "Throughout the discussions between Samcor, Naawu and the SA Iron and Steel and

☐ To Page 2

Samcor battle

(62)

☐ From Page 1

Allied Industries Union, it was perfectly clear that the separation payments would be made by Samcor. At no time was it ever indicated or suggested that these payments would come out of the FSAPF."

He says it is inequitable that the employees who created the assets of FSAPF — which shows an overfunding of at least 21,1% — be transferred to the AAPF.

John Sauls says as Ford's operations were relocated to Pretoria and the FSAPF set up in the interests of its workers, its managers were obliged to liquidate the fund rather than transfer it to an area where members could not remain members.

BDay 5/3/90

He is also applying for the amalgamation of FSAPF with AAGPF to be set aside, and for AAGPF to be ordered to return all assets to FSAPF which had been transferred to AAGPF, minus money paid out to FSAPF members. Finally he has applied for the liquidation of the FSAPF.

The respondents to his application were: FSAPF, Samcor, SA Motor Corporation, AAGPF, Registrar of Pension Funds, Anglo American Corporation and Samcor (Pretoria) Pty Ltd.

MASONITE FM 9/3/90 62

Chipping dividends

Activities: *Making wood and mineral fibre building products.*
Control: *Masonite Corp (USA) 67,3%.*
Chairman: *F J Raubenheimer; MD: A H Wilson.*
Capital structure: *6,82m ords. Market capitalisation: R85m.*
Share market: *Price: 1 250c. Yields: 4,5% on dividend; 11,2% on earnings; PE ratio, 9,0; cover, 2,5. 12-month high, 1 425c; low, 1 000c. Trading volume last quarter, 14 000 shares.*

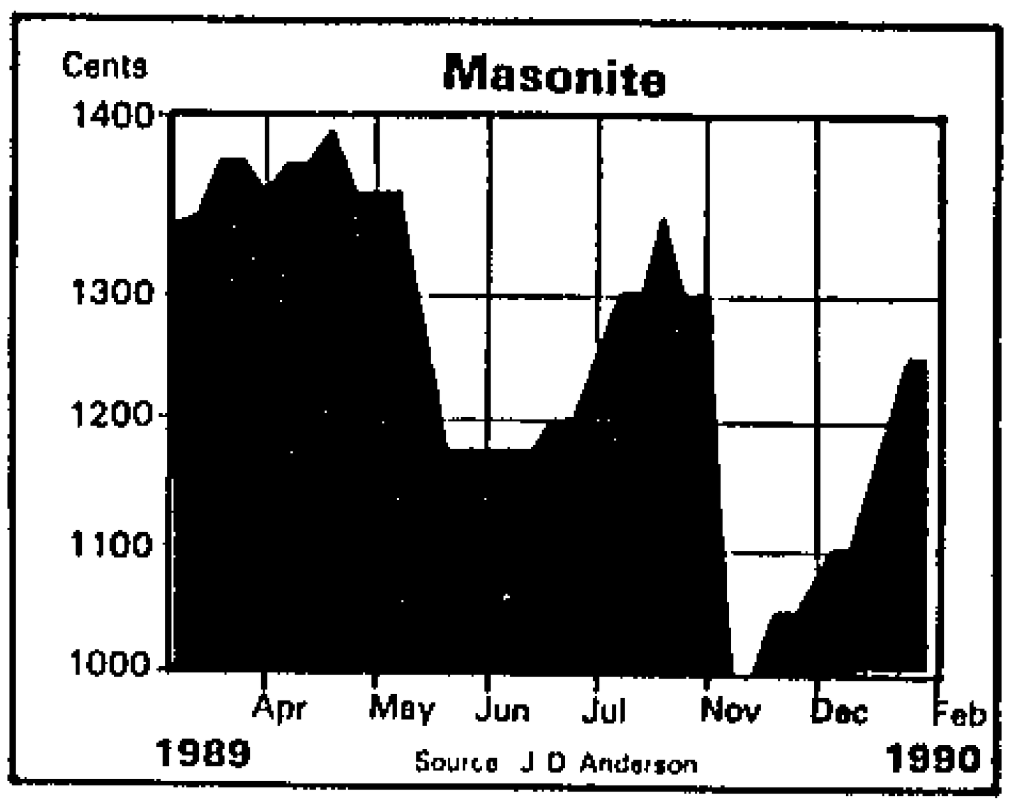
Year to Dec 31	'86	'87	'88	'89
ST debt (Rm)	—	—	—	2,5
LT debt (Rm)	0,5	0,3	—	5,4
Debt:equity ratio	—	—	—	0,15
Shareholders' interest	0,63	0,61	0,61	0,59
Int & leasing cover	n/a	n/a	n/a	71,8
Return on cap (%)	17,5	19,2	24,6	20,7
Turnover (Rm)	69	74	90	102
Pre-int profit (Rm)	7,9	9,5	15,3	15,4
Pre-int margin (%)	11,5	12,8	16,9	15,1
Earnings (c)	89,8	101,5	134,0	199,6
Dividends (c)	40	72	67	56
Net worth (c)	432	472	559	642

Yet another dividend cut, even though earnings have continued to rise. This year, though, the cut is realistically justified by the fact that greater retentions are needed to finance additions to forestry plantations, plant and equipment. Realistic, because increasing borrowings at present interest rates would lead to the problems of reverse gearing, at least in the short term.

Last year, of course, Masonite increased its long-term debt to help finance acquisitions of new plant and part of its factory expansion expenditure.

Raising additional equity capital seems out of the question — the American parent is most unlikely to invest more money in SA even if the political climate is changing and, presumably, it does not want its interest diluted. The best to be expected is that the American parent will not be pressed to divest but will insist its offshoot continues to finance itself as conservatively as possible.

Last year's trading proved to be less difficult than initially expected, though newly-appointed chairman Alan Wilson notes mixed performances. Sales to the furniture and motor industries tumbled, as both industries suffered the effects of credit curbs. Sales to the building sector increased or held steady. This year, Wilson indicates, is likely to be much the same.



Exports stepped in to keep the Estcourt factory running at full capacity, despite lower domestic sales, but this led to narrower margins. For the present there is the prospect of the rand remaining relatively firm which, in turn, makes it less easy to increase export profits.

Capital expenditure this year will be directed both at increasing the company's plantation holdings and adding to factory capacities. Presumably that implies some further clipping of the return on assets (ROA) ratio, as new plantations contribute only once trees can be felled. And, as long as ROA remains lower than the cost of borrowing, retentions will continue to rise.

Wilson gives no indication of this year's likely dividend, though he expects earnings will be little different from last year's. The tightly-held share is best suited to long-term portfolios.

Jim Jones

LEPPIN FM 9/3/90

Margins vanish

Activities: *Imports, manufactures, distributes and exports food supplements and vitamins.*
Control: *Directors 76,7%.*
Chairman: *G Leppin; joint MDs: N Hannemann and T Hannemann.*
Capital structure: *8,6m ords. Market capitalisation: R1,5m.*
Share market: *Price: 17c. 12-month high, 28c; low, 14c. Trading volume last quarter, 36 650 shares.*

Year to July 31	'87*	'88	'89
ST debt (Rm)	0,3	0,5	0,9
LT debt (Rm)	0,1	0,1	0,2
Debt:equity ratio	0,74	0,47	1,07
Shareholders' interest	0,33	0,44	0,27
Int & leasing cover	13,1	3,9	(0,48)
Debt cover	0,8	0,6	0,05
Return on capital (%)	20,3	10,2	—
Turnover (Rm)	3,7	4,4	6,1
Pre-int profit (Rm)	0,3	0,3	(0,08)
Pre-int margin (%)	8,8	6,9	—
Taxed profit (Rm)	0,2	0,2	(0,25)
Earnings (c)	3,2	2,7	(2,9)
Dividends (c)	nil	1	—
Net worth (c)	8	15	12

* Pro forma

For the second consecutive year, Leppin Holdings' earnings have fallen despite strong turnover growth.

Management attributes the latest 2,9c per

ARGUS 15/3/90

NYC pulls R19b from SA-linked companies

62

The Argus Foreign Service

NEW YORK. — City officials here today announced the withdrawal of $7,6 billion (R19 billion) worth of shares from United States companies doing business with South Africa.

The decision follows a refusal by the US Supreme Court last month to hear a petition to halt withdrawal by US cities of their pension-fund holdings from SA-linked companies.

In what was considered a landmark case, the US Supreme Court chose not to consider a case submitted to it by a group of municipal pension beneficiaries in Baltimore, who declared that local governments had no right to "participate in the conduct of foreign relations, because this would mean this nation would speak with many voices, not one, in foreign affairs".

New York was among several major US cities that had delayed their divestment programmes pending the Supreme Court's decision.

The new opening was welcomed by New York's Mayor, Mr David Dinkins, who said today: "I'm pleased to get the divestment moving along, because, as some of us say, Nelson Mandela is out of prison but he is not yet free.

"All the best intelligence I have heard coming from South Africa calls for continued pressure on Pretoria. We've got to stay on their case."

New York's earlier divestment policies, though supported by former Mayor Ed Koch, were delayed by lengthy debate when he also urged the withdrawal of investments from "other pariah nations", including the Soviet Union and Libya.

No end to negotiations

South 15/3 - 21/3/90

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A ROW has broken out over negotiations at an American multinational company in Philippi, Cape Town, with workers rejecting company claims that annual wage negotiations have ended.

The company, Baltimore Aircoil, met with representatives of the Metal and Electrical Workers' Union of South Africa (Mewusa) earlier this year to negotiate minimum wage increases.

A subsequent meeting last month ended in disarray after Mewusa objected to the presence of representatives of a "sweetheart" union and of representatives of "non-unionised" workers.

At this meeting, the company informed Mewusa it no longer had a majority membership at the plant.

Mewusa then held a meeting with the Baltimore workers who rejoined the union.

The company called a further negotiating meeting at the end of last month, but union spokesperson, Mr Brian Williams, claimed the union was not informed of the meeting where workers were represented by two "inexperienced" shop stewards.

The managing director, Mr Deverson, and an industrial relations consultant represented the company.

The union was then informed that negotiations were "over". Foremen told workers they would negotiate with management on their behalf.

Williams claimed that this was an "ongoing reflection of the determination of the company to break the union".

He said the union would declare a dispute if demands to reopen negotions were not met.

On Monday, workers at the factory delivered a protest letter to management.

● The company failed to respond to requests by SOUTH for comment.

(62)

US to get SA futures course

ROBERT GENTLE

AN SA company specialising in financial educational packages is to market its recently released Futures & Options course in the US.

Progressive Systems, known for its Compushare share market training programme, will market the product from its Chicago office. B|Day 16|3|90

The decision to launch the Futures & Options course comes in response to repeated calls by existing US clients for such a package.

The SA version, endorsed by the SA Futures Industry Association, is currently being tailored to meet specific US conditions.

New York expected to sell off SA-tainted stock

(62) (240) B/Day 16/3/90

SIMON BARBER

WASHINGTON — Trustees of the New York public employee pension system are expected to approve the divestiture of more than half a billion dollars of stock in 94 companies with ties to SA to "keep the pressure" on Pretoria.

The decision, which could come today, was made possible when the city's chief legal adviser, Victor Kovner, ruled on Wednesday that the $17,7bn fund would not be jeopardised.

The system will keep "tainted" shares it holds in a special "actively managed" portfolio designed to outperform the overall market. Restricting this fund would "hamstring" its managers, city financial commissioner Carol O'Cleareacain said.

Also exempt would be any company that could convince the city it was "engaged in substantial efforts to end apartheid".

Mayor David Dinkins welcomed Kovner's ruling. "Nelson Mandela is out of prison, but he is not yet free. All of the best intelligence I've heard . . . calls for continued pressure on Pretoria."

If approved by the trustees, the latest divestitures will represent that fourth and final stage of a policy adopted by the city in 1985. Initially, only companies that dealt with the SA security establishment and refused to sign the Sullivan Principles were affected but requirements were ratcheted up.

Also under consideration are policies to tighten the city's selective purchasing laws to bar deposits in banks that have rescheduled their SA debt.

Anglo in UK ad campaign

B/Day 20/3/90

LONDON — Anglo American yesterday launched its overseas ambassadorial offensive to raise the group's international profile in the politico-economic debate now starting in SA.

Advertisements in The Times and The Guardian, each of two full pages, signalled the start of a campaign revealed when Anglo chairman Gavin Relly announced his retirement and new role as unofficial ambassador for the group and SA.

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Both proclaim Anglo's whole-hearted commitment to a fully democratic, free market society.

The Times advertisement says SA's democratic constitution, "however it is finally devised, must reflect a political and economic structure that creates wealth rather than re-allocates poverty".

The Guardian advert announces Anglo's intention to invest R8bn over the next three years and says: "In a post-apartheid

JOHN CAVILL

SA all its people must have equal access to both the ballot box and the market place, if they are to be liberated not only from oppression, but from poverty."

Anglo plans to use all the UK "quality" newspapers and The Economist.

Yesterday's advertisements may have cost £63 000 and similar placements in three other newspapers could amount to another £133 800. Matching-size advertisements in the four "serious" Sunday papers could add another £190 000 to the bill.

Michael Spicer, assistant to Relly, said in London yesterday: "The advertisments are part of an exercise to gradually raise Anglo American's profile.

"It will embrace Anglo as a business and, on the political agenda, what we can contribute to, and stimulate, the coming debate in SA."

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Mercury waste workers 'shaking and going mad'

Workers at a factory which deals in toxic wastes have begun 'shaking and going mad', say their colleagues. International enviromental groups are supporting their claims, reports EDDIE KOCH

WORKERS at Thor Chemicals, a multinational which imports highly toxic mercury waste into South Africa, are reported to be suffering from a severe nervous disorder after absorbing toxins at the company's plant near Pietermaritzburg.

Greenpeace International plans to launch a protest campaign against Thor and its sister company American Cyanamid in the wake of these revelations. Local trade unions are preparing to throw their weight behind the campaign.

A *Weekly Mail* investigation last year discovered that Thor had been responsible for polluting the Umgeni River with 50 micrograms of mercury per litre of water — two and a half times the legal limit in South Africa.

Reports that at least two of Thor's employees are suffering from mental disorders induced by mercury poisoning are contained in a recent report published by the environmental organisation, Earthlife Africa.

"These allegations and evidence of extremely high mercury pollution levels in a nearby stream — said to be the highest ever recorded in the world — have emerged after a lengthy and intensive investigation by our Pietermaritzburg branch," says the latest edition of Earthlife News.

The organisation said that, during three different sets of interviews, labourers from the Thor factory had mentioned that in the past two months two of their colleagues had started "doing and saying strange things and were shaking a lot". The workers' interpretation was that the two employees had gone "mad".

A health and safety researcher at the Workplace Information Group, told the *Weekly Mail* the symptoms were consistent with those of mercury poisoning.

"When absorbed the toxins cause people to lose touch with reality and severe swings in mood," she said.

Thor MD Stephen van der Vyver responded to the reports by saying: "I don't deny that workers get sick. But mad — that's absolute nonsense. We check the guy's urine every week and if levels exceed 200 micrograms of mercury per litre they are given orange juice to drink and are taken away from the plant."

Professor Tony Davies, from the National Centre for Occupational Health (NCOH), told the *Weekly Mail* his institute regarded 50 micrograms of mercury per litre of urine as the level above which abnormalities occur.

He added that trying to remove mercury from people's systems with large amounts of liquid was not an effective way of dealing with the problem.

"There is no evidence that the intake of liquids will flush out mercury. All it is likely to do is dilute the levels of mercury in the urine rather than remove it from the kidneys."

Earthlife has released documents to the *Weekly Mail* which reveal that the South African government granted Thor permission to import toxic waste from America. Two shipments loaded with at least ten tons each of mercury wastes leave New Jersey and enter Durban harbour each year.

"Thank you very much for your letter dated April 19 1988 in connection with the shipment of hazardous waste to the RSA," says an official approval notice to American Cyanamid. "The Department of National Health and Population Development has indicated that it would have no objection to the importation from the USA of waste poisonous solid NOS..."

A range of environmental groups, trade unions and political organisations are gearing up for a campaign to fight the importation of other country's high-level toxic waste for dumping or recycling in South Africa.

A Greenpeace study on the international trade in toxic waste last year found that Thor Chemicals was one of the major importers of toxic waste in the Third World.

"In a deal between Thor Chemicals of Natal, South Africa and American Cyanamid of New Jersey, 120 drums of mercury contaminated wastes have been exported from the US to South Africa each year since 1986," said the Greepeace report.

Zuma, the man who was here, but wasn't

WMail 30/3-4/4/90

By THANDEKA GQUBULE

NO ONE in the African National Congress seems to know when the ANC delegation will arrive in South Africa.

The Internal Leadership Corps (ILC) of the ANC this week continued to deny any knowledge of the arrival of Intelligence Chief Jacob Zuma.

The ANC leadership refused to confirm or deny Zuma's visit to the country. According to Ahmed Kathrada of the ILC: "We can not say, at this stage, whether it is true or false." He said that through media reports the ANC had heard that there was to be a meeting with De Klerk, but he did not have the details.

The *Weekly Mail* can confirm that Zuma was indeed in the country, accompanied by senior ANC men Penwell Maduna and Gibson Macanda. We know of several people who met Zuma while he was here.

According to reports, Zuma advised the organisation's leadership, expected at Jan Smuts on Sunday, against flying to South Africa.

The ANC's Director of Internal Affairs, Thabo Mbeki, is expected to be the first ANC leader back from exile to speak in South Africa when he addresses the Cape Town Press Club.

Mbeki is expected to speak to approximately 300 journalists and opinion-makers in Cape Town on April 12.

But the ANC office this week denounced as pure media speculation reports that security hitches were the main reason for the delay.

Yesterday, sources in Lusaka remained silent on when the delegation would arrive. But Tom Sebina, press relations officer for the ANC, confirmed that the ILC did meet Zuma.

Sebina said "the composition of the delegation has not yet been decided

NBS to buy Pepsi's assets

Star
2/4/90

The Star Correspondent

CAPE TOWN — The liquidators of Pepsi Cola Africa are to sell the entire assets of the ill-fated cool drink company to National Beverage Services (NBS) for R4 million after permission for the transaction was granted in the Cape Supreme Court.

The company was liquidated last month.

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Mr Justice AJ Lategan granted permission to liquidators Ralph Millman and Stephen Gore to accept National Beverage Services' offer with the consent of the majority of creditors and the Master of the Supreme Court.

Mr Millman said in an affidavit the offer was "very favourable" and in the interests of creditors.

Caltex seen as possible acquisition

CAPE TIMES 5/4/90

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AUDREY D'ANGELO
Financial Editor

ENGEN — the energy giant formed when Gencor bought Mobil (SA) — is currently eyeing Caltex as a possible acquisition.

This was made clear when CE Rob Angel spoke to stockbrokers and analysts at a prelisting presentation at the Mount Nelson Hotel yesterday.

But he emphasised later: "We are not talking to Caltex, yet, but they are vulnerable — they have to be."

During the presentation, Angel said: "Engen's mission is one of real growth, both from our core business and new business. We shall be looking at possible acquisitions."

Acquiring another oil company would not be too much for Engen.

Later he pointed out that Caltex was in the same difficult situation he had been in while Mobil was owned by a parent company in the US.

"They are caught by double taxation and they cannot bring in new technology or investment."

Answering a question on how a change of government would affect oil companies in SA, Angel said: "If the industry is deregulated we shall all be scrambling round for market share.

"There might be a drop in earnings but it would only be in the short term.

"As soon as Caltex sees a drop in earnings they are not going to be staying here very long, I believe."

Discussing the future of Engen, Angel said the expansion of Genref's refining capacity by 50% — at a cost of between R600m and R800m in 1990 and between R500m and R700m in 1992 — would include preparations for lead-free petrol.

This was already in use in Britain and continental Europe "and it will come in SA, I think by 1995".

Making preparations for this now would give Engen the edge on other oil companies in Southern Africa, which would start several years down the line.

Angel said he knew Shell (SA) would like to invest in improvements to its refineries but it was handicapped in this by its partnership with BP.

He said Engen was concerned with the environment and care would be taken to control pollution in emissions from its chimneys and in its waste water.

Pointing out that SA's situation was changing, he said that Engen expected to expand its markets beyond Southern Africa in the future.

Discussing its option to buy 30% of Mossgas, which it manages, Angel said the project was now "much further down the track than most people realise".

The onshore development was now 51,2% complete and the offshore development 75,2% complete.

Engen would take up its option to buy 30%, raising the money through a rights offer, only if the return to shareholders were worth while.

He was confident this would be the case. Engen was also very hopeful about its participation rights in up to 20% of Soekor wells in "a vast area" off Cape Agulhas. The Bredasdorp basin was "encouraging".

Pointing out that Mobil had targeted itself specifically at the black consumer market, Angel said spending in this sector was growing rapidly.

Engen will be listed on the JSE at the end of April, by way of the listing of its subsidiary Trek.

The group consists of Mobil, Sonap, Trek, the Genref refinery in Durban, and its option of a 30% stake in Mossgas and participation rights in Soekor.

The pro forma forecast for the 12 months to August, 1990 is of attributable income of R200m on a turnover including sales tax and levies of R5 282m.

Income before interest and tax is forecast to be R306m, with an interest bill of R52m and a tax bill of R54m.

Engen has sights set on Caltex

CAPE TIMES 5/4/90

ENGEN, the energy giant formed when Gencor acquired Mobil from its US parent company, is eyeing Caltex as a possible acquisition.

After hinting strongly at this yesterday, Engen chief executive Mr Rob Angel said: "We are not talking to Caltex, yet. But they are vulnerable — they have to be."

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He said US-owned Caltex was in the same position that Mobil had been in before it became a South African-owned company. It was subject to double taxation and unable to invest in new technology.

● Report — Page 13

CAPE TIMES 6/4/90

Caltex plans expansion in SA

Financial Editor

FAR from being ripe for take-over by Engen, Caltex Oil (SA) is upgrading its Milnerton refinery and sees SA as a base for further expansion into the black consumer market in Southern Africa, says chairman Jock McKenzie.

He was replying to suggestions by Engen CE Rob Angel, at a prelisting presentation in Cape Town on Wednesday, that Caltex might disinvest and was "vulnerable" to takeover.

In a statement yesterday McKenzie said Caltex had "no intention whatsoever of disinvesting from SA".

Angel had suggested that Caltex (SA), as a US-owned company, was subject to double taxation and could not invest in new technology.

But McKenzie said his company was fully and adequately funded from its own resources.

It had made substantial investment in its retail network in order to maintain its leading position in the petrol market. It was extensively upgrading its Milnerton refinery.

It had "not experienced any difficulties in obtaining the necessary technology for either its refinery upgrading, or in its ability to supply the local market with the most advanced petrol available."

McKenzie said Caltex's investment policy both internationally and locally was based on long-term analysis of economic potential. Caltex management believed that the market in Southern Africa had a potentially bright future with good prospects for growth.

He added that short-term economic uncertainties, and the inevitable fluctuations in earnings resulting from this, were not the determining factors in maintaining a presence in this particular market.

Caltex Oil's management and its US shareholders firmly believed that its continued presence in SA, ongoing business activities, corporate social responsibility programmes and positive links between the US and SA made "a positive contribution to the future of SA and all its people".

The black consumer market in SA had already expanded considerably and he expected further growth.

If political problems were solved and SA became a member of the OAU markets would open up in other parts of Africa and he was certain that Caltex (SA) would develop the capacity to expand into them.

Caltex 'is in SA to stay'

B/Day 9/4/90

CHARLOTTE MATHEWS

CALTEX had no intention of disinvesting from SA, chairman and MD Jock McKenzie said in a statement last week.

He was reacting to a remark by Engen MD Rob Angel suggesting Engen could regard Caltex as an acquisition target since being owned by a US parent put Caltex in the difficult position of paying double taxation, and being unable to bring in new investment.

McKenzie said: "Caltex management believes that the market in southern Africa has a potentially bright future with good prospects for growth."

Technology

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"We have made substantial investment in our retail network in order to maintain our leading position in the petrol market.

"We have not experienced any difficulties in obtaining the necessary technology for either our refinery upgrading or our ability to supply the local market with the most advanced petrol available," he said. B/Day 9/4/90

An Engen spokesman said on Thursday that the possibility of Engen making a major acquisition like Caltex at this stage was extremely limited.

The spokesman pointed out that there had been a number of developments at Engen in recent months and the company was soon to be listed on the JSE.

"Our personnel are fully committed to that listing."

Goodyear USA defeats proposal to break SA ties

BD 10/4/90

LINDA ENSOR

A FORMAL proposal that Goodyear USA sever its ties with Tycon (formerly Goodyear SA) was defeated at the AGM of shareholders in New York yesterday.

College. Retirement Equities Fund (CREF) — which owns 2-million Goodyear shares worth about $73m, yesterday proposed to Goodyear shareholders that SA ties be severed. CREF is the largest single shareholder in Goodyear USA, with a 3% stake.

Piet Neethling, group MD of Anglo Vaal's Consol, which purchased Goodyear SA for R176m, confirmed the defeat of the proposal, saying "it would appear the majority of shareholders and certainly management of Goodyear are opposed to the idea".

Neethling said CREF had regularly, over many years, made calls for Goodyear to disinvest and was now calling for a severing of all ties.

The acceptance of the proposal would have disruptive effects on Tycon's technology and brand name agreements with Goodyear, Neethling said.

"Such a move would be a sad event as we are certainly dependent on Goodyear technology and also use the Goodyear and Kelly-Springfield brand names."

Tycon is also tied in with Goodyear USA's international supply networks. Neethling said Tycon would probably be ~~able to~~ continue for about 12 months and would then need to make alternative arrangements.

CREF spokeswoman Claire Sheahan said: "We are delighted that Nelson Mandela is now free, and that is a significant step forward. However, it would be premature for (CREF) to change its position until we see the actual dismantling of the apartheid system."

W/Mail 12/4 - 19/4 90

Thor chemicals shut

[redacted] By EDDIE KOCH [redacted]

~~THE~~ South African government has shut down Thor Chemicals — the world's biggest toxic waste recycling plant — on the eve of an international campaign by Greenpeace against the dumping of industrial poisons in South Africa.

The decision by the Department of Water Affairs to suspend all production at the Thor plant in the Natal Midlands comes in the wake of claims by Greenpeace that the company is responsible for some of the worst abuses in the worldwide trade in industrial poison.

And the controversy surrounding Thor's plant has led to demands in the United States that shareholders in American Cyanamid, a multinational that sends vast amounts of deadly mercury waste to Thor, should disinvest if the company does ~~not~~ stop sending waste to South Africa.

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Jim Vallette, Greenpeace's top campaigner against the toxic waste trade, says that 35 tons of highly toxic mercury waste from American Cyanamid, a multinational that has close links with Thor, has been shipped to South Africa for recycling between 1986 and 1989.

"American Cyanamid's practice of using South Africa as a cheap dump site demonstrates the severity of their corporate greed," said Vallette.

Only 123 US firms still operating in SA

MNeus 26/11/90

The Argus Foreign Service

WASHINGTON. — Nearly two thirds of American companies operating in South Africa have withdrawn.

Of 324 companies which originally operated in the country only 123 still have direct investment or employees there, according to the Washington-based Investor Responsibility Research Centre (IRRC).

The IRRC said in its US Business in South Africa 1990 report that the British and West German presence in South Africa dwarfed US investment.

A total of 177 British and 142 German companies had investments or employees in the country.

The largest US employer in South Africa was Caltex Petroleum

Of the 154 US companies which had disinvested since January 1986, 74 retained non-equity links with South Africa such as licensing and distribution agreements, according to the report.

The report listed the following companies as the top foreign employers in South Africa: Lonrho, Royal Dutch Petroleum, Volkswagen, General Electric, Unilever, Nestlé, the BOC group, Daimler-Benz, Siemens and BAT Industries.

US company to enlarge operation in Boksburg

US-BASED Baker Hughes Inc said it would increase its SA operation, with an eye on export markets, by producing a new range of products at its factory in Boksburg. BDay 26/4/9

John Alich, president of the company's mining tools subsidiary, said the new range would help keep production costs to the mining industry down.

"The skills and expertise are available in this country to do a first-class job. "The local company has even been engaged in significant export contracts for not only countries in Africa but other parts of the world," he said.

Alich gave no details of the size of the increased investment in the SA operation.

"With the positive political moves in the region we see the SA company becoming even more involved in the manufacture and export of high quality products," he added.

Visit

Alich said that Baker Hughes had increased the local content of its components to surmount the anti-apartheid sanctions that were aimed at strangling foreign involvement in the SA economy.

Alich made the announcement during his current two-week visit to SA from Dallas, Texas, where Baker Hughes's headquarters is based.

Baker Hughes is one of a dwindling number of foreign companies which have spurned international pressures to disinvest in SA.

A total of 201 US companies have disinvested since 1984.

This leaves 123 firms with direct investment or employees in SA, according to recent figures released by a US-based research institute. — Reuter.

Reinvestment idea discussed in US

Star 25/4/90 (62)

By David Braun, The Star Bureau

WASHINGTON — United States companies which have been pressured into disinvesting from South Africa in recent years may find themselves obliged to reinvest in the country once a democratic government is in place.

While there is no formal planning for this, the idea of putting pressure on companies to meet an affirmative social obligation by reinvesting in a new South Africa has been raised in the US.

Mr Charles Powers, a former religious studies professor who now runs a consulting firm in Boston, was recently quoted in the Washington Post as asking this very question.

If a company was in South Africa before 1986 (the year when US legislation made it illegal to make any new investment in South Africa), did it have an obligation to reinvest in South Africa, even though the business opportunity was not that attractive?

Effective mobilisation

The majority of the more than 100 American companies which have disinvested from South Africa in recent years undoubtedly did so because of mounting pressure on them in the US.

Churches have been particularly effective in mobilising pressure on large corporations.

The effect of the anti-South African campaign has been that nearly 200 American companies adopted the Sullivan Principles, a set of guidelines for corporate conduct in South Africa, while more than 50 US cities and states now have selective purchasing policies that prohibit purchases from companies which do business in South Africa.

As social pressure on US companies increases, not just on the South African issue but also on matters such as the environment, affirmative action, donations to charity, treatment of minorities, promotion of women and many other items, executives are increasingly sensitive about their image. If the trend continues, it may not be far-fetched to imagine that US companies which previously operated in South Africa might some day be called upon to reinvest and do their bit towards building a new country.

Strong contribution from Mobil . . .

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Gencor lifts earnings, div

Cape Times 26/4/90

Own Correspondent

JOHANNESBURG. — Gencor's Mobil has declared a maiden dividend, allowing a R106m turnaround in Gencor's energy division at the interim stage.

The declaration has enabled newly created energy giant Engen, which houses Mobil, to contribute 13% of Gencor's attributable interim profits.

The Mobil acquisition at a cash cost of R650m became effective July 1 1989. Analysts said its strong contribution at the Gencor level underpinned Gencor's skills in transacting profitable acquisitions.

At the group level, Gencor increased earnings and dividends per share by 29% and 17% to 60,1c and 14c, respectively, for the interim six months to February 28.

Executive chairman Derek Keys said: "Results for the second six months are accordingly likely to be lower than the interim results.

"Earnings per share should nevertheless be above those for last year."

Keys added that commodity prices had dropped throughout the interim period.

Earning increased 55% to R707m, diluted at the earnings level by Gencor's rights issue. Keys says the bulk of the cash raised through the rights issue is still at Gencor's disposal.

Gencor is a major diversified group with interests in Genmin (14 gold mines, metals and minerals in Samancor, platinum in Impala and coal in Trans-Natal), forestry products (Sappi), industrial holding (Malbak), mining finance and investment (Genbel) and energy (Engen).

Genmin remained the major contributor to attributable profits (41%), followed by Genbel (24%), Sappi (22%), Engen (13%) and Malbak (8%). Genbel's contribution was a striking 128% increase on the year before, while Engen's R91m contribution was via a maiden Mobil dividend.

Samancor contributed R211m or 73% of Genmin's net R288m.

Keys says depressed base metal prices will, however, have an adverse effect on earnings in the second half of the financial year.

The increased earnings from metals and minerals includes a contribution from Alusaf for the first time.

Platinum's contribution to Genmin was marginally up at R33m.

Exploration expenditure under the Genmin umbrella was static at R53m.

In the interim period, Gencor announced the new Weltevreden gold mine, and concluded a major platinum deal with Lonrho by acquiring a significant stake in Western Platinum.

It also spent R345m in increasing its stake in heavyweight developing OFS gold mine Oryx, and created diversified energy giant Engen.

Within months Genmin is expected to announce details of a R1bn rights issue for continued financing of Oryx.

Keys says lower levels of demand are likely to have a negative effect on Sappi's and Malbak's earnings growth.

However, analysts said the group was soundly poised in difficult markets.

The balance sheet reflected R450m long-term loans against assets with a market value of R17,7bn.

Gencor is trading at a substantial discount to net asset value per share, which rose 42% over the 12-month period to 1 462c.

MONSANTO F/M 11/5/90 (62) (800)

Talking to SA

Most US companies have fled SA in recent years, but Monsanto, the giant chemical company, has stayed on. The company now feels vindicated by President F W de Klerk's reforms, but believes business should do a lot more to make sure his reforms bear fruit.

F/M 11/5/90 (62) (800)

"I'm not convinced local business has got the message that we need to show we're ready to share the cake and must work at improving the cake through investment in education," says chairman of the company's Europe Africa division, Martin Kallen.

Kallen visited SA recently and held extensive discussions with government and business leaders.

"We spent 12% of our payroll on such causes under the Sullivan Code. I believe every business operating in SA should do the same and help create a much larger consumer base. The time has come for multinationals to contribute to the debate on political and economic fundamentals."

This commitment to change should be extended to affirmative action, he says. "It's easy to find excuses not to implement these programmes. There is a risk in over-promoting disadvantaged people. But there are practical reasons for doing so. Just 15% of new entrants into the labour market in the US will be white Caucasians, so we are learning to promote blacks, Hispanics and Asians to higher positions than they have held before. Once they are there, they act as role models for their communities."

Kallen

Kallen last visited SA 11 months ago. Since then, the ANC has raised the spectre of nationalisation and voiced its bitter opposition to privatisation. He's disappointed over that development, but he's encouraged by the new economic thinking at government level and the new generation of politicians who aren't hung up on the past.

"Overseas businesses will be very encouraged by the attempt to reduce the tax burden and to liberalise trade policy. Protection of industry is being questioned and that's entirely right."

The events in Europe, he says, have unhappily overshadowed those in SA. Even the talks with the ANC seem boring in comparison to German unification and the break-up of the Soviet Union. "It may not seem like it from where you're sitting, but SA is about priority No 17 in the world. Investment has moved away from Africa because it's a high risk. There is also growing concern about the impact of Aids on the continent.

"However, if things go well, SA could play a role in the rehabilitation of the region. Sub-Saharan Africa is a region with limited purchasing power where very few skills have yet been developed, so SA skills could play a crucial role."

St Louis-based Monsanto had a worldwide turnover of US$8,7bn last year and is ranked No 55 on the US Fortune 500. In SA, the company has 140 employees and an an-

F/M 11/5/90 (62) (800)

nual turnover of R200m. SA sales of Monsanto products, which include agricultural and industrial chemicals, pharmaceuticals and the artificial sweetener Canderel, are increasing by 20% a year. "There aren't many other places where that's happening. There's still a lot of upside to this economy," says Kallen.

Local management to take on Asgrow

(62)

Bday 7/6/90

NEIL YORKE SMITH

US-owned seed company Asgrow SA is to be sold to local management, Asgrow MD Pieter Jansen confirmed yesterday.

Asgrow is presently owned by the Michigan-based Upjohn Company, which said a letter of intent had been signed to sell the SA company.

Upjohn was selling Asgrow SA as it was too divorced from its main seed operations.

These operations would be focused on the East European market, said Jansen.

Upjohn is to continue to operate Upjohn Ltd, its SA subsidiary which is involved in the human pharmaceutical and animal health business.

Jansen said the deal would lift constraints, especially regarding new investment.

"Under the Anti-Apartheid Act no new investment could come into the company, which limited our expansion and research and development activity.

"We will now be in a position to expand in terms of products offered and turnover," he said.

Approval

Asgrow's turnover for the last financial year was about R20m, Jansen said.

Completion of the sale is subject to regulatory approval in the US and SA.

Asgrow is involved in the development and processing of agronomic and vegetable seeds.

It will continue to operate under licence as Asgrow SA and will hold technical agreements with Upjohn for new hybrids, research and marketing.

Upjohn sells SA affiliate

Star Bureau

NEW YORK — The US parent company of Asgrow SA, a 100-employee vegetable seed operation, is to sell its SA affiliate to its local management.

The US holding company, Upjohn, added, however, the company would continue operating its 150-employee Upjohn pharmaceutical and animal health products business.

Sale of the seed operation, said a company spokesman, was for "business reasons only".

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Star 7/6/90

(62)

Delta tools up for export boom

SATURDAY JUNE 9 1990

W/K-NEWS 9/6/90

By TOM HOOD
Business Editor

EXPORT business worth tens of millions of rands is expected to be chalked up by Delta Motor Corporation as a result of installing a R12 million line of heavy presses in its Port Elizabeth plant.

Sheet metal parts made on the presses will be sold to the crash-replacement market in Europe, particularly replacement body panels for Opels.

Delta has also landed contracts worth R11 million to make press tools for a joint truck programme in Europe.

"This is evidence thast the company can compete as a highly capable supplier in the international toolmaking market," says Mr Willem du Plessis, Delta's director of manufacturing and assembly.

Besides exports, Delta expects to sell 40 000 vehicles on the home market year, said chief executive Keith Butler-Wheelhouse in an interview this week.

Big strides have been made since he and six co-directors took over the plant in a management buy-out from General Motors of the United States three years ago, he said.

Not only has all debt been paid off, but the company has considerable cash reserves and aims to spend more than R150 million on plant replacement without borrowing a cent.

"To spend R100 million a year on capex from a R1,4 billion turnover is not unusually heavy in a business such as ours," said Mr Butler-Wheelhouse.

"We were fortunate not to have any long-term debt when we took over.

"Through careful management we have been able to run the business for more than three years and finance all developments internally and not go to the institutions for funding. We have a balance sheet that owes debt to no one and we have a very big cash balance."

Apart from a strike over redundancies at the time of the takeover, Delta has been strike-free ever since, he said. One reason could be incentives to gain worker loyalty. The company is one of the few to pay education fees of employees' children in a scheme covering free secondary and tertiary education, books, tuition and university residence fees.

"Since we took over there have been only three days when one or other of our suppliers of 12 000 parts were not hit by strikes."

In fact, the motor assembly plant was idle on Thursday through a shortage of components which suppliers could not deliver.

After years of stagnation while General Motors considered disinvesting, Delta, under its new bosses, has also gone on the takeover trail and expanded in several directions to secure important supplies.

It took over Connoisseur Air, a Port Elizabeth air conditioning company. Besides making air-conditioners for its own vehicles, Delta has secured a contract to make air-conditioners for Volkswagen's City Golf.

Industrial Moulding, also taken over recently, will let

See page 3

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W/K-NEWS 9/6/90

Delta eyes exports

From page 1

Delta produce its own plastic requirements more cheaply. This Port Elizabeth factory currently makes shoe mouldings.

Another acquisition was a Pretoria electronics company which developed a new electronic fuel injection system. This system will be installed in Opel cars and may be sold to competitors for their vehicles.

Delta also expects to get a flying start into the market for catalytic converters, benefiting from the experience of Opel in Germany as European governments clamp down on air pollution and exhaust emission from vehicles.

US firm pulls out seeds, despite reform

W Mail 15/6 - 21/6/90

(62)

Although South African is nurturing reform, there isn't always growth — an American company has just withdrawn its seed operation from the country, reports MZIMKULU MALUNGA

DESPITE reforms and hopes that the political and economic situation in the country will improve, yet another American company has disinvested.

This week Upjohn Limited announced that it was selling its South African seed operation, Asgrow South Africa, to the local management.

However, Upjohn will continue to operate its South African human pharmaceutical and animal health business.

Asgrow's managing director, Pieter Jansen, said the change of ownership was prompted by "constraints experienced by American companies operating in South Africa".

He mentioned two laws which made it difficult for American companies to operate efficiently in this country.

One was the Rangel Amendment to repatriation of earnings and dividend (no tax benefit — which means the investor is taxed both in South Africa and the United States). The other was the comprehensive Anti-Apartheid Act which prohibited American companies from investing in South Africa.

Jansen said the fact that Asgrow's products were banned in the US also contributed to change of ownership.

He said the company will continue operating as Asgrow and will not stop serving its clients, who are mainly farmers in South Africa. "Nothing has changed, we will still carry on operating as Asgrow."

As a local company, Asgrow will now be in a position to borrow money from local banks.

The executive director of the American Chamber of Commerce, Wayne Mitchell, says there are still 130 American companies in this country.

The bigger ones included: Caltex, Johnson & Johnson, Caterpillar, Masonite, Colgate/Palmolive and SA Cyanamid.

on people with Aids

W Mail 15/6 - 21/6/90

to carry the burden of acting fairly to any one except those who have an existing interest in it, those being its shareholders and policy holders.

By entrenching an agreement, the LOA creates a unified approach to a matter, and there are good reasons why a cartel should be required to show greater circumspection towards individuals than a single company operating in a freely competitive market.

The exclusion clause gives rise to the possibility of injustice of such a type that should not be permitted of organisations which enjoy economic power and favourable tax treatment.

The alternative of requiring a negative HIV test is fairer but presents different problems. The test is only one part of the process of assessing the risk the insurer is undertaking. You will be asked if your lifestyle, past or present, puts you in a high risk category.

If your answer is negative and it is discovered that you did fall into such category, then the insurer may be entitled to declare the contract void. The application you sign will contain a declaration permitting a doctor, medical institution or any other person to disclose information relevant to your health and which permission will remain in force after your death.

Three positive HIV tests using the same blood sample must be recorded before an applicant will be declined on the grounds of Aids. Such a person's name will be entered on a register along with those of anyone who refuses to take a test. In its pre-test information leaflet, the LOA disingenuously fails to mention that latter fact. It is a cornerstone of the agreement that confidentiality must be maintained. Where group schemes are involved this could prove impractical.

When a person is declined for reasons other than a positive HIV test it must be recorded on the acceptance form that the test was negative. Insurers should be able to enter into contracts with the knowledge that the risk they accept is the risk it appears to be.

Some blame lies with the government in allowing such monopolistic action but what is at fault is the insurers' laziness in meeting the challenge. They have survived two world wars, an influenza epidemic and civil unrest, each of which has presented unquantifiable mortality experience.

The exclusion clause demonstrates a primitive approach to underwriting whereas the requirement for a negative HIV test and anti-homosexual underwriting present something more insidious. If you test positive it may take 10 years for full blown Aids to develop. In that time you may die from a motor accident, heart disease, a stroke or cancer. You will not be able to insure your life against these risks with any insurer in this country and, if the insurers' approach is logically extended, all high risk groups will be excluded until life insurance is the privilege of married, middle aged whites.

