FOREIGN TRADE - EXPORT (GEIST)

1993

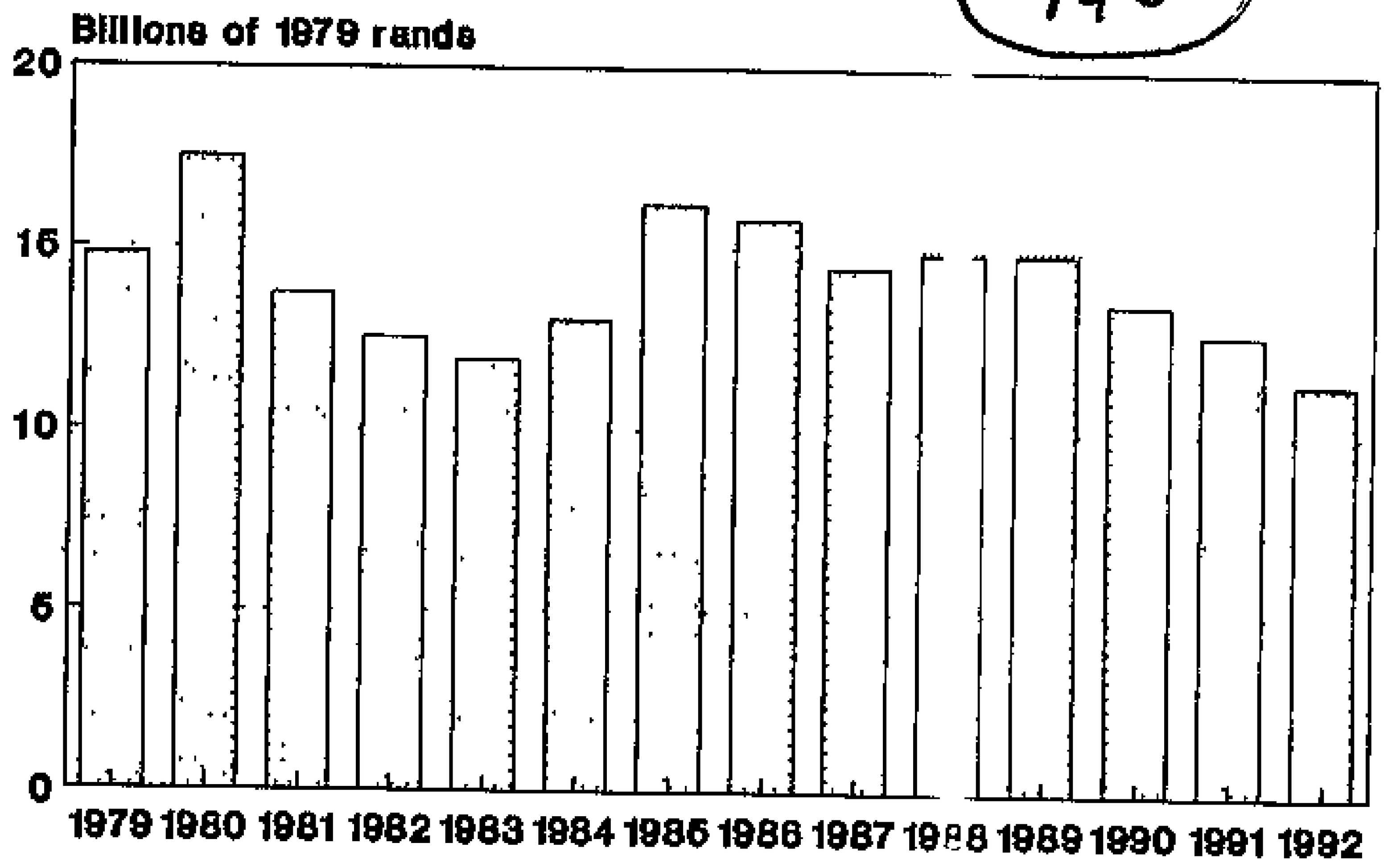
74 9

SA's export earnings the worst in a decade

Star 8/1/93.

(746)

By Derek Tommey



Gold and export earnings — adjusted for inflation

South Africa's real earnings from gold and other exports last year were the worst for at least 13 years, an analysis of figures shows.