Get off our case, stokvel body tells the police

W Mail 15/6 - 21/6/90

By MZIMKULU MALUNGA

THE National Association of Stokvels (Nassa) of South Africa is demanding that police stop "harassing" its members for selling beer at stokvel parties.

Nassa president Kehla Lukhele said while government and big business were putting emphasis on the informal sector, calling it the market of the future, participants were still being harassed.

A recent study by Markinor indicated there were an estimated 2 400 stokvels in major metropolitan areas, generating more than R52-million a month.

Were stokvel members arguing for the legalisation of their liquor sales?

Lukhele said: "It depends how that legalisation is enacted. If it interferes with the culture of stokvels, then it is out.

"The authorities have to recognise the existence of stokvels and accept the role they have to play."

Police representative Captain Peet Bothma said squads would continue to raid stokvel members because it was illegal to sell liquor without a licence.

He said the only way stokvel members could evade arrest was to apply for temporary licences at the offices of the local police commissioner.

US sanctions 'cost S Africa dearly'

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NK65 19/6/90

WASHINGTON. — Some march, some lobby. Others talk with their chequebooks. A rap music group cuts a song with the message "don't buy gold jewellery" from South Africa.

Americans have weighed the arguments on South Africa's racially separate society, and many have lodged protests, large and small, against apartheid.

"Do Americans care about sanctions? I'd say so when you have 80 cities, 25 states and 15 countries that have passed binding measures restricting their investments or purchases in companies that do business in South Africa," says Jim Casen of the American Committee On Africa, a New York-based anti-apartheid group.

Westchester, New York, recently pulled about R100-million out of Citibank to protest that company's rescheduling of South Africa's debt. The state of New Jersey sold about R10-billion in securities of companies involved in South Africa.

By all accounts, US sanctions have taken an economic and psychological toll on South Africa. This week, Mr Nelson Mandela tours the United States with this message: please keep up the economic pressure.

R5-billion loss

"International trade sanctions alone have probably resulted in a (R5-billion) loss annually to the South African economy," said Stephen Lewis, author of *The Economics of Apartheid*.

Although fewer than one percent of South Africans are employed by US companies in South Africa, sanctions sent the government a signal that it "could no longer kid itself that United States would come down on its side," he said.

American blacks have played a major role behind the US sanctions policy.

Black businessmen have spearheaded grassroots campaigns against US business in South Africa.

The anti-apartheid activists' most striking success came in October 1986 when the US Congress passed a comprehensive sanctions bill overriding then-President Reagan's veto.

The sanctions include a ban on the importation of South African agricultural products, textiles, uranium ore, iron, steel and coal, an end to new loans to South African businesses, an end to new US investment and a shutdown of US oil exports to South Africa.

In addition, the United States does not sell Pretoria military equipment, computer technology and other items that might be used to enforce apartheid.

On the eve of Mr Mandela's visit to the United States, there have been rumblings that President George Bush's administration might lift some sanctions. But Congress imposed specific conditions for ending the sanctions, not all of which have been met.

While sanctions have damaged the South African economy and ultimately contributed to the relaxation of apartheid, experts say, they have not been totally effective. — Sapa-AP.

R1,4bn slashed from SA-linked companies

CAPE TIMES 21/6/90 (62)

NEW YORK. — The city's largest public employees' pension fund has severed all ties to firms operating in South Africa, disinvesting $563 million (about R1,46 billion) in stock in 31 companies in the final phase of a four-year plan, officials said on Tuesday.

The announcement of New York's latest anti-apartheid action came on the eve of Mr Nelson Mandela's arrival for a triumphant three-day visit to the city.

City finance commissioner Ms Carol O'Cleireacain said the timing was a "happy coincidence", as the final sale of South African-linked stock by the New York City Employees' Retirement System was started in mid-March.

The $17,6bn (about R46bn) pension fund has now "entirely disinvested" from companies that do business in South Africa, she said.

It has sold off a total of $825m (about R2,14bn) in stock in 76 companies since the policy was launched in 1986. — UPI

SOWETAN Thursday June 21 1990

New York fund cuts all links with S Africa

Sowetan 21/6/90

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NEW YORK - New York's largest municipal pension fund has severed all ties to firms operating in South Africa, divesting more than R1,4 billion in stock in 31 companies in the final phase of a four-year disinvestment plan.

The move came on the eve of Mr Nelson Mandela's arrival in the city.

A senior municipal official described the timing as "a happy coincidence".

The fund had sold off R1,8 billion in stock in 76 companies since the disinvestment policy was launched in 1986 to increase pressure for change in South Africa.

The latest sale of stock was the fourth and strictest phase of the incremental programme, which has inspired similar pension fund disinvestment campaigns across the country.

NELSON MANDE

'ANC buys from blacklisted IBM'

Sowetan 25/4/92

LONDON - The ANC in South Africa is to buy a multi-million rand computer from IBM, a major target of US anti-apartheid campaigners, a London Sunday newspaper claims. 62

In a report from its Johannesburg correspondent, Fred Bridgland, *The Sunday Telegraph* says "computer industry and ANC sources" have confirmed that the ANC has invested in an IBM system to hold records of the million or so members it hopes to recruit.

The paper goes on to say that ANC Press officer Jill Marcus denied in Johannesburg that American equipment was being considered, adding: "To my knowledge, no choice or payment has been made." - Sowetan Foreign News Service.

Mandela in Washington talks

'Bush backs me'

Cpt Times 26/6/90.

62

Own Correspondent

WASHINGTON. — ANC deputy president Mr Nelson Mandela emerged from a historic meeting with President George Bush yesterday, to claim that they have reached agreement "on almost all issues" regarding South Africa.

He and Mr Bush had a very fruitful two-hour discusssion in which they had narrowed gaps, Mr Mandela said, adding that he was "very encouraged" by the US president's support.

Earlier, he had told reporters on the White House lawn that he would brief Mr Bush on the "key role" of the ANC in South Africa and that President F W de Klerk could not maintain his position in the country without the ANC.

"I am going to urge President Bush not to do anything without full consultation with the ANC, in regard to any initiative which he might propose to take in order to help the peace process in the country

"As people who are operating inside, and as people who are the architects of the peace process, it is absolutely necessary for everyone who wants to lend assistance to the struggle of the black people inside the country and who wants to help promote the peace process, to have full consultation with the ANC before any step is taken."

Mr Mandela said that the ANC had started important initiatives "in trying to mobilise the white community, not only those who support (Mr De Klerk), but even the right wing, because we are the only organisation in the whole world that can help Mr De Klerk to maintain his position"

Mr Bush's views on the armed struggle were "due to the fact that he has not got a proper briefing from us".

Mr Mandela said he would urge Mr Bush to maintain sanctions.

In his welcoming remarks Mr Bush made it clear he did not fully share the ANC's belief in sanctions and stressed that the US was "committed to the concept of a free market and a productive private sector"

"We applaud the recent steps President De Klerk and the government of South Africa have taken to expand the rights and freedoms of all South Africans"

Mr Bush indicated that he remained strongly opposed to disinvestment and would "continue to urge American firms that are still doing business in South Africa to play a progressive role in training and empowering blacks, and building a foundation for future prosperity".

Citing Dr Martin Luther King, Mr Bush called on "all elements in South African society to renounce the use of violence and armed struggle, and break free from the cycle of repression and violent reaction that breeds nothing but more fear and suffering"

Mr Mandela was the man in the eyes of millions around the world who stood against the system of apartheid, which was

To page 3

HISTORIC MEETING . . . ANC leader Mr Nelson Mandela outside the White House after talks with President Bush.

Picture REUTER

P.T.O.

ANC SALUTE . . . Mrs Winnie Mandela gives a power salute during an address to the congregation at the Metropolitan AME Church in Washington. Picture: REUTER

CAPE TIMES 26/6/90

From page 1

Mandela meets Bush

repugnant to the ideals cherished in the US.

"No system that denies the rights of each and every individual can endure . . . Apartheid must end.

"Our sanctions have been designed to support change and when those conditions laid down in our law have been met, then, and only then, will we consider, in consultation with Congress, whether a change in course will promote further progress through peaceful negotiation.

"We in the US walk in solidarity with all in South Africa who seek, through non-violent means, democracy, human rights and freedom," Mr Bush said.

Mr Mandela, who awed Mr Bush with his ability to speak without notes, said the support of the American people and government in the anti-apartheid struggle "has been a source of great encouragement to our people".

"To receive the support of any government is of enormous importance, but to receive the support of the US government, the world leader, is something beyond words."

Foreign businesses sound out Ackerman

B'Day 28/6/90

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LESLEY LAMBERT

CAPE TOWN — Three major US and European manufacturing multinationals and two foreign retailers have asked Pick 'n Pay chairman Raymond Ackerman to help them to re-establish business links with SA.

The foreign companies approached Ackerman after he addressed a recent international retailers and manufacturers conference, attended by 2 000 foreign delegates, in Berlin.

"Four major multinationals expressed an interest in moving back into the SA market and three of them actually asked me to set up meetings with local economists and property consultants in July and August so that they could determine the feasibility," Ackerman said yesterday.

"I was also approached by a large Belgian retailer which was interested in buying SA products, particularly fresh foods, and a sporting equipment chain store with outlets in America and Europe which was considering establishing itself here," he said.

Ackerman, who was also invited to speak at the 25th anniversary of Manchester University's Business School days before the EC summit began, said he had noticed a marked change in the European business community's attitude towards SA.

"They really believe that what we are doing to change the political situation in this country is irreversible," he said.

Advanced

While many of the foreign delegates, particularly the Germans, were more interested in Eastern Europe as a potential new market, Ackerman said he had tried to convince them of the advantages of investing in SA.

"I told them that our infrastructure is far more advanced than in Eastern Europe and that SA is likely to become the gateway to southern Africa," he said.

ATLANTIS BUYERS' CO-OPERATIVE

LID	NAAM	REP	NAAM
	ADRES		ADRES
FORM 2	MEMBER ORDER FORM NO.	AFLEWER DATUM	

Divest plans called off

Sowetan 28/6/90

New York - Florida is the latest US state to discover that there is a price to be paid by divesting funds from South Africa - in its case so costly that it has called off plans to divest its dollars 20 billion pension fund from companies that do business with South Africa.

While Mr Nelson Mandela is touring the US asking Americans to increase political and economic pressure on the South African government, Florida state officials said that because they would lose significant interest if they withdrew the fund, they had no choice but to continue to invest in companies with South African interests or subsidiaries.

It is estimated that the state would lose dollars 100 million a year.

Swazi stake for Sheraton

SI Times 1/7/90

By DIRK TIEMANN

ITT SHERATON Hotel Corporation is on safari in southern Africa, expecting an American and European tourist stampede.

Sheraton will manage two hotels being built at a cost of R400m in Swaziland — one on the Usutu River in the lowveld and the other overlooking Mbabane.

It manages the region's biggest hotel and conference centre in Harare. It has hotels in Botswana, Mauritius, Nigeria, Zaire and other African countries.

ITT Sheraton chief executive John Kapioltas says his group's entry to SA is precluded by US sanctions legislation. While many of its rivals focus on Eastern Europe, Sheraton believes better opportunities exist in southern Africa.

Sheraton Corporation top brass flew to Swaziland in a $23m Gulfstream jet this week to see the sites of the proposed hotels.

Mr Kapioltas says: "Sheraton is the world's largest international hotel operator with the most extensive reservation system and largest marketing organisation. The Swazi investment is big and we will ensure we get it right first time.

"The market is there, but facilities are lacking. Swaziland is ideal, being the most stable region in southern Africa. Besides, 2 500-acre development sites are scarce."

The land has been leased for 149 years.

The 300-room Lubombo hotel will have a $2m golf course, designed by Jack Nicklaus. The casino and gaming facilities include 12 blackjack and roulette tables, 650 slot machines and a salon prive.

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Queries

An airstrip capable of handling Boeing 737s will be built near the hotel to serve as an alternative to Matsapha airport.

Queries have been raised about the ability of the owner-developer Elangeni-Siphofaneni Hotels, owned jointly by Genesis Holdings and Swazi investment organisation Tibiyo Taka Ngwane, to finance the projects.

Genesis chairman Mark Cowne says his partners are well-known businessmen, including Chris Griffiths, former Anglo American director and chairman of Amic, Jasper van der Westhuizen, who helped Holiday Inn secure what is today the Wild Coast Sun, Gary Mazaham, Thys Cronje and Gordon Barker.

Mr Cowne says two large SA institutions are tendering to fund the project. The winning institution will lend the funds to Genesis, which will on-lend to its 65% subsidiary, Elangeni-Siphofaneni Hotels.

Tibiyo Taka Ngwane, which is contributing the site, will hold the balance of 35%.

The Lubombo Sheraton, which will open in November 1991, will spend at least R6m on marketing. Grey Macartney Design has been appointed advertising agent.

Mr Kapioltas says Africa has been an attractive investment area for Sheraton.

"Lagos has exceeded expectations and Harare was profitable in its third year. Breakeven in the US and Europe averages five to eight years."

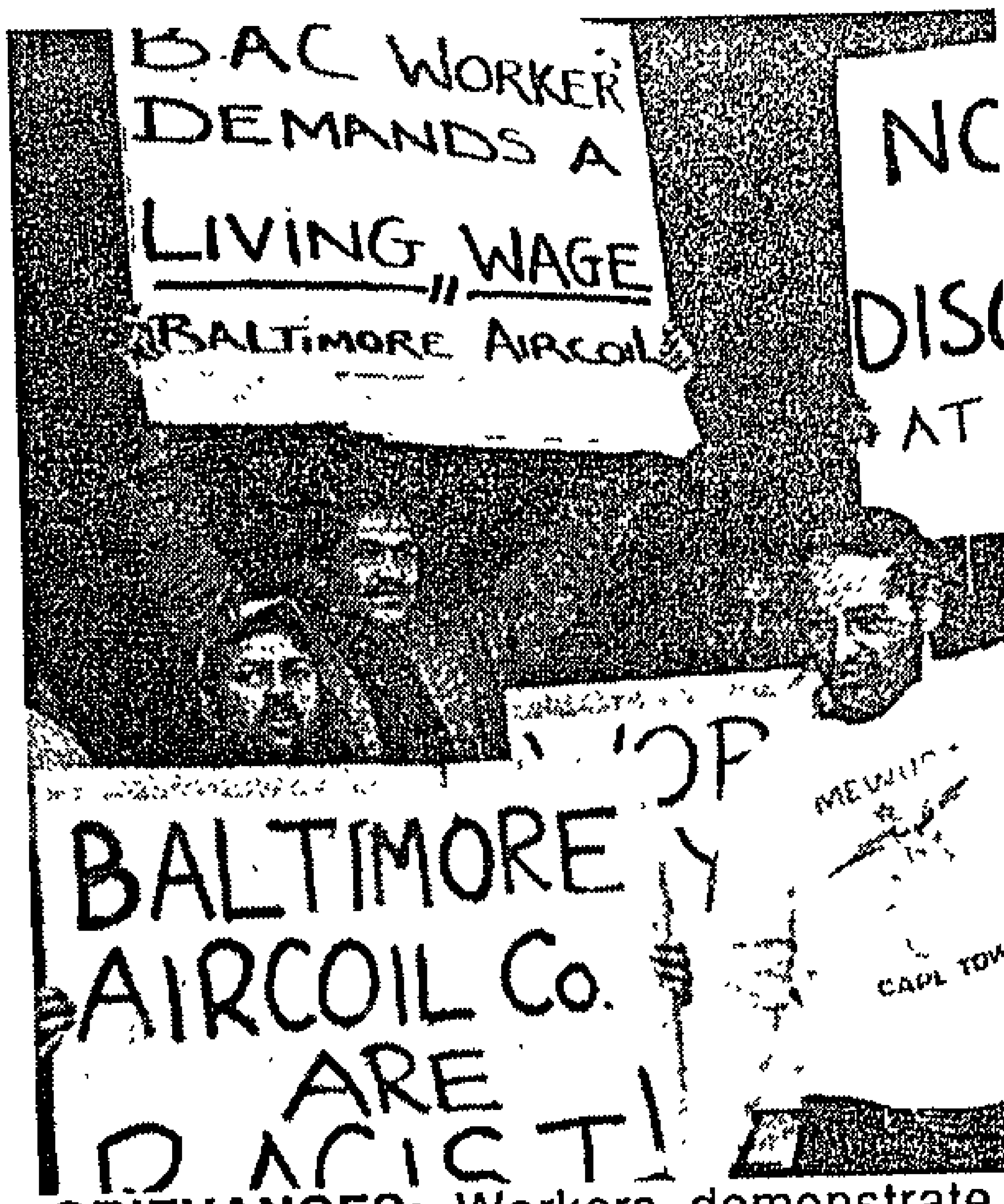
Mr Kapioltas says the 500-hotel, $5,4bn-a-year Sheraton group is the only one with an African development division.

Sheraton has four projects under construction and another eight under negotiation in Africa. Windhoek, Gaborone, Mauritius and Angola are being considered for exapansion. Sheraton has nine hotels in sub-Saharan Africa.

Strike at US firm called off

(62)

South 5/7 - 11/7/90



GRIEVANCES: Workers demonstrate outside Baltimore plant in Philippi

A WEEK-LONG strike by workers at an American multinational company factory in Philippi ended on Wednesday.

About 30 workers downed tools at the Baltimore Aircoil factory last Tuesday over a dispute about the recognition of a semi-permanent shop steward at the plant.

The workers had previously agreed to drop the dispute if the company agreed to pay all workers the same attendance bonus.

A spokesperson for the Metal and Electrical Workers' Union of South Africa (Mewusa) said the strike was over "principles rather than pay".

"We believe the company's policy of paying higher earners a larger attendance bonus than lower-paid workers is discriminatory," he said.

The company was using "apartheid legislation" to prevent the union from taking strike action over a dispute about the grading system, he claimed.

The company has denied this, saying the union cannot go on strike over the grading issue because it is covered in the industrial council agreement.

About 30 of the strikers demonstrated outside the US embassy in Cape Town at lunchtime on Thursday last week.

They gave a memorandum listing their grievances to a member of the embassy's diplomatic staff.

SOWETAN BUSINESS

Clouds gather as Pepsi Cola comes back

Sowetan 19/7/90

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By JOSHUA RABOROKO

PEPSI Cola will be back on the shelves of South African outlets this week.

Pepsoft, a South African-based company, has obtained the distribution rights for Pepsi Cola, 7-UP and McKane Club Soda, which are now being canned by South West Brewery in Windhoek.

Pepsi was among the first international companies to withdraw from South Africa at the height of the disinvestment campaign.

On withdrawal it sold part of its rights to Soweto Investment Trust Company. The company, with most members from Soweto, paid R101 million.

But, the new owners had a torrid time until the company was liquidated early this year.

Mr Mcdonald Temane, Sitco's coordinating manager, and former managing director of Pepsi in South Africa Mr Juan Oteiza were not available for comment yesterday.

Observers see the move by Pepsoft as a sanctions-busting tactic after Pepsi Cola disinvested from South Africa.

There is also growing speculation that the products could be manufactured in the country under the banner of SWB.

The marketing director of Pepsoft, Mr Abduraghman Khan, told *Sowetan Business* this week that they had managed to bring back the drinks which many consumers wanted.

He said the Namibian company had the right to manufacture the soft drinks after Pepsi Cola International disinvested from South Africa in 1984 because the then South West Africa was not affected by sanctions.

Products

"The products will be marketed in Johannesburg and distributed to outlets in the PWV area, Durban, the Free State and Cape Town initially. We intend to go to other major towns as the demand increases," Khan said.

Pepsoft is prepared to negotiate with entrepreneurs and individuals, especially blacks who will obtain franchises from the company to distribute the products in the townships.

Pepsoft's managing director, Mr Kevin May, yesterday confirmed the deal which he said was clinched last November.

Activists hound US Democrat for SA links

Sowetan 18/7/90

62

NEW YORK - New York governor Mr Mario Cuomo, considered the most likely Democratic to reach the White House, continues to be hounded by anti-apartheid activists for having links with South African-related US companies that have benefited him personally or politically.

Cuomo, a gifted speaker who was prominent in New York's euphoric welcome to Mr Nelson Mandela last month, has been confronted by new accusations that he has accepted about R526 000 in campaign contributions from firms with South African links.

Cuomo says he wants a law banning New York State pension-fund investments in South Africa-linked companies.

A review of Cuomo's massive contributor list - spanning his nearly eight years as governor and more than R29 million - showed contributions from prominent Wall Street investment companies and such US banks as Citicorp, Chemical Bank and Manufacturers Hanover Trust.

All these firms are blacklisted by the anti-apartheid Africa Fund for allegedly aiding South Africa, directly or indirectly.

Disclosure

The latest disclosure, considered certain to be politically damaging to him and to the Democrats, was defended yesterday by Cuomo's campaign fund-raiser Mr William Mulrow.

Mulrow said there was nothing wrong with the governor accepting the campaign contributions because the contributors were "supporting a person who is very vocal in his denunciation of apartheid".

However, national Republican strategist Roger Stone called that position "hypocrisy of the highest order".

"Basically, you have one of the nation's leading Democrats saying that what is good for government - banning pension funds from making money from companies tied to South Africa - is not good for his own campaign bankroll."

Cuomo disclosed new details of his personal wealth last week.

When his investments were checked against The Africa Fund's blacklist, it found that more than 25 percent of his holdings were placed with two blacklisted companies.

Stung by the criticism, the governor then announced he would switch his investments to US government securities. - *Sowetan Foreign Service.*

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BUSINESS DAY, Thursday, July 26 1990 3

Leader Tread set for management buy-out

EDWIN UNDERWOOD

MANAGEMENT of Leader Tread is to buy out its US holding company's minority shareholding for an undisclosed amount, MD John Sproson said in an interview yesterday.

According to Sproson, Leader Tread and US parent Oliver (Rubber) USA had recently decided not to renew the US parent's licence in SA because of pressure from the parent's pension fund.

As a result of the licence not being renewed, Oliver Rubber Company (SA) had, at the time the management buy-out was being negotiated, changed its name to Leader Tread.

Leader Tread is SA's largest manufacturer and supplier of pre-cured rubber to independent retreaders.

Coupled with the disinvestment, Leader Trend has launched a R4m expansion programme.

This included the installation of sophisticated Italian machinery to double production capacity at its associate company Custom Compounders.

Leader Tread has the largest pre-cured plant in the southern hemisphere with a capacity to process more than 600 tons of rubber a month.

It supplies about 100 independent retreading companies in southern Africa and has appointed agents in the UK, supplying 24 factories with its products.

Exports constitute about 15% of sales and Sproson said the company was looking to improve its export market, especially in Spain and Portugal.

He said its designs in tyre treads and the market growth of steel-belted tyres gave it scope in the competitive European market.

Oriented

Sproson said the disinvestment of the parent company would provide new opportunities for Leader Tread, the growth of which had been constrained in the past by US disinvestment policy.

The company was to become more market oriented, he said.

Over the past few months Leader Trend has spent about R2,3m on the acquisition of several additional machines and the modification of older equipment.

This was to cope with the additional output and the revamped factories will be fully operational at the end of July.

ZILLA EFRAT

US company ends deal with Fintech

RANK Xerox, which sold its SA interests to Fintech when it disinvested in 1987, has announced it will terminate its distribution agreement with Fintech.

The agreement, on the sale of its local operations now renamed Xeratech, permitted either side to terminate the distribution arrangement with a year's notice.

(62)

The US company has now exercised its rights to terminate the agreement with effect from August next year.

Altron group executive Jacques Sellschop said: "We are aware that sanctions pressure exercised by certain black mayors in the wake of Dr Nelson Mandela's visit to the US compelled Xerox Corporation to put out this announcement."

Sellschop said Xeratech was not unduly concerned since it had been positioning itself for some time for such an eventuality, "which, in any event, we regard as temporary". He said it would be business as usual and customers would not be disadvantaged in any way.

B/Day 27/8/90

"Besides, considering the pace at which events are moving towards Dr Mandela's minimum requirements for revoking his sanctions call, we are confident that our ample resources of stock and supply channels will not even be remotely taxed before the entire issue of termination becomes irrelevant," Sellschop said.

Rank Xerox cuts SA link

Cape Times 27/8/90

62

Own Correspondent

JOHANNESBURG. — Rank Xerox, which sold its SA interests to Fintech when it disinvested in 1987, has announced it will terminate its distribution agreement with Fintech.

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SHERATON HOTELS (62)

FM 21/9/90

TESTING THE WATER

The US Sheraton hotel group is eyeing the lucrative SA market. It now has investments in Swaziland and Botswana, but says it won't enter the local market until US sanctions against SA go.

The group already operates nine hotels in sub-Saharan Africa, including a new hotel in Botswana, two under construction in Swaziland and one being built in Mauritius. "But the sentiment to enter the SA market is still academic at this stage," says Mike Prager, vice-president and marketing director for the Africa and Indian Ocean division. "We have to wait until the US Congress lifts its restrictions on new investments in SA."

That hasn't stopped Sheraton selling into the local market, though. It has appointed American Airlines' Johannesburg office as its SA sales representative. The tie-up enables Sheraton to interface its computer system with American's *Sabre* reservation system, which is capable of handling up to 3 000 transactions a second.

The reason for the heightened profile, says Prager, is that SA is the region's economic locomotive and there's a lot of goodwill in the country towards Sheraton. Most of the support for the regional Sheraton hotels in Gaborone and Harare comes from SA nationals.

FM 21/9/90 (62)

Longer-term, Sheraton is readying itself to benefit, by direct investment, in the tourism boom which is expected to hit SA once the country's political problems are behind it.

But if it does decide to invest, it will have to fight hard for market share. The hotel group operates in the top end of the market and SA is already well-served in this area by groups such as Southern Sun, Protea, Sun International and the independent chains.

Nevertheless, its eventual entry would put SA firmly on the map for US travel agents wishing to offer their American clients a southern African tourist package. The group's enormous international clout and prestige would give it a decided marketing advantage in the US. ■

Sanctions — just a perverse sign of faith in SA's future

B Day 25/9/90 62

B Day 25/9/90

SIMON BARBER in Washington

THE other day I was invited with several other journalists to have lunch with a senior Romanian official. The person who arranged this evidently believed that my association with SA made me something of an expert on pariahs and how they should handle themselves in Washington.

It immediately became clear that, even in the doubtful event that the removal of the Ceaucescu family was the genuinely democratic revolution its successors claimed, the new regime was going to find the going tough in these parts.

On learning that one of my fellow invitees had grown up in Nazi Germany, the Romanian exclaimed with hearty approval: "Ah, you are an Aryan." He followed this up by stating with immense pride: "I am pure Caucasian," adding, even more proudly, that he had recently been told by a counterpart from Botswana that he could easily be taken for a member of the SA Cabinet.

From this point on any and all advice on how he might win friends and influence in this town became pretty academic. Nonetheless, we soldiered on.

He was convinced (no doubt with encouragement from some high-priced Washington lobbying firm) that if only the US Congress and administration could be persuaded to restore Romania's most favoured nation trading status and ease various sanctions imposed when the country was Ceaucescu Inc, US investment would start flooding in.

To test his thesis, I asked him to what extent the restrictions were being evaded or otherwise finessed as this might provide an interesting barometer of US capital flows once Washington stopped standing in the way. If, as I suspected and he tended to confirm, there was little evasion, it would suggest that investors did not find Romania a particularly attractive bet to begin with and that the easing of restrictions was unlikely to make much difference.

I returned to my goulash and suddenly began to feel a new optimism about SA.

In all the ink that has been spilt on the viciousness of the Comprehensive Anti-Apartheid Act (CAAA) and other such efforts to "bring Pretoria to its knees", one blindingly obvious point has been overlooked: the attempt to isolate SA from the global economy has required heroic exertions, and the only time it ever began to look like succeeding was in the mid-1980s when President P W Botha appeared to join the crusade himself.

Whatever obstacles the sanctioneers tried to throw in the way, the world still wanted to do business with SA.

American companies have not spent millions of dollars trying to improve the living conditions of their black employees purely out of the goodness of their hearts. Such expenditures, plus the considerable sums spent on lobbying back home, are investments — capital risked in expectation of future returns.

One reason the anti-apartheid campaign has become a substantial industry is the sheer obstinacy of capital when it sees a good thing.

The CAAA and its new investment ban, the Rangel Amendment denying US firms credit for taxes paid in SA, the Gramm Amendment restricting SA's access to the IMF, the great array of state and local laws that seek to penalise companies for trading with SA — all exist not simply because politicians were under pressure from a vocal minority to do something about apartheid, but also because US businessmen had too much faith in SA's future and therefore had to be dissuaded from their natural proclivities.

☐ DE KLERK . . . the correct approach.

You do not, after all, write legislation to prevent people doing things they would never have dreamt of doing in the first place.

The mere fact that SA has attracted so much law is thus a sign, albeit a perverse one, of how the marketplace views its prospects. Equally indicative is the degree to which business, having failed to block the restrictions, has been willing to pay the additional costs they impose on dealings with SA.

This strongly suggests that however much one is pessimistically inclined to think otherwise, SA will not be lightly written off by the rest of the world.

To the contrary, the enthusiasm with which its delegation was privately greeted at the IMF and World Bank this week suggests its allure is stronger than ever.

Both the fund and the bank are straining at the politically imposed leash to get back into the country, not only for its own sake but to help save the rest of the continent.

What this says is that in the real world — as opposed to the realm of political posture — the serious players by and large put little store by the ideological ramblings of the ANC and its allies. They do not fear nationalisation and mass expropriation because they are confident that these things simply will not happen in any but the most symbolic fashion.

Such confidence is born of the conviction that reality is normative, which is to say that the ANC, like Sam Nujoma, will ultimately be obliged to face facts. Indeed, stealthily, it is probably already doing so.

Stealth is the key word. The ANC can be expected to come round in very much the same way as the Nationalist government pre-F W de Klerk, officially ratifying the death of its previously cherished tenets once the bodies are cold rather than pre-emptively killing them. Given the pressures it faces from its constituents, it has little choice.

The process will inevitably be protracted and unpleasant, but just as it was unwise of Western governments to beat up on Pretoria so vehemently in the '80s — thus triggering the Nationalists' most recalcitrant tendencies — so, perhaps, would it be rash to demand too much of the ANC too vociferously.

It, too, could benefit from a little constructive engagement. As it begins to sink in that even African governments — Nujoma's among them — are appalled by what its economic and political agenda could mean for their own chances of development, it will come round.

If the maintenance of sanctions helps its leadership make the necessary concessions on other issues, fine, let the outside world say sanctions are still its policy, and then, in the manner of Pretoria's attitude to the Group Areas Act, simply not implement them with any vigour and thus lower the cost of resisting and evading them.

This, I suspect, is how the process will play out anyway. De Klerk has come here expecting no big bang in terms of sanctions repeal. Rather he is seeking to bolster the market's underlying belief in SA's future — a belief that made sanctions the rather feeble weapon they were from the outset. That is the correct approach.

Harvard anti-SA drive goes in reverse

62

ST Times 28/10/90

By PATRICIA CHENEY
Washington

OFFICIALS at Harvard University admitted this week that the university's South African holdings had increased for the first time in three years.

In a report, the Harvard Corporation, the university's main governing body, said direct investments in companies doing business in SA increased by 32 percent, or R136-million, from December 1989 to June 1990.

The increase to R558-million from R422-million during the first six months of this year was due mainly to the purchase of additional shares in five SA-related companies, as well as an increase in market value.

"This is really an accident of the market," said Elizabeth Gray, a spokesman for the corporation.

Disinvest

"Much of this is due to an appreciation of stocks we already held. There's an ebb and flow in the market and we may have a low point in our next financial report."

Last year Archbishop Desmond Tutu became a member of the Harvard Corporation and in February urged the university to disinvest from SA-related companies.

But, so far, Harvard has followed a policy of only selling off shares in those firms that do not support progressive social programmes in South Africa.

Last year, Harvard's holdings in South Africa-related stocks dropped 30 percent in value.

$85m US bank loan for black business projects

31/10/90

Own Correspondent

JOHANNESBURG. — In a major shift in US policy the Import/Export Bank of America (Eximbank) is to fund black business projects in SA with a loan of $85m.

The move was confirmed yesterday by business consultant Willie Ramoshaba who co-ordinated the 65-man Black Business Observation team which toured the US earlier this month.

He said the loan, which is not being underwritten by local banks, was one of the major successes of the trip. Details of the local projects would be released in due course, he said.

Ramoshaba said several other companies, including McDonald's Hamburgers and Johnson & Johnson, were also expected to announce extension of franchises to black SA businessmen soon.

"The funding by Eximbank, at 10,8% interest, is exempted from sanctions legislation in terms of a Congressional approval which granted the bank power to back black business ventures," Ramoshaba said.

"The agreements have to respect the prevailing sanctions laws, so all, except the Eximbank agreement, will only come into effect after sanctions have been lifted," he added.

The US Consulate's senior commercial business ventures," Ramoshaba said.

"The agreements have to respect the prevailing sanctions laws, so all, except the Eximbank agreement, will only come into effect after sanctions have been lifted," he added.

The US Consulate's senior commercial officer Richard Jackson said Eximbank, which finances US foreign trade, had been given authority to finance black SA ventures under the original sanctions legislation in 1986.

However, he personally has not had any feedback from the US and had not spoken to the local business yet.

Ramoshaba said the mission, led by Soweto civic leader Nthato Motlana, was the first to get the support of sanctions lobbyists, and it was fully backed by SA black organisations.

He said the US-based International Finance Corporation (IFC) was also considering various schemes to finance black business ventures in SA and was expected to make an announcement soon.

"We also expect an announcement from various venture capitalists, black investors who are fine-tuning schemes to invest in SA through the African Growth Fund, which we started before we left."

The objectives of the mission were to expose black businessmen to market opportunities in a First World environment, to show them how their counterparts did business with new ideas and technology, Ramoshaba said.

The team also set out to interest black Americans to do business with blacks in a post-apartheid SA and look at the possibility of future funding of black business projects.

The mission left SA on October 7 and returned last week.

Unionists meet US officials

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A DELEGATION of the National Workers Union of South Africa on Wednesday discussed certain labour practices of a United States-owned company, Vametco Mineral Corporation, with US Embassy officials in Pretoria.

The group, led by regional organiser of Nawusa Mr Tsheko Ngalo, are concerned over alleged low wages and poor working conditions.

The embassy said in a statement its officials had undertaken to continue discussions with the employees and their union's legal advisors. - *Sapa.*

Sowetan 2/11/90

Johnson and Johnson 'is here to stay'

62

MARCIA KLEIN

THE decision by US multinational Johnson & Johnson to stay in SA despite pressure from various lobby groups for disinvestment had been vindicated by recent political events, MD Clive Schreuder said yesterday.

He said the company was totally committed to staying.

The group's consumer company moved back to East London at the end of 1989 after being based in Johannesburg for the previous three years.

Schreuder said the decision was made after the expected benefits of being in Johannesburg were not really being achieved, and as the majority of employees were based in East London.

Sapa reported that Johnson and Johnson denied on Friday that it was the same company referred to in recent Press reports regarding the funding of black business projects in SA.

Schreuder said: "From the information we have it seems that the company concerned is in the publishing business and has a similar sounding name to ours."

(62)

BEVERAGE INDUSTRY FM 9/11/90

PEPSI BOWS OUT

The winner and undisputed champion of SA's cola war? Coca-Cola. The final blow came recently when a subsidiary of Coke's franchise holder acquired Pepsi Africa's assets, which included its two bottling plants, in Cape Town and Bloemfontein.

Pepsi had been in trouble since US-based parent Pepsico divested in 1984. In March liquidation took the final fizz out of the company, which had R12m debt.

So why did Pepsi, which once had about 20% of the local soft drinks market, go flat? Observers blame under-capitalisation. Last year, for example, Pepsi launched an aggressive promotion campaign and discount war that may have temporarily secured as much as 10% of the Cape market from a low of perhaps 1%. Sandy Allan, MD of National Beverage Services, the Coke franchise holder, says the campaign was too costly for a small, unlisted company — as much as R3m, he reckons.

But Pepsi Africa had been troubled from birth. In 1984, Pepsico sold its local operation to a consortium of investors, which included the Soweto Investment Trust Co and Cape Town-based Personal Trust.

When Juan Oteiza, a former Pepsico representative, was appointed MD of the local firm in late 1988, the future seemed bright. Oteiza had been credited with turning around money-losing Pepsi operations in South America and Puerto Rico. But the expected overseas investment did not materialise. Late last year management bought out the company.

Pepsi's fizzle did not go unnoticed. For the last year, Namibia Breweries — formerly the SW Breweries Ltd — has been canning Pepsi. Windhoek Beer depots distribute Pepsi to retailers in the Transvaal, the Free State and Natal, so one of the world's most famous brand names is not completely absent from SA. Sales figures are not available.

Namibia Breweries says it has no intention of starting another cola war. The marketing approach is low-key; liquor stores and, increasingly, cafés are the main retailers. Also, advertising is restricted to displays and signs at the outlets. In any event, a limited number of delivery trucks and packaging lines curtail marketing bravado. For now, at least, Pepsi won't try to beat the "real thing." ■

US firms head for clash on Sullivan code

SOUTH AFRICAN subsidiaries of American companies are at odds with their parent firms about updating the Sullivan code of corporate conduct.

Local managers say parent companies are fixated with placating their critics and more time is spent meeting the Sullivan criteria than contributing to a better society.

The Johannesburg-based Signatory Association, which represents the subsidiaries, is calling for a major overhaul of the way its members' compliance with the code is graded by auditing firm Arthur D Little.

By SIMON BARBER
Washington

The association argues that the current system has turned into "an administrative nightmare" and is forcing firms to chose between receiving good marks and addressing such high priority issues as black training and advancement.

The Industry Support Unit, which speaks for the parent companies, is opposing any major changes on the grounds that they may undermine the credibility of the code and lay the companies open to further pressure from disinvestment activists.

High

Both sides are to meet in New York on December 6. Johnson and Johnson's Roger Crawford, the association's chairman, is heading the SA delegation. The session is expected to be stormy.

The subsidiaries' key complaint is that in order to satisfy Arthur D Little, they have to spend the equivalent of at least 12 percent of their overall payroll on education, housing and social justice programmes outside the workplace.

This ratio, they argue, is "too high a plateau" because expenditures on what they now believe to be their highest priority — the training and rapid promotion of black employees — cannot be counted towards it.

"It is obvious that in the unfolding political and economic debate, the question of training and advancement of disadvantaged South Africans will become more prominent, particularly as the aspirations for a stake in the economy become more pronounced," said a confidential document distributed by the association.

That the association has grounds for concern is born out by the latest Arthur D Little audit, released on Monday.

Law

It shows that in the year ending June 30, the percentage of managerial, supervisory and professional vacancies filled by non-whites fell by as much as 7 percent from the previous year, the first such decline since 1986.

This happened even though expenditure on various social responsibility causes remained constant.

US companies with majority stakes in SA-based businesses that have more than 25 employees are bound by law to ensure that those businesses adhere to the Sullivan code in one of two ways:

They must either have their subsidiary's adherence vetted by the US State Department or they must sign the statement of principles and submit to the rather more rigorous monitoring of Arthur D Little.

Iron carbide answer

ST Times 11/11/90

STEEL-MAKERS, squeezed by scrap prices which have risen by 40% in the past few months, could soon switch to iron carbide.

This man-made compound, consisting of 90% iron and 7% carbon, could challenge scrap on cost and quality.

It can also be used to replace or supplement other sources of iron, such as direct reduced iron or hot metal from blast furnaces. The 7% carbon content releases energy in the furnace and reduces heat requirements. It could reduce the cost of making a ton of steel by between 10% and 50%.

Iron carbide is produced in SA by US-based Iron Carbide Holdings. 62

Iron carbide is the size of grains of sand, non-friable, non-combustible and can be transported in bulk form. Its use must, however, be close to a final use point.

To produce it, iron-ore fines are heated in a fluid bed reactor, using natural or coal-derived gases. The plant is conventional, the key lying in the patented automated process and monitoring system.

Azapo march to put focus on Vametco

62

Sowetan 12/11/90

THE Azanian People's Organisation yesterday said it supports the planned march by Nawusa to Vametco in Mothutlong, near Britz in Bophuthatswana, today.

The march is scheduled to start at 8am at Garankuwa Zone 16 shopping centre.

The march is meant to highlight Vametco's insensitivity to the plight of over 400 of its workers who have been on strike since September 3.

The workers are in dispute with the company over wage demands and adequate health and safety measures.

Vametco is a subsidiary of Union Carbide, the US company which fell into disrepute after a disaster in India.

The company was subsequently found guilty of negligence which caused death of more than 3 000 people and disfigurement of tens of thousands of Indians.

Vametco in South Africa has been accused of using union bashing tactics.

At the beginning of the strike, Bophuthatswana police detained four union men at the company's request.

Vadek to produce US chemicals

(62) MARCIA KLEIN

VADEK Paints has been appointed by a US-based chemical corporation as the sole SA-licensed manufacturer and distributor of its environment friendly, non-petroleum based Earth-Rite range of chemical products.

The technology agreement is based on patented processes, and SA is the first country outside the US to receive manufacturing rights for the product.

Vadek — which specialises in paints and specialised coatings for industry and commerce — has contracted to purchase the manufacturing technology from Ecolo-Clean of the US, says Vadek marketing executive John Vadas.

Initially the base slurry for the products will be imported. However, local operations will begin in January and "will significantly improve company earnings in financial 1991".

B/Day 14/11/90

Sales

Earth-Rite products include shampoos, household cleaners and heavy industrial detergents and will be sold nationally both in supermarkets and in industry.

The group was previously involved only in paint and coatings, and the new diversification — although the technological processes are similar — would make a significant difference to sales.

Directors expect the use of phosphates in cleaners to be banned soon, and Vadek will be "on the cutting edge" of the environmentally aware market to compete with major competitors.

The products would not cost more than SA brands as they were produced from agricultural-based products such as soya and maize, Vadas said.

17 US firms in SA 'on probation'

B/Day 15/11/90

62

SIMON BARBER

WASHINGTON — The US State Department has placed 17 firms "on probation" after judging that their SA subsidiaries had taken inadequate steps to train and promote black employees and had been insufficiently active in community development.

One company, National Utility Service, has been assessed as "failing to meet the basic requirements" of the labour code contained in the Comprehensive Anti-Apartheid Act, and faces loss of government export assistance.

Nine firms are deemed to be making "satisfactory progress".

The findings are contained in the State Department's latest annual report on the conduct of US subsidiaries whose parents do not subscribe to the Statement of Principles and monitoring system that grew out of the old Sullivan Code.

The report urges all US companies still in SA to stay put because "a continued American business presence in post-apartheid SA will remain a vital contributor to gr[illegible] and equal opportunity".

[illegible]o issues a plea to state and local governments — whose punitive policies against firms with SA ties have been a major factor in the withdrawal of US investment — "to react positively to further progress in SA".

Eighty-five US firms registered with the

☐ To Page 2

US firms

62

☐ From Page 1

department last year with an aggregate SA workforce of 27 918, down from 37 693 in 1988. B/Day 15/11/90

Twenty-seven companies opted to answer a State Department questionnaire rather than submit to the Arthur D Little audit performed on those companies that signed the Statement of Principles.

Subsidiaries of companies placed on probation include Echlin-Charger Manufacturing of Johannesburg, Precision Valve of Randburg and National Standard Co of Uitenhage. The report does not explain what "probation" entails.

All companies, except NUS, whose returns were incomplete, were judged to have met the basic standards set by the CAAA. These included an appropriate minimum wage — averaging R787 a month.

Overall, wages for black employees in the reporting firms averaged R1 434 a month for salaried workers and R1 089 for hourly workers — an increase of 33% and 23% respectively over 1988 levels.

Also up dramatically were per capita expenditures on employee training and education — from R187 in 1988 to R323 last year.

The firms claimed to have spent a total of R4,2m on non-employee education and community development in 1989, up from R1,6m in 1988.

Others on probation are: Wynn's Car Care Products, Air Express, Buckman Laboratories, Consolidated Pneumatic Tool Co, Coulter Electronics, Erierz Magnetics, L & M Radiators, MacDermid, Preformed Mine Products, Salsbury Veterinary, Schenectady Chemicals, Simplicity Patterns, Lohmann & Co, and Wilbur-Ellis Co.

US subsidiaries irked by costly codes of conduct

62

BDay 20/11/90

SIMON BARBER in Washington

THE Comprehensive Anti-Apartheid Act not only imposes sanctions. It also obliges American companies with majority-owned operations in SA that have more than 25 employees to see to it that those operations abide by one of two employment codes.

The codes themselves, both derived from the principles established by the Rev Leon Sullivan in 1977, differ in certain details. The more obvious divergence, however, is in the way in which each is supervised.

One set, known as the Guidelines, is administered by the State Department. The other, the so-called Statement of Principles, was overseen by Sullivan himself until 1987, when, under pressure from Randall Robinson and other activists, he abandoned the system he had so painstakingly nurtured and called on all US companies to leave SA.

The companies that had adopted the Sullivan Code decided to keep it alive notwithstanding its author's departure. For a while, they tried to find some figure of his stature to sanctify their continued presence in SA. The effort proved vain and costly.

Today, the system is essentially run by the companies themselves through an entity set up for the purpose, the Industry Support Unit. Credibility is supplied — and the requirements of the CAAA satisfied — by the Massachussetts auditing firm of Arthur D Little.

The Statement of Principles currently has 54 signatories; 27 other firms subscribe to the Guidelines. Every year, all receive questionnaires from either Arthur D Little or the State Department, which then issue reports scoring the companies on their performance.

The State Department gives three grades: satisfactory, probation, and fail. To earn a "satifisfactory" mark, a company must show that it is implementing five basic principles. These are: workplace desegregation; the provision of equal employment opportunities and benefits; equal pay for equal work; a minimum wage 30% above subsistence levels in urban areas and at least double such levels in rural areas; and the recognition of black trades unions.

In addition, the company must demonstrate that it is "actively" seeking to train and promote black employees while at the same time improving their "quality of life" beyond the workplace.

In its latest report, covering 1989, the State Department concludes that nine firms have met all seven requirements. Seventeen are deemed to have satisified only the first five criteria and have been placed "on probation".

This means they have scored enough points to avoid the penalty attached to failure, loss of US government export assistance. One failed outright by returning an incomplete questionnaire.

The system, run by one part-time official, is not that rigorous.

The Arthur D Little regime, by contrast, has of late been described by the Johannesburg-based Signatory Association, which represents the US parent companies' local managements, as "an administrative nightmare".

As of the latest reporting period — the year ending June 30 — signatories may be placed into one of three categories: I) Making good progress; II) Making progess; and III) Needs to become more active. The last is divided into IIIA, which is similar to the State Department "probationary" status, and IIIB, failure to meet even basic requirements.

For the record, 36 of the 54 received category I ratings this time around. There were 13 IIs, five IIIAs and no IIIBs.

Arthur D Little's "basic requirements" are not much different from the State Department's. The real rocket science starts for those companies — evidently the majority — anxious to make it into categories I and II.

This entails spending sums equivalent to 12% of total payroll on education for non-employees and community development, and attaining a sufficient "arithmetic average" of managerial, supervisory, sales and professional vacancies filled by what the auditors refer to as BCAs (blacks, coloureds and Asians).

Companies must show that they have performed well in four so-called "action areas" — non-employee education, workforce training and advancement, community development and social justice. The latter includes efforts to lobby for change, provide legal assistance and help develop "BCA leadership".

All this may make sense to parent corporations in the US. Signatory CEOs, fighting domestic pressure to weather it out in SA, want to prove both to themselves and their critics that they are doing the right thing.

It is, after all, their money (and their shareholders'). As the latest Statement of Principles audit notes, substantial costs are involved: R67m and 77 000 man-days for the year ending June 30, to be exact. "These costs are only sustainable because of significant contributions by US parent companies."

Not surprisingly, the perspective at the coal face is rather different. There have long been rumblings from local management. These now appear to be coming to a head.

In July this year, the Signatory Assocation began circulating a memo in preparation for a show-down with the Industry Support Unit and the parent companies in New York on December 6. "In this time of dynamic change," the memo states, "the question to be posed concerns the relevancy of our actions under the Statement of Principles, and to specifically examine the structure of the annual report and evaluation procedures."

The central contention is that the time has come to end the focus on "placating our critics (in the past we have not really succeeded)" and instead permit local managements more latitude to do what they think is necessary in the new environment without losing points on the Arthur Little rating scale.

SA's transition will be turbulen[t], the memo argues, not least becau[se] trade unions are likely to use sto[p]pages and other disruptions [to] strengthen the ANC's hand in negot[i]ation. This will require all the car[e], imagination and resources mana[g]ers can muster without constant[ly] having to worry about satisfyin[g] some watchdog in Massachussetts.

In particular, the association fee[ls] that the requirement that 12% [of] payroll be spent on projects to bene[f]it non-employees is diverting mon[ey] and time from what is now be[coming] a major priority: the trainin[g] of black employees to enable them t[o] fill positions commensurate wit[h] their newly won political power.

"It is obvious that in the unfoldin[g] political and economic debate, th[e] question of training and advance[]ment of disadvantaged South Afr[i]cans will become more prominen[t] particualrly as the aspirations for [a] stake in the economy become mor[e] pronounced."

The association has a point. Th[e] Arthur D Little evaluation system [is] too onerous and too confining. S[A] managers surely have a better ide[a] than any outsider of what needs to b[e] done if their parents' interests are t[o] be preserved and promoted. Afte[r] all, if they don't, the parents can kis[s] their interests goodbye anyway.

The Industry Support Unit, whic[h] technically represents the parents['] views, but which is also heavily influ[]enced by those of its own secretariat[,] is opposed to any major changes i[n] the Statement of Principles regime[.] It cites, among other things, the re[]quirements of the law.

Even so, there are signs that [a] growing number of parents sym[]pathise with their subsidiaries, and besides, are tired of bearing the costs the Arthur D Little method entails. A mounting defection to the State De[]partment version can be expected.

Sadly, no one has the courage t[o] suggest that both codes of conduct and the alien intrusion they repre[]sent, be scrapped. Wouldn't it be grand if companies could be seen t[o] be doing the right thing voluntarily and not because a government forced them into it?

The codes applied by the CAAA in US/SA businesses

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Cape Times 20/11/90

Washington Letter
by SIMON BARBER

THE Comprehensive Anti-Apartheid Act not only imposes sanctions. It also obliges American companies with majority-owned operations in South Africa that have more than 25 employees to see to it that those operations abide by one of two employment codes.

The codes themselves, both derived from the principles established by the Reverend Leon Sullivan in 1977, differ in certain details. The more obvious divergence, however, is in the way in which each is supervised. One set, known as the Guidelines, is administered by the State Department. The other, the so-called Statement of Principles, was overseen by Sullivan himself until 1987, when, under pressure from Randall Robinson and other activists, he abandoned the system he had so painstakingly nurtured and called on all US companies to leave South Africa.

The companies that had adopted the Sullivan Code decided to keep it alive notwithstanding its author's departure. For a while, they tried to find some figure of his stature to sanctify their continued presence in South Africa. The effort proved vain and costly. Today, the system is run by the companies themselves through the Industry Support Unit. Credibility is supplied — and the requirements of the CAAA satisfied — by the Cambridge, Massachusetts, auditing firm of Arthur D Little, whose Reid Weedon has been an integral part of the process since its inception.

The Statement of Principles has 54 takers. They call themselves Signatories and 27 other firms subscribe to the Guidelines. Every year, all receive questionnaires from either Arthur D Little or the State Department, which then issue reports scoring the companies on their performance. The State Department gives three grades: satisfactory, probation or fail. To earn a "satisfisfactory" mark, a company must show, through its answers to the questionnaire that it is implementing five basic principles.

These are: workplace desegregation; the provision of equal employment opportunities and benefits; equal pay for equal work; the establishment of a minimum wage 30% above subsistence levels in urban areas and at least double such levels in rural areas; and the recognition of black trades unions.

In addition, the company must demonstrate that it is "actively" seeking to train and promote black employees while at the same time improving the "quality of life" of blacks beyond the workplace.

In its latest report, covering 1989, the State Department concludes that nine firms have met all seven requirements and 17 are deemed to have satisfied the first five criteria, but not the last two, and have been placed "on probation". This means they have scored enough points to avoid the penalty attached to failure, loss of US government export assistance.

Admin nightmare

The system, which is run by one part-time official, is not that rigorous. Except in cases where the official spots egregious discrepancies, he simply does not have the resources to verify the claims the companies make.

The Arthur D Little regime, by contrast, has lately been described by the Johannesburg-based Signatory Association, which represents the US parent companies' local managements, as "an administrative nightmare".

As of the latest reporting period — the year ending June 30 — Signatories may be placed into one of three categories: 1) Making Good Progress; 2) Making Progess; and 3) Needs to Become More Active. The last is divided into 3 (a), which is similar to the State Department "probationary" status, and 3 (b), failure to meet basic requirements.

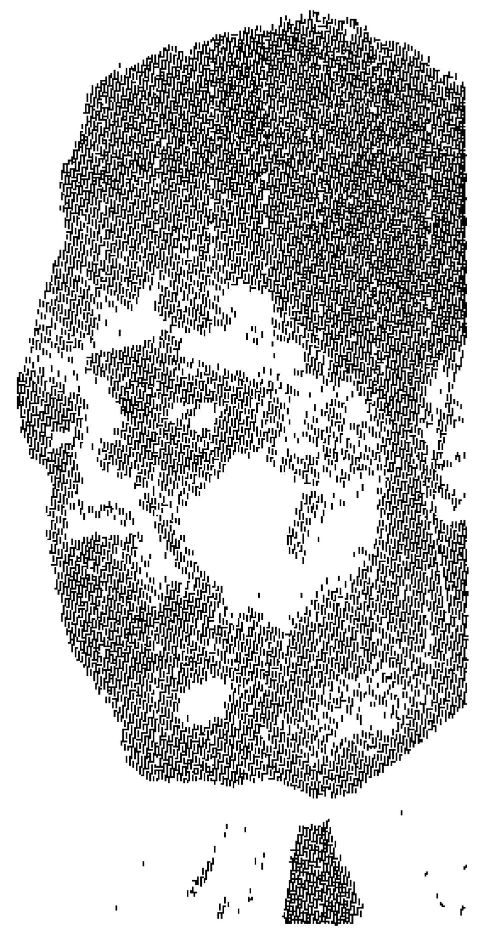
For the record, 36 of the 54 received Category 1 ratings this time around. There were 13 2's, five 3 (a)'s and no 3 (b)'s.

Arthur D Little's "basic requirements" are not much different from the State Department's, although they include stipulations that managements must review implementation of the principles with their employees several times a year and must submit their major quantitative claims — including total payroll, employment, minimum wages structures and social expenditures — for a formal audit.

Action areas

The real rocket science starts for those companies — evidently the majority — anxious to make it into categories 1 and 2.

This entails spending sums equivalent to 12% of total payroll on education for non-employees and community development and attaining a sufficient "arithmetic average" (the figure varies) of managerial, supervisory, sales and professional vacancies filled by what the auditors refer to as BCA's (blacks, coloured people and Asians).



LEON SULLIVAN: US firms in SA adopted the Sullivan Code — despite its author's departure.

Companies must show that they have performed well on four so-called "action areas" — non-employee education, workforce training and advancement, community development and social justice. The latter, an optional extra for those who report to the State Department, includes efforts to lobby for change, provide legal assistance and help develop "BCA leadership".

The criteria used to calculate scores in these areas are highly complex, ranging from computations of "man day contributions" in each field to detailed reporting of the number of bursaries funded, the extent of "co-ordination with BCA's inside and outside the company" and even "the hierarchical distribution of employee efforts" on various social causes.

All this may make sense to parent corporations in the US. The signatory CEO's who are battling domestic pressure to weather it out in South Africa want all the evidence they can lay their hands on to prove both to themselves and their critics that they are doing the right thing.

Rumblings

And it is, after all, their money (and their shareholders'). As the latest audit notes: "There are substantial costs to the individual Signatory companies in contributions of time and money" for the State of Principles programme. R67 m and 77 000 man-days for the year ending June 30, to be exact. "These costs are only sustainable because of significant contributions by US parent companies."

Not surprisingly, the perspective at the coal face is rather different. There have long been rumblings from local management. These now appear to be coming to a head. In July this year, the Signatory Assocation began circulating a memorandum based on country-wide discussions with its members in preparation for a showdown with the Industry Support Unit and the parent companies in New York on December 6. "In this time of dynamic change," the memo states, "the question to be posed concerns the relevancy of our actions under the Statement of Principles and to specifically examine the structure of the annual report and evaluation procedures."

Turbulent

The central contention is that the time has come to end the focus on "placating our critics (in the past we have not really succeeded)" and instead give local managements more latitude to do what they think is necessary in the new environment without losing points on the Arthur D Little rating scale.

South Africa's transition will be turbulent, the memo argues, not least because trade unions are likely to use stoppages and other disruptions to strengthen the ANC's hand in negotiation. This will require all the care, imagination and resources managers can muster without constantly having to worry about satisfying some watchdog in Massachusetts.

It's time for the US to begin catching up

ST(imes) 25/11/90

WASHINGTON DIARY

Simon Barber

TO judge by the time it is taking Washington to catch up with events in South Africa, you would think the countries were separated by light years rather than a few thousand kilometres of sea. Here are a few examples:

Back home, the government and the ANC are in daily contact. Hardly a day passes without a Cabinet minister having consultations with his prospective opposite number in the ANC.

Here, the gulf between the embassy and the local ANC office is as deep as it has ever been.

This is not entirely the embassy's fault. Ambassador Piet Koornhof and his staff have tried. They even offered assistance during Nelson Mandela's visit here last June — but received no response.

CRUCIAL

A larger share of the blame must fall to Lindiwe Mabuza, technically the ANC's chief representative in the US but widely viewed as being rather more representative of Winnie Mandela than the movement as a whole.

That is one aspect of Mrs Mandela's reputation. The other is that she has been co-opted by TransAfrica's Randall Robinson, whose chief fear seems to be that the ANC and the government may deprive him of a cause by coming to terms.

Mabuza, the living embodiment of the notion that nothing has changed, offers him the consolation and the proof that rapprochement of any kind is a distant prospect.

Robinson and Mabuza are connected to the offices of House Majority whip William Gray through Hazel Ross — Robinson's wife and Gray's chief adviser on South Africa. This may help explain another anachronism.

Gray, without question the most powerful member of the Congressional black caucus, wrote to Secretary of State James Baker last September demanding "in the strongest possible terms" that none of the R25-million that Congress had earlier set aside to promote democracy in South Africa be dispensed to white-run groups "no matter how liberal they may be".

The money, he implied through the usual code words, was intended only for the ANC and its affiliates lest they be "weaker than they should be during this crucial period".

Helping white boys like John Kane-Berman (Institute for Race Relations) and Lawrence Schlemmer (Centre for Policy Studies) advance a democratic culture was not the same as supporting "pro-democracy forces".

Perhaps someone should tell the Congressman that, rampant as it might be in the US, this is the kind of thinking South Africa is trying to escape.

Old institutions, like old habits, die hard. One such is the mechanism most US companies still in SA use to defend their decision to stay: the so-called Sullivan Code or, as it has been known since the Rev Leon Sullivan abandoned it in 1987, the Statement of Principles.

The anachronism here is not so much the principles themselves but the regime under which their signatories are scored for complying with them. Those who control the regime have made their livings off anti-apartheid protest as surely as the leaders of the protest movement. They, too, are reluctant to let go.

As a result, local subsidiaries find themselves forced by the necessity of pleasing the regime's auditors — the Cambridge, Massachussetts, firm of Arthur D Little — to make decisions that are no longer in the best interests of their employees or their country.

BLIND

(62)

Compliance with the annual audit is not only expensive and time-consuming in its own right; it also obliges companies struggling to compete with less burdened rivals to spend vast sums on causes which, however worthy, make little difference to a firm's solvency.

At a time when the highest social priority of any company in South Africa must surely be the training and advancement of black employees, the evaluation system places a disincentive on such activities by requiring companies to spend at least 12 percent of their overall payrolls on almost anything but training and advancement.

Free South Africa, says the slogan. Yes, indeed, free it from all outsiders too blind or too self-interested to see what is really happening there.

Gold is up

GOLD in Hong Kong rose the equivalent of $4,37 an ounce yesterday to close at $383,62, compared with Friday's $379,25.

US firms can be proud of record here - report

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Sowetan 21/11/90

FOCUS

Sowetan Foreign Service

THE contributions of American firms to equal opportunity and fairness in the South African workplace is something about which the US can be proud, the State Department says in its latest annual report on South Africa and fair labour standards.

The report, however, places 17 of the 85 US companies operating in South Africa "on probation".

This means the State Department believes these firms have met the basic requirements of prescribed fair labour standards, but have not made sufficient progress in the areas of employee training and advancement and in efforts to improve the quality of life outside the workplace.

The standards applied to the firms are based on the Sullivan Code which was developed to promote social justice and establish principles to guide US companies doing business in South Africa.

Standards

All US companies operating in South Africa must adhere to the standards, either by way of their participation in the Signatory Companies programme or by reporting to the State Department on their labour standards.

The majority of US firms operating in South Africa are exempt from reporting their labour practices to the State Department because of their achievements already sustained and maintained under the Signatory Companies (formerly the Sullivan Group) system of ratings.

Of the 27 companies which were obliged to report to the State Department in 1989 (29 companies reported in 1988 and 31 in 1987), nine firms were judged to be making satisfactory progress, one more than the previous year.

Only one firm, National Utility Service, was judged to have failed to meet the basic requirements of the programme compared with two who received that rating last year.

Ineligible

This firm becomes ineligible for US government assistance to export its products and services.

The remaining 17 companies were put on probation (14 received the same rating in 1988). They include Wynn Oil Company, Wilbur-Ellis, Standard Commercial (trading in SA as Lohmann and Co), Simplicity Patterns, Schenectady Chemicals, Precision Valve, MacDermid, Eriez Manetics, Coulter Electronics and Air Express International Corporation.

Increase

According to the report, blacks, coloureds and Indians held a larger percentage of the total number of jobs in reporting firms in 1989 than in 1988, increasing their percentage of jobs held in a larger workforce from 55 to 59 percent. The average wage paid black employees increased by the largest percentage of any racial group, including white employees.

The 27 reporting firms also impressively increased expenditures designed to help blacks, coloureds and Asians by 135 percent last year, the report added.

Reporting firms spent R1 140 an employee on employee training and education, non-employee education and community development programmes in 1989, a 126 percent increase.

Average

"The average amount spent by reporting firms on all programmes per non-white employee was R2 191 in 1989," the report said.

The State Department said the number of US firms with direct investments and employees in South Africa continued to decline in 1989. At the end of the year, there were 85 firms registered with the Department of State under the South Africa Fair Labour Standards Programme, 12 fewer than were registered at the end of 1988.

Big drop

Registered firms employed 27 918 persons at the end of 1989, 9 775 fewer than a year earlier, a sharp drop of almost 26 percent.

Among registered firms divesting in 1989 were several leaders in the effort to bring about positive change in South Africa, the report said.

It added: "In recent years, the departure of firms active in efforts to implement the Signatory Companies Statement of Principles for South Africa or the United States Government's Code of Conduct has removed some major influences for positive change in South Africa.

"In some instances, withdrawals have resulted in the loss of economic and other gains made by their non-white employees.

Example

"Education provides a good example. Some firms no longer in South Africa had annually awarded university scholarships to non-white South Africans. With the departure of the firms, these programmes have been cancelled by the new, non-US owners ...".

The report said the US Administration continued to urge American firms still operating in South Africa to remain because it believed that US investment and business constituted a positive force for change in that country.

Let's stop deaths on the roads

Sowetan 21/11/90

SINCE the first car rattled down a South African street in 1896 we have created something of a nightmare.

Only four other countries kill more people on their roads. We have been killing 10 000 a year. This year we will probably kill more than 11 000. In addition tens of thousands of people, mostly young, suffer terrible disfigurements in road crashes.

There are new laws lined up. But laws are useless without a strong presence of law enforcers. And even traffic policemen can do little without tough courts backing them.

This is why *Sowetan* and *The Star* have got together and pledged to try to end the carnage.

Our campaign is called **Look Alive!**

We need your input. We'd like your views, your personal experiences.

The campaign may shock and occasionally anger, but its objective is to speed up new laws and, more than anything, to end the terrible aggression on our roads.

We will campaign until:

*Speeding is no longer considered macho

*Drunken driving is seen as loutish and criminal.

*There are enough traffic officers.

*There is a national register recording every driver's reputation.

*Witwatersrand drivers learn to give way to others.

Look Alive! will seek nothing less than to change driving attitudes. And save lives in the process.

Major US companies showing renewed interest in SA

13 10-4 22/11/90

MANDY JEAN WOODS

62

AT LEAST six major US companies have visited SA over the past three months to conduct feasibility studies on setting up operations, American Chamber of Commerce executive director Wayne Mitchell said yesterday.

"We have also received numerous inquiries from other companies which want to visit the country early in 1991," he said.

Mitchell said the interest was significant as "we went from nothing to this. Everyone is anticipating a partial lifting of the Comprehensive Anti-Apartheid Act (CAAA) early in the new year."

But the main concern of these companies was future economic and political stability.

"Business is, by its nature, very cautious and most businesses are waiting to see how the new constitution will evolve and what new political and economic dispensation will develop here.

"President F W de Klerk's visit to the US earlier this year helped a lot with regard to turning around the psychological attitude towards looking at SA as an investment prospect," he said.

The independent, non-profit Investor Responsibility Research Centre's (IRRC's) International Business in SA 1990 report, released this month, showed disinvestment from SA by foreign companies had been reduced to a trickle.

The report said only eight non-US companies had pulled out of SA so far this year compared with 40 in 1987.

In total, 393 companies had disinvested since 1984, with US companies leading the way (with 209 companies leaving) followed by UK companies (84), German (34) and Canadian (16).

Time to plan for when apartheid is no longer an issue

62

B|Day 21|12|90

WAYNE MITCHELL

SEVERAL remarkable events took place during 1990 which saw SA do a political somersault. As a result of the turnabout, a question has arisen — when sanctions are abolished, particularly US sanctions, will foreign investors show an interest in SA?

The events which have led to the opening of this debate are the release of political prisoners, the unbanning of political organisations, the negotiations of "talks about talks" and the lifting of the state of emergency — all of which have led to the possibility of fundamental change.

For this, President F W de Klerk and his government must be applauded. However, the political scenario has yet to unfold, and business is as a result showing a reluctance to dive into the proverbial economic deep end.

The situation is now opportune for SA's future leaders to speak to foreign corporations about investment in a post-apartheid SA.

The considerations which arise from these encounters should be built into the medium and long term economic plans of all the major political actors.

The American business sector in SA, despite 154 corporations disinvesting, still has an asset base of about $2bn. At this point there is no rush by US companies to enter the SA market, although several scouting missions have taken place over the past six months.

Numerous reasons limiting serious consideration of investment include:

1) The Comprehensive Anti-Apartheid Act which makes new US investment in SA illegal.

2) The more serious Rangels Amendment, which is a back-breaking piece of legislation that forces US companies operating in SA to pay double tax.

3) SA has never been a major market for American investors, with seldom more than 1% of both income and assets of a US corporation being invested here.

4) The crisis and violence in the townships suggest the end of apartheid is not synonomous with the ending of violence and the instability.

5) Given the political changes, foreign investors are adopting a "wait and see" attitude as to how a new government will treat local companies, and to analyse what political and social conditions will prevail in the post-apartheid era.

A post-apartheid SA could be attractive to new foreign investors, particularly from the US, as the East European market has been flooded by West European investors, leaving the American investor to look for new pastures.

Unlike Eastern Europe, SA has a tradition of market economies, a stock market, legal structures, bidding and trading practices, a developed banking system and a modern communications and transportation infrastructure, all of which are incomparable on the continent.

It is estimated that an annual $2bn "post-apartheid dividend" in trade and investment could be added to the gross domestic product through the elimination of sanctions.

This would also add to a more stable economy to which foreign investors could be attracted.

There are investment bargains in SA. While influenced by external variables such as gold, the productive capital of SA, mining and tourism are undervalued in terms of productive capability. Another strong motivating factor for the foreign investor is the under-served southern African market of 120-million people.

Although capitalism has been synonomous with apartheid, it is essential that foreign investors are encouraged through dialogue.

The objective should not be to reduce the pressure to scrap apartheid, but to lay plans and foundations for the time when apartheid is no longer the issue. These discussions could include the role of the business sector and specifically the foreign investor in the restructuring of a post-apartheid economy.

This debate is very fluid, but there are indications that the economy could become more open and competitive if anti-trust laws similar to those in the US were used.

Such laws would lead to the breaking up of monopolies, and the encouragement of competition. This in turn would democratise the economy, weaken the dominant role of conglomerates and unleash more productive and competitive forces.

It can also be envisaged that a post-apartheid economy would hold foreign investors accountable to wider societal interests.

Investors would have to regard themselves as full participants in SA's economic life and thus identify with the developmental and planning aspirations of any future government. Corporate philanthropy, manpower development programmes, community development projects and corporate-community relationship programmes would inevitably become the norm.

The relationship between worker and management is another important issue for the foreign investor.

One of the walls which has separated management and labour in SA has been apartheid, with the trade unions focusing on political issues which have diverted their attention away from direct worker interests. When apartheid has gone we will find the unions in an extremely visible role, as they refocus their attention on bargaining for wages and benefits, but most importantly, participate in actual company planning and management.

This should lead to improved trust and collaboration between labour and management, creating a more stable workforce through self-interest, in order to maintain investor confidence and create jobs.

The government of the day will in all probability actively encourage any resolution of conflict between labour and management in order to stimulate the economy so that they can deliver on political promises of the past.

Few corporations have slammed the door on SA, but few of those which have disinvested will rush back with significant investments. But there are short-term exceptions.

Much of the early investment in mining and tourism, and in high priority areas such as food, clothing, basic consumer goods, small appliances and housing, may be led by African-American entrepreneurs.

Nearly half the US firms which no longer have direct investment have retained licensing, distribution, franchise or buyback agreements which would facilitate their re-entry into the SA market. These companies have maintained visibility and positive linkages through non-commercial activities such as support of black education and community development trusts.

Continued and accepted use of this non-equity mechanism can be expected until the foreign corporate community is confident that direct investment is warranted.

On the positive side for US corporations, the process of investing in a new SA could be less painful than predicted by the pessimists.

US corporations have a wealth of experience with integration at the workplace, coupled with a direct affirmative action programme in community development. Because of this experience, any future SA leadership might openly encourage US companies to enter into joint ventures so that SA companies can learn from their experience.

It will be hoped that many of the forces which exerted influence through corporate disinvestment and sanctions will be just as vocal in their encouragement of corporate reinvestment, but reinvestment will have to be vigorously pursued.

It cannot be based only upon a clear economic risk analysis done by foreign companies searching for new markets.

SA alone can provide the conditions conducive to foreign investment. The opportunity is about to present itself, and if it is not grasped it could be lost forever.

□ **Mitchell is executive director of the American Chamber of Commerce in SA.**

Americans in a hurry to return to the 'new SA'

ST Times 23/12/90 (62)

By IAN SMITH and DIRK TIEMANN

MAJOR American corporations have sent scouting missions to South Africa to look at potential investments — in spite of the fact the sanctions legislation is still in place.

In contrast to European business, which has shown no sign of a rush to SA after last week's decision to lift EEC sanctions, many US companies are examining opportunities.

In the wings, there is a "post-apartheid dividend" of $2-billion a year for SA from investment and exports once trade with the US is normalised, says Wayne Mitchell, executive director of the American Chamber of Commerce in SA.

Although 154 corporations have quit SA, the US business sector still has an asset base here of about $2-billion.

Licensing

Mr Mitchell says several companies which disinvested are among those investigating opportunities. Exploratory teams from at least two investors have been back to take stock of the new situation in the past six months.

Nearly half of the US companies which no longer have direct investment in SA have retained licensing, distribution, franchise or buy-back agreements which would facilitate their re-entry.

"These companies have maintained visibility and positive links through non-commercial activities such as support for black education and community development trusts," says Mr Mitchell.

"Continued use of this non-equity mechanism can be expected until the foreign corporate community is confident that direct investment is warranted."

A post-apartheid SA could be particularly attractive to new investors from the US because the East European market has been flooded by West Europeans, leaving Americans in the cold.

Unlike Eastern Europe, SA has a tradition of market economics, a stock market, legal structures, bidding and trading practices, a developed banking system and a modern communications and transport infrastructure which cannot be found elsewhere in Africa.

Mr Mitchell says SA offers investment bargains. A strong incentive for foreign investors is the fact that SA looks set to play a leading role in the under-served southern African market of more than 120-million people.

"The situation is now opportune for SA's future leaders to talk to foreign corporations about investment in a post-apartheid South Africa.

"The considerations arising from these encounters should be built into the medium- and long-term economic plans of the major political actors."

He says the biggest hurdle to investment is not the Comprehensive Anti-Apartheid Act, which is likely to be scrapped as soon as SA meets all requirements.

The Rangels Double Taxation Amendment, which effectively forces US companies to pay double taxation, is the "back-breaker", says Mr Mitchell. "But this need not be a permanent problem."

There is global support for economic success in a post-apartheid SA. "One hopes that the many forces which exerted pressure for corporate disinvestment and sanctions will be as vocal in their encouragement for corporate re-investment."

SACOB deputy director general Ron Haywood says businessmen are looking for the best return at least risk.

"South Africa is now on the shopping list of foreign investors, but it would be naive to believe that the floodgates will open.

"Multinationals in SA are more likely to consider investment. Joint ventures are more likely because SA companies have international experience, making them good partners."

Overblown

First National Bank chief economist Cees Bruggemans says recent capital inflows must be seen against the R30-billion capital outflows, including debt repayments, in the past five years.

Dr Bruggemans says the whole matter is hopelessly overblown.

"The lifting of sanctions is a political signal. Foreign investment will not come back overnight because the political and economic fundamentals are not right. We are in a recesssion and the economy is not performing.

"Trade finance has never been a problem, but direct loans will only receive tentative interest. The main players are frozen in place.

"The capital account will be more accommodative in the next two to four years, but capital will come back only slowly."

SOWETAN BUSIN
Building the Nation

Sanctions major poser for SA

Sowetan 27/12/90

Wayne Mitchell, executive director of the American Chamber of Commerce reviews the past year and the prospects of foreign investment in the country, and argues that the country's future leaders must now talk to overseas corporations.

SEVERAL remarkable events took place during 1990 which saw South Africa do a political somersault.

As a result of the turnabout, a question has arisen: When sanctions are abolished, particularly US sanctions, will foreign investors show an interest in South Africa?

The events, which have led to the opening of this debate, are the release of political prisoners, the unbanning of political organisations, the negotiations of "talks about talks", the lifting of the state of emergency, all of which have led to the possibility of fundamental change in South Africa.

For this President De Klerk and his Government must be applauded, however, the political scenario has yet to unfold and business is, as a result showing a reluctance to dive into the proverbial economic deep end.

The situation is now opportune for South Africa's future leaders to engage foreign corporations in dialogue about investment in a post-apartheid South Africa.

The consideration arising from these encounter should be built into the medium and long term economic plans of the major political actors.

The American business sector in South Africa, despite 154 corporations disinvesting, still has an asset base of approximately 2 billion US dollars.

At this point there is no rush by American companies to enter the South African market, although several scouting missions by US companies to South Africa have taken place over the past six months.

Numerous reasons that limit serious consideration by possible American investors are:

1. The Comprehensive Anti-Apartheid Act which makes new US investment in South Africa illegal.
2. The Rangels Double Taxation Amendment, which is a back-breaking piece of legislation, that forces American companies operating in South Africa to pay double tax.
3. South Africa has never been a major market for American investors, with seldom more than one percent both income and assets of a US corporation being invested in South Africa.
4. The crisis and violence in the townships is suggesting to the foreign investor that the end of apartheid is not synonomous with the ending of violence and the instability.
5. Given the political changes, foreign investors are adopting a "wait and see" attitude as to how a new South African government will treat local companies and to analyse what political and social conditions will prevail in the post apartheid era.

A post-apartheid South Africa could be attractive to new foreign investors, particularly from the USA, as the East European market has been flooded by West European investors leaving the American investor to seek new pastures. Unlike Eastern Europe, South Africa has a tradition of market economies, a stock market, legal structures, bidding and trading practices, a developed banking system and a modern communications and transportation infrastructure, all of which are incomparable on the African continent.

South Africa has a "post-apartheid dividend" of 2 billion dollars per year, which could be added to the gross domestic product through the elimination of sanctions. This would also add to a more stable economy to which foreign investors could be attracted.

Investor

In South Africa there are investment bargains while influenced by external variables such as gold, the productive capital of South Africa, mining and tourism are undervalued in terms of its productive capability.

Another strong motivating factor for the foreign investor looking at South Africa as a possible investor, is the under-served Southern African market consisting of 120-million people.

Although to date, capitalism has been synonymous with apartheid, it is essential that foreign investors are encouraged through dialogue. The objective of such dialogue is not to reduce the pressure to scrap apartheid, but to lay plans and foundations for when apartheid is no longer the issue.

These discussions could play in the restructuring of a post-apartheid economy. This debate is presently very fluid, but there are indicators that the economy could become more open and competitive than it is now if anti-trust laws were used similar to those in effect in the United States.

Such laws would lead to the breaking up of monopolies, which will lead to the encouragement of competition which in turn will democratise the economy, weaken the dominant role of conglomerates and unleash more productive and competitive forces.

It can also be envisaged that a post-apartheid economy would hold foreign investors accountable to wider societal interests and investors would have to regard themselves as full participants in South Africa's economic life and thus identify with the developmental and planning aspirations of any future government.

Corporate philanthropy, manpower development programmes, community development projects and corporate-community relationship programmes, will inevitably become the norm.

The question which is also of concern to the foreign investor is that of the relationship between worker and management.

One of the key walls which has separated management and labour in South Africa to date has been apartheid, with the trade unions focusing on political issues, which have diverted their attention away from their relationship with management pertaining to direct worker interests.

Without apartheid we will find the unions in an extremely visible role. This will be through the re-focusing of their attention to the bargaining for wages and benefits, but most importantly, participating in actual company planning and management.

This will lead to improved trust and collaboration between labour and management, hence creating a more stable workforce, through self-interest, in order to maintain investor confidence and create jobs.

The Government of the day will in all probability encourage any resolution of conflict between labour and management in order to stimulate the economy so that they may deliver political promises which have been made in the past by key political leaders and organisations.

Few corporations have slammed the door on South Africa, however, few disinvested corporations will rush back with significant investments.

FOREIGN FIRMS

IN SA - U.S A

1991

Risk analysis will determine reinvestment in SA

Star 11/1/91

OUTLOOK '91

62

Wayne Mitchell, executive director, American Chamber of Commerce in SA, discusses prospects for foreign investment in a post-sanctions South Africa.

Remarkable events took place in 1990 which saw South Africa do a political somersault.

As a result of that turnabout the question arises: When sanctions — particularly US sanctions — are abolished, will foreign investors show an interest in South Africa?

The events which have led to the opening of this debate are the release of political prisoners, the unbanning of political organisations, the "talks on talks" and the lifting of the state of emergency, all of which have led to the possibility of fundamental change.

For this, President De Klerk and his government must be applauded. However, the political scenario has yet to unfold and business is showing a reluctance to dive into the economic deep end.

The situation is now opportune for South Africa's future leaders to engage foreign corporations in dialogue about investment in a post-apartheid South Africa.

The considerations arising from these encounters should be built into the medium and long-term economic plans of the major political actors.

The American business sector in South Africa, despite 154 corporations having disinvested, still has an asset base of about $2 billion.

At present there is no rush by American companies to enter the South African market, although several scouting missions by US companies to South Africa have taken place in the past six months.

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- Given the political changes, foreign investors are adopting a wait-and-see attitude as to how a new South African government will treat local companies and to analyse what political and social conditions will prevail in the post-apartheid era.

A post-apartheid South Africa could be attractive to new foreign investors, particularly from the US, as the East European market has been flooded by West European investors leaving the American investor to seek new pastures.

Unlike Eastern Europe, South Africa has a tradition of market economies, a stock market, legal structures, bidding and trading practices, a developed banking system and a modern communications and transportation infra-structure, all of which are incomparible on the African continent.

Stable economy

South Africa has a "post-apartheid dividend" of $2 billion a year, which could be added to the gross domestic product through the elimination of sanctions.

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The objective of such dialogue is not to reduce the pressure to scrap apartheid, but to lay plans and foundations for when apartheid is no longer the issue.

These discussions could include what role the business sector, and specifically the foreign investor, could play in the restructuring of a post-apartheid economy.

This debate is at present very fluid, but there are indications that the economy could become more open and competitive than it is now if anti-trust laws were used similar to those in effect in the United States.

Such laws would lead to the breaking up of monopolies, which would lead to the encouragement of competition, which in turn would democratise the economy, weaken the dominant role of conglomerates and unleash more productive and competitive forces.

It can also be envisaged that a post-apartheid economy would hold foreign investors accountable to wider societal interests and investors would have to regard themselves as full participants in South Africa's economic life and thus identify with the developmental and planning aspirations of any future government.

Become norm

Corporate philanthropy, manpower development programmes, community development projects and corporate-community relationship programmes will inevitably become the norm.

The question which is also of concern to the foreign investor is that of the relationship between worker and management.

One of the walls which has separated management and labour in South Africa to date has been apartheid, with the trade unions focusing on political issues, which have diverted their attention away from their relationship with management pertaining to direct worker interests.

Without apartheid we will find the unions in an extremely visible role. This will be through the re-focusing of their attention to bargaining for wages and benefits, but most important, participating in company planning and manage ment.

Create jobs

This will lead to improved trust and collaboration between labour and management, hence creating a more stable workforce, through self-interest, to maintain investor confidence and create jobs.

The government of the day will in all probability actively encourage any resolution of conflict between labour and management in order to stimulate the economy so that they may deliver political promises which have been made in the past by key political leaders and organisations.

Few corporations have slammed the door on South Africa.

However, few disinvested corporations will rush back with significant investments. But there are short-term exceptions and they could be identified as follows:

- In the mining and tourism industry and high-priority areas such as food, clothing, basic consumer goods, small appliances and housing. Much of this early investment may be led by African-American entrepreneurs.
- Nearly half of the US firms which no longer have direct investment in South Africa have retained licensing, distribution, franchise or buy-back agreements which would facilitate their future re-entry into the South African market.

These companies have maintained visibility and positive linkages through non-commercial activities such as support of black education and community development trusts.

Continued and accepted use of this non-equity mechanism can be expected until the foreign corporate community is confident that direct investment is warranted.

On the positive side for US corporations, the process of investing in a new South Africa could be less painful than predicted by the pessimists.

US corporations have a wealth of experience with integration in the workplace, coupled with a direct affirmative action programme in community development.

Joint ventures

Due to this experience, any future South African leadership might openly encourage US companies to enter into joint ventures so that South African companies may learn from the experience of their US counterparts at present operating in South Africa.

Just as vocal

There is global support for economic success in a post-apartheid South Africa. It is to be hoped that the many forces which exerted influence through corporate disinvestment and sanctions will be just as vocal in their encouragement for corporate re-investment.

Given the forementioned scenario, re-investment will have to be vigorously pursued, as it cannot alone be based upon international solidarity for a non-racial South Africa.

Reinvestment will be based upon a clear economic risk analysis done by foreign companies searching for new markets.

South Africa alone must provide the conditions conducive to foreign investment. The opportunity is about to present itself and if it is not grasped with both hands it could be lost forever.

over other customers.

"In the event of a disaster, the computer site will operate on a first-come, first-serve basis. This has to be the case if the service is to work."

Jarvis expects strong demand for the service, which starts this month. Company directors are coming under increasing pressure to ensure that the information systems of their businesses are protected, he says, and it is becoming increasingly expensive for even large organisations to go it alone and back up their own computer facilities.

"In the US, external auditors can qualify a financial institution's accounts if they believe that its disaster recovery facilities are not in order," he says. "That will be the case here soon." ■

SANCTIONS (62) FM 11/1/91

REEBOK'S HEADACHE

The decision five years ago by American sport shoe manufacturers Reebok International to pull out of SA has backfired.

There are now more of the trendy Reeboks in the country than ever — as well as a whole range of made-in-the-East Reebok lookalikes that are shuffling their way in through the back door.

The company decided in 1986 to halt supplies and SA got its last authorised shipment in mid-1987. Annual sales then amounted to about R25m and today would be worth anything from between R50m and R200m, according to Stephen Stone, MD of Jokari SA, formerly the sole distributor for Reebok.

"The irony is that now we have more Reebok shoes than ever before in SA, as well as counterfeit products," says Stone. "Theoretically, the company is not in the country, but its products are. It's hypocritical."

By cutting off the authorised supply, Reebok left its products wide open to counterfeits, especially after government relaxed certain import permit laws in 1988.

Convincing fakes from the Far East are fetching the same inflated prices as the real thing, which is damaging Reebok's image, dealers say.

A spokesman for Reebok in Massachusetts, Nasser Ega-Musa, says the company is tracking down sources of the clones. He adds that the company will maintain sanctions until apartheid is dead and it is also committed to shutting off the flow of authentic Reeboks to SA.

But Reebok, and other companies like Kodak that have tried to stop the sale of their products in SA, have found that this is almost impossible. SA importers can easily obtain supplies from the surplus stock of importers in other countries. For example, many of the authentic Reeboks in SA come

from Germany.

Reebok, which grossed US$200bn in the US alone last year, has had its fair share of problems relating to SA. In the September and October editions of the US magazine *Black Enterprise*, the company placed full-page advertisements declaring in bold letters: "If we've said it once, we've said it a thousand times . . . Reebok is NOT in South Africa."

Speculation that Reebok has an SA connection — fuelled by the company's Afrikaans name — has persisted.

"Rumours that Reebok is in SA have been circulating in the US because the name is close to Springbok and the names of other African antelope. We're sure some of our opposition helped to spawn the rumour," Ega-Musa says.