Because prosperity is heavily dependent on export earnings, the slump in real earnings explains the duration and depth of the recession — highlighted by the sharp fall in Government tax revenue.

Unfortunately, with nothing in the way of a windfall in sight that could markedly improve export income this year, it seems that South Africans will probably have to accept another year of depressed economic activity.

Many people are aware that exports have been hard hit by the world recession and the slump in metal prices.

But the full picture has been concealed because export earnings are measured in rapidly depreciating rands.

As a result it is impossible to make valid comparisons. In current rand terms, earnings from commodity exports and gold in 1992 — based on figures for the first three quarters — should be around a record R66,8 billion, up R1,3 billion from 1991.

But in real terms — that is after adjusting the figures for inflation — 1992's receipts from gold and other exports are likely to be down more than 10 percent from 1991.

This slump in exports is nothing new, as the accompanying graph shows.

Since 1985, real export earnings have been sliding, falling in 1992 to 23 percent below what they were in 1979.

The disastrous situation can be blamed on many factors, including the imposition of sanctions, high inflation and the world recession.

But it is also clear that much more could have been done to boost exports and will now have to be done if economic conditions are to improve and enable SA to overcome the legacy of 4 million to 6 million under-employed and unemployed resulting from 44 years of National Party rule.

It is clear that South Africa needs policies that actively promote exports.

But it also needs policies that prevent developments — the possible increase in VAT in the next Budget and the petrol levy — that might harm exports.

The slump in tax revenue has prompted the argument that the Government must raise taxes if it is to have any chance of reducing its huge deficit.

But the counter argument is that most South Africans today are poorer in real terms than they have been for a decade and are in no state to pay more taxes.

Tax increases at this stage would depress the economy still further.

Instead, it has been suggested that the Government could do more to tighten its belt.

Instead of trying to save money through retrenchment, it could introduce a wage and spending freeze.

The policy would at least have the virtue of keeping people in work and eliminate the need for more taxes.

Public servants should not find a short-term wage freeze too onerous. According to the Reserve Bank their wage increases have handsomely exceeded those in the private sector at a time when 233 000 private-sector workers became redundant.

However, the biggest objection to an increase in the petrol price and VAT at this stage is that they would be inflationary and might further dampen the flagging export effort.

Anything that makes life more difficult for exporters is surely the last thing South Africa needs in the current recessionary climate.

New Sasol plant will boost exports

BDay 11/1/93 (746)

EDWARD WEST

THE construction of Sasol's R370m alpha olefins plant should boost the group's annual exports, currently about R600m, by about 50% after it comes on stream in February 1994.

MD of Sasol's newly established Alpha Olefins division, Harry Hyatt, said the plant, which would have a capacity of 100 000 tons a year in its first phase, would export 90% of its production valued at between R200m and R300m.

The remainder would be consumed locally.

Sasol had 450 000 tons a year available, but initially a capacity of only 100 000 tons a year would be used at the plants' two purificaction and separation units to produce the C5 and C6 alpha olefins, pentene and hexene.

These are used in the production of polyethylene plastics, and for a plasticiser to make PVC products more flexible.

Hyatt said C6 olefins were freely available worldwide at between $1 000 and $1 500 dollars a ton, while the C5 olefins were so costly to make that prices were more than $3000 a ton. Only Sasol could produce olefins cost effectively for the polyethylene market.

The marketing thrust of its C6 alpha olefins would be aimed at the Pacific Rim countries, where there were a number of new polyethyelene plants and more plants were being constructed.

Sasol would be the closest supplier to these markets.

C5 olefins would be distributed worldwide, but Sasol would have to convince polyethylene producers that C5 olefins would enhance the quality of their plastics products.

● HYATT ... marketing Sasol products to the world. Picture: ROBERT BOTHA

C5 olefins had not been used before because of cost considerations, said Hyatt.

A major marketing advantage was that Sasol could produce olefins cheaper than most other international producers as they were a natural product of the synfuels process.

Also the commissioning of the plant was timed to coincide with an expected improvement in the world's major economies, Hyatt said.

R2,8bn exporter to quit SA

S Times (Buss) 17/1/93 (746)

By JEREMY WOODS

A MAJOR exporter of SA goods is about to close his Cape Town office and pull out of the country because he cannot get an efficient cargo handling service to the rest of Africa.

Paul Santos, chief executive of Invest-Afrique, a R2,8-billion-a-year trading and exporting group with interests throughout Africa, says: "The government is promoting an advertising campaign abroad to attract investors here, but the infrastructure and communications services the government run are so bad, I'm taking my business back to Europe."

Already this week, Mr Santos switched a buying order for a shipload of frozen fish from Cape Town to Holland.

"It's no good the government trying to attract investors here and claiming SA is the motor of Africa if the infrastructure is not there," insists Mr Santos.

Stolen

Mr Santos, who exports to Zaire and Angola from Cape Town, says when he sends a shipload of exports to either country, one set of papers goes with the boat, and another is flown to the country concerned, for import approval.

"For years SAA has been running the service to Zaire with Air Zaire handling the ground arrangements at Kinshasa. We can never get our papers at the other end. They get lost, they get stolen, no-one knows where they are.

"Meanwhile, I have a loaded boat sitting in harbour that I can't unload because we haven't got the approved import papers."

Mr Santos, whose family has been trading in Africa for five generations, says he decided to pull out of SA when he saw how much the infrastructure delays were costing his companies.

"I'm losing about R500 000 a month just on paperwork delays and goods going missing — and that's without all the problems my managers have to go through to trace what's been lost."

Mr Santos says he believes in the new SA and opened offices here when Nelson Mandela was released from jail.

"But protectionism and monopolies like the one operated by SAA must go. They waste time, they waste money and they don't give service.

Mr Santos says this Christmas he brought one hundred investors from Africa, Europe and America to Cape Town to look at the possibilities of investment.

"These were mostly billionaires, not millionaires, but as the conference progressed and the debate turned to infrastructure, I had to tell them, 'Gentlemen, I'm afraid the time is still not right to invest in the new SA. The country is not yet ready for it'."

Since September, says Mr Santos, SAA flights to Zaire have been stopped because of unrest in the country and SAA has allowed Air Afrique to fly between Abidjan, Brazzaville and Johannesburg.

"But Air Afrique is notorious for losing luggage and the situation on the ground is still the same. Why doesn't SAA team up with Swiss Air, TAP, UTA or Sabena? Why does it hide behind its monopoly and not let these other airlines in on these routes?"

SAA told Business Times in a written statement that it will soon introduce "pure cargo services between Johannesburg, Kinshasa and Brazzaville, using its recently-acquired cargo aircraft and is presently negotiating with various alternative cargo handling agents in order to ensure that the handling of its flights is improved".

Exporters pack away disguises, find new markets

STAR 18/1/93.

(746)

Gradual withdrawal of sanctions has inspired South African exporters to plan their busiest programme of overseas trade missions on record. The return to traditional markets goes hand in hand with the exploration of new markets, reports MICHAEL CHESTER.

THE number of trade missions in and out of South Africa in the next few months looks poised to set new records as the sanctions blockade comes down and international business relations move towards normal.

World maps spread out in boardrooms are covered by a thick criss-cross of arrows that mark new routes to a growing list of overseas export targets.

"With the start of democratic reform, exporters have been able to pack away the cloak-and-dagger disguises they were forced to use in many markets in years of political isolation," says Ron Haywood, deputy director-general of the SA Chamber of Business.

"Though formal political relations with several governments may be on hold until an interim government emerges, businessmen have taken initiatives of their own to restore links with trade partners around the world."

SA exporters who refused to be confined in the political laager created by apartheid, and who braved the political flak to find chinks in the sanctions blockade, can now reap the rewards of tenacity.

They now find themselves in the vanguard of new export drives not only back into traditional markets but also into huge new markets that have mushroomed — particularly in and around the Pacific Rim — while South Africa was trapped in a political wilderness.

Now that the layers of secrecy are being peeled away to reveal the real facts about trade trends in the sanctions years — until now hidden in deep camouflage — the count can begin on the quiet but significant successes scored by more adventurous exporters during the apartheid blitz.

The best account is told by statistics. The 10 countries that ranked among South Africa's Top 10 trading partners in the mid-1980s, when political critics were drawing up their heaviest sanctions artillery, remained in the Top 10 all through the bombardment. And they emerged intact as the identical Top 10 after apartheid was toppled in the 1990s.