While SA is home to the Reebok antelope, the company line is that it took the name from a dictionary while looking for a fleet-footed animal as its mascot.

It is an open secret, however, that the great-grandfather of a British founder of Reebok, Joe Foster, was greatly impressed by the beautiful antelope (sometimes spelt Rhebok) while fighting with the British in the Second Boer War. ■

Germans plan major expansions

62

US firms are looking at a return to SA

b/day 13/2/91

ALAN FINE
and SIMON BARBER

AT LEAST four major US corporations are believed to be examining seriously whether to establish (or re-establish) a presence in SA once US sanctions legislation has been repealed.

And one German company has confirmed plans for a major expansion of its SA operations, while another has announced its willingness to do so if and when economic conditions make it feasible.

US companies said by US and SA sources to be considering options in SA include industrial and infrastructural construction giant Bechtel, consumer goods manufacturer Sara Lee, and Apple Computers.

Confirmation could not be obtained from the companies themselves, and the sources said the continued operation of the Comprehensive Anti-Apartheid Act, and public sensitivities in the US, made it unlikely that such confirmation would be given.

Former assistant Secretary of State for Africa Chester Crocker confirmed yesterday that he had been approached by some companies for advice, but said it was "absurd to think there's a queue of Americans salivating to return".

Whitney Schneidman, SA analyst at the Washington-based Investor Responsibility Research Centre (IRRC), said: "Companies are still very much at the wait and see stage." He noted companies were continuing to cut even their non-equity ties with SA under pressure from state and local anti-apartheid lobbies.

Sources close to Bechtel indicate that it is studying involvement in regional reconstruction projects, but they emphasise this would not entail direct investment in SA.

IRRC meanwhile is in the process of organising a forum to develop a post-apartheid investment code, Schneidman said. Idasa has agreed to co-sponsor the forum. Government, the AHI, Sacob, Inkatha, Azapo and the SACP have expressed an interest in participating.

It is reported from Germany that Hoechst says it plans a R100m investment in SA in the coming months. The first project is a R60m project to double production of packaging materials at its Chamdor plant. Hoechst SA MD Reinhard Traub was unavailable for comment.

Siemens CE Reinhard Sanne said his company would "jump at any opportunity to expand our SA operations", but "recessionary conditions at the moment are not encouraging for new investment".

He said before then those forces which would co-determine the nature of a post-apartheid economy — including the ANC and the trade unions — "will have to spell out, sooner rather than later, what they mean by a mixed economy".

Meanwhile, former subsidiaries of US corporations in SA have begun to consider the advisability of re-establishing links with the former parent companies which disinvested from SA.

Samcor (previously owned by Ford) and Amalgamated Beverage Industries (Coca-Cola) are two firms which have indicated they would like their former parent com-

□ To Page 2

US firms

b/day 13/2/91.

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□ From Page 1

panies to return.

However, Samcor chairman Leslie Boyd emphasised that the matter had not been discussed with Ford and would not be until sanctions were lifted.

A contrasting view is taken by Engen, the energy division of Gencor which purchased the local interests of Mobil when the latter disinvested in 1989.

Financial director John Roberts said political pressures had forced Mobil to sell off its South African operation below asset value, for R650m. It would now cost Mobil about R3bn to repurchase the section of Engen it previously owned.

A Delta spokesman said the former General Motors subsidiary had no interest in re-establishing ties.

Amic and Dallas firm enter joint venture

(189) (62)

Business Day Reporter

ANGLO American Industrial Corporation (Amic) and New York-listed Dresser Industries of Dallas, Texas, have entered a 50-50 joint venture. BDay 28/11/91.

Called Komdresco, it combines Amic's earthmoving equipment distributor KSA with the construction and mining equipment businesses of Dresser SA.

The venture, formalised on Thursday, positions Komdresco as a major supplier of mining, construction and materials handling equipment in SA.

Dresser Industries operations vice-president Gene Leeson says the joint venture is "yet another strong signal of Dresser's long-standing determination to continue a significant presence in SA".

KSA, a wholly owned subsidiary of Amquip, is a member of the Amic group.

Former KSA MD Neil Harvey will be Komdresco's executive chairman, and former Dresser SA MD Maurice Allen will be its president and chief operating officer.

The new venture does not affect the Wayne, security and industrial valve divisions of Dresser, which will continue to operate as part of Dresser SA.

Firms woo blacks for joint ventures

B/Day 30/1/91

THEO RAWANA

LOCAL and international companies are, for the first time, going all out to form joint ventures with blacks, something which augurs well for the future of SA business, says Zuko Tofile, executive director of business promotion company Matchmaker Services.

(62)

Tofile says companies such as P G Autoglass, printers Kwik-Copy, fast-food outlet Chicken Licken, carpet cleaners Rug Doctor and even US-based Ponderosa Steak House are actively courting black franchisees.

"To this end Matchmaker Services will host a seminar in Johannesburg where all aspects of franchising will be under the spotlight and Volkskas, First National and Standard banks as well as the Small Business Development Corporation (SBDC) will say what they can do to facilitate joint ventures,"

Guest speaker at the February 13 seminar, to be held at the Milpark Holiday Inn in Johannesburg, will be Ohio-based Ponderosa Steak House international sales manager Sunil Duwan.

US ambassador William Swing will open the seminar while SA Franchising Association executive director Kurt Illetschko will speak on Advantages of Owning a Franchise.

Soccer star Jomo Sono, who has held a Kentucky Fried Chicken franchise for 10 years, will be another of the speakers.

Sowetan 21/2/91

ANC buys 'Shell house'

21/2/91

THE African National Congress is to buy "Shell House" in central Johannesburg for R20 million, Shell SA said yesterday.

According to a Shell SA representative, its pension fund had confirmed and accepted a written offer from the ANC for the purchase of the building.

Occupation dates had not yet been finalised, but it was expected the ANC would begin occupying part of the building next month. Shell SA are currently the main tenants of the building, which serves as their Johannesburg office.

Shell would make arrangements with the ANC to lease part of the building for the rest of the year the representative said. - *Sapa*

Warning not to count on return of US companies

B/Day 15/2/91

GERALD REILLY

PRETORIA — American Chamber of Commerce executive director Wayne Mitchell yesterday cautioned against expectations of an immediate influx of new US investment into SA and the re-establishment of disinvested companies after the scrapping of apartheid laws.

62

Mitchell said in an interview there were strong indications that the US business community was showing a renewed interest in SA.

He said a survey had shown many companies which recently pulled out of SA had renewed their interest in it. The chamber had also received inquiries from companies not formerly involved in SA.

Mitchell said it was clear that even if all apartheid laws were removed, and the conditions laid down in the Comprehensive Anti-Apartheid Act (CAAA) complied with, unrest and violence would continue to frighten off US capital and companies. Frequent labour unrest was another disincentive, he said.

US business believed that SA's political leaders were unable to influence the level of turbulence.

Even if the US government lifted sanctions, there would be a lengthy delay before the state and city legislatures applying sanctions followed suit.

In 1983 there were 326 US companies operating in SA. Of these 189 had disinvested by the end of last year.

SA and ...

No influx of US firms seen

CAPE TIMES 15/2/91 62

Own Correspondent

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US chain may come

Sowetan 21/2/91

(62)

By ALI MPHAKI

AN American franchise-operated steakhouse could soon start business in South Africa.

Known as Ponderosa, the franchise has 760 outlets worldwide, 400 of them in America. Countries which have franchises include Taiwan, Malaysia, Canada and the Virgin Isle.

Franchise managing director for international operations Mr Sunil Dewan arrived in the country last week for a feasibility study.

"When we talk about Ponderosa, we are talking basic food. We are not a fancy white linen restaurant' but something in between, with middle income families as our targets," Dewan said in an exclusive interview.

He said one of his objectives is to identify highly-motivated individuals or groups to take over Ponderosa franchisees.

"What we look for is some success experience. We are not interested that it be restaurant experience. We need people who are eager to work, who are detail orientated."

Budweiser may muscle in

ST Times 24/2/91

By DON ROBERTSON

A MAJOR American brewery is expected to take on SA Breweries in the black beer market.

Anheuser-Busch, brewer of Budweiser, is believed to be eager to invest R3-billion in SA and grab a large share of the beer market. It is said that four directors from the St Louis, Missouri, headquarters are in SA investigating market potential.

Anheuser-Busch is the world's largest brewing group and Budweiser is the largest selling beer. Sales last year were 95-million hectolitres. Its sales are far larger than Miller (US) and Heineken of the Netherlands which sell about 50-million hectolitres each.

The company has about 9% of the world's beer market compared with SA Brews which at, 24-million hectolitres, has a 2% share.

Sales of the diversified group, which includes fresh-baked products, rice milling, snack foods, major league baseball and farming, amounted to $9,6-billion last year. Profits were $715,9-million.

A spokesman for SA Brews says he would not be surprised if Budweiser were introduced in SA. But he is unaware of the visit of the Anheuser-Busch directors. He says American companies are prohibited from investing in SA.

On a smaller scale, NMK Schulz Fine Wines plans to import the successful Corona Extra beer from Mexico for the SA market. An initial order has been placed and the beer should available in mid-April.

Sales director "BJ" Lankwarden says Corona is successful in Australia where it is the biggest imported beer, in the US and Canada where it is the second-biggest import and in the UK.

The beer will be sold in American and Mexican restaurants. It is traditionally drunk directly from the clear-glass bottle into which a portion of lime is dropped.

It is a full-strength beer with an alcohol content of 5,4% compared with most SA ones which have 5%.

Mr Lankwarden also imports Grolsch beer from the Netherlands.

FOOD FRANCHISES (62)

THE COMING INVASION

The eventual end of US sanctions could lead to an explosion of American restaurant franchises here. But the first chain to set up shop will probably not be the world market leader, McDonald's. FM 1/3/91

A group of black business people discussed the possibility of getting franchises with McDonald's officials during a trade mission to the US in October. But while the hamburger giant may be interested in SA, it is likely to be some time before the golden arches start appearing on street corners, according to Curt Illetschko, the executive director of the SA Franchising Association.

"SA will now be put at the bottom of the McDonald's development list and then the feasibility studies would be authorised," he says. "It could be as long as five years after that before any McDonald's opened."

Mike Gordon, a McDonald's spokesman at the company headquarters in Illinois, says there are no immediate plans to move into SA. "We move very cautiously and we like to build up a strong infrastructure of local suppliers. The process of investigating a new market, which includes a feasibility study and the building up of a supply network, takes three to five years. We haven't even commissioned a feasibility study of SA yet."

SA represents one of the last untapped lucrative markets for McDonald's; it already operates in 53 countries and by mid-year will open in Portugal and Indonesia. In fact, SA is virgin territory for virtually all the big US fast food chains — only two are located here, Kentucky Fried Chicken and Pizza Hut.

But another US chain, Ponderosa steakhouses, is actively examining the SA market. The chain has 760 outlets worldwide, with 400 owned and operated by the chain and the

Continue →

FM 1/3/91

rest, including those outside North America, franchised.

Sunil Dewan, Ponderosa's international development manager, was in SA last month on a scouting expedition. "It looks like a good market, but I have no pre-conceived ideas," he says.

If cafeteria-style Ponderosa can maintain its US prices in SA, it will give the local steakhouses a run for their money. The average bill at a Ponderosa is $6 (R15) a head, substantially below what Spur, Mike's Kitchen, Squire's Loft and other family-orientated steakhouses charge.

But Squire's Loft MD Paul Haggiyannis says: "SA conditions are very different from those in the US. The Wendy's fast food chain was supposed to take us by storm, but it bombed." (Wendy's, the third largest US hamburger chain, after McDonald's and Burger King, bailed out in the mid-Eighties and Wimpy took over its outlets.)

The franchising association's Illetschko says that up until now, because of law and sentiment, American franchisers have looked mainly at black franchisees. "Unfortunately, there are very few blacks with the capital and expertise to take up a franchise."

The few who have the capital, such as Jomo Sono, have done very well. Sono has numerous franchises for Kentucky Fried Chicken and Midas auto parts. Recently he has been talking of setting up one with Ponderosa.

Business consultant Willie Ramoshaba, who organised the US trade mission, says American franchisers still prefer to deal with black business people. "The franchise holder projects the image of the franchise and black businessmen have the image these companies wish to project (in SA)."

In terms of customers, Haggiyannis says Ponderosa and other chains would be making a mistake if they aimed solely at the black market. "The aspirant black wants to identify with things white. We have increased the black patronage at our Fox Street store (near the Carlton Centre) to 40% and that was without appealing to a 'black' clientele."

Much will depend on how Ponderosa oversees its franchises. Illetschko says Ponderosa must avoid operating them at arm's length from the US. One of the main reasons for Wendy's failure was that it tried to manage its SA network by remote control.

Ponderosa's Dewan sees the franchising trend continuing to grow worldwide. "Everybody wants to be his own boss, but franchising offers far more security than starting an independent outlet because franchisers offer support and guidance to their franchisees. There are intensive training courses that cover not only how to run a restaurant, but also areas such as people management."

Ponderosa franchisees pay an upfront fee, which varies from country to country, and a service fee of 4% of sales.

"Franchising is also good for us. We make more money out of a wholly owned outlet, but we cannot expect to dominate a market quickly without offering franchises." ■

Sinclair sells Aquanaut to US company for $7,1m

B/Day 7/3/91.

BEVERLY HUCKLESBY

POOL cleaner company Aquanaut has been sold to an unnamed US company for $7,1m, it was announced today.

Aquanaut parts will no longer be manufactured in SA but will be available to users in the short term.

Although the supply of parts could not be guaranteed in the long term, maintenance for the pool cleaners would be available for at least two years, said Michael Psaff of parent company Sinclair Holdings.

Psaff said he could not divulge the identity of the US buyer but recent speculation pointed to US-based Aquanaut Inc in which Sinclair has a 20% stake.

However, an industry source said yesterday US pool cleaner company Arneson had bought Aquanaut SA.

Psaff said the decision to dispose of Aquanaut was in line with Sinclair's stated intention of concentrating on the motor business after selling off other assets.

This followed Aquanaut's heavy losses.

Aquanaut MD John de Groot recently denied that the financial state of the company was the reason for the disposal.

After the payment of associated debt and liquidation costs of Aquanaut entities, more than R15m would be distributed among shareholders.

The time for US re-engagement is now, not later

62

B Day 12/3/91

SIMON BARBER in Washington

THE US ambassador to Pretoria, William Lacy Swing, and Congressman Howard Wolpe, the former chairman of the House Africa subcommittee, appear to be marching in philosophical lockstep with regard to SA. One can only hope that neither man echoes the thinking of President George Bush, though that, unnervingly, happens to be Swing's principal brief.

Wolpe, appearing as a member of the Africa subcommittee last week, told Assistant Secretary of State for Africa Herman Cohen that it would be "foolish to buy into" the idea that change in SA was "irreversible". Nothing had changed in the basic power structure and there was as yet no "bona fide negotiating process".

In other words, the sanctions-lifting conditions of the Comprehensive Anti-Apartheid Act were still far from being met. And even if they were fulfilled in their entirety, Wolpe insisted that there should be no "carte blanche" repeal, as required by law. The president should rather proceed as though four of five conditions had been met, and propose an incremental lifting subject to congressional disapproval.

Indeed, Wolpe argued, Bush would be better advised to consider the removal of sanctions as a side issue and focus instead on painting an alluring picture of the benefits SA would enjoy once a new democratic government had been installed.

"We can be far more helpful by laying out what positive things will flow" after the transition. By contrast, "a massive infusion of activity in advance of a decision to establish democracy will be terribly counterproductive". It would lead to "a sense of abandonment" in the townships, and might even "undercut" President F W de Klerk.

The day after Wolpe spoke, an article by Swing appeared in Business Day. Though its tone is considerably softer and less direct, it nonetheless encompasses the same fundamental approach. Offering no encouragement on sanctions — except that they will fall away "eventually" — the ambassador does as Wolpe asks and tries to make mouths water about what the US will do when the new democratic day dawns.

Wolpe's basic position is that there should be no US re-engagement in the SA economy until the transfer of power is complete. Instead, the promise of re-engagement should be used as an incentive for the existing government to speed up the transfer. Not for one moment does he concede that re-engagement might itself be necessary for a smooth transition to a genuinely democratic result.

Neither does Swing.

His stated intention is to reassure South Africans that "once a non-racial, multiparty democracy has replaced apartheid" the US will not lose interest in SA, but will begin to focus on its economy, just as Wolpe himself suggests.

His explicit message to the government is: "Hurry up boys and deal yourself out of power so that we can send down the Peace Corps and give you access to the Overseas Private Investment Corporation, the Ex-Im Bank and why, even the Small Business Administration."

American companies will then send in "investment missions". How nice. SA businessmen may even "wish to go to the US to hold investment seminars in major cities such as Washington, New York, Chicago and Los Angeles".

Until that happy day, however, SA will just have to make do with "our $50m aid programme". Actually, it is rather less than $40m after middlemen have taken their fees. The $10m voted by Congress last year to "promote democracy" is dead in the water. But this is a mere quibble.

What is truly offensive about the Swing-Wolpe approach is that it ignores entirely the economic component of building democracy. As SA's new ambassador to Washington, Harry Schwarz, likes to point out, a solid economy will be the foundation of an SA democracy, not the other way round. A new democratic constitution will stand a chance only if SA gets its economy right first. A new dispensation that cannot deliver on its economic, chicken-in-every-pot promises will slide easily into authoritarianism or worse.

In Swing's defence, it may be said that he seems to get at least halfway there when he says "The 'New South Africa'... is going to create enormous expectations among its traditionally disdvantaged citizens.... Economic growth will obviously be necessary." However, this only serves to make his overall presentation even more pitiful.

Don't those expectations already exist? Why, if it is going to be so important in the future, is growth not critical today? Does he mean that the more equal sharing of prosperity which makes growth so imperative can be tackled only by a new government? What does he think the present one is trying to do? Why this constant use of the future tense?

Bush, in case the ambassador has not noticed, has declared the move to a "New South Africa" to be "irreversible". In other words, the process has begun and there is no turning back. To be even more blunt, the future is now. The government knows this, the private sector knows this, almost everybody knows this except the US government's representative and a milling crowd of idiots on Capitol Hill who want to see SA as a sort of morality play.

Swing evidently believes that the moment a new political order is in place everything will immediately begin to come right. He breezily assumes the new SA will be democratic in the Western sense. As for its economic underpinnings, he cheerfully observes that thanks to the lifting of sanctions there will even be an annual $2bn "post-apartheid dividend" to the country's GDP.

Assuming that figure to be true, what is the point in continuing to apply sanctions? Wouldn't such an expansion in GDP mean more jobs, more homes, more health care, better schools, less poverty now? If change is "irreversible" why should the poor suffering "disadvantaged" continue to be denied its benefits until — "eventually" — the politically appropriate moment arrives to unleash the extra $2bn?

Swing may say that his article only reflects American policy and the law that underpins it. In which case, he appears either to misunderstand or oppose both.

The CAAA, unlike the ambassador, implicitly recognises there will be a period between the ending of those government policies and practices which it seeks to penalise and the emergence of a non-racial democracy. It explicitly encourages the re-engagement of US economic interests during that period by *requiring* that its sanctions end when government has taken five specific steps.

When the Secretary of State certifies to the Secretary of Treasury that those steps have been taken, the Rangel double taxation amendment also falls away. Finally, as a matter of policy, the administration will exercise its prerogative to approve any SA application for IMF lending once those steps have been taken with the single further condition that SA be in genuine balance of payments difficulties.

It is conceivable that there will be some ambiguities over whether all five steps have been taken. If so, the ambassador would spend his time more fruitfully trying to clear them up so that sanctions can be lifted as soon as legally permitted.

Unfortunately, his article suggests he may be recommending quite the opposite approach.

Ernst & Young set up Africa grouping

Star 18/3/91

(62)

NEW YORK — Ernst & Young, the international professional services firm, has announced the formation of the Ernst & Young Africa Group to co-ordiante services to clients across this region. Michael J Woods was named to head up the group.

According to Mr Woods, who is based in Johannesburg, the group will co-ordinate the firm's extensive range of services to clients and will oversee quality control, the development of technology and professional development of staff.

Ernst & Young is one of the largest professional services firms in Africa and the world. On the African continent the firm operates in 52 countries.

Paul McMahon, executive partner of Ernst and Young International, commented, "Africa is very important to our firm. We believe that this new regional structure will best enable us to anticipate and meet the growing needs of our many clients here."

US companies still cutting ties with SA, survey shows

BDay 21/3/91 (62)

SIMON BARBER

WASHINGTON — US companies are terminating licensing and distribution agreements with SA at a record pace under pressure from local governments, even though disinvestment has come to a virtual halt, the Investor Responsibility Research Centre finds in it latest annual survey of US business in SA.

Ten firms either severed their non-equity ties with SA or allowed them to expire over the past year. At least five more told IRRC they planned to follow suit in the near future.

In several cases, the companies severing their ties were UK firms which had recently come under the control of US corporations.

The principal reason appeared to be the selective purchasing laws on the books in 49 US states, cities and counties. Many of these ordinances, which are likely to long outlive federal sanctions legislation, penalise indirect relations with SA as well as direct investment.

Ten companies disinvested in 1990, down from a peak of 57 in 1987, leaving 106 US concerns with either direct investment or employees in SA.

Firms that told IRRC they expected to sever their non-equity ties this year inlcuded General Electric, GTE, Maytag, Thermo Electron and Xerox.

Xerox required its 51%-held UK subsidiary Rank Xerox to terminate its distribution agreement with the Altron Group's Fintech/Xeratech by July. It told IRRC that "one of the important factors ... was the recent passage of legislation in several US cities that are customers of Xerox".

General Electric sold its three SA subsidiaries to local management who formed a company called Genwest Industries in 1986, which was licensed to continue producing GE products. This and other agreements will not be renewed when they expire this year.

In addition, Mobil, which sold out to Gencor in 1989, said that as of December last year "discussions have begun which will lead to the discontinuation of the use of Mobil trademarks".

The firms that ended their non-equity links last year were listed by IRRC as: Bently Nevada, Bicoastal (formerly the Singer Co), Chadwick-Helmuth, Dana, Dell Computer, Goulds Pumps, Informix, Motorola, Reynolds and Reynolds and Valmont Industries.

AIDS move wins Namda's praise

PATRICK BULGER

THE National Medical and Dental Association (Namda) yesterday welcomed the ANC's decision to take up the issue of AIDS, saying the ANC could eradicate perceptions that AIDS was a race-based disease.

Namda publicity secretary Diliza Mji said the ANC's intervention was important because it commanded respect among oppressed and disadvantaged communities. BDay 21/3/91

The ANC recently announced it would help deepen AIDS awareness as part of its signature campaign for a constituent assembly and interim government.

Namda said: "Because of the politicisation of population control methods by the apartheid government, many of our people have understandably been suspicious of the campaigns of the Department of National Health and Population Development."

Mji said: "It is exactly because it is an illegitimate government that all attempts by the SA government to get involved in the prevention of AIDS have failed."

Exiles' return delayed pending move on UN

BDay 21/3/91

PATRICK BULGER

A COMBINATION of fears for exiles' safety after their return, a shortage of funds and logistical problems resulted in today's second planeload of exiles from Zambia being called off.

Home Affairs chief director of immigration Mike Bester said he had been in contact with the ANC and that the postponement of the flight — scheduled to bring 110 exiles back — was being seen as an "organisational hiccough".

He said 3 000 extraordinary travel documents had already been issued.

The National Co-Ordinating Committee for the Repatriation of SA Exiles (NCCR) cancelled today's flight, saying it wanted a decision from government on whether the UN High Commission for Refugees (UNHCR) would be involved.

The NCCR was expecting Cabinet to discuss the issue yesterday.

An NCCR spokesman said the organisation was short of funds and was experiencing logistical problems.

The Africa News Organisation reports from Lusaka that ANC national executive committee member Sindiso Mfenyana yesterday urged government to grant full indemnity and provide exiles with extraordinary travel documents so that they could start returning home.

Government should remove all the obstacles that had hampered the repatriation and release of all political prisoners.

Mfenyana warned that if the agreement on preconditions to negotiations was not met by the end of next month, the ANC would have to review its future course.

The UNHCR should be allowed to participate in the repatriation of exiles and be able to monitor their stay in SA, he said.

He rejected government's insistence that the UNHCR be limited only to the transportation of exiles.

Mechanisms set up by government had made it impossible for further exiles to leave for SA but the next group of returnees would depart next week.

Meanwhile the Canadian Embassy yesterday announced a R100 000 contribution to the NCCR.

The embassy said the donation was in partial fulfilment of Canadian Prime Minister Brian Mulroney's undertaking to donate R13m to the repatriation programme.

It said the balance would be allocated once final operational arrangements for the repatriation programme were known.

Education a priority — Amcham charter

BDay 27/3/91

SHARON WOOD

EDUCATION should be a national priority, the American Chamber of Commerce (Amcham) says in an Economic Charter which stipulates the conditions required for American investment in SA.

The charter, the first to be produced by a foreign business representative body, says government should address the problem of inadequate human skills in SA as this was an impediment to new foreign investment.

The charter said government should consider and financially support "Head Start" programmes which provided pre-school education for disadvantaged children. The authorities should also support training of teachers through low cost loans and free education, the charter said.

Amcham yesterday made public the Economic Charter, which apart from education, also mentioned key elements such as reducing SA's tax burden, promoting a market-oriented system and guaranteeing the repatriation of foreign profits.

SA's corporate and personal tax burden remained a hurdle in attracting foreign investment. SA's disproportionately high corporate tax rate militated against foreign investment, the charter said. The relatively high direct personal taxes also worked against attracting and retaining skilled staff.

The charter advocated a market-orientated system in SA, free of overregulation, as one of the conditions necessary to encourage new foreign investment. The removal of sanctions would not automatically lead to new investment, said Amcham board member Rudolf Gouws.

Political, economic, tax and regulatory certainty and stability were the most essential conditions which had to be met before foreign investment, an important contributor to economic growth and welfare, would return to SA.

SA had recently turned a corner in achieving many of these conditions which had previously not been met, said Gouws.

Amcham welcomed government's recent attempts at reducing the size of budget deficits and minimising its impact on the business cycle. It also praised the more conservative stance on monetary policy.

The charter said it was reasonable for countries wishing to attract foreign capital also to have certain expectations of foreign companies investing there.

These expectations included the willingness to accept and train the local labour force, to reinvest a portion of the profits if the conditions were appropriate, and to contribute to the social and economic upliftment of the disadvantaged.

Amcham rejected restrictions on the repatriation of profits. They said that the creation of a favourable foreign investment environment would encourage foreign companies to repatriate a large portion of profits.

Peaceful industrial relations were an important prerequisite to new fixed investment, the charter said.

PETROL SALES FM 29/3/91 (62)

FRANCHISING MOBIL

Mobil is moving towards franchising its service stations in preparation for the deregulation of petrol sales.

In a deregulated petroleum industry, the petrol price will be free to fluctuate. For the first time, service stations will compete on the basis of price, in addition to the various services they offer now. Instead of being run by a manager having limited scope to make decisions that affect the operation's profits, service stations will be run by franchisees who are free to make decisions critical to their success.

Barry Jordan, Mobil SA's director of resale marketing, says the company has been working on its "highly innovative dealer franchise package" since 1988 in collaboration with 36 dealers and consultants from SA, Australia and the UK.

Details of the new scheme will be presented to Mobil dealers at a convention in Portugal in October.

The change has been brought about by the realisation that deregulation will sorely tax the expertise of service station operators. The primary objective, Jordan says, is to enable operators to maintain high standards for customers while optimising their own returns.

Until now it has been common practice for petrol companies to own service station sites and lease them to operators on a short-term (often one-year) basis. Capital expenditure is generally provided by the petroleum company and the cost of capital invested charged to operators against their revenue. For a service station operator to put any of his own capital into the business has been the exception rather than the rule.

Mobil, which is a subsidiary of Engen and is the largest SA-owned petroleum retailer, believes that allowing operators to own a stake in their service stations will involve them in the long-term planning of the business rather than in just running the operation day-to-day. Whereas in the past, service stations have been top-down driven, Mobil will be relinquishing some of its control to allow the franchisee to become involved in policy-making and to share a greater responsibility for the station's profitability. ■

US 'people's sanctions' increase disinvestment

Star 4/4/91.

By David Braun
Star Bureau (62)

WASHINGTON — Even if the US federal government does start lifting its sanctions against South Africa, American businesses are likely to continue divesting from the country until the ANC and other liberation movements request otherwise.

This is because there are two levels of American sanctions against South Africa: The widely publicised federal measures imposed in terms of the 1986 Comprehensive Anti-Apartheid Act (CAAA) and the potentially more damaging "people's sanctions" imposed by scores of state and local authorities throughout the US.

Even now, when officials in Washington are toying with the idea of suspending one or more of the CAAA sanctions in recognition of President de Klerk's political initiatives, a sizeable number of American local authorities are considering tightening sanctions.

The impact of these state and local sanctions on American companies doing business with South Africa has been dramatic.

Selective

The Washington-based Investor Responsibility Research Centre (IRRC) says in its "US Business in South Africa 1991" report that instances of US companies severing their non-equity links — such as licensing and distribution agreements — to South Africa have increased sharply.

A major reason seems to be the existence of selective contracting laws, which penalise companies with ties to South Africa, that are in force in 49 states and counties throughout the US, the IRRC says.

The latest company to announce the termination of a distribution agreement with a South African company is Rank Xerox, which has told Fintech/Xeratech it will no longer supply it with its products as from July 1 this year.

The American Committee on Africa (ACOA), another organi sation which monitors disinvestment from South Africa, estimates that "people's sanctions" have caused more than $20 billion (R54 billion) to be divested from South Africa.

The ACOA is already actively engaged in working with activists and legislators in Colorado, Michigan and New York to get those states to adopt divestment legislation.

A spokesman for the committee predicted that as long as the ANC, Cosatu, the SA Council of Churches and other member organisations of the Mass Democratic Movement continued to call for sanctions this process of "people's sanctions" would continue throughout the US.

Black US businessmen to scout for local investment

Bday 9/4/91

THEO RAWANA

(62)

THREE hundred black US businessmen will start visiting SA in June to scout for local investment opportunities.

Business consultant Willie Ramoshaba said yesterday the American Business Observation Mission to southern Africa would start its visit on June 26.

Groups of 100 people would make three two-week tours, he said, adding the initiative was a follow-up to last October's US tour by 65 black SA businessmen, organised by Ramoshaba's W R Consultants.

Ramoshaba said the tour was initiated by the SA Business Interest Group (Sabig), a non-profit organisation formed by the 65 who toured the US last year, and was being co-ordinated by W R Consultants.

"The Americans are keen to see the projects the SA businessmen spoke about when they visited the US, to forge links with local business people and bring out their own projects — especially in the area of franchising. They are keen to have SA as a base to forge links with Africa. Botswana has been specifically included because of its high rate of development projects and investment projects," said Ramoshaba.

The US businessmen would begin their two-week tours in Johannesburg, then go to Cape Town, Durban, Gaborone, Pietersburg, the Mabula Game Reserve and then back to Johannesburg.

More US firms cut ties with SA

Sanctions pressure persists in the United States despite changing political perceptions of South Africa.

By REG RUMNEY

UNITED STATES companies continue to sever their licensing and distribution links with South Africa — despite these moves having had limited effect. Wmail 12/4 - 18/4/91

The moves also contrast with foreign disinvestment from South Africa having slowed to a crawl, according to the Investor Responsibility Research Centre.

The number of US companies severing non-equity links such as licensing and distribution agreements has risen sharply.

The IRRC reports that the main reason seems to be selective contracting laws in force in 49 states, cities and counties throughout the US.

These laws penalise companies with ties to South Africa.

Ten US companies have told the IRRC they have severed or allowed to expire their non-equity ties in the last year.

They are, according to the IRRC's recently published *US Business in South Africa 1991*: Bently Nevada, Bicoastal, Chadwick-Helmuth, Dana, Dell Computer, Goulds Pumps, Informix, Motorola, Reynolds & Reynolds, and Valmont Industries. 12

The IRRC notes some selective contracting laws penalise both companies with direct investment and those with non-equity links.

Companies such as Motorola Inc and Xerox Corporation, which disinvested from South Africa in 1985 and 1987 respectively but retained non-equity ties to South Africa, were forced to cut indirect links because they were still being penalised in their bids for major city contracts.

Other companies which have said they will not renew non-equity links with South Africa when they expire include General Electric, GTE, Maytag and Thermo Electron.

Selective contracting laws hurt not only publicly held companies but also privately held companies, notes the IRRC. Three of the 10 companies that have severed their non-equity links to South Africa in the last year are privately held.

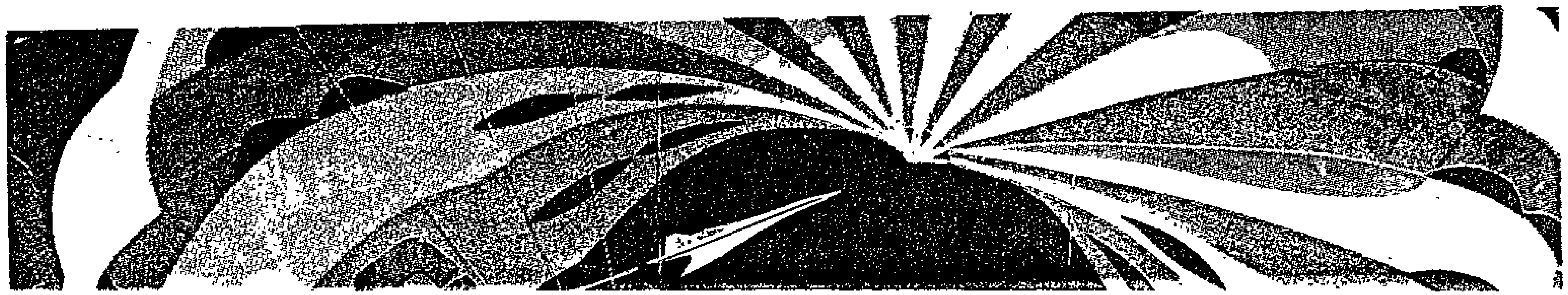
Also, some selective contracting laws are seen as too rigid and don't take into account ties to South Africa that may benefit blacks.

The IRRC remarks: "When Dell Computer Corp severed its distribution agreement with a black-owned South African distributor, Incorporated Data Systems in October 1990, it said: 'The prohibitions enacted by several US cities and states against US firms doing business with South African companies leave us no choice'."

Companies in *US Business in South Africa 1991*, such as Apple, Digital Equipment Corp, Everex Systems Inc, Informix, Intelligent Systems, Intermec, Lotus, Microsoft, Sun Microsystems and Wang have no links with South Africa.

Nevertheless — as South Africans will attest — their products are widely sold within South Africa.

"These companies say that their products must be getting into South Africa through third-party arrangements and that there is nothing they can do to stop such redistribution."



US bank bows to black pressure

Sowetan 3/5/91

62

NEW YORK -One of America's biggest banks has bowed to intense behind-the-scenes pressure from the US anti-apartheid movement.

The bank, JP Morgan, has said it will no longer process American Depository Receipts, which facilitate investment in South African stocks.

The move has caused dismay in US banking circles, especially in view of JP Morgan's firm resistance to earlier pressure to abandon its processing of ADRs, which, it maintains, does nothing to "support apartheid," as its detractors claim.

Though little-known to the general public, ADRs allow American investors to effectively own shares in South African (or other foreign) companies and are now the largest single source of American equity investment in South African firms.

Big blow

US Securities and Exchange Commission records show that the bank registered 160 million of the receipts pegged to shares in South African companies.

One estimate puts the value of the receipts at R2,5 billion. If this estimate is correct, it will mean that South Africa will have been dealt one of the biggest single blows by the US anti-apartheid movements.

It is also forecast that other US banks may follow JP Morgan's example.

The move came nearly three weeks after the Amalgamated Clothing and Textile Workers Union, acting in collaboration with the ANC and Cosatu, began a nation-wide campaign to publicise JP Morgan's involvement in the receipts.

The bank initially rejected the accusations that it was acting as a conduit for investment funds that supported apartheid. But it changed its position dramatically on Friday after Rep. Byron Rushing, a Democrat in the Massachusetts State legislature, led members of the legislature's black caucus in a motion asking for an investigation of the bank's financial dealings in several public undertakings in Boston, including a hospital and a transportation undertaking.

This, in turn, led to fear that JP Morgan's links with the South African investment receipts might cause it to lose out to other investment institutions vieing for a place on a Massachusetts State syndicate that controls the allocation of bank borrowings for state projects.- *Sowetan Correspondent*

R2-bn from US investors

Star 3/5/91

(62) (4)

An amount of R2 billion from America would be invested in South Africa this year, **President de Klerk** said yesterday.

Replying to CP speakers in debate on his budget vote, he said nearly R1-billion in additional capital had already entered the country.

"Therefore there is no question of prophecies of doom over our economy. It's rosier than (in) years."

All indicators showed that the country was ready to resume its economic growth.

The amounts being invested showed that the country did not have empty hands.

Violence was the only factor that scared off investors.

"If you and other people who further violence get your way, we will have trouble," he said to CP members. "But you will not get your way."

The moderates would all stand together to make the country stable. — Sapa.

DAY, Thursday, May 16 1991
INFORMATION TECHNOLOGY

Novell subsidiary may be possible

(62)

B|Day 16|5|91

Reports by
MELANIE SERGEANT

THE SA market for Novell networks could soon be large enough to warrant the giant US corporation setting up a subsidiary here.

Visiting SA to appoint a second local distributor, Novell's regional manager for the Middle East, Mediterranean and African markets, Charles Callis, said Novell's philosophy is to have subsidiaries wherever markets are large enough to warrant the support needed from a subsidiary.

"We have a decentralised approach to our resources to ensure we're as close to major markets as possible. For this reason, we don't rule out the possibility of having a subsidiary in SA."

He says SA is by far the largest Novell market in his regions, and estimates that there are 4 000 systems running Novell in SA, with between 20 and 50 users at each site. "In terms of systems sold, the SA market is growing at an average of about 30% a year," he added.

The corporation has appointed LAN Design as its second networking and communication software distributor in SA. The company will augment the existing activities of M & PD company Lasernet, which has sold Novell since 1987.

In the past six months, more than 60 key resellers have been authorised to sell and support Novell's NetWare systems.

LAN Design MD Roy Wittert estimated that Novell's NetWare enjoys about 85% market share in SA, and the market value is expected to grow about 20% by 1992.

But NetWare is only a small component in any network, said Callis. PCs, interface cards, cabling and other components probably comprise about 95% of total costs.

With the world's computer or data processing (DP) industry now worth about $370bn a year, network computing comprises 1%-2% of this market. It is the fastest growing market segment, because of demand from users to link together a variety of computer resources to gain access to information on different systems.

"While the DP industry will continue to grow, we reckon that network components will comprise up to 50% of the total DP market within the next few years."

This is in line with the maturing corporate computer market, and the fact that networks can now allow different makes of computers to "talk" to one another.

He said Novell has relationships with about 2 000 application developers, an important facet, because it is applications that sell systems and there must be business and user benefits in computerising.

And Callis contended that networks could be as effective as some midrange and larger computer systems — especially when it came to system costs.

Americans want to invest in SA

62

By David Braun
Star Bureau

Star 23/5/91

WASHINGTON — American businesses are showing considerable interest in re-investing in South Africa, a country still regarded as one of the best places in the world to make profits, a US investigation has found.

However, US businesses are at this stage only interested. Actual investment and participation in the South Afrcan economy will depend on the repeal of US federal, state and local sanctions and, more importantly, the ability of South Africa to demonstrate that it will offer a stable political and economic environment.

These were the conclusions of a preliminary probe into the US business response to the lifting of sanctions by the Washington-based Investor Responsibility Research Centre (IRRC).

The director of the IRRC's South African review service, Meg Voorhees, yesterday told a meeting of the Carnegie Endowment for International Peace there was considerable interest to either return to South Africa or to begin investment.

US companies are currently prohibited by the Comprehensive Anti-Apartheid Act from making new investments in South Africa.

Close on 100 US state and local authorities have enacted their own anti-apartheid laws which prohibit the awarding of business contracts to firms with economic links with South Africa.

This has resulted in many American companies disinvesting from South Africa.

Ms Voorhees said it was obvious these measures would have to be repealed before Americans could start doing business with South Africa again.

However, assuming sanctions would go, her investigations had revealed that US businessmen would at first move quickly to restore non-equity links with South Africa, such as distribution agreements and supply and servicing arrangements.

Tourism and consumer goods markets would also be sought after.

Ms Voorhees said the violence had raised fears that South Africa would become ungovernable. Also, the ANC had yet to spell out clearly what sort of economy it wanted to see, and US businessmen were waiting for clarification on this issue.

South Africa was regarded as one of the better countries to invest in when compared to the rest of Africa and Eastern Europe.

ANC plans delay US investment

Sowetan 24/5/91

(62)

WASHINGTON - American businesses are showing considerable interest in reinvesting in South Africa, a country still regarded as one of the best places in the world to make profits, a US investigation has found.

By SOWETAN CORRESPONDENT

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Research

The director of the IRRC's South African review Service, Ms Meg Voorhees, this week told a breakfast meeting of the Carnegie Endowment for International Peace the research was proceeding.

However, at this stage, she said, it was clear that there was considerable interest on the part of American companies to either return to South Africa or to begin with new investments.

US companies are currently prohibited by the Comprehensive Anti-Apartheid Act (CAAA) from making new investments in South Africa.

Close on 100 US state and local authorities have enacted their own anti-apartheid laws which prohibit the awarding of business contracts to firms with economic links with South Africa.

Disinvestment

This has resulted in scores of American companies breaking their South African ties by disinvesting from the South African economy.

Voorhees said it was obvious all these measures would first have to be repealed before American companies could start doing business with South Africa again.

However, assuming that these sanctions would eventually go, her investigations had revealed that US businessmen would at first move quickly to restore non-equity links with South Africa, such as distribution agreements and supply and servicing arrangements.

She predicted American businessmen would be a lot more cautious about resuming direct investment until it became clear how stable South Africa was going to be.

Businessmen wait

American businessmen had great experiencing in dealing with all sorts of political and economic regimes all over the world. What they wanted to be sure of was the rules of the game and that those rules would not be quickly altered once they had started investing, she said.

Voorhees said the current violence in South Africa had raised the spectre that nobody would be in control of South Africa.

Also, the African National Congress had yet to spell out clearly what sort of economy it wanted to see in South Africa.

American businessmen were waiting for clarification on these two aspects before they would commit themselves to the South Africa economy.

Voorhees said South Africa was regarded as one of the better countries to invest in, certainly when compared with the rest of Africa and with Eastern Europe.

Prediction

South Africa already had a mixed market economy. It was also pretty clear who owned title to land and property (unlike in East Germany, for example).

US companies also appeared to be satisfied wit the South African work ethic while they were not discouraged by the relatively low skills level of the general population.

She predicted a number of sectors would be sought after to invest in if sanctions were repealed and the business and political climate was judged to be right.

These included tourism, consumer goods (which were expected to boom once redistribution of wealth programmes started to take effect) and computers.