All that had altered was the batting order. In 1986, it was the United States that headed the list with two-way export/import trade worth R8 billion.

Then came Japan, followed by Germany, Britain, Switzerland, the Netherlands, Italy, France, Belgium and — making its debut — Taiwan.

By the latest full count taken in 1991, Germany was ruling the roost, with two-way trade at almost R12 billion. The US — where Congress has withdrawn most sanctions at national level but where several individual cities and states have yet to follow suit — had been relegated to No 2. Then came Britain, Japan, Switzerland, Taiwan, the Netherlands, Italy, France and Belgium.

Businessmen and politicians alike prefer not to invite controversy by commenting on the failure of sanctions to upset the overall composition of the Top 10 list.

But the 1993 programme of international trade missions now on the agenda underlines how exporters have learnt to stretch their wings and penetrate unfamiliar territory.

Len van Zyl, chief executive of the SA Foreign Trade Organisation, is convinced there are still unexplored treasure chests to be found. To demonstrate, he points to the extraordinary success of a recent Safto exercise to test the potential markets of the Middle East — long at the forefront of sanctions pressures.

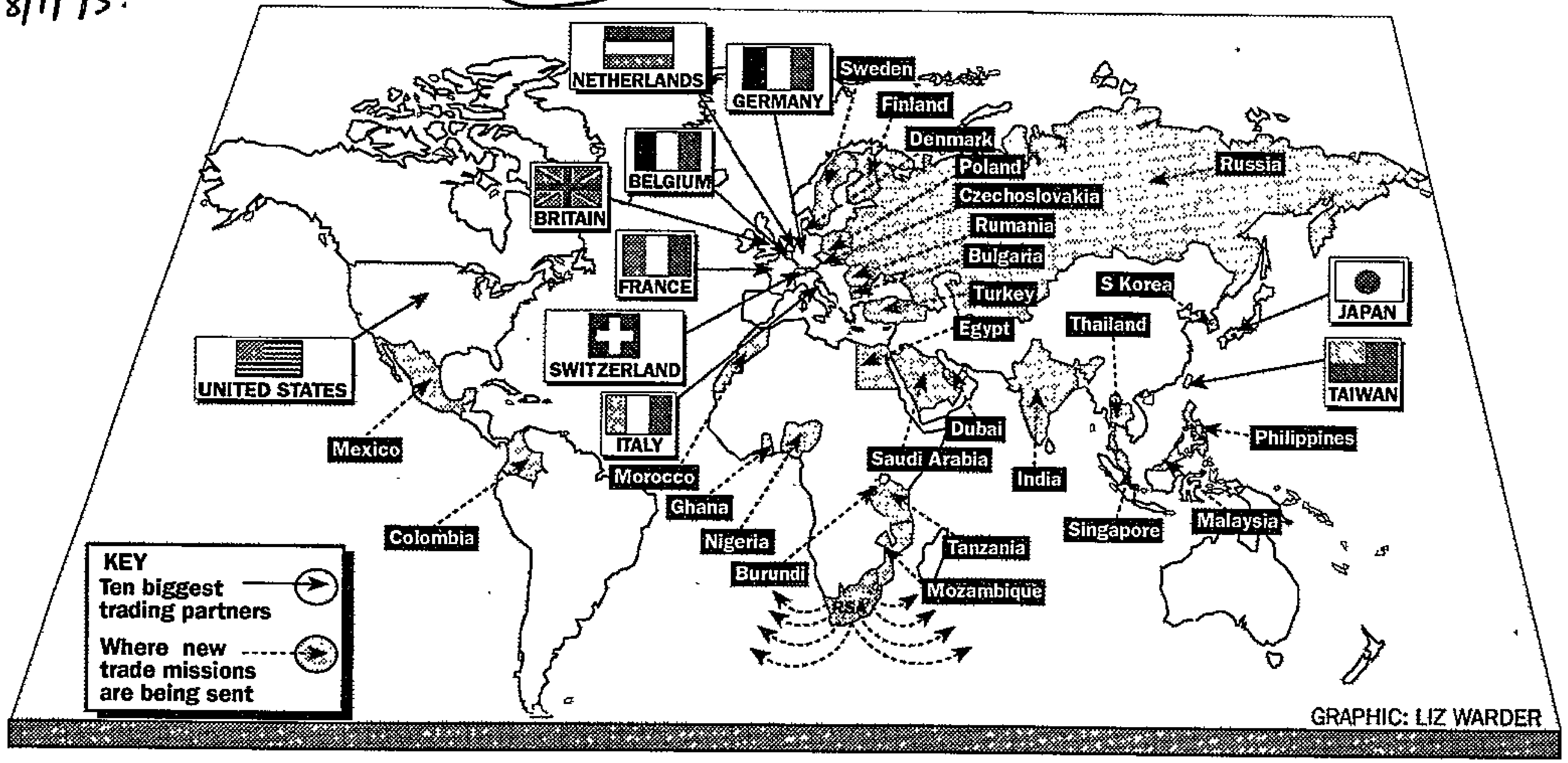
SA exporters were persuaded to put their products on show at a pilot "South Africa and the Gulf" trade expo in Dubai. Most of them were astonished when no fewer than 4 500 businessmen from all around the Gulf flocked in — and signed or began negotiations about orders worth a staggering R750 million.

Encouraged by the coup in Arabia, Van Zyl next joined a team of South Africans that last month selected another new trade target — Morocco. "Our talks were exploratory," he says, "but it became obvious there may be lots of new business to cultivate in North Africa."

Among the markets on the Safto agenda for 1993 visits are four countries that have long been regarded as apartheid's most bitter critics — India, the first to clamp sanctions on South Africa as far back as the 1940s, Sweden, Nigeria and Tanzania. "Breakthroughs in one of them, or better still all four, would be a tremendous coup," says Van Zyl.

Also on the list of African nations to be visited by Safto trade missions in the next few months are Ghana, Mozambique, Egypt and Burundi.

More Safto missions will be off to Europe (Denmark, Sweden, Finland, Romania, Bulgaria, Turkey, Russia, Czechoslovakia and Poland), to the Far East (South Korea, the Philippines, Malaysia, Thailand and Singapore), to Latin America (Colombia and Mexico) and back to the Middle East (Saudi Arabia and Dubai).



GRAPHIC: LIZ WARDER

An equally packed programme is being planned by the Johannesburg Chamber of Commerce and Industry, which has installed a special computer network and information databank to provide exporters with trade guidelines and market profiles.

"We are launching a three-pronged strategy," says JCCI trade manager Sandra van Lingen.

"The aim is to re-establish and expand trade relations with our traditional trading partners, mainly in Britain and Europe; to create new markets in the economically buoyant regions of the Pacific Rim, and to reach deeper into Africa."

The first 1993 mission will set out next month for Hong Kong, Singapore, Thailand, China and Macau. Hard on its heels will be a trade mission to Zambia.

Also on the agenda are Tanzania (April), France (May), Britain (May), Ghana (June), Nigeria (July), Egypt (September), Turkey (October), Morocco (October) and Kenya (November). More are on the planning board.

There is even heavier traffic on reverse routes bringing in trade missions by overseas businessmen forging new links.

In 1990, when South Africa waved a white flag to apartheid critics and promised to mend its ways, the ground was tested by only 12 incoming missions. As overseas curiosity and business interest took firmer hold, the number of missions increased to 45 in 1991 — and last year soared to at least 160.

By batting order in numbers, they came from the Far East, Britain and western Europe, central Europe, Africa, eastern Europe, India, Russia and South America.

"Initially, most of the visitors were on fact-finding missions to weigh the potential of the South African market," says Van Lingen. "Now, however, they are also taking a far closer look at the possibilities of joint business ventures and the role of South Africa as a springboard into Africa.

Back to Ron Haywood at Sacob, whose combination of diplomatic and hard-nosed business skills has earned him the title of special ambassador in trade affairs in behind-the-scenes tours that broke the ice in many distant regions that had always been regarded as forbidden territory — such as behind both the former Iron Curtain and the Bamboo Curtain:

"South Africa has lots of problems to confront," he says. "There are uncertainties about our political outlook and future economic policies. Violence is a massive handicap. So too the global recession. Also, inflation and spiralling production costs threaten our price competitiveness in many world markets.

"Even so, outsiders can spot many positive aspects about business links with us in the longer term.