Ultimately, Voorhees said, it was up to the South Africans themselves to make sure their country was an attractive place for foreign investment.

US-SA trade 'about 200% higher' than last year

Weekend Argus Correspondent

Argus 1/6/91

(62)

LEVELS of US-SA trade and business inquiries appear to be "about 200 percent higher than at this time last year," according to Wayne Mitchell, executive director of the American Chamber of Commerce (Amcham).

Mr Mitchell said he had received a copy of Mr Geary's proposals but — for policy reasons — could not comment on them.

He said trade inquiries had escalated so dramatically that Amcham — which has operated on a political level through the sanctions era — is having to relaunch a range of commercial services.

While numerous US companies currently are conducting in-depth trade and investment inquiries, prior to the possible dropping of the US CAAA barriers — they were insistent any projects should be socially desirable.

He also cautioned disappearance of the CAAA would not herald a new wave of reinvestment while doubts remained about future socio-economic stability and the direction of the economy.

UK trade group comes shopping in SA

ZILLA EFRAT

MORE signs are emerging from the US and Britain that SA is edging out of the financial cold. B/Day 4/6/91

UK SA Trade Association (Uksata) executive director Nick Mitchell said yesterday some of Britain's smaller merchant banks were looking at entering the SA market. 62

He was speaking at a news conference for the visiting Uksata trade mission, the first officially sponsored British mission to SA since 1985.

British consul general John Doble later confirmed that a number of UK merchant banks had visited SA over the last year to examine increasing their presence and business in SA.

While nothing had been finalised, Doble said there could soon be involvement by UK merchant banks that had not been in SA in the past, with some possibly setting up offices in the country.

He added that Barclays and Standard had maintained links with SA and financed a lot of trade.

In a separate development, US-owned Monsanto Agricultural Company, one of

□ To Page 2

Trade group B/Day 4/6/91. 62

□ From Page 1

the world's largest producers of agricultural and industrial chemicals, has announced a plan to give its SA operations a wider role.

The move will see the multinational, which has its headquarters in St Louis, Missouri, making a substantial investment in people and promotion to support its South African business.

In addition, if local sales and exports to southern Africa increased, there could be increased investment in Monsanto's local production facilities, Monsanto SA marketing manager Chris Jones said.

The aim was to turn Monsanto's SA operations into a major player in the global development of new products, new chemistry and new technology.

Prominent SA chemical agronomist Jim Findlay has been appointed Monsanto SA vice-chairman and southern and east African technical director, a new position which includes a global brief.

While Monsanto had in the the past been cautious about increasing investment in SA, Jones said it believed that the SA market offered vast potential.

Monsanto's Brussels-based director of European and African operations Bob Noels said: "During the difficult times we showed confidence in the future of SA and now the country is strategically important in our worldwide development programmes.

"Its location in the southern hemisphere provides excellent opportunities for researching potential new products during the northern off-season."

● Picture: Page 3

US big business is still against SA

Sowetan 10/6/91.

(62)

FOCUS

NEW YORK -American big business and its shareholders are less eager than others to reward South Africa's steps toward ending apartheid.

Opponents of apartheid say US shareholders continue to support resolutions demanding that their companies reduce investments in South Africa and cut financial links with it.

In April the European Community responded to President FW de Klerk's reforms by ending the embargo on buying steel and other metals from South Africa. The International Boxing Federation ended a five-year boycott, scheduling a title fight for this month at Sun City.

Hints have come from US President George Bush's administration that it would like to loosen the 1986 federal law banning trade with South Africa, but not until greater reform is evident.

American opponents of apartheid argue that De Klerk's reforms are far too modest.

Pressure

ANC deputy president Mr Nelson Mandela has urged Americans to keep pressure on the white minority government.

Many shareholder resolutions demanding the sale of South African assets got from 10 to 20 percent of the votes at annual meetings this year, said Ms Carolyn Mathiasen of the independent Investor Responsibility Research Centre Inc in Washington.

She said that was slightly lower than last year. Anti-apartheid activists said the vote percentages were at least equal to those of 1990.

Some of the resolutions passed and all got enough votes to remain on the agendas of 1992 annual meetings. A major goal of the movement is to embarrass companies into disinvesting by keeping the issue before the public.

Large institutional investors who lead the drive for disinvestment, and businesses which have left South Africa, show little sign of relaxing their efforts.

"The fact that these South Africa votes have held up pretty well seems that institutional investors are waiting for Mandela to say 'No more sanctions' before they change their voting policies," Mathiasen said.

Security

Tough anti-apartheid laws passed by more than 130 state and local governments have put the most pressure on corporations still operating in South Africa.

Mathiasen's organisation says 214 US companies have pulled out since 1984 and 106 remain.

On April 26, JP Morgan and Co stopped processing American depository receipts for South African companies. The receipts, known as ADRs, are a type of security that permits US investment in foreign stocks.

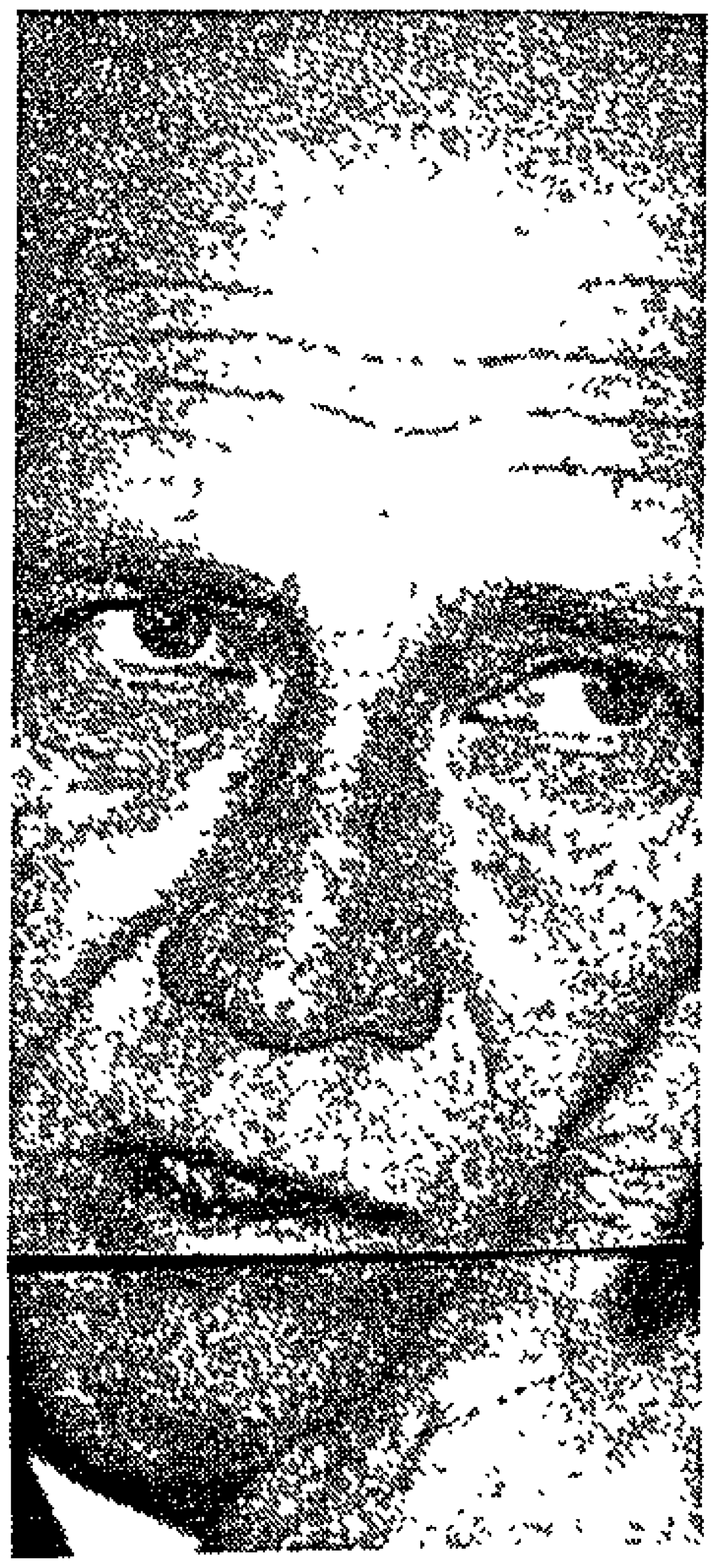
Receipts

Morgan's announcement came after Massachusetts legislators demanded an investigation of Morgan's links with South Africa.

Massachusetts law prohibits companies with South African ties from doing business with the state. Morgan, the nation's fourth largest bank, could have been excluded from a R5,6-billion state bond offering.

Security Pacific Corp of Los Angeles also stopped its South African ADR business in the last year.

On February 25, Shell Oil Co lost the renewal of a five-year contract to operate 13 service stations on the New Jersey Turnpike because of its South African investments.



FW DE KLERK

NELSON MANDELA

Ten US companies allowed their distribution or licensing agreements in South Africa to expire over the last year, according to Mathiasen's research centre.

"I think these are deeply held beliefs that took a while to get into the mainstream of political thought in this country, but now they are solidly there," said Mr Michael Zucker of the Amalgamated Clothing and Textile Workers Union.

Another anti-apartheid activist, Mr John Schultz, said: "The social activists who oppose the apartheid system certainly applaud the changes that have taken place, but there is still a long way to go."

Schultz is president of the Social Investment Forum of Minneapolis, a group of investment funds, banks and individuals which bases investment decisions on a company's conduct.

Others say the criticism is too harsh.

If De Klerk "does not receive some form of encouragement from the US to recognise what he has done, it could ... slow down the progress that we all want to see", said Professor Joel Stern, a New York financial consultant.

Stern, a visiting professor at the University of the Witwatersrand and the University of Cape Town, predicted Europe would resume full trade with South Africa soon and said Americans would "lose out to our competitors if we don't act as quickly". - *Sapa-AP*.

Political comment in this issue by Aggrey Klaaste and Deon du Plessis. Newsbills by Sydney Matlhaku. Sub-editing and headlines by Ivan Fynn.
All of 61 Commando Road, Industria West, Johannesburg.

Anti-SA shareholder resolutions gain support

(62.) CT 11/6/91

From SIMON BARBER

WASHINGTON. — Shareholder resolutions protesting US corporate involvement in SA gained more support than ever in this year's annual general meeting season, indicating no let-up in the grassroots sanctions movement.

Eighty-four SA-related resolutions were presented at 296 meetings tracked by the Investor Responsibility Research Centre (IRRC) — compared with 48 on the next most popular issue, the so-called Valdez Principles, named after the tanker involved in the 1989 Alaska oil-spill.

The SA resolutions were backed on average by just over 13% of shares voted, compared with just under 13% last year.

IRRC commented that institutional investors — public employee pension funds and the like — were sticking to their anti-SA positions in spite of the release of ANC Deputy President Nelson Mandela and other changes that have led the European Community to drop its santions.

The strongest support came for resolutions calling on banks to sever relations with SA. These included demands that the banks stop trading in American Depository Receipts, instruments that enable US investors to buy SA shares issued before October, 1986.

As effort to persuade Noth Carolina National Bank to use its holdings in Royal Dutch Shell to pressure the oil company out of SA received less that the 10% support needed for the resolution to be resubmitted next year under Securities and Exchange Commission rules.

Resolutions calling for companies to withdraw from SA or, if they had already done so, to end all other "non-equity" ties, received an average of 11,9% support, marginally down from 12,4% year.

Such calls received the stronghest backing at Unisys (21,8%), American Express (17,6%), and IBM (16,1%).

Resolutions calling on firms to stop sales to to entities like Escom and Sasol remained popular, receiving 2% more support than last year. Affected companines include American Cyanamid, Amdahl, Dresser Industries, Caterpillar and Ingersoll Rand.

BUSINESS

Cummins lends Propower some marketing muscle

B|Day 11/6/91 (62)

ZILLA EFRAT

CUMMINS Engine Company, the US-based manufacturer of diesel engines, is supporting its local distributor Propower, an NEI Africa subsidiary, in a major expansion drive in the SA market.

This was announced by Arthur Mulligan, Cummins's director in charge of engine distribution in Africa and the Middle East, in Johannesburg this week when he handed over a plaque to Propower MD Mike de Beer to mark an association of 45 years between the two companies.

He also announced that John Harris, Cummins's regional manager for Africa and a mechanical engineer who has been associated with Cummins internationally for 22 years, would be working "very closely" with Propower from Johannesburg.

"While Cummins has maintained a continuous presence in SA for the past 45 years, I believe it is now appropriate to strengthen our commitment to the region in order to pursue the tremendous opportunities that are now developing," said Mulligan.

Cummins, through Propower, has been a major player in supplying diesel engines to the mining industry, off-road vehicles, heavy transport, power generation and marine. Vast potential is seen in these market sectors.

Cummins had been impressed by the way Propower had kept abreast of diesel technology.

It was able to provide a vital service to Cummins, Mulligan said.

"We have full confidence in the new team put in place at Propower by the parent NEI Africa group and we believe firmly we are all set to make a big impact in the local market," he said.

Debate today on racist law

62.

By ISMAIL LAGARDIEN
Political Correspondent

THE repeal of the Population Registration Act - one of the demands made by the United States Government before investment in South Africa will be resumed and air links restored - comes up for debate in Parliament today.

The Act will be repealed by the end of this month, according to the State President Mr FW de Klerk.

Once passed, the new legislation, the Population Registration Act Repeal Bill, will formally end all new race classifications.

Sowetan 11/6/91

Investment

The Comprehensive Anti-Apartheid Act passed by the United States Administration in 1986 prevents any investment in South Africa.

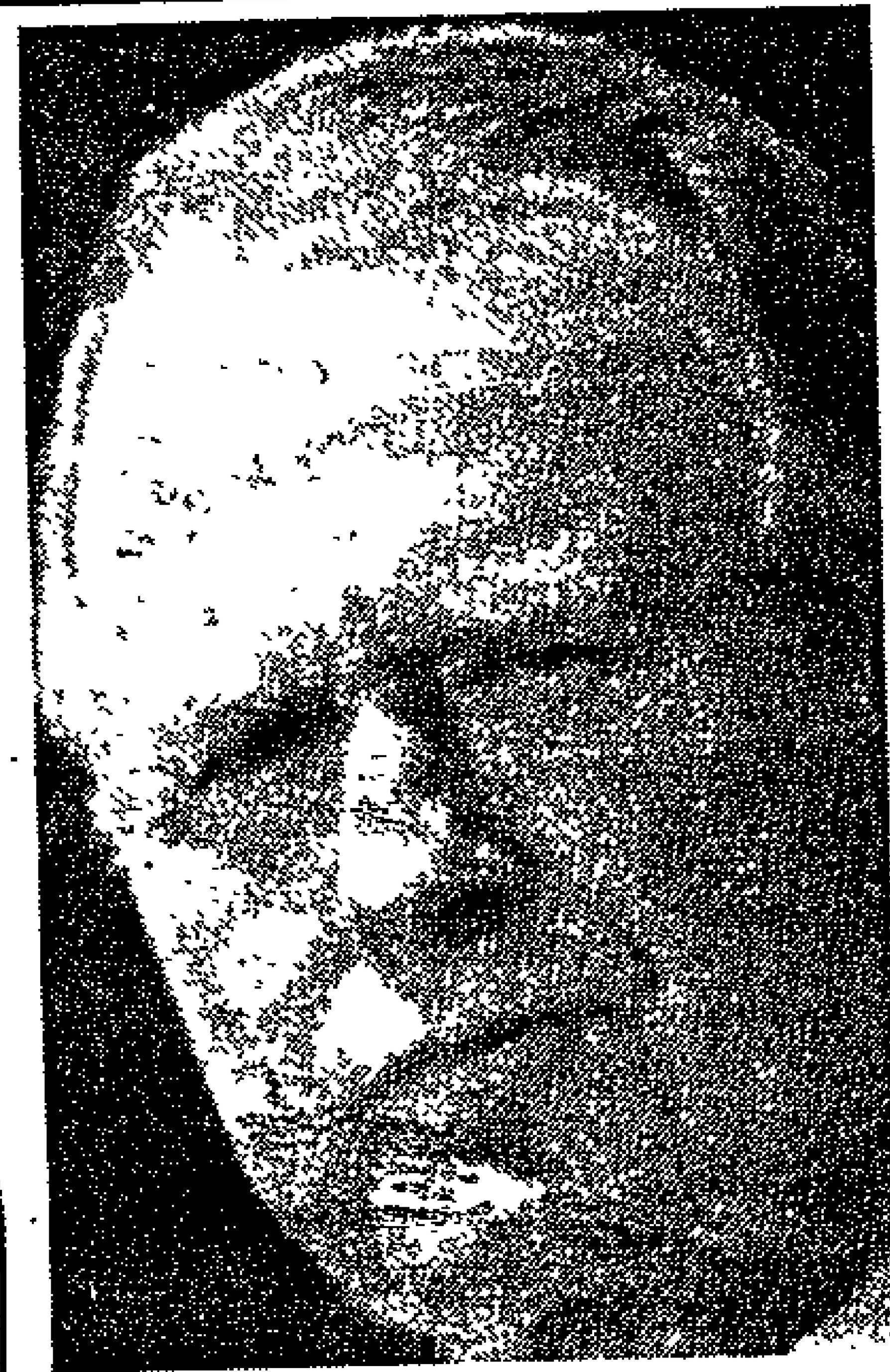
With the imminent repeal of the Group Areas and Population Registration Acts, the Government has met four of the five demands by the United States.

The CAAA stipulates that if four of the five demands are met, the President of the United States, Mr George Bush, can at his own discretion lift sanctions.

US may lift its curbs by July

Sowetan 21/6/91

62



GEORGE BUSH

WASHINGTON - President George Bush is ready to end economic sanctions against South Africa as early as July, according to administration officials.

The administration's willingness to lift sanctions stems from the repeal this week of the last legal pillar of apartheid - the Population Registration Act.

The willingness of normally secretive officials to discuss Bush's attitude strongly suggested that Washington was applying public pressure to resolve the one remaining obstacle to halting the sanctions - a dispute over political prisoners.

Although the Government contends it already has released all political prisoners, the ANC insists that more than 960 remain in jail.

The Government insists all who clearly fit the definition have been released. About 350 other cases are still under review.

The Act classified all South Africans into one of four racial groups at birth and has served as the foundation for segregation since 1950.

The US sanctions, in addition to forbidding US investment in South Africa, also cut commercial air links and prohibit the export of military goods, computer technology and nuclear items.

The law also bans imports of food and agricultural products, iron, steel, coal, gold coins, sugar, oil and petroleum products. - *Sapa-Reuter*.

US diplomats expect surge in investment once CAAA provisions go

BDay 26/6/91

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ALAN FINE

WITH provisions of the Comprehensive Anti-Apartheid Act likely to be terminated next month, the American Chamber of Commerce in SA (Amcham) and US diplomats expect a significant surge of investment in SA by US companies.

This will include new investment by companies without a previous presence in SA and reinvestment by companies that disinvested over the past six years, and will feature a number of well-known multinational companies.

US commercial attache Dick Jackson, based at the Johannesburg US consulate, said yesterday US diplomats had met "several delegations from US corporations looking at investment prospects here, and there had been a number of others which did not link up with us.

"I expect several substantial investments to arise from these visits. They are just waiting for sanctions to go."

He was unwilling to name names but indicated companies in, among others, the hotel, food processing and hair care products sectors were seriously investigating options. These were mostly companies without a previous presence in SA.

Amcham executive director Wayne Mitchell yesterday also expressed optimism: "There is a lot going on at all levels — politics, trade and investment." He said, however, city and state sanctions still represented an obstacle.

"When the CAAA goes the battle only begins," he said.

He said it was mainly consumer goods manufacturers which were expressing the strongest interest. While US companies saw SA itself as the production base because of its relatively advanced infrastructure, their target market would be the whole of the southern African region.

Mitchell named Apple Computers and Heinz Foods as two of the companies with an apparent special interest in establishing operations in SA. Neither of them have previously invested here.

But he said a number of companies which left between 1985 and 1989 were likely to return. These would be mostly from among those which sold out to local management and included in the transaction a simple "buyback" clause should conditions make reinvestment attractive.

He declined to name the companies. Among the better known US companies that disinvested through MBOs were General Motors, cosmetics manufacturer Procter & Gamble, and publishers Dunn & Bradstreet and McGraw Hill.

A source who declined to be identified named two other companies said to be taking a close look at SA. A delegation from electronic goods producer Digital Equipment Corporation was in SA last week for talks with business, political and labour or-

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Investment

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ganisations, he said. And chemical and machinery manufacturer Air Product and Chemicals Inc is another likely candidate.

Mitchell said the attitude towards foreign investment in SA had improved recently as levels of violence had declined in recent weeks. The weekend peace summit had further improved the state of business confidence.

Sapa-AP reports from Washington that President George Bush yesterday told sceptical black members of Congress that he had little choice under law but to lift sanctions once the final condition, the release of all political prisoners, was met.

"I don't have much flexibility," Bush said at the start of an hour-long meeting with the Congressional Black Caucus.

But he received a cool reception. Democratic representative John Conyers accused Bush of being "on the verge of making a historic mistake" on SA.

"Removing sanctions at this time would be dangerous and wrong," Conyers, senior member of the caucus, said in a statement issued on behalf of the 26-member congressional group.

The caucus has called on the administration to leave the five-year-old sanctions in place until blacks are able to vote.

Surge of investments by US companies expected

(62) CT 26/6/91

Own Correspondent

JOHANNESBURG. — With the provisions of the Comprehensive Anti-Apartheid Act likely to be terminated next month, both the American Chamber of Commerce in SA (Amcham) and US diplomats anticipate a significant surge of investment in SA by US companies.

This will include both new investment by companies without a previous presence in SA and re-investment by companies that disinvested over the last six years, and include a number of well-known multi-national companies.

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Mitchell named Apple Computers and Heinz Foods as two of the companies which have appeared to take a special interest in establishing operations in SA. Neither of them have previously invested here.

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The caucus has called on the administration to leave the five-year-old sanctions in place until the Pretoria government gives blacks the right to vote.

US firms 'move to reinvest'

62

ROBERT LAING

US ELECTRONICS companies that disinvested from SA are terminating licence and distribution rights to SA firms — a move which could pave the way for their return to SA. B/Day 3/7/91

Other US electronics corporations which sold their SA subsidiaries to local groups for top prices in 1987 are also refusing to renew exclusive representative agreements as they expire.

The first of these companies to be affected is XeraTech, which was created after photocopier manufacturer Xerox sold its SA interests to Altron's information technology arm Fintech.

Fintech executive chairman Dave Redshaw said yesterday XeraTech's distribution rights of Xerox products would be terminated at the end of this month by US-based Xerox and its 51%-held UK subsidiary Rank Xerox.

In a similar position is Genwest Industries, formed by a management buyout of General Electric's three local subsidiaries. Genwest has received notice that its agreements with General Electric will not be renewed when they expire later this year.

About 10 US companies annnounced terminations of licence and distribution rights last year.

The growing number has kindled fears in the local industry that US electronics corporations, faced with a shrinking home market, might be preparing to return to SA as frontline suppliers.

With no local production facilities, former subsidiaries depend on their right to sell their erstwhile parents' branded products. By cutting supplies, US corporations

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US firms

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could buy back their subsidiaries for far less than they were sold.

Redshaw dismissed the suggestion that Xerox might do this.

"Xerox was forced to terminate its agreements to protect its sales to certain US cities which refuse to grant tenders to companies which deal with SA.

"If you consider that New York city buys twice as many photocopiers as the whole of SA, the pressure on Xerox to stop selling here was enormous."

Redshaw said customers would not be affected by Xerox's move.

"I have always found the dealings of the three US companies whose subsidiaries Fintech bought — NCR, Xerox and Intergraph — to be totally honourable," Redshaw said.

Spokesmen for ISM and Unidata, formerly IBM and Unisys subsidiaries respectively, said their contracts were too tight to allow the return of their former parents in the near future.

US firms returning to SA?

CT 3/7/91

Own Correspondent

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American investors will tiptoe back to SA

62 ARG 11/7/91

Japan to copy Washington

TOKYO. — Japan will follow the United States and lift its remaining economic sanctions against South Africa by the end of the month, reports said.

The sanctions, including a ban on imports of South African iron and steel and on exports of computers to South African agencies that practise apartheid, will be lifted by the end of this month, reported the Nihon Keizai Shimbun, Japan's leading newspaper.

Last month Japan lifted restrictions on tourism and educational and cultural exchanges between the two countries, but said it would hold off on lifting other sanctions to see what action the United States took. — Sapa-AP.

Shares rocket by R780 million

TOM HOOD
Business Editor

NEARLY R780 million was added to the value of shares as foreign investors piled into the Johannesburg Stock Exchange in yesterday's mini-boom.

More than R166 billion of shares changed hands, R15 billion more than on Tuesday, ahead of the lifting of American trade sanctions by President George Bush.

Investors have now become R95 billion richer this year as a result of share values surging by 37 percent.

A firm of London brokers reported a buying order for South African industrial shares of about R25 million from German and British funds.

RAMSAY MILNE and HUGH ROBERTON
The Argus Foreign Service

NEW YORK. — President Bush may have re-opened the door for investment in South Africa, but few firms appear ready to rush through it.

"Tip-toeing back to South Africa may be the best way to describe how American firms will react," said an official.

However, companies as diverse as General Motors and ITT Corporation's Sheraton unit and the construction giant Fluor Corp [illegible] to consider new investments now that sanctions have been removed.

Another major US company, Digital Equipment Corporation, recently sent a team of senior managers to South Africa for the first time since 1972 to explore investment opportunities.

Their visit followed a similar trip by Mr J F O'Reilly, chairman of H J Heinz and Co, earlier this year to meet President De Klerk and Mr Nelson Mandela to discuss investment possibilities.

Politically risky

"The removal of sanctions will certainly put South Africa back on our radar screen," a Heinz official told the Wall Street Journal yesterday.

Other companies, like Mobil, IBM, Ford and Xerox, said Mr Bush's decision would not alter their investment policies, because investment in South Africa could be too expensive and politically risky.

Even those companies prepared to face continuing attacks from the US anti-apartheid lobby fear they may have lost the competitive edge in South Africa to those who did not leave.

Mobil, one such example, said its return to South Africa would be so "astronomically expensive" that it would be unable to buy back at a reasonable price the operations it sold to General Mining in 1989.

The same is not true for Fluor, a Californian engineering and construction company, which left itself a repurchasing option when it sold its South African operation to an independent trust in 1986.

"The lifting of sanctions is one step toward making a repurchase possible," said a spokeswoman.

But, she added, the company would most likely wait for a calmer social and political order to emerge in South Africa.

It is a view many companies may share.

President Bush announces the lifting of sanctions against South Africa.

Five killed in unrest — 'Triple triumph'

Yesterday belonged to South Africa in the American capital as President Bush lifted sanctions, ambassador Harry Schwarz formally delivered the country's instrument of accession to the Nuclear Non-proliferation Treaty, and the news of South Africa's readmission to the Olympic movement resounded through the city.

Newspapers and television networks gave splash coverage to the "triple triumph" for President De Klerk and his government and throughout the day South Africa was the hot topic of discussion from Capitol Hill to the State Department.

Regular television programmes were interrupted at noon for live transmission of President Bush's Press conference on sanctions.

At his White House Press conference, Mr Bush said: "This is a moment in history that many believed would never be attained.

"Progress has been slow and often painful, but progress has definitely been made and we have seen a profound transformation in the situation in South Africa."

The president of the National Association for the Advancement of Coloured People, Mr Benjamin Hooks, accused Mr Bush of being "criminally irresponsible". The organisation, the largest and oldest of US black civil rights movements, passed a resolution condemning the sanctions decision.

Chairman of the prestigious International Freedom Foundation, Mr Duncan Sellers, applauded Mr Bush's decision, saying it "not only recognises that South Africa has met all the conditions laid out in US legislation, but also acknowledges that South Africa has entered the post-apartheid era."

US business won't come rushing back

'Star 12\7\91

(62)

By Ramsay Milne
Star Foreign Service

NEW YORK — President Bush may have reopened the door for US investment in South Africa, but few firms appear ready to rush through it immediately, US business spokesmen say.

"Tip-toeing back to South Africa may be the best way to describe how US firms will act on their new opportunities," said one official.

The experts say South Africa's political instability will feed fears about the safety of investments, and activists in the United States still dissatisfied with the pace of change in South Africa will keep pressing US companies to stay out.

However, companies as diverse as General Motors and ITT Corporation's Sheraton unit and the construction giant FluorCorp say they are willing to consider new investments in South Africa now that sanctions have been removed.

Another major US company, Digital Equipment Corporation, recently sent a team of senior managers to South Africa for the first time since 1972 to explore investment opportunities.

Their visit followed on the heels of a similar trip by the chairman of H J Heinz and Co, J F O'Reilly, earlier this year to meet President de Klerk and Nelson Mandela to discuss investment possibilities.

"The removal of sanctions will certainly put South Africa back on our radar screen," a Heinz official told the Wall Street Journal.

Other major companies, like Mobil Corporation, International Business Machines, Ford and Xerox, say Mr Bush's decision will not alter their investment policies, because, they say, investment in South Africa could be too expensive and politically risky even with the removal of sanctions.

Even those companies who are prepared to face at home the continuing attacks from the US anti-apartheid lobby fear they may have already lost the competitive edge in South Africa to those who never left.

Mobil, one such example, says its return to South Africa would be so "astronomically expensive" that it would be unable to buy back at a reasonable price the operations it sold to Gencor in 1989. And rebuilding its market share of the South African oil market from nil to 20 percent would not be any cheaper.

The same is not true, however, for Fluor, a Californian engineering and construction company, which left itself a repurchasing option when it sold its South African operation to an independent trust in 1986.

"The lifting of sanctions is one step toward making a repurchase possible," said a spokeswoman.

But, she added, the company would probably wait for a calmer social and political order to emerge in South Africa. That is a view many other US companies are likely to share.

SOUTH AFRICA COMES BACK FROM THE COLD ...

It's still too soon for euphoria

W/Mail 12/7-18/7/91 (62)

While the lifting of US trade restrictions is more than symbolic, a number of key sanctions are still intact.

By REG RUMNEY

A LOT of buts make any euphoria about the lifting of United States sanctions premature.

Key US sanctions stay. And sanctions in the European Community and the Scandinavian countries have yet to be lifted.

Yet the scrapping of trade sanctions by the most important economy in the world will in economic terms be more than symbolic. And it may encourage others to follow suit.

The two key legislated federal sanctions which stay in place are the Gramm and Evans amendments.

The Evans Amendment restricts US export/import bank funding for South African exports to the US.

More important, access to International Monetary Fund loans is blocked by the 1983 Gramm Amendment (as are loans from the World Bank). This amendment, which requires Washington's IMF representative to block loans to South Africa, may not even come up for discussion in congress until next year.

Besides this, 26 states, 78 cities and 20 counties will still exercise sanctions legislation at the local level.

So-called "financial sanctions" — the refusal of US banks to lend new money to South Africa — were never legislated and so are unaffected by the Comprehensive Anti-Apartheid Act. These were the real Achilles' heel of the South African economy, rather than trade sanctions and disinvestment, the effect of which tended to be overrated. R30-billion was exported over seven years to meet debt repayments and capital flight, according to Johannesburg Consolidated Investments economist Ronnie Bethlehem.

Access to IMF funding is not essential now. But SA Chamber of Business (Sacob) economist Ben van Rensburg notes IMF funding to support the balance of payments will be crucial during the next upturn, which may come at the end of the year.

An upturn in South Africa will put the balance of payments under pressure as imports increase. Without IMF support the Reserve Bank will have to halt the upswing perhaps 18 months after it has started, believes Van Rensburg.

"In the later stage of an upturn imports so far exceed exports and foreign reserves are so critical that if you don't have the promise of IMF funding you may need to stop the upturn."

True, the lifting of sanctions will increase business confidence and as Sacob has remarked, will encourage the rest of the world to speed up the normalisation of economic relations with South Africa. So, it speeds up the passing of sanctions elsewhere.

The passing out of law of the CAAA means steel, coal, textiles, uranium and agricultural products can once again be freely exported to the US. But the regaining of these markets is by no means automatic. In the short term there could well be little effect on US trade.

Firstly, the US recession will dampen the demand for South African exports. Also, Nedcor chief economist Edward Osborn points out, protectionist pressures will cap any strong growth of exports of those products to the US. The US uses "voluntary restraint of trade" agreements against countries which gain a large share of the US market. Textile exports to the US, for instance, are vulnerable to this form of protectionism.

SA Foreign Trade Organisation GM international operations David Graham points out that exporters found other markets when sanctions were imposed and don't necessarily have the spare capacity to export to the US now. However, the removal of the stigma attached to South African products will help marketing efforts.

Exporters are guardedly optimistic. Most believe the re-opening of the US market will not mean a great increase in export volumes, but will allow them to obtain higher prices for their exports.

The end of the CAAA means new US investment can once again flow into South Africa — in the long term.

The simultaneous scrapping of the Rangel Amendment, which imposed double tax on US companies operating in South Africa, means they will be less inclined to disinvest.

For the moment sanctions at state, local and county level will impede new investment. Companies will not want to lose big contracts from states such as California.

Continuing violence in South Africa and uncertainty about the future political dispensation will also deter investors, according to American Chamber of Commerce in SA (Amcham) executive director Wayne Mitchell.

"Investors are adopting a wait-and-see attitude. They haven't seen the scrapping of apartheid to mean the formulation of democratic principles in a market oriented economy."

THE RESTRICTIONS THAT REMAIN

THE sanctions that remain:

- **The Gramm Amendment blocks South African access to International Monetary Fund and World Bank loans.**
- **The Evans Amendment restricts US export/import bank funding for South African exports to the United States.**
- **"Financial sanctions", though not legislated, cut off South Africa from funding by US banks and precipitated a debt repayment crisis which still hampers the South African economy.**
- **State and local sanctions in the United States: 26 states, 78 cities and 20 counties still exercise their own sanctions legislation, including powerful states like California.**
- **Prohibitions on the sale of military equipment, strategic technology and nuclear material to South Africa.**
- **The United Nations embargo on the sale of arms and ammunition to South Africa.**
- **European Community sanctions on imports of iron, steel, coal and gold coins from South Africa remain.**
- **Wide-ranging sanctions by Nordic countries, except for Finland.**
- **Comprehensive sanctions by the Organisation for African Unity.**
- **The UN embargo on supplies of oil and petroleum products to South Africa.**

US firms consider returning to SA, but obstacles remain

(62)

B/Day 12/7/91

BRENT VON MELVILLE

WHILE US companies are not exactly champing at the bit to re-invest in SA, many of the divested US interests are reviewing their options and weighing up the costs of returning.

Economists believe remaining local sanctions in the US and uncertainty about SA's political and economic future represent major stumbling blocks for any major return of capital.

However, American Chamber of Commerce executive director Wayne Mitchell has said nearly half the disinvested US companies had retained ties of some sort, facilitating a possible return to SA.

Large US concerns that left an open door include Coca-Cola, Pepsi, General Motors, and Xerox.

National Beverage Services (Natbev) is at present the master franchise holder in SA for Coca-Cola. Pepsi is marketed under Namibian Breweries and GM is now Delta Motors. Xerox is distributed under the Xeratech banner.

There is strong industry speculation that Coca-Cola may be one of the first to re-invest. While Natbev MD Sandy Allan says there has been no hint from Coca-Cola that it will change the existing terms of its franchise agreement, industry sources believe the strength of the SA market will lure the US parent back.

Coca-Cola (US) spokesman Linda Peek said yesterday Coca-Cola was reviewing its option.

SA is a healthy market for Coke. Natbev will have an estimated turnover for this year of R670m compared with R540m last year, and net income (excluding minorities) of R25m. Observers believe this could improve with the opening of SA tourist markets and the increasing disposable income of blacks.

Pepsi, which has been relegated in SA to about last place in the cold drink stakes, is understood to be holding talks with Namibian Breweries.

Speculation is that while it is not planning a fully fledged return, it is likely to appoint an SA-based franchise holder.

Delta Motors, which has links to Adam Opel in Germany and Isuzu in Japan (30%-held through GM) for supply and technology, said it was unlikely GM would make a direct return.

Xeratech, created after Xerox sold its SA interests to Altech subsidiary Fintech, is about to have its distribution rights taken away. Fintech executive chairman Dave Redshaw has confirmed that its rights to distribute Xerox products will be terminated at the end of this month.

Boom, not gloom at US trade show

Star 13/7/91 (62)

MALCOLM FOTHERGILL

AMERICAN businessmen, say pundits in America, are unlikely to rush into doing business with South Africa now that sanctions have ended.

However, a trade exhibition in Johannesburg this week suggests the reverse is true.

The exhibition, planned long before President George Bush's announcement, attracted 102 US firms, ranging in size from fairly small to very big; all are established players on the international market.

Exhibition organiser Bob Heller of the Condor Companies Group believes that if the show had been held in a couple of months' time rather than now, the number of firms taking part would have trebled.

"The phone at our head office in Atlanta, Georgia, has been ringing off the hook since President Bush's announcement," he says.

Catalogues

Mr Heller's exhibition, the first of its kind in a decade, is a "catalogue" show — that is, exhibitors are represented not in person but by promotional literature.

The response from local businessmen has been enthusiastic, with up to 70 at a time crowding into the Dunkeld Room at the Rosebank Hotel.

Mr Heller, a former executive director of the African-American Chamber of Commerce, expects "tens of millions of dollars" worth of business to result from the show.

"Local companies that express an interest in doing business with any of the US exhibitors will find the response the fastest they have ever had."

South African business people, he adds, will find a "warm and eager reception" from their counterparts in the US.

"We don't fully understand each other — we're like estranged cousins — but American businessmen in general are anxious to make new contacts and to take advantage of new markets."

Mr Heller says his selling pitch to get companies interested in exhibiting was that if US companies didn't get involved in the South African marketplace, companies from other nations would.

"What they would be doing is abandoning a very good marketplace to the Germans, the Japanese, the French and the English.

"Besides, there are only so many developing marketplaces in the world with the sort of banking and other infrastructure South Africa has.

"I've been in most of the states in Africa and there's no other country that offers to all its people the opportunity and promise that South Africa does.

"This is the economic engine that can drive the economy of the whole continent. It's a pool of technology, talent, capital and energy. And it's got far greater market potential than say Australia."

Another plus factor for South Africa, Mr Heller believes, is that companies that deal globally want to be all over the world — "so even though South Africa is smaller than, say, France, there's still a market here."

The exhibition, which seeks agents, distributors, licensees, end-users and sales leads, will be at the Cape Sun Hotel in Cape Town on July 16 and at the Elangeni Hotel in Durban on July 18 and 19.

Among the exhibitors are makers of aircraft parts, clothing, computers, inks, organic fertilisers and ultrasound therapy equipment.

Mr Heller also acts for American companies wanting to import from South Africa.

AMERICAN PIE: Bob Heller, organiser of a series of trade exhibitions, is confident that American companies are eager to re-establish trade links with South Africa. ● Picture: REBECCA HEARFIELD.

Light at the end of very long tunnel

Star 13/7/91 (62)

MAGNUS HEYSTEK

"SOUTH Africa is nearing the end of a journey of more than 40 years in the desert."

This comment from Dr Anton Rupert, chairman of the giant Rembrandt Group and one of SA's foremost international businessmen, encapsulates the dramatic events of the week past.

While the euphoria at President Bush's lifting of US sanctions against South Africa was justified to a certain extent, there still is some way to go before the end of the desert will have been reached.

Common sense suggests that it will take some time before the expected increase in trade between SA and the US will materialise.

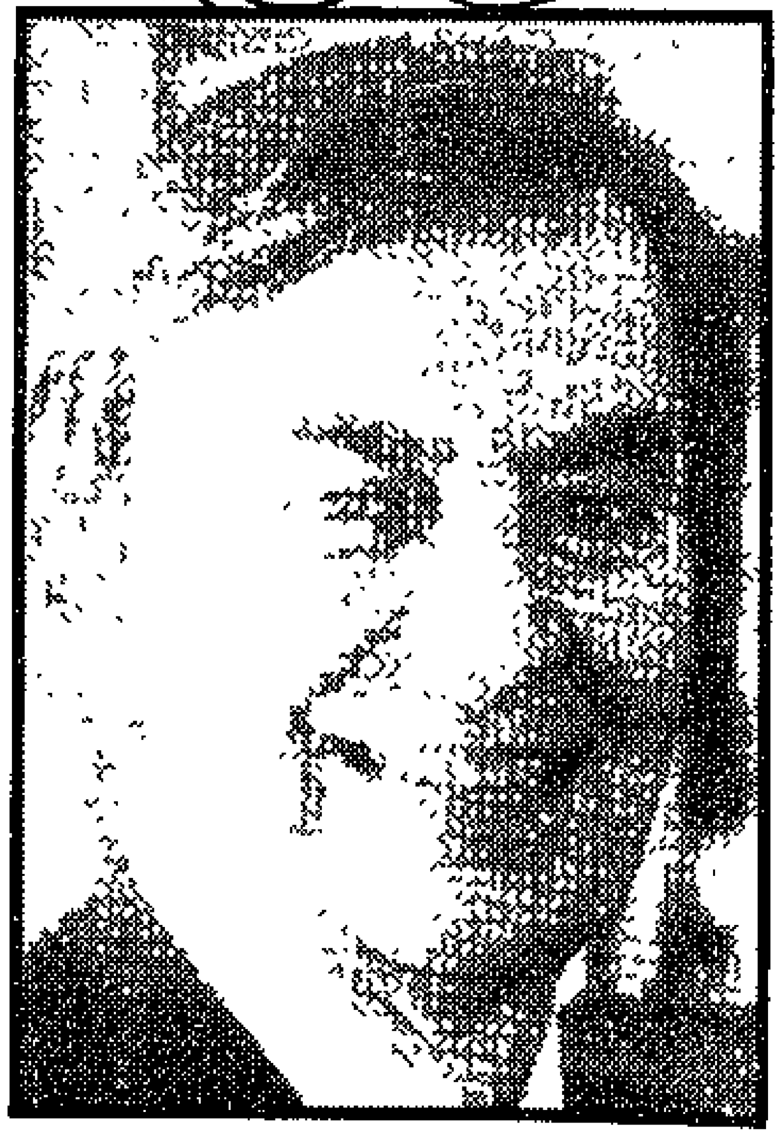
Although trade sanctions have all but been removed, financial sanctions still remain firmly in place. For the economy to be really unshackled, the sanctions on international capital must also be abolished.

But this will take some time — even as long as two years according to some reports, particularly with regard to funding by the International Monetary Fund and the World Bank.

South Africa last had access to IMF-loans in 1983, prior to the introduction of the Gramm amendment to the Bretton Woods Act, which effectively blocked any further loans to South Africa by either the IMF or the World Bank.

Some analysts have also expressed doubts as to whether South Africa will qualify for any IMF-assistance in the current world economic climate. Many other countries in far more serious trouble will likely qualify.

Several other constraints still



Dr Anton Rupert ... SA 40 years in desert.

have to be removed before South Africa can consider itself firmly back in the international fold. Several other countries still maintain sanctions against South Africa. The debt-standstill arrangement also remains firmly in place.

The sharp exodus of capital in terms of the debt-standstill agreement most probably had more impact that trade sanctions and disinvestment.

Between 1985 and 1989 more than 40 percent of net domestic savings of the country was required to finance outflows. South Africa was forced to repay loans equivalent to about R29 billion during this time.

This had an enormously debi litating effect on growth.

South Africa now has 1 percent fewer jobs than in 1985, says Rudolf Gouws, chief economist at Rand Merchant Bank. Per capita, the econony has been shrinking at a rate of about 1 percent a year during the same time. This explains the sharp increase in unemployment since 1985.

President Bush ... has taken initial steps on sanctions.

The United States has ignited a light at the end of the tunnel — it is a very long tunnel, says Nora Hill, who has been in the export market for many years and runs Export Marketing and Management Consultants in Durban.

She also serves on several committees that advise and coordinate export activities in South Africa.

"It is very good for the overall morale of the country but it is not a ticket for instant wealth, nor does it give South Africa any advantage over other countries competing in a tight world economy.

"The US is an opinion leader and this move should set the trend for all other countries to follow," she says.

The EEC, Australia, Japan, and New Zealand should all follow and these markets will become available as well as the hope that some investments will flow from these countries.

There are major problems in the US, with the various states all having instituted their own laws which will make it difficult for trading relations to be resumed in the near future.

Also, Ms Hill points out, the President's revocation or modification of the sanctions Bill could be overturned by the enactment of a congressional joint resolution (subject to veto) within 30 days.

But the opportunities are now a reality and companies should be gearing up as soon as possible for the increase in trade.

Main areas that will benefit almost immediatly are the iron and steel industry, the JSE, sugar, agriculture and raw materials.

Standing as major stumbling blocks are double taxation, lack of access to the International Monetary Fund, the arms embargo and no bilateral agreement on landing rights in the US and other countries.

Most SA companies are stretched to supply the local market. The export market will demand extra capacity that does not exist.

The cost of disinvestment when sanctions and boycotts forced companies out of SA is reflected by the fact that in 1985 US investment stood at R1,5 billion and by the end of 1986 it was down to R1,3 billion.

From January to July 1986 SA exports fell from R1,19 billion to R654 million in the corresponding period in 1987 — after a 21 percent increase from 1982 to 1986.

Although there was an initial drop in exports, SA businessmen have successfully replaced these markets and goods have continued to flow across the borders — albeit with a lot more effort and aggressive marketing.

US firms still blocked

Protest storm erupts as George Bush removes SA trade barriers

C Post 14/7/91

(62)

ZB MOLEFE, CP deputy Editor reports from Philadelphia, US.

ANY company that invests in South Africa now will become the target of the US anti-apartheid movement, American Committee on Africa (ACOA) president Richard Knight warned on Thursday.

Knight, who heads ACOA, which is probably one of the United States' oldest anti-apartheid movements, was one of those who reacted angrily to president George Bush's lifting of economic sanctions on South Africa this week.

Prominent sanctions activist Randall Robinson, of Trans-Africa, argued that not all political prisoners had been released in South Africa.

He cited recent reports by the South African Human Rights Commission and Amnesty International, which said at least 850 legitimate political prisoners were still incarcerated in South African jails.

Congressman William H Gray told one of the country's major newspapers, the *Philadelphia Inquirer*: "Neither the letter nor the spirit of the law has been complied with by the South African Government.

"There are still hundreds of political prisoners, as documented by both Amnesty International and our own State Department."

Condemning the lifting of sanctions, another prominent American politician in the sanctions debate over the years, Representative Ronald Dellums of California, reminded Americans that black South Africans still could not vote.

Also under fire was President Bush's urging of American cities and states to follow his administration's move and lift sanctions against South Africa.

Church leader Leon Sullivan, architect of the Sullivan Principles for American companies operating in South Africa, said he hoped there would be pressure from cities and states because they still had legislation "that provides a good deal of continued pressure."

Sullivan also said he saw no possibility that this legislation would be lifted by American states.

New York mayor David Dinkins announced broad new rules that would further limit his city's business with banks that do business with South Africa.

He was joined by New York City Councillor Elizabeth Holtzman, who confirmed that her city was not about to consider reversing its support for sanctions.

South African born Dumisani Kumalo of the Africa Fund said: "We must begin to work at overturning this decision. We have 30 congressional working days to do that.

"People at community level are upset and I think they are mobilising to pressure Congress to resist this action."

The *Philadelphia Inquirer* also reported that this week's lifting of sanctions was not expected to unleash a flood of United States business investment into South Africa because of South Africa's political instability and the sanctions laws adopted by more than 120 state and local governments in the United States.

Indeed, added the newspaper, some United States industry analysts say the State and local prohibitions have been a bigger deterrent than the Federal ban on business investments in South Africa.

The newspaper's business page also reported that the United States business giants Kodak, Ford, Bank of America and General Motors, which have cut back business ties or withdrawn over the past five years, said they would not return to South Africa.

US computer firm in dash for SA

62

MELANIE SERGEANT

LOTUS Development Corp is coming to SA — and a number of other US-based computer and software companies are said to be on its heels.

Lotus's first product, Lotus 1-2-3, is the world's most popular PC software programme, with more than 12-million users. There are believed to be more than 120 000 local users.

BDay 15/7/91

Lotus is expected to announce its plans at a news briefing today.

International Business Development Group GM John O'Hara, based at Lotus International headquarters in London, said in a statement that the speed of the announcement of entry into the SA market, after the official lifting of US sanctions last week, demonstrated the potential importance of the SA market in an overall Lotus context.

"It's my understanding that the SA user and business community is extremely advanced and sophisticated in their use and application of computer systems."

Lotus has never had official representation in SA, but will set in motion a registration programme for existing SA users.

Local industry sources said Lotus was keen to announce its entry into SA before Microsoft Corporation, which was expected to disclose similar plans soon.

And Software Publishing Corp (SPC), which is responsible for the popular Harvard Graphics, is announcing its official launch in SA on July 22.

US computer firm ties up two local deals

ROBERT LAING

THE US-based computer company Digital Research yesterday signed contracts with two SA companies, Pink Software and Hi-Technology Supplies.

(62)

Numerous US computer companies have recently expressed interest in investing in SA.

B/Day 17/7/91

Pink Software gained a licence to copy and package Digital Research's DR-DOS, while High-Technology has been given original equipment manufacturer status. Digital Research competes against Microsoft in the DOS market.

Digital Research export retail sales manager Russell Smith said the company had about 15% of the world's DOS market.

Pink Software MD Philip Copeman said getting licences from principal manufacturers instead of from "grey-market" distributors held many advantages. "There is foreign exchange saving. By packaging locally, only royalties are paid to offshore companies." Another benefit would be co-operative advertising agreements.

Softsource's Brian Streak said official representation by US software companies would not necessarily cause prices to drop. It would result in less competition which might push prices up.

Hi-Technology had also recently gained distribution rights from Maxtor, the world's second largest PC hard-disk manufacturer, said MD Doug Gardner.

TESTING THE WATERS

No one expects SA to be overrun by US companies now that President George Bush has lifted sanctions. But there's no doubt that a host of American businesses are kicking the tyres to find out what opportunities are available. FM 19|7|91

What will keep investors at bay is the continuous political and economic turmoil and violence, as well as the 140 US state and local laws — unrelated to federal sanctions — that restrict ties with SA.

"People don't want to get burnt," says Bill Moses of the Investor Responsibility Research Center in Washington.

While many people have shrugged off Bush's action as merely symbolic, others feel it will have an impact, at least psychologically. "It will end some deviousness and promote openness," says Robert Heller, of Condor, a US company that sponsors trade exhibitions worldwide.

When Heller was trying to entice American companies to participate in exhibitions this month in Johannesburg, Cape Town and Durban, he got a steady stream of negative responses.

When sanctions were lifted, he says, his office was inundated with calls from mainly small companies wanting to know whether they were too late to exhibit.

"A number of companies are keen to get into SA," Heller says. "SA itself is a good marketplace and a distribution centre for sub-Saharan Africa. Businesses must come into the SA market if they want to be international. The franchise opportunities are ter-

continue →

Staying the course

Top US employers in SA

	Company	Employees
1	Caltex	2 050
2	International Paper	1 797
3	Johnson & Johnson	1 495
4	Crown Cork & Seal	979
5	United Technologies	939
6	Joy Technologies	856
7	American Cyanamid	855
8	3M Company	851
9	Dresser Industries	757
10	Union Carbide	664
11	Colgate-Palmolive	631
12	Warner-Lambert	617
13	Strategic Minerals	550
14	Bristol-Myers Squibb	548
15	Arvin Industries	512
16	Harsco	500
17	Baker Hughes	470
18	Ingersoll-Rand	462
19	The Interpublic Group of Cos.	424
20	Reader's Digest Association	380

Companies with at least a 50% stake in SA subsidiaries

Source: INVESTOR RESPONSIBILITY RESEARCH CENTER

rific. I see Coke and Kodak all back here, but it will take some time."

(Coke, whose product is still available, and Kodak, which pulled out completely, have not said they plan to re-enter the market.)

Pick 'n Pay chairman Ray Ackerman says seven years of "watering the ground" paid off when he was invited this week to meet three food companies in the US and three in Europe to "discuss figures."

The only company he would identify is H J Heinz, Pittsburgh-based makers of ketchup and other prepared foods. Heinz, which has a Zimbabwe factory, already has a few products in SA stores. Ackerman says he has talked to it about manufacturing in SA.

Some American companies, such as Colgate-Palmolive, never left. In fact, 104 US companies have direct investment or employees in SA (down from nearly 300 in 1984) and 184 US companies have nonequity links, according to the research centre's Moses.

Colgate director Russell Pollard acknowledges that the lifting of sanctions won't change his day-to-day business but, he adds: "It's nice to have them out of the way; we stayed through the stormy times and we're pleased at what happened, but we're carrying on as usual."

The lifting of the Rangel amendment, which imposed double taxation on US companies that remained, will have "a major impact," Pollard predicts. But he doesn't expect "a big rush in new investment while we're wallowing in the negotiating process and violence."

Moses says companies are looking for stability above all else. "It's up to South Africans themselves. It's like they said in the movie (*Field of Dreams*), 'If you build it, they will come.' "

Many analysts feel that the restrictions imposed by 27 states (including six of the 10 biggest), 88 cities (the top eight) and 24 counties have had more of an impact than the federal sanctions. The restrictions range, however, from almost airtight bans to merely "Shell-free zones," so it's up to individual businesses to decide whether it's worth proceeding.

"If a company makes a flange that's used only in the gold mining industry, then there's no problem," Moses says. "But if in addition to the flange they also make heart/lung machines and highway construction equipment, then they have to decide whether they're willing to give up that business with the state." This is because the sanctions apply only to purchases by state and local governments, not to private companies in the state or locality; the federal sanctions were applied across the board.

As long as the ANC continues to support sanctions there will be a potent lobbying force at work to prevent lifting the local restrictions. "These state and local laws will take far longer to repeal, partly because the pressures that brought them to enactment have not abated, and partly because most of them do not specify timetables or conditions for their repeal," says the research centre.

It's been nearly two years since its UN-supervised elections, but Namibia is still trying to undo sanctions. Of the 53 US localities that restricted business links with the former South West Africa, 30 still have laws in effect, including California, according to the research centre. This is despite regular appeals from the State Department, the Namibian government and organisations such as the research centre and the International Freedom Foundation.

The prospect of reinvestment remains uncertain. Many companies completely severed their links while others sold out to local interests. Moses says one major automobile manufacturer that pulled out would not want to jump back in after the "completely unpleasant" experience of protests by shareholder and university groups and saying good-bye to employees as well as the plant, which had to go at a fire-sale price.

As for the perceived threat of nationalisation, Heller says that if the "rhetoric of the N-word turns into policy, they'll be all hell to pay; no one will invest US$10m in the XYZ plant if they think they're going to wake up and find it's now the ANC plant."

Moses, however, says multinationals aren't too concerned about the talk of nationalisation. They believe they're safe from a takeover as long as an SA company as prominent as Anglo American is still private.

One way to reaffirm US-SA links is through tourism. America, with 47 425 visitors to SA last year (up 2,2% on 1989), ranked behind the UK (135 404) and Germany (83 443). But the 250m-strong US market glows with potential. The SA Tourism Board wasn't prevented from promoting SA in the States, but it hasn't done a major media campaign since 1987, mainly due to tight budgets, says Satour's Spencer Thomas.

When SA Airways' landing rights are restored, he predicts Satour will do a major tourism push in conjunction with the airline. "Once we see the restoration of air links, that will be something to write home about."

Maureen Sullivan

SA gets poor risk rating by US firm

Sowetan 25/7/91 -

62

WASHINGTON - A company which specialises in forecasting risks for American businesses around the world, and which is widely consulted by banks and multinational corporations, has given South Africa a poor risk rating for the next five years.

By HUGH ROBERTON
Washington Bureau

Political Risk Services says the chances of turmoil in the country between now and mid-1996 are "very high" and forecasts mounting trouble for President FW de Klerk in trying to reconcile the differences between competing black groups.

In its latest survey the company also forecasts a "moderate" degree of turmoil in Zimbabwe in the next five years, with inflation there soaring to 25 percent, and it predicts that President Kenneth Kaunda of Zambia will be ousted in open elections later this year and will be replaced by a pragmatic civilian government under the leadership of Mr Frederick Chiluba, a trade unionist.

Political Risk Services, which sells a 50-page report on South Africa for about R825, says De Klerk's inability to stop fighting between the ANC and Inkatha, and the growing restiveness of whites, will challenge his efforts to forge a peaceful transition to multiracial government.

While the South African Government continues to propose and implement major reforms, "the possibility of a stalemate over the terms of the transition and growing organised opposition among whites threaten a peaceful evolution," the report says.

It adds that "increasingly militant statements by ANC officials over continued violence and the Government's role in it indicate the unlikelihood of getting a consensus among black groups".

Report

The report says there is only a 40 percent possibility of a "reformist National Party" being the government in 18 months' time and only a 40 percent chance of a "pragmatic ANC" coming to power in the next five years, although it does forecast a new government within the next five years.

Inflation in South Africa will grow to 18 percent between 1992 and 1996, while the growth in the real gross domestic product will be only 1,8 percent in the same period.

Zimbabwe, by contrast, will have an inflation rate of 25 percent between 1992 and 1996, with a 4 percent growth in its real gross domestic product, and there is a "moderate" chance of turmoil in the long term.

Commenting on President Robert Mugabe's plans for buying white-owned land for redistribution to blacks, the report says: "With the economy continuing to weaken and the youthful and urban population growing, the loss of foreign investment and white agricultural managers could hasten economic deterioration and undermine a stable and pragmatic government."

In Zambia, continuing economic decline coupled with pressure for democratic elections had forced Kaunda to schedule elections for October.

"He may postpone the elections or use repressive techniques to ensure his victory, but the possibility of widespread violence makes such actions unlikely.

"Open elections will most likely produce a victory for the opposition Movement for Multiparty Democracy and lead to a pragmatic civilian government under the leadership of a popular labour leader, Frederick Chiluba," the report says.

Political Risk Services does not forecast events in Mozambique, Angola or Namibia at this stage.

Those who stayed have strongest hands to play in new SA

Star 13/7/91

62

MALCOLM FOTHERGILL and SUE OLSWANG

FOR public consumption, companies which disinvested from South Africa in the 1980s say their decision made sense both politically and morally and they have no regrets.

But it seems the biggest winners as the South African economy takes off again after the lifting of most United States sanctions will be those who stayed.

Already, some companies that pulled out in the mid-1980s during the storm of controversy over trade links with South Africa are planning to return.

One example is the British Whitehead Group, which makes stationery.

Stephen Watson, the group's financial director, said disinvestment cost the group little, because it was "not very big" in the market.

"However, many people in our sector in Britain lost a great deal. Any company needs as big a base as possible and South Africa would have been a viable export base.

"Yes, we will return to South Africa, in a bigger way than before. I believe we will be back within the next six months."

Less forthcoming were other companies which pulled out, and which have no immediate plans to return.

Time frame

Chase Manhattan Bank, one of the first to leave, said its decision was made as a result of perceived economic as well as political factors.

Before coming back to South Africa, it would have to study the effect of city and state laws that still prevent American firms dealing with South Africa.

Kodak said the situation after President Bush's announcement was "very complex". It has no plans to return — "and beyond that, we have no comment".

A spokesman for Scripto at the company's California head office said it would be a while before the company could make any statements about the possibility of reinvestment.

"This is all brand new and I don't believe it would be fair for me to speak, at this point.

"Contact me again in one month and I might be able to say something."

Companies that stayed on in South Africa despite the pressures to pull out are today patting themselves on the back.

One such is BMW (SA), whose financial director, Peter Barbe, is in no doubt the company gained by staying.

"We gained in that we maintained the loyalty, support and goodwill of our customers, suppliers and employees.

"BMW (SA) employs close to 3 000 people with about another 2 000 in our dealer network. When you take suppliers and affiliated organisations into consideration as well, the number could be as high as about 10 000 people employed by BMW (SA) in some way.

"That means about 10 000 people kept their jobs and, with an average of even two dependents each, that means about 20 000 people continued to eat.

"BMW never lost faith in South Africa. It did not stop investing. I don't believe we gained market share because our competitors were still here, even if under a different name.

"We tested public opinion among our workforce and established that they wanted us to stay. The union in Germany also wanted us to stay. Jobs were the paramount issue."

Caltex, another company that stayed, said in a statement from its head office in Dallas, Texas, that it was proud of the role it and other US companies had played in speeding up the process of change.

"We are committed to the future of South Africa and will continue to do all we can to help the people of that country overcome the legacy of apartheid."

The local head of Caltex, Mike Maxwell, said from Cape Town that although Caltex did not expect a big inflow of capital in the short term, "the scrapping of the Comprehensive Anti-Apartheid Act will enable South Africa to compete for a fair share of investment funds in due course."

Companies that stayed in South Africa by changing their name and controlling shareholders are unanimous in saying that disinvestment worked in their favour.

For Delta, which used to be General Motors before that company disposed of its South African interests, George Stegmann said if GM wanted to buy a stake in Delta, "it would have to be on a basis that was mutually acceptable.

"They would have to pay for the privilege."

Happy

For Logos Pharmaceuticals, which before being sold to the Barlow Rand empire used to be Merck, Mike Norris said the disinvestment was not so much politically motivated as the result of a policy of having licensees rather than subsidiaries in smaller markets such as Greece, Israel and some South American countries.

For Xeratech, which sells the products of its former parent, Rank Xerox, Rob van der Merwe said disinvestment, when Altron bought the company, had proved "extremely successful" for the local operation.

"It's very unlikely they'll be coming back. They're happy with the distribution channel."

For Information Trust Corporation, which used to be Dun & Bradstreet, Tony Lang said ITC did not want the American company back.

"We've built up the company over the past four years into one that gives the marketplace what it wants and has a far more positive image than Dun & Bradstreet had.

"We would welcome strategic alliances on the international front, but we certainly don't want a big bloke plonking his backside in our back yard."

For ISM, which changed its name from IBM when the ownership changed, Brian Mehl said there was "no chance" the company would change its name back to IBM.

"IBM's disinvestment was from an equity point of view and left our supplies basically unchanged. So it will be business as usual for us."

Another "stayer", BP Southern Africa, said it also believed the decision to stay was without doubt the right one.

BP said withdrawal from South Africa would have left BPSA employees at the mercy of new ownership, who might have offered fewer opportunities for black people to achieve their full potential.

When asked whether the company "took flak" for deciding to stay, BP replied: "Some people felt that no amount of contribution to change in South Africa could justify remaining."

BP respected their opinion even if they did not agree.

"The company wanted to demonstrate what could be done from within."

US exporters 'must make the first move'

(62) CT 8/8/91

From SIMON BARBER

WASHINGTON. — The Bush administration may be willing to grant SA access to US Export-Import Bank loan guarantees if asked to do so by a major US exporter.

Officials said this week that the administration viewed the 1978 Evans Amendment, which tightly restricts Exim support for exports to SA, as a "sanction against American companies" rather than against SA itself.

They said that were a company like Boeing Corp to seek Eximfinance for the sale of aircraft to SAA — which they stressed was a hypothetical case — the administration would be willing to back the application.

The Eximbank serves to promote US exports by providing guarantees that US exporters will be paid. These guarantees are used by foreign purchasers — often government entities — to obtain cheaper trade financing on the private market than they might otherwise.

Exim support could thus help lower the cost of imported capital goods for SA.

The Evans Amendment places strict conditions on Exim backing for any export to the SA public or private sectors, except in cases where the purchasing concern is "majority owned by SA blacks or other nonwhites".

No guarantees have ever been granted under this exception.

Support for exports to the SA public sector is conditional on the President certifying to Congress that "significant progress on the elimination of apartheid has been made".

In the case of the private sector, the Secretary of State must certify that the purchaser is abiding by labour standards equivalent to those contained in the Sullivan Code for US business in SA.

Although President George Bush has deemed that the conditions contained in the Comprehensive Anti-Apartheid Act have been satisfied, he has not rendered the certification required by the Evans Amendment.

US officials said that for political reasons he was unlikely to do so at this stage unless he could field the additional argument that he was trying to protect American jobs and international competitiveness.

For this reason, it was important that US exporters make the first move.

When Bush first announced he was lifting the CAAA's sanctions, the White House included the Evans Amendment in the list of sanctions — others include the Gramm Amendment restricting SA access to the IMF — which the administration intended to keep in place.

Significantly, however, Assistant Secretary of State for Africa Herman Cohen omitted to mention the Evans Amendment when he briefed the House Africa subcommittee last week on those sanctions still in effect.

Top PC maker Compaq poised for SA launch

ROBERT LAING

COMPAQ, the US computer company which runs head-to-head with IBM as the world's largest PC maker, will launch itself on the SA market on Tuesday.

Industry speculation is that the conglomerate will be the first major US corporation to represent itself directly in SA since 1987's computer company exodus.

Rationale behind the rumour is that Compaq is believed to have refused to award any local distribution agreements.

US reports say Compaq overestimated sales volumes and is overstocked. About 80% of office desks in the US and Western Europe now have PCs on them, resulting in the group looking for new markets.

The multinational intends keeping the local industry in the dark until a news briefing on Tuesday. A statement says its entry into the SA market will be clarified and various announcements made.

Industry sources said managers from Compaq Computer Europe, Middle East and Africa contacted leading domestic electronic groups a few weeks ago to discuss local representation.

Siltek MD Mike McGrath said: "Compaq wanted to appoint dealers, not distributors. Presumably it intends setting up its own distributing company in SA."

At present Siemens-Nixdorf is the only major computer group represented "upfront" in SA.

B/Day 15/8/91

Compaq's announcement has dismayed many PC vendors who feel the market is already overtraded.

Several US computer journals say Compaq's clone PCs are technically better and its sales higher than IBM's. An ISM spokesman disputed this. He admitted that Compaq out-sold IBM in the UK, but IBM was still way ahead in the US. He refused to comment on Compaq's entry to SA.

A Datakor spokeman said: "Most local groups have been courting Compaq. It is the world's leading PC manufacturer."

Dealers welcomed Compaq's move. "The more brands we have to offer in our stores the better," a Joffe spokesman said.

Last year Houston-based Compaq's sales were \$3,6bn and its net income \$455m.

No 3 in PCs comes to SA

S/Times (Bus) (T) 18/8/91

162

AST COMPUTERS, the third-largest manufacturer of Intel-based PC equipment in the world, will establish a directly controlled operation in SA within six months.

It will be used as a springboard into new markets in sub-Saharan Africa, but will not change the relationship with sole distributor Lasernet, a member of the Siltek group.

Business Times Reporter

The company has looked into the possibility of SA manufacture, but this will depend on sales volumes, says AST's Martin Dolney.

The move follows the decision by another US major PC manufacturer, Compaq, to enter the SA market directly for the first time.

Compaq competes head-on with IBM in PC sales and it led the price-cutting war which rocked the US and other developed markets.

The group held meetings in Johannesburg this week to tie up a dealer network.

AST will take direct control of service, training and technical operations in SA and sell directly to corporations. This is likely to lead to a reduction in the number of accredited dealers.

Sanctions hold Compaq back

.62

B/Day 21/8/91.

ROBERT LAING

TEXAS-based multinational Compaq Computer Corp will not open a local subsidiary until US city sanctions are lifted.

Compaq, the world's second largest PC-maker after IBM, entered SA yesterday by appointing five dealers which will be supported by its European headquarters in Germany.

As reported yesterday, the five SA companies authorised by Compaq to sell its PCs were Causeway Communications, Centre Group, Extas Computers, Netlink and Prolan.

Compaq is the first major US corporation to enter SA since the Comprehensive Anti-Apartheid Act (CAAA) was lifted on July 11.

Despite the abolition of the CAAA, US companies like Xerox and Lotus have continued to distance themselves from SA because of municipal sanctions enforced by New York, Los Angeles and other major US cities.

Compaq GM Stephen Harris said at the firm's launch in Johannesburg: "We are comfortable that there will not be a political backlash against us in the US because we are not making any equity investment in SA."

Harris said he evisioned city sanctions would be lifted soon, freeing the way for direct investment in SA.

"It is fair to conclude that we will set up a Compaq SA subsidiary in time, Harris said.

"We spent 20 man-weeks speaking to key industry representatives to decide how to enter the SA market.

"The answer we came back with was clear — to use the same approach as we do worldwide," Harris said.

Compaq supplies 3 700 resellers which are supported by its 18 international subsidiary companies.

Its subsidiaries are formed to be as close to new markets as possible.

Harris said Compaq would encourage competition between the five resellers and would let them set their own prices.

About 50 employees of the five companies had been trained in the past week, enabling the local dealers to maintain and service Compaq's products.

The dealers would not be allowed to appoint sub-supplyers and Compaq intended to end grey-market supply by cancelling its contracts with any US or UK dealers it found were selling to SA illegally, Harris said.

Compaq was formed in 1982 by Texas Instruments engineers Rod Canion, Bill Murto and Jim Harris.

America's top firms are still shying away from SA, says **Hugh Roberton**

US investors hedge their bets

Star 22/8/91

(62)

A survey of more than 40 company executives, business consultants, bankers and government officials has pinpointed the reasons why United States companies continue to be wary about investing in South Africa six weeks after the lifting of sanctions — and why some which still have direct investments in the country feel that they may yet withdraw after withstanding more than a decade of pressure to disinvest.

The survey was conducted by the Investor Responsibility Research Centre, an independent and non-profit corporation which provides impartial analysis on business and public policy issues for 400 of the top institutional investors in the US. The results are contained in a report, "US Business in Post-sanctions South Africa: The Road Ahead", which is to be published shortly.

A grim prognosis in the report is that even if South Africa were to fulfil all the requirements of US investors, the country would face stiff competition for investment, especially from Eastern Europe, China and South America.

Uncertainty about South Africa's political and economic future predictably has emerged as one of the two major deterrents to new US investment.

"The US business community has questions not only about what South Africa's new political system will be, but also how its economy will be managed. US companies want to be sure that they will have room to operate, that their assets won't be nationalised and that the new government will lay out a set of rules they can play by that will not be subject to constant change," the report says.

It finds that the other major deterrent to investment is the web of county, city and state sanctions now enforced throughout the US. "Those laws have been a far greater deterrent to US companies than federal sanctions," the report says, adding: "Several state and local entities have already made it clear that they think President Bush acted too soon in lifting sanctions, and say they won't follow suit until there has been more reform in South Africa."

Violence also features prominently as a reason why US firms are wary about investing, and the report comments: "Several representatives of US companies that still have direct investment in South Africa point to the violence as the one thing that could force them out of the country after weathering more than a decade of disinvestment pressure."

But even if all these problems were removed, including all local sanctions in the US, "it is not at all clear that at a time when foreign investments funds are limited, South Africa is where US companies will choose to invest.

"Many companies are focusing their foreign investment resources on the emerging markets of Eastern Europe, China, Latin America and the new streamlined version of Western Europe that will debut in 1992, which all offer either far larger consumer markets or less domestic political risk."

The survey pinpointed some "significant bellwethers" which US business leaders believe could influence them to invest in South Africa, the most important being the signing of OPIC and IMF agreements. Such agreements would be "an important signal to firms that the US government is willing to place its faith in South Africa's future".

In a segment devoted to market opportunities in the country, the report says: "It is widely agreed that the emerging black consumer market will provide the best opportunities.

"Other promising areas are tourism and jewellery which are not capital intensive and entail less risk if the investment is lost." — Star Foreign Service. □

US investor still wary about SA

62

ARG 23/8/91

The Argus Foreign Service

WASHINGTON. — A survey of more than 40 company executives, business consultants, bankers and government officials has pinpointed why US companies continue to be wary about investing in South Africa six weeks after the lifting of sanctions — and why some that still have direct investments in the country feel they might yet withdraw after more than a decade of pressure to disinvest.

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"US companies want to be sure they will have room to operate, that their assets won't be nationalised and that the new government will lay out a set of rules they can play by that will not be changed constantly," it was reported.

The other major deterrent to investment was the web of county, city and state sanctions now enforced throughout the US. "Those laws have been a far greater deterrent to US companies than federal sanctions. Several state and local entities have already made it clear they think President Bush acted too soon in lifting sanctions, and say they won't follow suit until there has been more reform in South Africa."

Violence also featured prominently as a reason why US firms were wary about investing, and: "Several representatives of US companies that still have direct investment in South Africa point to the violence as the one thing that could force them out of the country after weathering more than a decade of disinvestment pressure."

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A segment devoted to market opportunities in the country reported: "It is widely agreed that the emerging black consumer market will provide the best opportunities.

"Other promising areas are tourism and jewellery, which, like the consumer products industry, are not capital intensive and hold less risk.

Uncertainty on future curbs cash flow

US investors fear nationalisation

Sowetan 26/8/91

(62)

WASHINGTON - A survey of more than 40 company executives, business consultants, bankers and government officials has pinpointed the reasons why United States companies continue to be wary about investing in South Africa.

The survey comes six weeks after the lifting of sanctions and indicates why some organisations which still have direct investments in the country feel that they may yet withdraw after withstanding more than a decade of pressure to disinvest.

The survey was conducted by the Investor Responsibility Research Centre, an independent and non-profit corporation which provides impartial analysis on business and public policy issues for 400 of the top institutional investors in the US.

The results are contained in a report, "US Business in post-sanctions South Africa: The Road Ahead", which is to be published shortly.

A grim prognosis in the report is that even if South Africa were to fulfil all the requirements of US investors, the country would face stiff competition for scarce foreign investment, especially from eastern Europe, China and South America.

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"The US business community has questions not only about what South Africa's new political system will be, but also how its economy will be managed.

"US companies want to be sure that they will have room to operate, that their assets won't be nationalised and that the new government will lay out a set of rules they can play by that will not be subject to constant change," the report says.

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"Those laws have been a far greater deterrent to US companies than federal sanctions," the report says, adding: "Several state and local entities have already made it clear that they think President Bush acted too soon in lifting sanctions, and say they won't follow suit until there has been more reform in South Africa."

Violence also features prominently as a reason why US firms are wary about investing, and the report comments:

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In a segment devoted to market opportunities in the country, the report says: "It is widely agreed that the emerging black consumer market will provide the best opportunities.

"Other promising areas are tourism and jewellery which, like the consumer products industry, are not capital intensive and entail less risk if the investment is lost.

"But US companies looking to re-enter the South African market will have to assess the cost and difficulty of re-establishing a market presence and whether it makes the most sense for them to do so through direct investment or non-equity ties."- *Sowetan Correspondent.*

ANC, US to discuss investment

TIM COHEN

THE ANC yesterday announced it would take part in a "historic" three-day meeting with leading US businessmen at the Notre Dame University in October. BDay 27/8/91.

The meeting would discuss the future direction of US investment in SA, the ANC said in a statement.

"Given the grossly unjust legacy of economic activity by foreign investors in SA under apartheid rule, the meeting is designed to explore a new policy," the statement said.

It added the ANC would send 10 members to the meeting, including international affairs director Thabo Mbeki. The PAC and Azapo would also be represented. (62) (#A)

The planning committee includes Coca Cola president Donald Keough, former Reebok International president Joseph LaBonte, Johnson & Johnson CEO Ralph Larsen, Colgate-Palmolive president Reuben Mark.

The planning committee is co-chaired by George Schroll, the SA consultant for Colgate-Palmolive and Father Oliver Williams, an Associate Provost at the University of Notre Dame.

US investment to be discussed in October

Sowetan 29/8/91 62

THE African National Congress and the University of Notre Dame in the United States this week jointly announced a meeting of United States business leaders, ANC officials and other South Africans to discuss future direction of US investment in South Africa.

The meeting is scheduled to be held from October 6 to October 8.

The statement said that, while the ANC continued its long-standing policy against economic engagement in South Africa before a new government was in place, the organisation and its allies, however, was beginning to formulate a comprehensive approach for new investments in a post-apartheid South Africa.

"Given the grossly unjust legacy of economic activity by foreign investors in South Africa under apartheid rule, the meeting is designed to explore a new policy in order to redress this legacy," the statement said.

The ANC was committed to sending 10 members, including Thabo Mbeki, the ANC's Director of International Affairs to the meeting.

The statement said the Pan Africanist Congress and the Azanian People's Organisation would also be represented.

The planning committee for the meeting is co-chaired by Mr George J Schroll, a consultant and Father Oliver F Williams of Notre Dame. - *Sapa*

ANC holds key to US investment

By Derek Tommey Star 25/9/91

The ANC has a major role to play in determining whether the US market is opened to South African goods and whether US business invests in South Africa, says Wayne Mitchell, executive director of the American Chamber of Commerce in South Africa.

He told Safto's "Doing business with the USA" conference yesterday that although the Comprehensive Anti-Apartheid Act had been lifted, there were still 88 US cities, 24 counties and 26 states still applying sanctions.

The leaderships of the coalitions that convinced local authorities to adopt sanctions say that President George Bush's action was premature.

They are maintaining pressure on the local authorities and will most probably continue to do so until the negotiation process is much farther down the track.

But most US activitists take their cue on sanctions from the ANC. "Sanctions could fall away quickly if Nelson Mandela and the ANC leadership calls for their end," he said.

Businessmen were also concerned about the political system that would emerge and how the economy would be managed.

"They want to know that their assets will not be nationalised and that a set of rules will be laid down that will not be subject to constant change."

But Mr Mitchell warned that even with all these questions answered, many companies were focusing their investment resources on the emerging markets of East Europe, China and Latin America.

Oregon is first to scrap SA sanctions

Star 12/9/91

By Hugh Robertson
Star Bureau 62

WASHINGTON — Oregon's state legislature today unanimously scrapped measures forbidding investment in South Africa.

This has opened the way for the state and its $12,5 billion (about R30 billion) retirement fund to invest in companies that do business in South Africa.

It was the first of the 27 states and 88 cities that have sanctions in place to abandon such restrictions. But for the time being its action is not expected to be followed by many other local authorities.

This is because Oregon was the only state to include a "sunset clause" in its sanctions, which meant that once South Africa had complied with certain preconditions the state treasurer was obliged to lift sanctions.

Other state and city sanctions are not tied to clearly defined criteria which would determine when they should be lifted.

A survey conducted after President Bush lifted federal sanctions two months ago indicated that only Oregon was contemplating an early change in policy.

Another reason why Oregon is expected to be an exception to the general trend is that the state's legislature meets only every second year and it wished to take timely action now, to ensure that it was not caught out by events before its next meeting in 1993.

In a statement today, Oregon state treasurer Tony Meeker said the Oregon Anti-Apartheid Act of 1987 required divestment by the state, before February 15 1992, in all companies doing business in South Africa.

In 1987, 9,3 percent of the state's investment portfolio was affected. By the end of last year, this had dropped to 2,9 percent, with a market value of $302 million (about R760 million).

"Gradual investments in companies doing business in South Africa will take place as Oregon's 24 individual money managers reach their prudent decisions," Mr Meeker said. "No substantial or immediate realignment of portfolio investments is anticipated by the sunset of the Oregon Anti-Apartheid Act."

He said that after conducting a 60-day fact-finding review, he had concluded that "the power of democracy has been unleashed in South Africa and it will not be reversed.

"Under these dynamic circumstances, prudent investment in companies doing business in South Africa may, in fact, hasten to build a strong economic backbone at a time when it is sorely needed."

The state had sought facts from the White House, the State Department, the ANC's representative in the US, the Lawyers' Committee for Civil Rights Under Law, TransAfrica, and the American Committee on Africa.

Township violence forces two US fund groups to think again

Star 17/9/91 (62)

LONDON — Two international fund management groups have dropped plans to launch funds investing in South African stocks, citing township clashes and worries that US state pension funds might withdraw business.

The decisions by Baring Securities and Genesis Investment Management come at a time when South Africa is preparing its first public bond offering since 1985. It hopes to raise around Dm250 millionfrom international investors.

Genesis, which has $420 million under management, decided not to proceed with a fund investing in second-tier South African stocks as well as stocks from other southern African countries such as Zimbabwe, Botswana and Swaziland.

Genesis had approached about 60 institutions to gauge their interest in the fund. Despite initial interest, it seemed unlikely that the fund would be able to attract its minimum target of $25 million. The violence last week has not helped sentiment, said a spokesman for the group.

Baring Securities had also discussed the possibility of launching a South Africa fund in conjunction with South Africa's UAL Merchant Bank. It shelved plans because of worries that Baring Asset Management (BAM), its fund management arm, would lose valuable US state pension fund business.

BAM claims to be the leading non-US manager of US pension funds. It manages a total $29 billion worldwide of which $4,9 billion is US pension fund money.

"We have taken the view that we do not want to be associated with South Africa, although we can buy and sell South African shares, among other markets, on behalf of clients," said a director of Baring Securities.

The truth is most investors are uncertain how to approach this opportunity. It is frustrating because the economic and commercial opportunities exist and are very obvious.

The Barings/UAL fund would have invested mainly in South African shares.

Old Mutual, South Africa's largest life insurance company, recently announced plans to launch a $50 million South Africa investment company to be listed on the London Stock Exchange.

Smith New Court Securities, which is sponsoring and underwriting the placement, said that several UK and European institutions had expressed an interest in the fund, but that it was too early to say how much money had been raised from investors.

Smith New Court said that a recent poll of 110 UK institutions revealed that 25 percent already invest directly in South African equities, while 45 percent are changing their views on investment as a result of recent political reforms in South Africa.

However, Mr Peter Webster, executive secretary of Ethical Investment Research Service, a company which screens individual UK companies for their involvement in South Africa, said that ethical investors do not believe that the time has come to start investing in South Africa yet. — Financial Times.

MAC group opens office

(62)

Star 18/9/91.

The MAC Group, an international strategy and organisation consultancy, has opened an office in Johannesburg.

Senior vice-president Stephen Asbury says this is the natural development of relationships with some well-known South African organisations and the tremendous challenges generated by the re-opening of the economy.

Mr Asbury is a former director of The Strategy Group, Deloitte Pim Goldby, and co-author of best-selling business book The Winning Way.

The MAC Group, founded in Cambridge, Massachusettes in 1964, also has offices in London, Munich, Chicago, Paris, San Francisco, Madrid, Barcelona, Rome, Milan, Hong Kong and Tokyo.

Call for safeguards

SEAN VAN ZYL (62)

US investment in SA would not increase until investment safeguards were formally introduced, American Chamber of Commerce director Wayne Mitchell said at a Safto trade day seminar on Friday.

Mitchell said US companies looking to SA needed the assurance that they could invest in an open market without fear of nationalisation. B(Day)

He said the American Chamber of Commerce in SA had identified US export opportunities in computer and electronic equipment, medical instruments, aircraft equipment, chemicals, cosmetics and automotive parts. 23/9/91

Investment in consumer products, low-cost housing, electrification, clinics and schools had also been identified, he said.

Barring Inkatha from US business talks will hurt SA

BDay 17/9/91.

SIMON BARBER in Washington 62

AMERICAN business and the ANC are due to meet at Notre Dame University early next month. Thabo Mbeki, who will head the ANC delegation, has reportedly joked that the businessmen will be there "to teach us about the free market". A more accurate rendering of Mbeki's metaphor would be that the teachers will be trying to find out whether the pupils are educable and worth their time and investment.

Aside from indications that the ANC may use the occasion to shift its ground on sanctions — by this stage a largely symbolic gesture — the conference preliminaries are not altogether encouraging.

In the wake of Inkathagate, and last weekend's peace accord notwithstanding, the ANC has indicated that Inkatha should not be invited. The organisers — who include Notre Dame's deputy provost, Father Oliver Williams, and members of the Industry Support Unit Inc, an advisory group set up by the old Sullivan Code companies — appear divided on how to respond.

Some believe US business can talk to Inkatha whenever it wishes while the time has come to have a serious discussion with SA's putative next government. Others contend that Inkatha must somehow be accommodated, either through a non-aligned representative like Oscar Dhlomo or as the result of a quiet agreement between the organisations themselves. Inkatha itself seems to be gearing for a fight.

If their interest is securing US investment, it would behove both sides to come to an arrangement. Inkatha will only lose face if, having publicly banged its fists, the conference goes ahead without it, as almost certainly it will. On the other hand, by exploiting this, the ANC will negate the purpose of the whole exercise: assuring US capital that the "new SA" will be a worthwhile bet.

The chairmen and senior executives of some of America's largest corporations are going to Notre Dame in search of the ANC's better angels. They will not find them if the movement maintains an intolerant and antagonistic stance towards a party which, whatever its other deficiencies, does at least espouse market-friendly policies.

Having convinced most of the outside world that it will form, at minimum, the core of SA's next government, the ANC has already acquired not only a high degree of responsibility for the country's future, but, far more importantly, no little power to decide what the future will look like.