"Closer contacts with old and new trade partners have been secured. It is now up to exporters themselves to pursue the opportunities." □

G-7 growth 'may aid SA exports'

TIM MARSLAND (746)

SA EXPORTS should benefit from an expected 2,5% growth in G-7 countries' economies during 1993, according to Absa's Economic Spotlight released yesterday. B/DAY

But it said the rise in volume and price of exports would be moderate.

SA gold mining output was expected to shrink 0,5% year on year in 1993 compared with 1,7% growth in 1992. This was because the low gold price was forcing marginal mines to concentrate on higher grade areas.

It has forecast an average gold price of $330 for the year, compared with $344 in 1992. It said the gold price was being tied down by low inflation in much of the world. Superior hedging instruments in financial markets were also keeping the gold price down, it said. 20/1/93

Non-mining production was likely to grow at 3,4% year on year in 1993 compared with 0,4% growth in 1992 on the back of the increasing economic growth of SA's main trading partners. However, the increase would be moderate because of more efficient production methods.

It forecast a maize crop of about 5-million tons, double that of 1992. However, SA would still have to import maize in 1993.

Internationally food prices were well below their 1985 levels and were expected to show only a modest increase in 1993 because of the large agricultural surpluses being produced by the EC and US. And the liberalisation of trade in agricultural products by the Uruguay Round of GATT, if completed, would increase competition, resulting in softer prices.

It said the maintenance of significant real interest rates by SA's main trading partners limited the extent the Reserve Bank would be able to reduce rates. It was likely the rand would depreciate proportionally to the inflation differential between SA and its main trading partners.

Exports of wine double to R500-m

74G

TOM HOOD, Business Editor

WINE exports doubled last year to earn about R500 million for the Western Cape's economy.

And they could surge ahead this year as more countries drop sanctions and open their doors to South African brands. Nations such as Canada, Norway, Sweden, Australia and New Zealand still refuse to buy South African wine.

A record 1,8 million cases (16 million litres) were exported, the SA Wine and Spirit Exporters Association reports today.

ARG 20/1/93

Table wine made up 80 percent of bottled exports, meaning spirits and fortified wines were no longer the top sellers.

The opening of closed markets such as the United States, Finland and Denmark featured highly in the increase of exports.

Exports to the Far East surged by 128 percent, said association chairman Dr Jannie Retief, who is also KWV's chief marketing executive.

Germany and Britain remained South Africa's top markets, taking 23 percent and 40 percent of exports respectively.

Business was helped by new entrants to the export market, including co-operatives, estates and wholesalers.

CT 22/1/93 (Y74G)

City clothing firm fashions a Middle East breakthrough

HENRIËTTE GELDENHUYS
Staff Reporter

A CAPE TOWN company has made a trade breakthrough with the Middle East and is to export between R7,5 million and R10 million worth of clothing to Dubai annually.

The link between South Africa and Dubai — a world trade centre like Hong Kong — became formal this week when general trading store owners Mr Abdulrahim Sharif and his wife Mariam flew to Cape Town and agreed to become agents for Dermar Fashions in Dubai.

A full range of clothes for girls and women would compete in a market which sold high quality goods to middle and upper income customers, said Dermar managing director Mr Chris Belchers.

Mr Sharif said that once they had established a market in Dubai, they planned to expand into Oman, Saudi Arabia, Kuwait, Bahrain, Quatar and the other United Arab Emirates.

Strategically placed at the crossroads between east and west, Dubai borders Saudi Arabia and Oman and is the second largest of the seven United Arab Emirates.

Exempt from various taxes and import duties with a free trade zone at the harbour, Dubai has become the commercial centre of the Gulf States.

Contact was made in June when Dermar staff met a Dubai Chamber of Commerce delegation at a business conference in Johannesburg.

In October 100 companies held a South African exhibition of a variety of goods and services in Dubai where the Sharifs met Mr Belchers and Dermar sales director Ms Anne Pharo.

"We were very impressed with their clothes," said Mr Sharif.

Govt set to double export marketing allowances

74CT

CT 22/1/93

Own Correspondent

JOHANNESBURG. — Government intends to almost double export marketing allowances to SA exporters and foreign buyers.