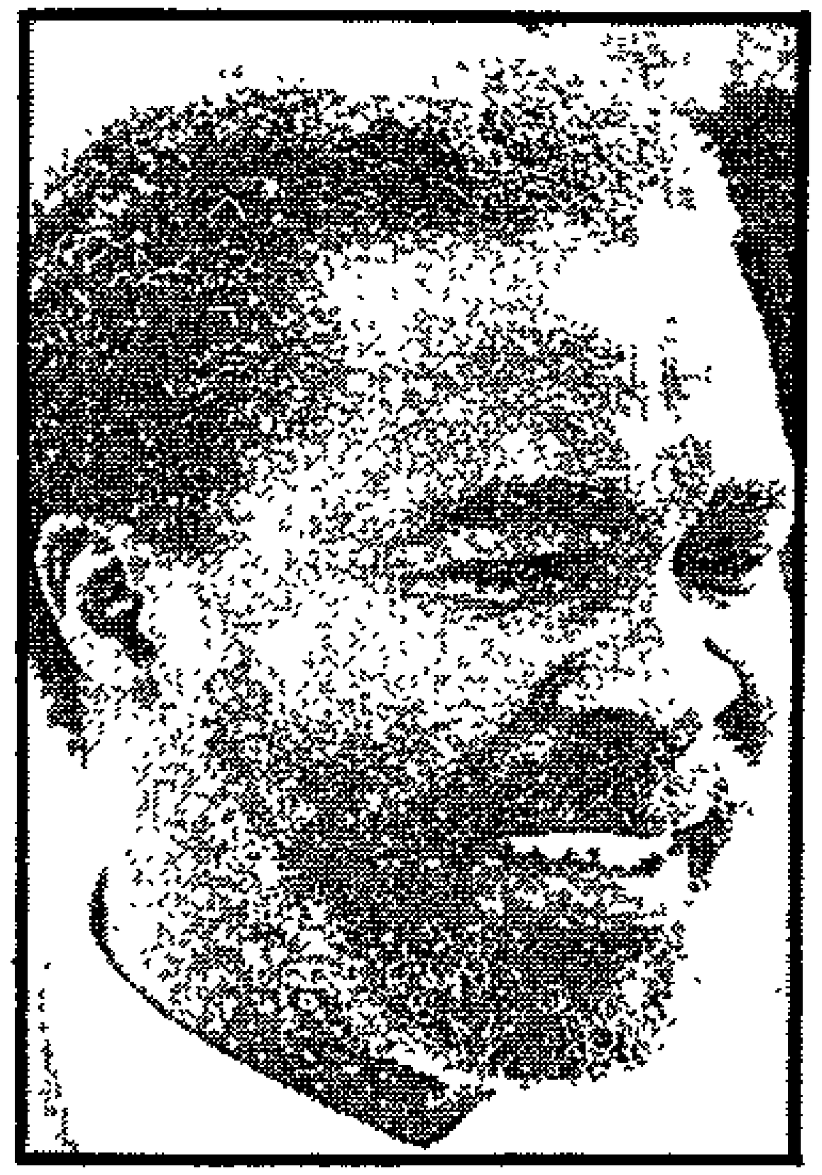
To bar Inkatha from the conference would be a profoundly irresponsible use of that power, for it would send a signal to US businessmen that SA is simply not a rational candidate for their dollars. This in turn would represent a bitter betrayal of those the ANC claims to represent.

The fact that the ANC wishes to present its case at Notre Dame, and may even be ready to call off the sanctioneers, presumably indicates that it acknowledges the need for foreign investment. If that is the case, it must also understand just how marginal an opportunity SA presents to foreign, and in particular, US capital — not only when compared with opportunities elsewhere, but in absolute terms as well.

Apart from de facto prohibition on SA's access to the IMF, the US's residual sanctions are among the least of the US business community's concerns. What is holding them up is SA itself.

Heading the list of disincentives is violence, both in and of itself and as a symptom of broader political and economic instability. Several US companies that have weathered a decade's worth of sanctions and other pressure to disinvest recently told the Investor Responsibility Research Centre that continued unrest was the one thing that could still force them to leave. One might add that the continued killing despite the signing of the peace accord will only make matters worse. To outsiders it will signify anarchy.

It is in this context that the ANC's wish to exclude Inkatha from the conference is perhaps most foolish. Rightly or wrongly, the mayhem is seen to be rooted in the contest for power between the ANC and its rivals. The more the ANC comes across as a movement bent on political monopoly, the less confidence the rest of the world will have that SA will ever be at peace with itself. The lessons of Mozambique have been learned: the monster of Renamo was created first by Frelimo's own monopolistic aspirations. Its exploitation by SA and others came second.



□ MBEKI

Getting over the violence hurdle is the most important task the ANC faces if it sincerely wishes to attract US investors, but it is by no means the only one. As the centre suggests in its new report, US Business in Post-Sanctions SA: The Road Ahead, SA is going to have a tough time attracting real US investment under the most tranquil of circumstances.

One of the several dozen executives, consultants and investment managers the centre interviewed summed up the situation succinctly: "Peace is not enough. You could solve the political situation and companies would still not go in if the ANC's policies scared them."

The best thing SA has going for it in American eyes, the report suggests, is "an excellent financial infrastructure" — a sound banking system, a stock exchange that facilitates access to capital and investment regulations one interviewee said "we would want to see everywhere in Africa". If any of that, especially the Companies Act, is seriously tampered with, SA will lose what the report calls "a competition around the world to offer the best incentives".

By any standard, the report finds, SA is already well down in a field that includes Eastern Europe, a Latin America that is moving out of debt crisis towards sound economic management, as well as Southeast Asia and the Pacific Rim whose development is being propelled by Japan, Taiwan and South Korea. Even India looked better than SA to some of the centre's interviewees.

The fact that it results from the injustice of the past does not alter the basic reality that SA has a desperate shortage not just of skilled labour, but of workers who can read and write. Training costs will therefore be abnormally high, so, in all likelihood, will wages as companies are forced to compete for what little skilled labour there is.

Many underdeveloped countries with similar problems have benefited by encouraging foreign corporations to establish assembly facilities to take advantage of their cheap labour. Mexico's "maquiladoras" are a classic example. But SA is not in a position to even do this. It is simply too far from markets for the finished goods, and its domestic and regional markets are still too tiny. One executive told the centre that in market terms "southern Africa is still a small fraction of Italy and their per capita income is zilch".

As things stand, the study suggests, US companies are likely to limit their involvement in SA to sales operations, franchising and other non-equity relationships in hopes that the the black consumer market will take off, but which, in the meantime, will limit their exposure should things go wrong. Investment in people, infrastructure and manufacturing capacity — the long-term kind SA really needs — will be dependent on South Africans convincing Americans that there is a long term and that its rewards will be commensurate with those that can be had elsewhere.

Since it demands to be seen as SA's next government, and has been largely successful in having that demand met, it is up to the ANC to persuade investors the future is going to work. Playing politics at the very moment it is about to make its case to the captains of US industry is not the recommended approach.

SA is just another marginal sector for most US investors

SIMON BARBER in Washington

62

B10.69 24/9/91

"Americans," opined the Washington Post last week, "have a huge interest, political as well as moral, in the emergence of a democratic, stable SA."

The sentence is self-contradictory. No interest, if defined solely as political and moral, can justly be called huge. What the Post really means is that a decent outcome in SA would impart to Americans a 30-second warm glow while giving New York mayor David Dinkins one less excuse for wasting public treasure.

The fact of the matter is the US stands neither to lose nor gain anything of substance whatever happens in SA, or the rest of its continent, for that matter. Nor, the Cold War having abruptly ceased, can Washington even pretend the truth is otherwise.

As the SA Foundation's Michael Christie likes to point out, the economy of Maryland, not a particularly large US state, is about the same size as that of SA. Add backward West Virginia to Maryland, and you have economic muscle on a par with that of all southern Africa. In terms that count, SA and its region are meaningless. Their fate is of no consequence to general American prosperity and security.

If even marginally serious US interests were at stake in SA, as opposed to "political and moral" ones, Washington would have a policy towards the place. It would be actively seeking to promote a certain kind of denouement that would serve those interests. It would be willing to take a few risks in the process.

No US president has ever been as completely focused on foreign policy as George Bush. Yet even he is content that his Secretary of State James Baker should have set one goal and one goal only for the administration's dealings with SA: find the line of least resistance with Congress and avoid domestic trouble.

Those, in a nutshell, are Assistant Secretary of State for Africa Herman Cohen's marching orders. The fact that Bush agreed to lift the Comprehensive Anti-Apartheid Act's sanctions is largely due to Cohen's efforts to convince his superiors that such a move would not violate the spirit of his instructions. Bush's personal undertakings to President F W de Klerk were rather less of a factor.

It is worth examining the calculus of fear that prevents the administration from taking the further and rather more important step of restoring SA's access to the IMF and the assorted credit windows of the World Bank.

Hitherto, the excuse has been that Congress might react by blocking replenishment of the US contribution to the fund. There is little evidence on Capitol Hill that this will be the case. Furthermore, if Congress felt strongly on the issue, at the very least one would have expected to see some sort of resolution dropped in the hopper to put the administration on notice.

Some officials have talked of SA becoming an election issue next year if the administration were to move too precipitately on the remaining sanctions. That is patently silly. The only people for whom Bush's policy towards SA might be remotely agitating were never going to vote for him anyway.

Silly or no, the worry seems to be operative. This speaks volumes for the priority Bush and his team assign SA: the possible protests of a constituency whose support the president does not need and cannot conceivably hope to obtain are deemed to outweigh the importance, acknowledged even by some in the ANC, of helping SA get its economy in shape.

So tenuous is the reed upon which the administration bases its inaction that the slightest counter-pressure could logically be expected to blow it over. From this follows perhaps the most depressing aspect of the whole equation: the counter-pressure is not there.

COHEN

What this means is that US businessmen are making little effort, concerted or otherwise, to lobby Bush on the issue. It is not that they like the status quo — all know that it is putting them at a competitive disadvantage vis-à-vis the Europeans and the Japanese — it is simply that they have more important favours to ask of the administration.

The only US companies that seem to be actively pushing for action on the residual US sanctions — most notably the IMF restrictions and state and local measures — are those who have stayed in SA and want some relief. Otherwise, the silence is fairly deafening.

Now, frankly, the ANC should concede it has made a costly mistake.

When US capital really wants to go somewhere politicians have decreed it should not, it tends to kick up a fuss. It gets in touch with the elected officials whose elections it has paid for. It starts trying to "educate" the public. It has words with the foreign powers whose activities caused the restrictions to be imposed in the first place.

In the case of SA, one might have expected US business to go to the source of the sanctions, the ANC itself, and seek to cut a deal. Such an expectation should have been one of the main reasons the ANC started calling for sanctions in the first place. It ought certainly to be the principal motivation for continuing to demand that sanctions remain. Back us, the movement should be saying, and we will quietly exempt you and help you make good money; if not, well, we will take our business elsewhere — the Europeans and Japanese seem keen.

Alas, the ANC has either been too slow or ideological to spot the opportunity it has created for itself until too late, at least as far as US investment is concerned. Instead of coming to an arrangement that might have benefited everyone — and bear in mind that business can operate under all kinds of truly terrible regimes given the proper inducement — it has driven the Americans away, thus reducing the competition for its patronage.

Face it, this is the equivalent of a blackmailer showing the incriminating photographs to the victim's wife before presenting his terms. Not the way to earn respect.

Such foolishness, in combination with SA's intrinsic marginality, helps account for the silence. If US investors saw an opportunity for real returns and a government willing and able to co-operate with them in the achievement of same, they would be beating at the door. Instead, the only Americans really anxious to get to SA are the befuddled mayor of New York and his retinue of jokers. They have absolutely nothing to offer the ANC. And even they will not come unless someone else pays the way.

Forget all the gush about democracy and market economics. What US capital wants to know is that if it flows back to SA, will the government of the day create the circumstances in which it can make a profit? It honestly does not matter what those circumstances are in detail, so long as they "perform the desired function reliably and the price is agreed in advance". Perhaps the ANC is too nice to understand.

Opinion

Washington Letter

by SIMON BARBER

(62) CT 24/9/91

United States has nothing to lose or gain in South Africa

"AMERICANS", opined the Washington Post last week, "have a huge interest, political as well as moral, in the emergence of a democratic, stable South Africa." The sentence is self-contradictory. No interest, if defined solely as political and moral, can justly be called huge. What the Post really means is that a decent outcome in SA would impart to Americans a 30-second warm glow while giving New York Mayor David Dinkins one less excuse for wasting public treasure.

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If even marginally serious US interests were at stake in South Africa, as opposed to "political and moral" ones, Washington would have a policy towards the place. It would be actively seeking to promote a certain kind of denouement that would serve those interests. It would be willing to take a few risks in the process.

No American president has ever been as completely focused on foreign policy as George Bush. Yet even he is content that his Secretary of State James Baker should have set one goal, and one goal only, for the administration's dealings with South Africa: find the line of least resistance with Congress and avoid domestic trouble.

Those, in a nutshell, are Assistant Secretary of State for Africa Herman Cohen's marching orders. The fact that Bush agreed to lift the Comprehensive Anti-Apartheid Act's sanctions is largely due to Cohen's efforts to convince his superiors that such a move would not violate the spirit of his instructions. Bush's personal undertakings to President De Klerk were rather less of a factor.

Election issue

It is worth examining the calculus of fear that prevents the administration from taking the further and rather more important step of restoring South Africa's access to the IMF and the assorted credit windows of the World Bank.

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Some officials have talked of South Africa becoming an election issue next year if the administration were to move too precipitately on the remaining sanctions. That is patently silly. The only people for whom Bush's policy towards South Africa might be remotely agitating were never going to vote for him anyway.

Silly or no, the worry seems to be operative. This speaks volumes for the priority Bush and his team assign to South Africa: the possible protests of a constituency whose support the president does not need and cannot conceivably hope to obtain are deemed to outweigh the importance, acknowledged even by some in the ANC, of helping the country get its economy in shape.

So tenuous is the reed on which the administration bases its inaction that the meagrest counter-pressure could logically be expected to blow it over. From this follows perhaps the most depressing aspect of the whole equation: the counter-pressure is not there.

What this means is that US businessmen are making little effort, concerted or otherwise, to lobby Bush on the issue. It is not that they like the status quo — it is putting them at a competitive disadvantage vis-à-vis the Europeans and the Japanese — it is simply that they have more important favours to ask of the administration.

The only US companies which seem to be actively pushing for action on the residual US sanctions — most notably the IMF restrictions and state and local measures — are those which have stayed in South Africa and want some relief. Otherwise, the silence is fairly deafening.

Cut a deal

Frankly, the ANC should concede it has made a costly mistake.

When American capital really wants to go somewhere politicians have decreed it shouldn't, it tends to kick up a fuss. It gets in touch with the elected officials whose elections it has paid for. It starts trying to "educate" the public. It has words with the foreign powers whose activities caused the restrictions to be imposed in the first place.

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Such foolishness, in combination with South Africa's intrinsic marginality, helps account for the silence. If US investors saw an opportunity for real returns and a government willing and able to co-operate with them in the achievement of same, they'd be beating at the door. Instead, the only Americans really anxious to get to South Africa are the befuddled mayor of New York and his retinue of jokers. They have absolutely nothing to offer the ANC. And even they won't come unless someone else pays the way.

No occasion for political play as ANC meets US business leaders

62 CT 17/9/91

Washington Letter
by SIMON BARBER

AMERICAN business and the ANC are due to meet at Notre Dame University early next month. Thabo Mbeki, who will head the ANC delegation, has reportedly joked that the businessmen will be there "to teach us about the free market". A more accurate rendering of Mbeki's metaphor would be that the teachers will be trying to find out whether the pupils are educable and worth their time and investment.

Aside from indications that the ANC may use the occasion to shift its ground on sanctions — by this stage a largely symbolic gesture — the conference preliminaries are not altogether encouraging.

In the wake of Inkathagate and last weekend's peace accords notwithstanding, the ANC has indicated that Inkatha should not be invited. The organisers — who include Father Oliver Williams, Notre Dame's deputy provost and members of the Industry Support Unit Inc, an advisory group set up by the old Sullivan Code companies — appear divided on how to respond.

SA marginal to US

Some believe that while US business can talk to Inkatha whenever it wishes, the time has come to have a serious discussion with South Africa's putative next government. Others contend that Inkatha must somehow be accommodated, either through a non-aligned representative such as Oscar Dhlomo or as the result of a quiet agreement between the organisations themselves. Inkatha itself seems to be gearing for a fight.

If their interest is securing American investment, it would behoove both sides to come to an arrangement. Inkatha will lose face only if, having publicly banged its fists, the conference goes ahead without it, as almost certainly it will. On the other hand, by exploiting this, the ANC will negate the purpose of the whole exercise: assuring US capital that the "new South Africa" will be a worthwhile bet.

The chairmen and senior executives of some of America's largest corporations are going to Notre Dame in search of the ANC's better angels, but they will not find them if the movement maintains an intolerant and antagonistic stance towards a party which, whatever its deficiencies, does at least espouse market-friendly policies.

Having convinced most of the outside world that it will form, at minimum, the core of SA's next government, the ANC has already acquired not only a high degree of responsibility for the country's future, but, far more important, no little power to decide what the future shall look like.

To bar Inkatha from the conference would be a profoundly irresponsible use of that power, for it would send a signal to the businessmen of the richest nation on earth that South Africa is simply not a rational candidate for their dollars. This in turn would represent a bitter betrayal of those the ANC claims to represent.

That the ANC wishes to present its case at Notre Dame and may even be ready to call off the sanctioneers, presumably indicates that it acknowledges the need for foreign investment. If that is the case, it must also understand just how marginal an opportunity SA presents to foreign and in particular, US capital — not only when compared to opportunities elsewhere, but in absolute terms as well.

Violence hurdle

Apart from de facto prohibition on SA's access to the IMF, America's residual sanctions are among the least of the US business community's concerns. What is holding them up is SA itself.

Heading the list of disincentives is violence, both in and of itself and as a symptom of broader political and economic instability. Several US companies that have weathered a decade's worth of sanctions and other pressure to disinvest recently told the Investor Responsibility Research Centre that continued civil unrest was the one thing that could still force them to leave. One might add that the persistence of killing despite the signing of the national peace accord will only make matters worse. To outsiders it will signify anarchy.

It is in this context that the ANC's wish to exclude Inkatha from the conference is perhaps most foolish. Rightly or wrongly, the mayhem is seen to be rooted in the contest for power between the ANC and its rivals. The more the ANC comes across as a movement bent on political monopoly, the less confidence the rest of the world will have that SA will ever be at peace with itself. The lessons of Mozambique have been learnt: the monster of Renamo was created first by Frelimo's own monopolistic aspirations. Its exploitation by SA and others came second.

Getting over the violence hurdle is surely the most important task the ANC faces if it sincerely wishes to attract American investors, but it is by no means the only one. As the IRRC suggests in its new report, *US Business in Post-sanctions SA: The Road Ahead*, SA is going to have a tough time attracting real US investment under the most tranquil of circumstances.

Cheap labour

One of the several dozen executives, consultants and investment managers IRRC interviewed summed the situation up succinctly: "Peace is not enough. You could solve the political situation and companies would still not go in if the ANC's policies scared them."

The best thing SA has going for it in American eyes, IRRC suggests, is "an excellent financial infrastructure" — a sound banking system, a stock exchange that facilitates access to capital and investment regulations one interviewee said "we would want to see everywhere in Africa". If any of that, especially the Companies Act, is seriously tampered with, SA will lose what IRRC calls "a competition around the world to offer the best incentives".

By any standard, the IRRC finds, SA is already well down in a field that includes Eastern Europe, a Latin America that is moving out of debt crisis towards increasingly sound economic management, as well as Southeast Asia and the Pacific Rim. Even India looked better than SA to some of the centre's interviewees.

SA has a desperate shortage not just of skilled labour, but of workers who can read and write. Training costs will therefore be abnormally high, so, in all likelihood, will wages as companies are forced to compete for what little skilled labour there is.

Convincing US

Many underdeveloped countries with similar problems have benefited by encouraging foreign corporations to establish assembly facilities to take advantage of their cheap labour. Mexico's *maquiladoras* are a classic example. But SA is not even in a position to do this. It is simply too far from markets for the finished goods and its domestic and regional ones are still too tiny. One executive told IRRC that in market terms "Southern Africa is still a small fraction of Italy and their per capita income is zilch".

As things stand, the study suggests, American companies are likely to limit their involvement in SA to sales operations, franchising and other non-equity relationships in hopes that the the black consumer market will take off, but which, in the meantime, will limit their exposure, should things go wrong. Investment in people, infrastructure and manufacturing capacity — the long-term kind SA really needs — will be dependent on South Africans convincing Americans that there is a long-term peace and that its rewards will be commensurate with those that can be had elsewhere.

Since it demands to be seen as SA's next government and has been largely successful in having that demand met, it is up to the ANC to persuade investors the future is going to work. Playing politics at the very moment it is about to make its case to the captains of US industry is not the recommended approach.

ANC-Inkatha clash threat to conference

(62) CT 17/9/91

From SIMON BARBER

WASHINGTON. — The ANC's wish to exclude Inkatha representatives is casting a pall over a coming conference at Notre Dame University that could play a key role in determining when and how US companies reinvest in South Africa.

The conference, organised at the ANC's request, is intended to establish dialogue between top US executives and the ANC on what a new South African government will need to do to attract US investment.

The ANC delegation is to be headed by foreign affairs director Mr Thabo Mbeki and will include Mr Max Sisulu and other senior ANC economists.

Organisers, who also include executives active with the former Sullivan Code companies, hope that the ANC will take the opportunity to modify its stance on sanctions.

The response so far from US business leaders has been "very good", said Father Oliver Williams, a specialist in business ethics and adviser to US corporations in South Africa. Assistant Secretary of State for Africa Mr Herman Cohen also plans to attend.

Mr George Schroll, a retired Colgate-Palmolive executive, said the ANC side had "dwelt on the need for job creation and investment". He had responded that the ANC's stance on sanctions was "contradictory".

Fr Williams said that though the main purpose of the conference was to enable the ANC to hear the concerns of US business first-hand, it had originally been agreed in principle that representatives of Inkatha, the PAC, Azapo and other parties would be invited.

However, the ANC informed organisers that, as a result of the Inkatha slush-fund scandal, Inkatha would no longer be welcome at the conference, now scheduled for October 6-8.

This has infuratied Inkatha.

Mr Schroll said yesterday that the organisers were trying to change the ANC's mind.

Organisers warned that the ANC could only harm itself in the eyes of the American business community by taking a hard line on the issue.

● Simon Barber's column — Page 8

Lotus just needs to finish the paperwork

(62)

B Day 3/10/91

Reports by MELANIE SERGEANT

LOTUS Corporation's entry into the SA market is imminent, and is expected to spearhead the return of several other US computer companies.

Lotus group international business development GM John O'Hara told Business Day the paperwork was being finalised to deal with distribution channels, social projects and other issues.

Distributors contending for the prized software are Computer Horizons, Softsource and HNR.

Other US companies such as Microsoft, Apple and AST are believed to be watching Lotus's moves before announcing their own plans.

"I'm here to analyse the way we will come into this market, and have made recommendations. We're finalising the type of presence we'll have, our distribution channels and the social programmes we will try to administer here," said O'Hara.

The social awareness aspect was important to the total strategy being adopted, he said.

The Massachusetts-based corporation is renowned for its liberal philosophy. It donates part of its profits to charities and to AIDS research, sponsors documentaries on civil rights and has an affirmative action hiring policy.

"It's important that we do the right thing in SA — that any presence here will really benefit people in SA.

"We're not simply window-dressing."

Lotus's director of philanthropy will visit SA next week to evaluate social programme plans.

Although Massachusetts is one of the states which has not yet dropped its sanctions policy, O'Hara said Lotus's moves would not necessarily be held back by this, because it would ensure its return was "acceptable to most".

"There's simply some paperwork which needs to be sorted out," he said.

Regarding SA distributors, O'Hara said he had discussed business practices, social awareness and other issues with potential candidates. "They all have strengths and weaknesses, but we won't make our decision based on colour."

The US corporation has an annual turnover of $700m, and the SA market is worth between $7m and $12m, or about 1% of total sales.

The corporation's research shows there are 650 000 PCs installed in SA, and that between 150 000 and 190 000 will be installed in the next year. "With these sales, there's potential for Lotus to sell up to 20 000 spreadsheets a year."

Because Lotus has not been officially represented in SA, piracy of its software is rife, so legalising only a small number of the installed base would add to potential sales.

"The group has also set aside $1m to fight piracy worldwide, and this will be spent mainly on legal actions.

"Normally, on entering new markets, we start with awareness campaigns, and make a number of visits to large corporations. We may even target a couple of corporations which are pirating our software, and make examples of them by taking legal action."

O'Hara said if all illegal Lotus programs in SA were replaced with legal copies, revenue to Lotus would be about $81m, representing about 350 000 units.

SA is attractive to Lotus because its computer users are fairly mature.

"People in SA are hungry for information. This country has the largest per capita user base of OS/2 and Presentation Manager of any countries I've visited," said O'Hara.

While Lotus 1-2-3 is still the corporation's cash cow, as with most software companies shrink-wrapped software prices are falling along with margins, so Lotus has diversified into communications products with software like Lotus Notes and CC-Mail.

"Having Lotus in SA will mean better marketing and support for these products into large user bases, as well as into other African countries which would be supported from SA."

Former Borland product manager in SA, Mel Berry, has been acting as a freelance consultant to Lotus, advising the group on its strategies for entering this market.

She said: "Lotus has at least 80% of SA's spreadsheet market, and the emphasis will be on having a highly focused distributor channel — especially because SA's dealer market is still relatively immature and needs more support and marketing assistance."

U.S. COMPANIES IN SA WILL SOON GET FULL TAX BENEFITS

62

S/Times (Buss) 6/10/91.

By DIRK TIEMANN

THE 110 American companies in South Africa now know how they will benefit from the lifting of the punitive Rangel Amendment which forced them to pay tax here as well as in the US.

The Rangel Amendment fell away when provisions of the Comprehensive Anti-Apartheid Act (CAAA) were lifted in July this year.

The US Inland Revenue Service has produced a formula that allows US companies to write off 47% of their total 1991 SA tax liabilities against their US tax liabilities for the year. The formula is based on the proportion of the year for which the amendment was in force.

Next year they will be able to write off their full SA tax liabilities.

Inland revenue director: legal drafting Ian Meiklejohn says SA companies operating in the US generally qualify for a rebate on taxes here if they are taxed there. South Africa has a source-based tax system which means that the company is taxed where its income is earned.

At present there is no formal tax treaty to eliminate double tax between SA and the US as the one signed in 1948 was annulled by the Rangel Amendment. US counsellor for economic affairs Donald Steinberg says a new tax treaty is unlikely. This means that each country can grant relief unilaterally in respect of tax levied on its nationals in the other country.

But there might be a need for a treaty with the US on tax holidays and other investment incentives.

Mr Steinberg says the initiative for such a treaty would have to come from the private sector as the US and SA governments have no plans in this regard.

Executive director of the American Chamber of Commerce Wayne Mitchell says SA needs such a treaty to provide maximum tax benefits to US companies receiving investment incentives here. He says if this is not done soon SA may lose US investors to Eastern European countries which offer attractive incentives.

ANC tells US investors to look but not touch

B Day 8/10/91

SIMON BARBER

62

SOUTH BEND — US investors should "look" at SA but not touch until an interim government was in place, ANC foreign affairs director Thabo Mbeki urged American executives in South Bend at the weekend.

His audience, gathered at Notre Dame University for what is being billed as a "historic" encounter between the ANC and about 50 US business representatives, had been hoping to hear a more positive signal on sanctions and was not overly impressed.

The conference is the first in a series on SA in coming weeks at venues which include Frankfurt, Geneva and Hong Kong.

The repesentative of one major US engineering concern said: "This is not what we wanted to hear." The sentiment was echoed by other participants who cited state and local sanctions as a major impediment for would-be investors.

Tokheim Corporation president John Overmyer told Mbeki he knew of many companies that "would like to come to SA — but they need the invitation".

Mbeki acknowledged SA had a desperate need for investment, foreign and domestic, but brushed aside the sanctions debate as having become "a bit unreal".

"The critical issue is how attractive is this country to any investor," he contended, and it would not be attractive until a political settlement had been reached.

US business insists it needs the removal of obstacles now so that it can start making the necessary strategic decisions.

The ANC faces close scrutiny this week in Europe over its erratic signals on economic policy, reports Reuter.

The line adopted by the ANC at an investor conference in Frankfurt, starting today, could determine whether or not the country will live up to the billing of the gathering, entitled The New SA — Open for Business. Mbeki will be among the speakers.

US firms sound tough warning on investment

B|Day 9/10/91

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SIMON BARBER

NOTRE DAME — ANC officials discussing new US investment in SA with US business representatives received a blunt warning this week: "Until it is made unequivocally clear that they are welcome, US firms will stay away."

The tough message was delivered by Kevin Callwood, a senior official at the Overseas Private Investment Corporation (Opic), a government agency that promotes US investment in developing countries by providing loan guarantees and political risk insurance.

SA, he said, was falling ever further behind in the increasingly tight race for foreign investment, largely because of the ANC's continued sanctions stance and its "mixed signals" on economic policy.

Worldwide foreign investment volumes were declining and "more countries than ever before are seeking to attract US investment". Most were making a far stronger case than SA because they recognised "the need to replace inefficient state-dominated economies with economies that are driven by private enterprise".

"SA is already behind others who are aggressively pursuing US investment. These countries have already prepared liberal investment codes, streamlined foreign investment approval procedures and increased incentives to investors."

The ANC was making matters worse by continuing to press for state and local sanctions at a time when US firms "never ... have had so many choices as to where to invest overseas".

Companies that departed because of sanctions pressures were "not anxious" to return. For many, divestment had been "a very negative and costly experience".

In many cases, divesting companies had established new non-equity ties with SA that enabled them to market their goods and services, and now saw no reason to re-engage more fully. Such ties did not result in the capital flows SA needed.

ANC's two faces baffle investors

S/Times 13/10/91 (62)

S/Times 13/10/91

SIMON BARBER sums up what was seen as eccentric posturing by the organisation at this week's investment conference held at Notre Dame University, at South Bend, Indiana

AMERICAN businessmen were shown two faces by the ANC at the conference.

The first one, sketched by foreign affairs director Thabo Mbeki, they found modestly encouraging. Unfortunately, it was the second, presented by Trevor Manuel, secretary of the ANC's economics department, for which the meeting will most likely be remembered.

There is some dispute as to what Manuel actually said at Monday's closed-door session, but no doubt about its effect. Most of the 30 or so mainly mid-level executives who made the trek to South Bend, Indiana, emerged from the conference room wondering why they had contributed up to $5 000 per firm to fly the ANC over.

Serious

Most hailed from companies that have weathered investment bans, shareholder pressure, double taxation and the potential loss of state and city contracts to stay in South Africa. The remainder were by and large from firms that have either succumbed or reduced their exposure to the point where it does not benefit the South African economy.

It was a familiar crowd, betokening little fresh interest on the part of serious players who do not already know South Africa well.

What it heard Manuel say was that the ANC, once in power, might punish companies that had persevered while giving special treatment to those that had complied with the movement's wishes — either by disinvesting or never investing in the first place.

Threat

Manuel later insisted he and his seven-member team were merely "kicking the ball about" on a new investment or "empowerment" code and that whatever they said could not be treated as policy since the code would not be finalised until the ANC was in power.

He complained that the Americans refused to appreciate that "for us, politics and economics are inseparable". He also strongly denied that there was "any threat on our part" since this would be "counter to the spirit with which we've entered into negotiations" with the government.

He did, however, concede that the establishment of rules for new investment, which would entail requirements for black board representation and equity ownership, raised questions about how to deal with existing US subsidiaries.

"If you're saying to new investors, 'Put blacks on your boards', what do you say to those companies that are already there?"

That was not precisely how others recalled it. One American participant who took detailed notes, and whose view was confirmed by half a dozen business representatives, said: "They left the distinct impression that those companies which stayed behind may face some political difficulties with the ANC."

Pressure

This source, again corroborated by others, also said that Manuel and his colleagues "sneered at the 'Sullivan Code companies'", arguing that their social responsibility efforts were "not adequate" and singling out one of the code's most dedicated adherents, Johnson and Johnson, for special criticism.

Offending firms that have resisted pressure to leave is one thing. But in attacking the Sullivan Code, the ANC team did nothing to reassure the representatives of companies that have departed. Scouts from General Motors and Ford were on hand, as were a number of bankers.

"There were companies there which said they were prepared to go back right now if they were given the signal," a participant recalled. "They said they needed competitive arrangements but were willing to contribute to stepped up social programmes ... They came away very distressed and felt a high degree of intellectual hostility."

Joseph LaBonte, who was briefly chairman of Reebok, the athletic shoe company which has used its support for sanctions to dampen criticism of its aggressive marketing of R300 sneakers to poor black teenagers in the US, tried to act as an intermediary.

LaBonte, who is bitterly resented by some in the business community for Reebok's sanctions stand, pleaded for companies to show some understanding. The ANC had not had time to work through its positions, he argued, and furthermore there might be some merit in "rewarding" those firms that had stayed away.

This did not sit well with executives who felt LaBonte was unwittingly blinding the ANC to reality: no company that had left South Africa and almost none that never invested there to begin with, had acted out of respect for the ANC's wishes.

THABO MBEKI
Made firms feel wanted

TREVOR MANUEL
In a vindictive mood

Tragedy

Their decisions were and would always be economic. It was in those terms, and those terms alone, that South Africa would have to compete for investment. The reward idea, let alone the penalty one, was dangerous nonsense. Threaten to politicise investment and it would dry up.

The tragedy of it all was that the companies were not asking that much: a welcome mat and an end to state and local sanctions. In many cases, they were asking less than they might demand of others seeking their business.

Had it been left to Mbeki, the outcome might have been very different. He at least made the companies feel they were wanted, whether or not they had disinvested, and while he did not satisfy them on sanctions directly, he gave them the right winks.

In an address on Sunday night, before he flew off to another conference in Frankfurt, he came as close as any senior official ever has to declaring the process of change irreversible. He openly endorsed President FW de Klerk's position that a new system had to be in place by 1994 when the present government's mandate expired.

Message

Just as important, he predicted that agreement on interim arrangements was only months away and that the ANC would then be in a position to make the "unequivocal" call for the removal of sanctions sought by the businessmen.

In the meantime, he urged, US investors should not start planning to re-engage. Nor should they be deterred by the ANC's rhetoric on nationalisation and the disavowal of debt. "No major organisation can say we've sorted out our economic policy and we know what to do."

Even though the "look now but don't touch" approach may have sounded impossibly naive, it also appeared to be the product of short-term political necessity. Mbeki, many of his listeners thought, was trying to pass them a message.

That message might have got through had not Manuel and Co torn it up the following morning.

BUSINESS

US firms: Softly, softly back to SA

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w/ mail 11/10-17/10/91.

As sanctions crumble, will US companies rush to invest in South Africa again? A new report suggests there are other factors involved, reports REG RUMNEY

'PEACE is not enough. You could solve the political situation and companies would still not go in if the African National Congress' economic policies scared them."

That remark, attributed to an unnamed US executive, is only one indication of the barriers to renewed American investment in South Africa.

It is contained in a useful report called "US Business in Post-Sanctions South Africa: The Road Ahead", by Jennifer D Kibbe, of the prestige Washington-based Investor Responsibility Research Center.

The report's findings on future investment will be disquieting for business, the government and ANC-aligned groupings.

In the light of ANC president Nelson Mandela's recent statement on nationalisation, the brief section titled "Interpreting rhetoric" is apt, even though it was penned in August, when everyone had forgotten about this "option".

Two interviewees "cautioned that South Africa's future leaders can scare away potential US investors with impolitic rhetoric", writes Kibbe.

Kibbe further records the interviewees' belief that US business is ignorant of Africa's history. "According to the government official they 'can't distinguish one country from another', nor can they discern which rhetoric is said out of belief and which for mere political necessity ... Both interviewees expressed concern over whether US companies would ... be put off by political posturing in South Africa without looking closely enough to see what business conditions are really like.

"On the other hand, one interviewee warned, if nationalisation ever becomes more than rhetoric, one can look to the case of India to see how fast and completely US companies like Coca-Cola and IBM left the country when the Indian government made its intentions known."

The only ray of light is that rhetoric about socialism and nationalisation may scare US companies more than European ones that have been exposed to forms of socialism in various European countries.

Other deterrents to new or renewed US investment are the still-strong moral argument that companies should stay out until there is universal suffrage, an end to violence, and economic stability — including the soundness of economic management in the transition period and what economic policies future governments will adopt.

One bellwether US corporations have been looking at to see if they should invest, according to Kibbe, is how South Africa handles its own investment capital.

She mentions the reincorporation of De Beers' overseas interests offshore: "The company maintained the move had nothing to do with fear of nationalisation and everything to do with the fact that around three quarters of De Beers' profits came from operations outside South Africa.

"However, to foreign investors the sight of the powerhouses of South Africa's business community, like Anglo American and Barlow Rand, stashing their assets overseas and avoiding the South African economy does not give them much faith in South Africa's investment landscape."

The conglomerates mentioned will argue that it just isn't like that.

Barlows and Anglo could well argue that offshore investment is merely a good business decision, and perhaps too scarce because of foreign exchange control, but this matters as little as whether nationalisation is really on the cards or not. Kibbe's report is dealing with investment decisions based as much on perceptions as fact.

Another bellwether is South Africa being allowed access to IMF finance and the US Overseas Private Investment Corporation.

An investment code might serve to clear up issues such as requirements for a percentage of local ownership of assets, tax, tariffs, and company obligations in dealing with unions.

However, if the code is too restrictive it will put investors off rather than attracting them. According to Kibbe, US companies will accept conditions aimed at redistribution as part of the cost of doing business in South Africa. The overriding factor is profit. But it must be as voluntary as possible. As one banker put it, "If you try to dictate to banks what they can do with their money they won't work with you."

Another sobering conclusion is that what Kibbe calls the "agony factor" will keep US companies who suffered in pulling out from coming back. The disinvestment debate has left deep scars in the corporate psyche.

"Several went so far as to say that companies that had pulled out would not go near South Africa unless the pro-sanctions groups 'do a 180-degree about face' and demand that US companies go back.

"Even then, many company officials stressed that — as one executive put it — activists 'won't be able to have it both ways'. They argue that those who lobbied for disinvestment did not realise that investment is not a spigot one can turn on and off at will."

Competition for scarce foreign investment funds, South Africa's geographical location, labour supply problems, the difficulties of reinvestment in markets once abandoned and that disinvested US companies are successfully doing business with non-equity links to South African firms are other reasons which bode ill for investment.

All these come on top of numerous state and local authorities operating selective contracting laws

The report deals only with US investment, but many of the factors mentioned apply equally to European companies, and there is little for our comfort in the remark: "For companies outside of consumer products, jewelry, tourism, mining or computer industries, though, one interviewee echoed the sentiments of several others by asking 'What's to rush into? "

...heid legacy

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Money will dictate new SA success

Sowetan 14/10/91

Substantial government intervention in support of efforts to eliminate imbalances of apartheid should be possible without interference with market forces and without reducing incentives for private investments.

South Africa must adopt growth-oriented policies. The only way for the society to meet these ends and to increase the share of the wealth for everyone is for the economy to grow.

Those who hope to assume positions and responsibility in the new South Africa must also be prepared to make economic decisions which will demonstrate their commitment to economic democracy and to obeying the will of the market - answering to the needs of the people.

Job creation is vital to black economic empowerment. Unemployment estimates in South Africa run as high as 40 percent. At the same time, jobs requiring special skills go unfilled because of the lack of qualified candidates.

US will reinvest only if ANC, PAC say so

(62) CAPE TIMES 16/10/91

PAC Viewpoint
by BARNEY DESAI

I ATTENDED the recent conference of US investors at Notre Dame University, South Bend, Indiana — the first of its kind — as a representative of the PAC.

The conference was sponsored and attended by senior executives of a galaxy of American corporations including General Motors, Ford, Colgate-Palmolive, Johnson & Johnson, Bristol Meyers, Upjohn, American Digital, Chemical Bank, Tokheim Corp, Sheen, AT & T, Caltex and British Petroleum.

Thabo Mbeki of the ANC, despite recent ANC pronouncements on nationalisation and foreign loans (anathema to American ears), made a powerful case for foreign investments when the democratisation process was firmly in train and the signal was given to lift sanctions.

Meanwhile he stressed that new investors should prepare themselves by embarking on advance training programmes that would enable senior black executives to participate fully in their companies in the future.

Responsibility

On behalf of the PAC I told the conference that we were not interested in nationalisation for doctrinaire reasons and that the thrust of our policies was not to take wealth from our elite class (whites) and transfer it to another elite class (black) through the bureaucracy of nationalised industries.

We would not impede the return of profits but that profit-making must carry with it a sense of social responsibility in a country such as ours, where the disparities of poverty and wealth are enormous.

From the warmth of the response to these remarks, I gathered that our message was clearly understood and appreciated: that returning investors, those still in South Africa who did not disinvest and potential investors, could not in future operate on a "business as usual" basis.

'Education'

The Assistant Secretary of State for African Affairs, Mr Herman Cohen, in his opening remarks, also made the point when he said: "Our emphasis will remain on the South Africans disadvantaged by apartheid.

"We plan to expand the education component to include programmes in education, housing and health care. This will include vocational education ... we will try to recapture a small part of the lost generation of South Africans excluded from decent elementary and secondary education."

The conference was closed to the media but some corporate leaders did express their views to correspondents.

Their views indicated a keen desire to come into the greater Southern African market with a population base of almost 150 million people. They saw our country's advanced infrastructure as a base from which to reach out to Africa.

The general view is that there will be investment in a stable environment.

Delegates were not, however, enamoured with the view expressed by Trevor Manuel of the ANC that companies which had not disinvested might be penalised and those which did rewarded.

John Rhame of General Motors talked about his own company's reaction several years ago when it sold its vehicle manufacturing plant in Port Elizabeth, which employed 5 000 people and manufactured between 40 000 to 50 000 vehicles a year.

He said: "That doesn't sound like much in business terms, but it was from our standpoint. We just lost that and are anxious to get back in."

Reopening a plant in South Africa won't turn around GM's financial picture in the short or the long term but Rhame said that for his corporation — and for others — investing in South Africa was part of the bigger picture of global economic development.

"There is tremendous potential ... raw materials; people, for their working power and consumer power — there is a broad potential."

Other corporations have similar standpoints.

Clear signal

Roderick Turner, as senior executive at Colgate-Palmolive, said from what he could tell, American business was watching South Africa closely.

He said: "Things certainly are much better from an economic and business point of view than a year ago. It's a market waiting to grow."

It is my clear impression that new investment into our country will not be realised until the foreign investors get a clear signal from the liberation movements that we are on our way to democratic government.

Mr De Klerk's recent posturing at Stellenbosch dims the signal.

It's the cautious comeback

US-based giants are in no hurry

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Star 20/10/91.

US-BASED software and computer companies, many of who maintain self-imposed sanctions against South Africa, are slowly returning to normalised trade with this country.

Ironically, the most vociferous anti-South African computer companies (especially in the PC market), with the exception of a very few, have the best-entrenched products in South Africa.

A point in case is Microsoft, whose PC operating system MS-DOS is installed on almost every PC in the country.

Another is Lotus Corporation — Lotus 1-2-3 is believed by many to beat other (legal) spreadsheets by far in terms of non-pirated copies.

Although most of these players can return legally to trade with South Africa, they remain cautious. The largest of the bunch, Lotus and Microsoft, have not yet appointed agents and are in no apparent rush to do so.

Sources close to one of these firms say that haste is not on their return agenda as there is little chance of anyone grabbing market share while they hesitate.

"After all, they have all the market share they can ever get."

Also, it is said that high-profile software publishers in particular are looking for local agents owned by blacks. There are not many of these.

This month, Aldus Corporation started trading openly with South Africa again but, like high-profile PC company Compaq, returned without any fanfare. Aldus Corporation is the developer of PC-based text management and make-up programs such as PageMaker, FreeHand, PrePrint and SuperPrint. It has now decided to end its sanctions campaign against SA and trade openly.

In a statement issued through its new official South African distributor, HNR Desktop Systems in Cape Town, Aldus said it would join a number of other major software companies in returning to SA.

"Aldus has consistently supported sanctions imposed against South Africa and even now the company is very sensitive to the situation here and aims to continue its anti-apartheid policy."

Aldus said HNR was committed to the building of a post-apartheid society and its products could help in the process.

"What the black population needs most is education and the best way to provide that is through the provision of inexpensive books, using cheaper publishing methods."

Aldus PageMaker, a DTP program for the PC and Macintosh, enables publishers to edit, design and lay out books, magazines and newspapers more cheaply, it said.

Even though the company has only now officially returned to South Africa, its products, including PageMaker, are in widespread use here.

Black US business scrambles for piece of SA aid pie

B/Day 22/10/91 (62)

SIMON BARBER in Washington

FOR SOME years now, the US Agency for International Development (USAID) has been toying with the idea of establishing a venture capital fund in SA to promote black-owned business. If a squabble between two Washington development consultancies, also known as "beltway bandits", can be resolved, the idea could be on the verge of realisation.

First, about the spat. Bear in mind that USAID farms out virtually all its project activities — everything from feasibility studies to implementation — to private companies.

The agency has awarded Chemonics Inc, one of its favourite contractors, a five-year, $10,2m contract to establish something called the SA Black Integrated Commercial Support Network. This is big money as such contracts go, and the award has been challenged by an outfit called Labat Anderson Inc.

Labat Anderson is a minority contractor. That is, it is owned and controlled by persons deemed under American law to be racially "disadvantaged" and therefore eligible for privileged access to USAID contracts. On September 30 last year, it was administering $20,2m worth.

There comes a point when a minority contractor is considered to have "graduated" and no longer in need of preferential treatment. Labat Anderson has reached that point. However, because it is a "disadvantaged"-owned business, it apparently feels it has a special right to contracts concerning SA

There is going to be a lot of this in the years ahead. President George Bush's announcement last July that he proposed to double SA's aid allotment to $80m a year, combined with the widespread belief that the ANC will shortly be in power, has set off a racially charged scramble among black American entrepreneurs for a piece of the pie.

This is true not only of development contractors. Black American businessmen — whether they be boxing promoters, entertainment moguls, or owners of McDonald's fast food franchises looking to branch out — are starting to flock to SA to seek their reward from the ANC. Having, in their own minds, helped "liberate" SA, they see it as their own turf.

The awarding of USAID contracts for SA-related projects has been highly politicised since SA became an object of the agency's interest in the early '80s. The situation, rather than improving with apartheid's end, is now likely to worsen.

It is not known whether Labat Anderson has asked the ANC to exercise its muscle with the USAID mission in SA, nor whether it has even thought of so doing — like Chemonics, it will not comment on the dispute — but, be assured, such things will happen.

The problem is exacerbated by USAID's own procedures and proclivities. In the case of the Support Network contract, it is far from clear whether the award process was fair.

As with many SA-related contracts, the Support Network was left out of USAID's Swaziland mission. Although the agency gave due notice in the US that it was seeking bids, potential bidders were required to obtain the formal "request for proposals" documentation from Mbabane. Unless USAID is lying, the request for proposals has not been and is not available from its Washington headquarters.

The request for proposals was published on May 14. Once they had managed to obtain a copy, interested parties were given only until July 5 to submit — again to Mbabane — minute details of how they intended to implement the project and why they were the best qualified for the job. This is standard.

Less usual was the request's suggestion that the successful bidder might have to find a way around the Compehensive Anti-Apartheid Act's ban on new investment in SA in order to capitalise the fund.

The ban was not repealed until July 10, five days after the closing date for bids. Only bidders with good inside sources could have been certain of the ban's repeal and that there was therefore little danger of their submitting a plan at odds with the law and policy of the land.

Chemonics has such sources. It is known in the trade as a "preferred" contractor. Many of its people are former USAID officials. Last year, it was administering a portfolio of contracts worth $39,9m — more than all but a handful of other contractors. One of its contracts was in Swaziland, so it was well placed to know what USAID there was planning.

This is not in any way to suggest wrongdoing on the company's part. It is merely to note that it had an edge based on USAID's bizarre, and publicly unscrutinised, methods of doing business. Under the circumstances, the agency was all but asking for its choice to be challenged.

Which is a pity because, on balance, the Support Network is an interesting idea. Although it begs the question of quite why South Africans could not do the same thing for themselves, there have been worse ways of spending $10m of US taxpayers' money.

Prior to the challenge, Chemonics proposed to open a 12-person Support Network office in Johannesburg within the next few weeks, staffed mostly by local people but headed by one Leland Hazlewood of New York-based Dimpex Inc, a minority-owned management consultancy brought in to meet USAID's minority subcontracting requirements. The company's plans are now on hold.

Whoever ultimately runs it, the office will have three principal tasks, according to the Support Network's proposals.

The first is to launch "an aggressive, sustained promotion and public education campaign aimed at expanding black enterprises' access to commercial and industrial markets through subcontracting, franchising and other business linkage mechanisms". Through "seminars, workshops and individual contacts", corporations are to be "enlightened to ... the benefits of such mechanisms", while black entrepreneurs will be "orientated to the expectations and general 'culture' of mainstream, formal SA businesses".

Step two is to set up a $3,4m Technical Assistance Fund which will be used to provide basic management training. SA accounting and consulting firms will be engaged to put about 50 black companies on their feet by helping them establish bookkeeping procedures, business plans and marketing strategies.

The 25 black firms "judged to have the greatest potential for future self-sustained growth" will then be singled out for "much more intensive assistance ... in management, marketing, costing and other areas", including help in securing contracts from major corporations.

Of the 25, it is envisaged that 12 will be eligible for injections of capital via stage three, the creation of a Black Equity Capital Fund, which will take minority stakes in selected ventures or purchase their paper. The fund's starting capitalisation, to be raised by the contractor over the next two years, is expected to be at least $5m.

The fund, which will be managed by an American or other expatriate appointed by the contractor, will seek capital both internationally (this is where the CAAA problem came in) and from SA "insurance companies, pension funds, banks and other financial institutions, non-financial corporations, wealthy individuals and charitable trusts". USAID itself will provide no investment capital.

In line with standards in the US venture capital industry, the contractor will receive an annual management fee of 3% of all funds managed and will be entitled to 20% of all cash flows generated by the fund's investment after a 100% return of investment capital to fund investors.

In short, and assuming all goes well, there is risk-free money to be made from this contract over and above the percentage the contractor is normally allowed to keep from the initial grant. That does not offer much encouragement that the current dispute will be settled quickly.

BUSINE

Lotus plans SA subsidiary

(62)

Lotus Development Corporation, the world's second biggest computer software company, which is represented in 65 countries, will open a fully-owned SA subsdidiary next year.

At a function on Wednesday night, Lotus' international business development manager John O'Hara said the company, which has an estimated international turnover of R3 billion a year, will commit R1 million a year towards training and education in disadvantaged communities. Stv 29/10/91.

The company wanted to play a positive role in SA's development through funding training that would improve computer literacy and create technical skills in the black community.

HNR and Computer Horizons have been selected as Lotus's agents in SA. — Sapa.

Lotus to take up a new SA position

(62)

B Day 24/10/91

MELANIE SERGEANT

LOTUS Development Corp yesterday announced its entry into SA and said it had plans eventually to create a wholly owned subsidiary.

Other US-based computer and software companies are now expected to follow suit.

Having decided in 1985 not to do business in SA as long as apartheid existed, Lotus is now coming into the local market with a dual distribution strategy. It has selected HNR and Computer Horizons to sell its products.

A Lotus statement said: "HNR is the only black-owned software distributor in SA. It has a strong reputation for its high level of support and for its socially responsible activities."

From next year Lotus planned to invest at least R1m a year in "community investment programmes to expand business development within disadvantaged communities and to bolster existing community efforts that have been successful", the statement said.

Cape Town-based HNR's joint owner Hasmukh Gajjar denied in a recent interview that HNR was canvassing foreign companies for business. He said HNR had not approached US companies, but had itself been approached because it had various social programmes in place. Lotus Group international business development GM John O'Hara said during a recent visit to SA that Lotus would not choose a local

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Lotus

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□ From Page 1

distributor on the basis of colour.

Lotus's first product, Lotus 1-2-3, is the world's most popular PC software programme, with more than 16-million users.

Lotus has about 80% of the SA spreadsheet software market and there are about 350 000 illegal copies of Lotus 1-2-3 in SA. The local market is estimated to be worth between \$7m and \$12m a year, or 1% of Lotus's total revenue.

US giant Microsoft is expected to announce its plans to return to SA soon and industry sources said it was favouring a single-distribution strategy to avoid "watering down" potential market share.

Workgroup Systems MD Dana Buys believed Lotus's dual distribution decision would benefit competitors like Microsoft.

"WordPerfect, also sold by HNR, is Microsoft's biggest competition in the word processing arena, and Lotus in the spreadsheet market. HNR's efforts will be diffused, especially as it will be fighting with Computer Horizons for market share for Lotus," he said.

Black man fights sanctions for FW

BDay 13/11/91 62

WASHINGTON — Like many diplomats who populate Embassy Row, Paul Jacobs has a courtly, non-confrontational style, the sort of smooth demeanour essential to the art of diplomacy.

He is also a pioneer of sorts, a symbol of the fundamental shift that has taken place in his homeland. Jacobs is South African. He is also black.

The comfortable trappings Jacobs enjoys as an SA diplomat are a far cry from his humble beginnings. He is one of nine children who lived off the proceeds of a family-run shebeen near Pretoria.

But he developed a passion for education, not only as a means of bettering his life but also that of South Africa's black youth. Before coming to Washington, he spent 35 years working in SA state schools.

He is an unswerving opponent of apartheid and, perhaps more surprisingly, of the economic sanctions imposed on SA.

Part of his mission as embassy first secretary is to convince Americans that sanctions, however well-intentioned, have had a devastating effect on the well-being of countless South Africans — virtually all of them black.

Jacobs, 53, reflected the other day on his migration from teacher to diplomat.

"I taught for 35 years. Fifteen of those, I was headmaster of three different schools. It is very difficult to try to teach a child when that child comes to school hungry, when the child is not properly clothed, when the child's family is not properly housed," he said.

Jacobs said much of his time was spent raising funds at factories and other firms to help his pupils and their families. He came to rely heavily on some of the American companies with outposts in SA.

Frustration

Then, in 1986, Congress overrode President Ronald Reagan's veto of sanctions on SA. Although the sanctions did not require US firms to pull out of SA, Jacobs said many did so anyway. His community service efforts suffered.

Funds began to dry up. Rising unemployment left many families impoverished. The American firms, he said with an air of certainty, "should not have withdrawn".

In frustration, Jacobs decided to try to find a way to take his case against sanctions to the American people. Two years ago, he left his career in education and became a trainee in the SA diplomatic service. He arrived in Washington last July.

By coincidence, less than a month after his arrival, President George Bush lifted the sanctions in response to reforms by President F W de Klerk.

Jacobs's boss is ambassador Harry Schwarz, who shares his subordinate's distaste for both apartheid and sanctions. Jacobs has lobbied hard to end all curbs on US-SA economic ties, talking with state legislators and others. He seems disappointed with the results so far.

"The only state that has lifted sanctions since I've been here is Oregon. All the others are still saying it is premature," he said. — Sapa-AP.

US franchises seen as a good bet

DURBAN — Although direct investment by American companies in South Africa remains an unlikely prospect, opportunities for small black businesses to take on franchises could prove a safer path for prospective US investors, says visiting US analyst Jennifer Kibbe.

Ms Kibbe, who hails from the SA Review Service of the Investor Responsiblitiy Research Centre in Washington, says American companies would be more likely to enter into non-equity ties such as licensing and franchising agreements, which entail a smaller injection of capital and lesser financial risk.

Ms Kibbe has just completed a survey of attitudes of 50 American business executives, consultants, bankers and government officials to investing in a new South Africa.

She says ongoing violence poses more of a threat than nationalisation to the security of their investments.

"Companies who have committed themselves to staying here all these years, despite pressures to pull out, all mention the violence as a factor that could cause them to change their minds.

"They told me of problems with Americans who were supposed to take positions in business here, but refused to come because they were too scared," she says.

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Other indicators of investor uncertainty were noted by Ms Kibbe at a private meeting between African National Congress representatives and US business leaders at Notre Dame University in October.

Ms Kibbe said both sides left the meeting with unfulfilled expectations.

"The ANC was saying that it wanted business to focus on training, in preparation for future investment, while businesses had expected to get the go-ahead from the ANC to move back in.

"I don't think that this meeting was a setback for relations between the ANC and those companies that attended".

Ms Kibbe says that although the federal Comprehensive Anti-Aparthied Act was lifted in July, 58 local and state restrictions are the major obstacle to US investment.

She says anti-apartheid activists on a local level are now looking at how to lift sanctions.

Promoting opportunities for small black businesses to take on small contracts and franchises could be an acceptable process.

"If anti-apartheid groups can find a way to make the process of lifting sanctions favourable to black South Africans, then they would even lobby for them to be lifted and for companies to move back in," says Ms Kibbe.

"But there is still a lot of bitterness felt by those companies who were forced to pull out. And although people are talking about the opportunities of the black consumer market, compared to all of Eastern Europe, it's puny." — Sapa.

Foreign investment trend reversed in SA

62

ROBERT GENTLE

THE number of foreign non-US companies with direct investment or employees in SA increased by 23 to 456 in 1991, reversing a four-year-old declining trend.

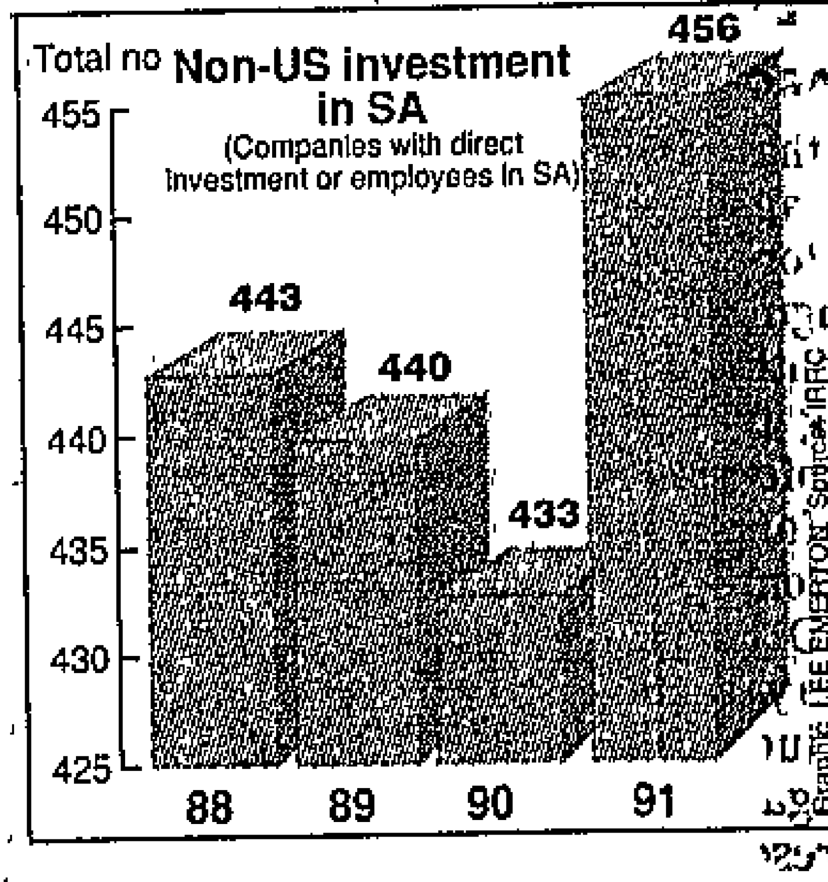
This emerges from statistics published by Investor Responsibility Research Center (IRRC), an independent research organisation based in Washington DC.

The IRRC's 1991 edition of International Business in SA, published this month, shows that of the companies that still have direct investment or employees in SA, 156 are British, 132 are German and 104 are American. BDay 20/11/91

However, it says in a Press statement that the trend in the US is still towards disinvestment rather than investment.

No US company has made new investments in SA since President George Bush lifted the ban on new investment in SA in July this year. And although the number of US disinvestments has dropped from a high of 56 in 1987 to only one in 1991, the number of US companies present in SA is "the lowest it has ever been".

The total number of disinvestments from SA since 1984 now stands at 403, says the report.



Of this total, 215 (or 53,3%) came from the US, 87 (or 21,5%) from the UK and 34 (8,4%) from Germany.

By contrast, France, the Netherlands, Switzerland, Belgium and Sweden together accounted for only 30 (or 7,4%) of the total.

The trend among foreign companies towards establishing non-equity links (such as licensing or distribution agreements) with SA companies continues to increase, the report says. A total of 363 foreign companies have such links, of which 192 are American.

At least two US companies — Federal Express and Lotus Development Corporation — have established non-equity links with SA companies since Bush lifted sanctions.

Roychem close to deal with US group

B | Day 30 | 11 | 91

SEAN VAN ZYL

ROYAL Group's listed chemical subsidiary Roychem has struck a deal in principle with US chemical group Ferro for the local manufacture of chemicals to be distributed by the US group's worldwide network, group MD Doug Johnston said yesterday.

Johnston would not disclose the value of the deal or the product concerned and noted that the venture still had to be finalised.

Roychem was formed earlier this year when Royal acquired Ferro Industrial Products from Ferro US after the former parent company pulled out of SA. The local Ferro operation manufactures speciality plastics, coatings and ceramics.

The Ferro deal closely follows news that Royal — through its food operation Royal Foods — is negotiating a joint deal with French food multinational BSN.

BSN manufactures and distributes world-class brand names in food and is apparently looking for a local partner to market its products in SA.

Royal chairman Vivian Emerman admitted the group had a "close relationship" with BSN but said discussions were far from concluded.

Market sources said Royal, possibly with BSN, was also set to acquire a major local distributor in the dairy field.

Imperial Cold Storage and Supply Company (ICS) would appear to be the most likely candidate. However, market analysts did not expect ICS's parent CG Smith Foods and ultimate controlling shareholder Barlow Rand to put the company on the bidding block.

Johnston declined to comment on the food-related deals but said Royal was in contact with various parties worldwide and had openly expressed its intention to seek international partners.

Foreign investment in SA up – US report

62

STAR 27/11/91

By Hugh Roberton, Washington Bureau

Foreign investment in South Africa increased last year and there was also a rise in "non-equity" links between foreign and SA firms, says a new report issued by the Investor Responsibility Research Centre.

The IRRC is an independent, non-profit organisation which, among many diverse activities, monitors US and other foreign investment and trade links with South Africa.

The 1991 edition of the IRRC's report on international business in South Africa says the number of non-US firms with direct investment or with employees in South Africa increased by 23 during the year.

But the report stresses that no new US companies invested in South Africa during the period, although there was an increase in US companies entering into licensing, distribution and other "non-equity" agreements with companies in South [redacted]

It notes that the number of non-US companies with direct investments in South Africa declined slightly each year from 1988, when there were 443 such firms, down to 433 firms last year.

But, in the past year the decline was reversed and the number of companies with direct investments in South Africa grew to 456.

The report notes that "the trend in the US is still towards disinvestment from, rather than investment in, South Africa".

It adds that no US company has made new investments in South Africa since President George Bush lifted sanctions in July.

"Although the number [redacted] dropped since 1987, the number of US companies with direct investment, or employees, in South Africa is the lowest it has ever been," the report says.

There are now only 104 such US companies as opposed to 322 in 1984.

By contrast, there has been an increase in the number of US companies with non-equity links in South Africa.


Mr Eric Mafuna, co-chairman of newly-formed SAABC.

Council urges re-investment

Sowetan 28/11/91.

(62)

By JOSHUA RABOROKO

THE nine person executive committee of the South African-American Business Council has appealed to American corporations that disinvested from South Africa to prepare themselves to help blacks.

South African co-chairman of SAABC Mr Eric Mafuna said those corporations should play a positive role in the reconstruction of this apartheid-ravaged country if and when they decide to return.

Mafuna, who is also managing director of Consumer Behaviour Ltd, said: "There can be no lasting political solution to the South African problem if the black people do not perceive the political settlement to bring to them immediate economic benefits in the form of direct participation at all levels in the economy of South Africa, from social services through equity participation."

SAABC was established at the initiative of black South African and Afro-American business people during a visit by a group of black Americans led by Mr Randall Robinson, executive director of Trans-Africa, in October.

The group was invited to South Africa by ANC president Mr Nelson Mandela.

Meeting in London at the weekend, the SAABC executive committee acknowledged the important contribution to the elimination of apartheid of those corporations that had heeded the call to disinvest from South Africa.

It appealed to these corporations to continue to play a positive role in South Africa by helping in the development of black entrepreneurs, managers and technicians by starting now to work jointly with SAABC to design programmes that will contribute to black economic empowerment.

INFORMATION TECHNOLOGY

Microsoft's return to SA greeted by war of words

BDay 28/11/91 (62)

Reports by MELANIE SERGEANT

ONLY hours after Microsoft announced it was returning to SA, a war of words blew up around the US software corporation.

On Monday, Microsoft announced the appointment of Workgroup Systems as its non-exclusive distributor in SA, but M & PD company Softsource sent faxes to a number of dealers offering discounted prices on "fully authorised" Microsoft products, saying it would continue to be a leading supplier of this product.

Workgroup Systems MD Dana Buys challenges Softsource's claims and describes its fax to dealers as "misrepresentation".

"There's nothing we can do at this stage if Softsource chooses to sell stock at a discount, but we take exception to the stock being labelled as 'fully authorised Microsoft products'."

Buys says all Microsoft's distributorship agreements worldwide are non-exclusive, but distributors are assigned a territory and not allowed to sell outside that territory.

Workgroup Systems is the only distributor assigned to sell in SA, although Microsoft has left its options open about adding other distributors.

A Microsoft spokesman in the US says there are no plans to appoint additional distributors in SA because the market is probably large enough to support only one.

Buys argues that Softsource's term, "fully authorised", is a claim to authorised distributorship.

Softsource MD Brian Streak counters: "All Microsoft products sourced and supplied by Softsource into the SA market are fully legitimate. Due to historical circumstances, Softsource has bought these products through a channel that is fully authorised and approved by Microsoft with distribution rights into Africa.

"While Softsource continues to retain access to Microsoft products through this channel, alternative sourcing is currently being negotiated through which I'm confident Softsource will have direct access to products via an authorised SA distributor."

Some industry sources expect Microsoft to make further announcements within the next month about distributors because a number of parties claim they are still negotiating with the corporation to sell its products in SA.

Buys says: "I don't deny the Softsource products are legitimate, but maintain they are not authorised for distribution in SA.

"I believe a local consortium has been negotiating with Microsoft and would use Softsource for sub-distribution, seeing they don't have an existing company.

"However, for now, if Softsource wishes to sell authorised products, its only source can be Workgroup Systems, and we don't believe we need Softsource for sub-distribution because we have a sufficiently large countrywide representation.

"We are, however, working with HNR and Computer Horizons on limited sub-distribution for certain products which augment their own products. But sub-distribution will take place only in a value-added context."

Microsoft's spokesman says: "Any talk of another distributor would come as a surprise to the corporation."

Regarding grey market channels, he adds: "We can't simply shut them down, and they are difficult to police, but we will try to stop these activities and work towards strengthening our single channel."

Many Americans 'do not want sanctions to go now'

Political Staff (62)

CAPE TOWN — Less than a third of Americans, 28%, favour an immediate lifting of US sanctions against SA, and 41% advocate keeping sanctions in place, the Roper Organisation said yesterday.

It also found in a nationwide poll in the US that 31% of the respondents had no opinion on the issue.

The results of the poll were released yesterday.

It said the American public had strong opinions about conditions under which SA economic sanctions should be lifted. B/Day 29/11/91.

"Public opinion also favours a positive, more proactive role on the part of American companies investing in a post-apartheid SA. And yet ironically, a majority of American people don't follow news events in SA."

Roper said 50% of the respondents preferred the ending of all sanctions to be conditional on a new constitution restoring full citizenship rights to black people.

It said this finding suggested US public opinion was far to the left of the Bush administration.

A second preferred option, given by 47% of the respondents, called for the lifting of sanctions in the event of the abolition of all apartheid laws and regulations.

The survey also found that 40% of Americans felt US companies should make a strong effort to help blacks in SA and 20% wanted US companies to observe a strict code of conduct that set aside plenty of good jobs for qualified black South Africans and to invest heavily in black communities.

A similar proportion, 20%, also wanted US companies to make a real effort to help black South Africans.

"Surprisingly enough, a substantial number of respondents, 26%, would prefer American companies to 'concentrate on being efficient and profitable' without taking sides with either the blacks or whites.

"A small minority, 6%, of respondents opposed American business involvement in SA even after the sanctions were lifted," Roper said.

The data from the survey was provided to the SA Black Business Development Foundation and the Centre for Management at the University of New York which undertook the analysis of the data and was solely responsible for the report's conclusions.

US firms on way back as punitive tax is lifted

(62)

S Times (Buss) 1/12/91

By CIARAN RYAN

SOUTH Africa stands to pick up a larger slice of US investment because of the removal of tax penalties on American companies operating here.

Few companies appear to be aware of the implications of these changes in US tax laws, says David Lermer, a senior international tax consultant with Cooper Theron Du Toit.

American companies were penalised for making profits in SA, now they are encouraged to pursue them aggressively.

Credits

In 1987, Congress imposed an effective double taxation on profits whether they were remitted or not.

These penalties, part of anti-apartheid measures, were removed in July this year.

The punitive tax, coupled with strong pressure to disinvest, forced dozens of US companies to abandon SA between 1985 and 1989, when President De Klerk announced his reform package.

Mr Lermer says: "Because the removal of this punitive measure affects the US parent's tax liability and not its SA subsidiary, and the change occurred in the middle of the tax year, many companies are unaware of the change, or are unsure of the implications.

"Essentially, the US parent's tax liability for subsidiaries is likely to be much lower as of July this year. Profits of the SA firms will become taxable in the US only if dividends are repatriated."

The federal corporate tax rate is 34% compared with 48% in SA. Before 1987 US companies with subsidiaries in SA were given credits for tax already paid in SA. When the penalties were imposed, no credits were given for tax paid in SA.

The result was that companies with subsidiaries in SA which distributed all profits as dividends ended up paying an effective 71% tax.

For example, a subsidiary of a US parent making a profit of R100 000 would pay R48 000 (at a 48% SA rate) to the Receiver, plus 15% non-resident shareholder's tax amounting to R7 800 on dividends of R52 000.

The Internal Revenue Service (IRS) levied tax on the balance of the profits at a rate of 34%, representing a further liability of R15 028.

On pre-tax profits of R100 000, therefore, the total tax burden on US companies was R70 828.

Another advantage under US tax law which was removed from SA subsidiaries in 1987 was the right to offset tax savings from one country against that paid in another.

Treaty

A US company with trading operations in both SA and the Bahamas, which has no company tax, still offset the 48% company tax paid in SA against the saving in the Bahamas. It paid no more than the US tax rate of 34% in total. If the total tax paid was less than 34%, the shortfall was due to the IRS.

Mr Lermer says the level of interest from US companies looking at investment in SA has picked up in the past few months as a result of positive political developments and the tax changes.

The US Treasury is considering entering into negotiations for a new tax treaty with SA which should further encourage trade and investment between the two countries.

Until a treaty is concluded, US investment in SA is likely to be routed through an intermediary country, such as Germany or the UK, to use existing tax treaties.

Mr Lermer says the effect of the 1987 tax laws was to drive US companies out of SA.

They either left the country completely or were forced to neglect their SA operations. They were taxed in the US on SA profits whether or not they distributed dividends.

The US parent had the unenviable task of deciding whether to fund the US tax liability by remitting dividends from its SA subsidiary, thereby attracting a further 15% non-resident shareholders' tax, or leaving the cash here and funding the tax liability from elsewhere.

"Now that the penalties are removed, no further tax should arise on SA profits. The incidence of double taxation should no longer hinder business planning.

"The changing political climate is likely to encourage investment. Companies with cash in SA will use it for expansion. SA will become a springboard into Africa."

US companies in SA will be able to further reduce their SA tax liability by making use of tax-free incentives in SA such as the general export incentive scheme (GEIS).

STAR 4/12/91

Rheem to build R150-m can factory

Finance Staff

Highveld Steel's metal packaging subsidiary Rheem SA has announced plans to build an all-aluminium beer and beverage two-piece can factory.

The project, which will involve an estimated capital investment of R150 million and will employ more than 100 people, follows extensive research of both the local and overseas markets.

The manufacturing facility will be sited on the East Rand following the signing of a turnkey agreement between Rheem and Packaging & Containers International of the US, which is one of the leading engineering groups in its field.

It has experience in the supply and commissioning of such projects in the Far East and Australia.

US firms wary of investment

Sowetan 5/12/91. (62)

NEW YORK - When ANC president Mr Nelson Mandela meets this week with United States corporate leaders to discuss foreign investment, he's likely to find an attentive but cautious audience.

That view emerges from a random survey of major corporations that cut ties with South Africa amid protests over apartheid.

For years, the ANC and Mandela urged the international business community to quit trade with South Africa as a means to pressure the country's white rulers to relinquish power to the black majority.

Limited

The ANC president has credited economic sanctions for the limited progress in South Africa.

Mandela, scheduled to address the United Nations General Assembly today, has planned meetings with executives at major corporations and foundations to encourage foreign investment once a black majority government comes to power.

Key

An ANC spokesman said a key message from the meetings is that the organisation was "not hostile to foreign investment."

"Once the question of an interim government has been solved, then the ANC would like assistance in resolving the economic problems because we need job creation and investment," Ms Lindiwe Mabusa, the ANC's chief representative in Washington, said through a spokesman. "We have too much unemployment."

Irony

The Ford Foundation sponsored a luncheon yesterday with Mandela and representatives of some two dozen corporations and foundations in New York.

On Friday, HJ Heinz Company invited Mandela to address 2 500 executives at the University of Pittsburg.

Some corporate leaders found a bit of irony in Mandela's scheduled meetings with some of the corporate power brokers the ANC pressured to leave the country.

But Mandela's visit is generally viewed by businessmen as a natural evolution of South Africa's return to the fold.

Needs

"They recognise the country needs to get back into the mainstream," said Mr Andrew Myers, spokesman for American Telephone and Telegraph Company.

The telecommunications giant, which does not do business with South Africa, would hesitate investing in the country until some 27 states and about 100 local governments in the US repeal laws restricting business and investment in companies with economic ties to South Africa, he said.

"That is a question that would have to be resolved before we could return to South Africa," said Myers.

In July, the Bush Administration repealed a 1986 federal sanctions law which banned trade with South Africa until the Government freed political prisoners and dismantled other laws that led to the political and economic isolation of blacks.

One East Coast banker, who spoke on condition of anonymity, said Mandela may find a lukewarm response to his plea to delay investment until a new black government gains power.

Important

"If we're being told that investment is important but we can't do it yet because of political reasons, then it's sort of going to be a turn-off," the banker said. "And we will look elsewhere until we're truly welcome."

Mr Ted Smyth, vice president for corporate affairs at HJ Heinz, agreed that American corporations are being lured by countries in the Pacific Rim and Eastern Europe.

"South Africa is one on a long list of places where capital can go," he said.

But Heinz, one of the few US companies with a large investment in neighbouring Zimbabwe, sees southern Africa as a potential market of 50 million-people, said Smyth.

Given the pace of change in South Africa, Smyth said, a new multiracial government could rise to power by the time a corporation finally decides on its best investment opportunity.

"Timing itself may not be an issue," said Smyth.

Elsewhere, the investment outlook was more uncertain. General Motors Corporation, Xerox Corporation, and Mobil Corporation carefully stated they have no current plans to invest in South Africa. But they recognise change is afoot.

"We never thought the Soviet Union would be inviting private investment into Russia, either," said Xerox spokesman Mr Thomas Abbott. - *Sapa-AP.*

S/Times (CM) 8/12/89

(62)

Mobil says it is back in the lead

MOBIL, trading as the Southern Africa Energy Company Ltd since the disinvestment of the Mobil Corporation from South Africa, says it has re-established its leadership in super high-performance synthesised-base lubricants with the adoption of leading-edge technology from Germany.

This includes the establishment of a new range of synthetic lubricans (synlubes), it was explained at the Cape Town launch of the products.

The development promises to be a cost-effective factor for industrial lube applications in which it is critical to minimise maintenance interruptions and costs, and to sustain low wear-rate performance over extreme temperature ranges.

The synlubes are used in refridgeration compressors, power transmissions, electricity generation machinery, heavy duty machine tools and mining equipment, and the manufacturer of paper and plastics.

The South African company's German connection is the lubricants division of the Hüls AG chemical organisation known internationally for its Anderol branded oils.

US firms urged to pep up aid schemes

B/Day 11/12/91

(62)

SIMON BARBER

WASHINGTON — The collapse of formal apartheid notwithstanding, US companies in SA must redouble their social responsibility efforts, even though they are already "at the forefront" of businesses seeking to facilitate change.

So contends auditor Arthur D Little Inc in its latest annual report on how signatory firms are complying with the so-called Statement of Principles, formerly known as the Sullivan Code.

"The need for such programmes is more urgent today than ever before to meet the growing expectations and opportunities of the majority of the population," the report states.

"If collective pressure for change is halted, social tensions will increase and hurt the efforts of all parties working towards a unified, non-racial democracy."

After a decade of precipitate decline due mostly to disinvestment, the number of signatories has stabilised at 52, a marginal drop from 54 last year.

Despite deepening recession, the 52, representing 17 693 employees, increased their social expenditures inside and outside the workplace to R74m over the past year, up from R67m in 1990.

Of this more than R33m went towards educational assistance for non-employees.

Man-days devoted to social responsibility activities also increased from 64 000 to 70 600.

All but four of the companies were "making progress" or better. Donaldson Co, Harnischfeger Industries, Ingersoll Rand and Joy Technologies were told they needed to become "more active" in the fields of education for non-employees, training and advancement, community development and social justice.

For the first time since the principles were established in 1977, companies were required to provide employees with AIDS and family planning counselling and annual TB tests. All complied.

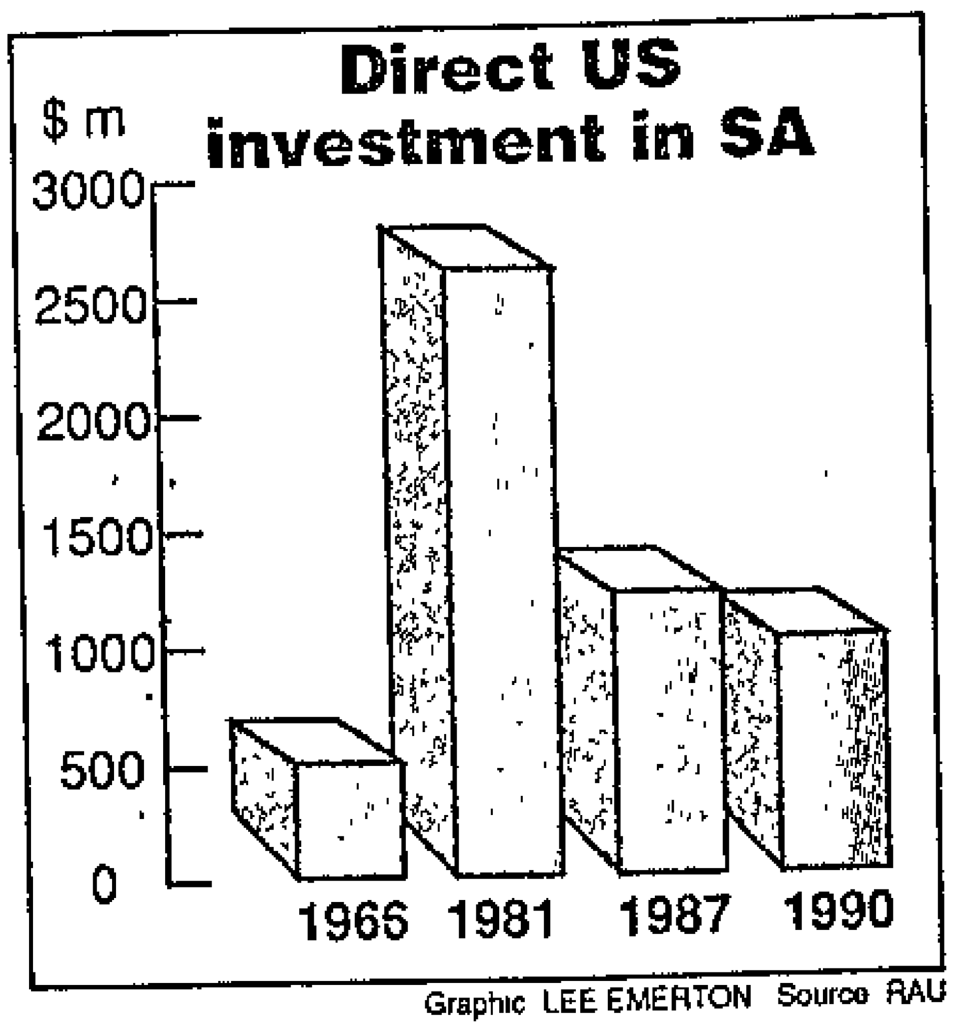
The companies' performance in filling white-collar vacancies with blacks improved quite markedly — from 20% to 27% at the managerial level — the only exception being supervisory positions. Here the proportion slipped from 63% to 60%.

Overall, the proportion of whites supervised by blacks in signatory firms is 10,5%, up from 6,2% five years ago.

Several firms reported that their efforts to advance blacks was being hampered by unions and workforce peer pressure.

One said "the trade unions are prepared to allow their members to be trained at various skilled jobs, but not supervisory and managerial jobs".

Several companies indicated they were engaging more deeply than ever before in efforts to desegregate schools and help community groups counteract violence.



Graphic LEE EMERTON Source RAU

US pullout 'failed to achieve its aims'

(62) ROBERT LAING

DISINVESTMENT by US companies damaged the SA economy but failed to achieve the goals of anti-apartheid campaigners, a report by RAU's Institute for American Studies concludes. 8 Day 13/12/91

Of the 215 US companies which disinvested between 1981 and August 1991, none sold SA subsidiaries to black management, and black workers were given minority stakes by only two — Coca-Cola and Ford.

Loans by US banks to SA dropped from about R4,6bn in 1984 to about R2,8bn in 1988. Direct US investment dropped from about $2,6bn in 1981 to $1bn in 1990.

Most moderate pressure groups conceded that disinvestment had helped domestic companies, creating takeover opportunities while weakening labour's hand by freeing management from US legislation like the Rangel Amendment. Disinvestment also resulted in the US government losing its indirect influence on SA politics.

GM plans to slash operations

B'Day 19/12/91 (62)

DETROIT — General Motors announced yesterday a massive restructuring that will shut 21 plants and slash its North American workforce by 74 000 — nearly 19% — over the next four years.

The world's largest car maker, suffering its worst losses in 10 years because of the stubborn economic downturn, would run its business in the future in "an increasingly lean and responsive manner", said chairman Robert Stempel.

GM has 395 000 workers in its North American operations.

In a stream of bad news that it simultaneously announced to its North American workers, General Motors said all employees would take a two-week holiday in late July and GM would not pay a profit-sharing bonus. It was not clear whether holiday wages would be paid.

GM has lost $2,2bn in the first nine months of the year. The industry is expected to mark up record losses for all of 1991. GM is expected to lose $7bn on its North American operations this year.

The company said it would speed up the sale of its non-car operations, but that no major product programmes would be cancelled.

Industry analysts said the moves were aimed at shrinking the giant car-maker and improving its chances of being profitable in a more competitive market.

The restructuring, which will cost GM billions of dollars, signals a fundamental shift in the company's method of operations, they said.

GM said that in 1992 it would reduce its salaried workforce to 82 000 from 91 000 at present. By 1995 it would eliminate another 11 000 jobs. The cuts were planned through early retirements and attrition.

The hourly blue-collar workforce of 304 000 will fall to 289 000 next year and is expected to be cut to 250 000 by 1995, the company said. Plants to be closed are six assembly plants, four power-train plants and 11 component factories. — Sapa-Reuter.

Hard times abroad unfortunate for SA

STAR 23/12/91. (62)

Finance Staff and Sapa-Reuter

Recent news that Pilkington and Colman Foods were moving out of SA came at an unfortunate time in terms of local political and economic developments.

Both moves reflect the current tough times facing the major international economies much more than any local developments.

As far as local politicians and businessmen are concerned, the weakness of the international economy could not have come at a worse time.

The recent political initiatives need the support of a healthy economy that is in a position to generate wealth and employment.

The state of the major world economies indicates that in the short term there is unlikely to be much external impetus on this front.

Corporations in each of these economies are battling to survive tough trading conditions.

Recent dismal news about the slump in IBM's profits, combined with last week's news about the closure of a number of GM plants in the US, emphasise the difficulty in kick-starting the American economy.

On Friday, the US Federal Reserve Board took its boldest move in years to try and stimulate business activity, cutting the discount rate by a full percentage point to 3,5 percent, the lowest level since 1964.

In so doing, the central bank responded dramatically to criticism by some observers of the gradualist approach it had been taking for the past year towards the mission of promoting recovery from the recession.

At the same time, it rejigged the numbers in the political calculations shaping up for early 1992 over possible tax and spending measures by the US government and Congress in an election year.

"We think this will make a very significant difference," said Samuel Skinner, President George Bush's chief of staff, after the Fed had made its move.

The Fed's "Christmas present" came wrapped in the kind of vague rhetoric that is customary whenever the monetary authorities speak.

It said its move, "together with the cumulative effects already in train from previous actions, should provide the basis for a resumption of sustained economic expansion."

What that signalled, analysts said, was a conclusion by Federal Reserve Board chairman Alan Greenspan and other Fed policymakers that business conditions had deteriorated in recent weeks to the point where strong measures were called for.

Among stock and bond analysts, some saw an effort by the Fed to dampen momentum in the White House and Congress for fiscal-policy action — in the form of tax cuts, spending increases, or both — to try to revive the economy.

Mr Greenspan had warned as recently as last Wednesday about what he described as the dangers of a quick fix.

"Only in the context of prudent, non-inflationary expansion of money and credit are improvements likely to be lasting," he said.

When the Fed moved on Friday, it said it had concluded that present inflationary pressures were subdued enough to permit a more aggressive strategy.

Analysts say the reduced inflation rate, which has been a consistently stated aim of the Fed's decisions, stands as an important plus for recovery prospects.

And in Japan on Friday the government revised downwards its estimate for economic growth for the year to end-March 1992 amid widespread evidence of an economic slow down.

The government's Economic Planning Agency set a new estimate for real growth of 3,7 percent, down from 3,8 percent. It also fixed a target of 3,5 percent for growth in 1992-93.

The Japanese government's latest admission that the economy is slowing will lead to further demands for stimulative measures, including interest rate cuts and pump-priming public spending.

President Bush is expected to press for such action when he visits Tokyo next month.

Japanese officials believe the president will argue that Japan has the capacity to help a recovery in growth in the industrialised world.

Many private economists believe that even domestic considerations will eventually persuade the Japanese government to resort to stimulative action.