A spokesman for the Department of Trade and Industry scotched speculation that the export marketing allowance scheme could soon be scrapped and confirmed that government was in fact considering extending it to service industries.

Last year the department allocated R4m to primary export marketing, which would increase to R6m in 1993/94.

Outward and inward trade missions will be sponsored to the tune of R4m in 1993/94, compared to R1,9m in the current year.

Collective market research spending would be increased from R67 000 to R90 000.

The total export marketing allowance budget will increase from R5,9m to more than R10m.

The spokesman said it was not possible to differentiate between spending on inward and outward missions as allocations were made on applications.

Govt to double export marketing allowances

BDAY 22/1/93 (140)

PETER DELMAR

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However, the spokesman was unable to specify whether actual marketing allowance limits would be raised.

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Need

The spokesman said it was not possible to differentiate between spending on inward and outward missions as allocations were made as applications were received.

"From the reports which applicants are obliged to submit to the department after completion of their market research, it is clear that financial assistance of this nature fulfils an important need, especially among smaller to medium size exporters," the spokesman said.

On outward and inward trade missions, the spokesman said it was evident from participants' reports that this incentive scheme contributed to an expansion in SA's export trade.

In the 1992/93 financial year, 80 foreign buyers visited SA as part of 15 inward buying trade missions which were undertaken with financial assistance under this scheme.

These approved businessmen received the cost of a business class return airfare from the point of their departure to SA, business class air tickets inside SA and a subsistence allowance of R200 a day up to 10 days.

All visits led to the signing of export contracts.

The qualifying businessmen came from Australia, the UK, US, Belgium, Singapore, Japan, Germany, France, Canada, Chile, Hungary, Taiwan, Thailand, Turkey and Argentina.

Cape wine producers aim for UK

7AG
ARG 23/1/93

LONDON. — Cape wine farmers are negotiating with a top British chainstore to produce an in-house brand similar to those bottled for Woolworths here.

Mr Neil Ellis and Mr J "Boland" Coetzee, in Britain this week to promote their wines and meet distributors, said they were currently involved in talks with Marks and Spencer — a quality clothing and food store.

"We will be producing a wine for them soon. They are very, very keen but there are still a few things to sort out," they said.

Marks and Spencer has confined its in-house brands to only six producers so if the South Africans clinch this deal, it will be an important leap forward in the export market. The bottles will carry the producers' names.

More than half a million cases of South African wine (including sparkling wine) were sold in Britain last year and producers are now hoping that with added exposure to the market and improved distribution techniques, the market will grow.

However, one important obstacle that must be overcome is pricing.

"Supermarkets in Britain have become significant players in the wine market but you can't sell a bottle of wine costing more than five pounds (about R23) in a supermarket," Mr Ellis said.

"Realistically, your price range should be from £2,99 (about R13) to £3,99 (R18,50) to an absolute maximum of £5 (about R25) for a really good wine. The minute you go above that you can forget it," he said.

Unfortunately, bottling and packaging was very expensive in South Africa and exchange rates didn't help. "We can hardly tell our trading partners to feel sorry for us, we'll just have to find a solution," he said.

The country's biggest competitor in the UK at present was the Australians.

"The Australians have some good wines and their prices are low. They also got into the market a lot earlier than we did and have cornered a large slice of it," said Mr Coetzee.

He added that while South Africa's independent producers were relatively new to the export market, new vine material planted in the mid-80's was showing excellent promise. "We are going to see better and better wines in the next five to 10 years".

Suggestions that South Africa's wine farmers could not produce the volume needed by the export market were dismissed by both men.

While that may have been true in the past, South Africa's producers were now very aware of the importance of the export market and the need to prove the country's capabilities.

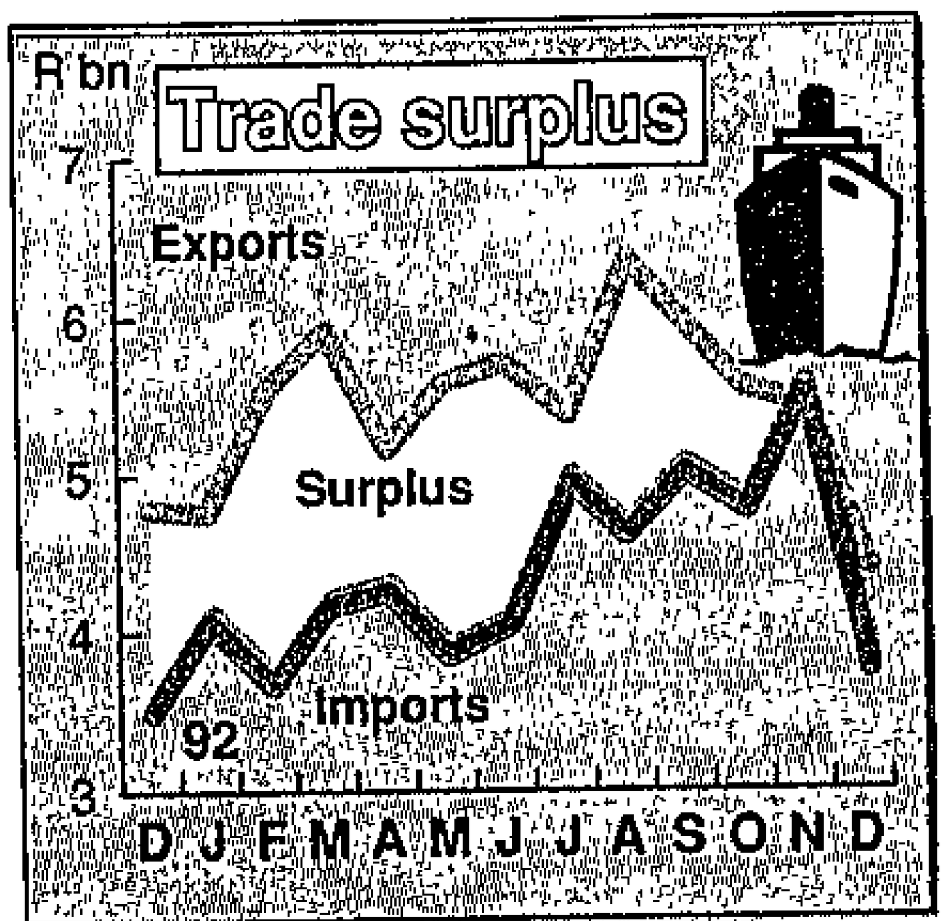
"Uncontrolled growth is a bad thing but I believe we can produce enough for our market and at reasonable prices," said Mr Ellis.

Another important aspect of the export market is identifying trends. "We live in a warm country so obviously our palates are different to those from people living in a cold climate. In cooler countries, they want wines with more flavour. We are working on developing wines specifically to suit the export market," said Mr Ellis.

That export market did not stop at Britain. "While I believe the UK has always been the world's wine centre, there should be no reason why our wines don't do well in Benelux countries," he added.

■ The collapse of South Africa's international pariah status has led to increased opportunities for South African wine producers, who are presently gearing up to meet rising demand.

TONI YOUNGHUSBAND
Weekend Argus Foreign Service



Graphic. LEE EMERTON Source CUSTOMS & EXCISE

Rise in exports lifts trade surplus

(746) (744)

TIM MARSLAND and SHARON WOOD

THE trade surplus widened in December to R1,76bn from November's revised R1,04bn as vehicle and minerals exports helped offset high agricultural imports.

Customs and Excise figures released yesterday showed imports in December dropped 14,9% to R3,78bn from November's R4,44bn, while exports rose 1,7% to R5,54bn from R5,45bn. B/DAY

For the year, the cumulative trade surplus declined by 3,8% to R15,54bn from R16,15bn in 1991. Imports rose by 7,7% to R51,92bn last year from R48,21bn, and exports trailed, increasing by 4,8% to R67,46bn from R64,36bn. 26/1/93

Nedbank chief economist Edward Osborn said this was satisfactory in view of low commodity prices, particularly among base and precious metals.

Absa economist Dominique Sutton said exports had done quite well in a tough year. He did not expect conditions to improve for exports this year because SA's markets would be growing slowly or not at all and prices would be under pressure.

Osborn said on a currency adjusted basis, imports rose 2,1% year on year because of maize imports. Exports rose only 0,9% in part because of maize re-exporting.

Low commodity prices depressed base metal and unclassified exports (mainly gold), which made up about 52% of total

To Page 2

Trade surplus

B/DAY 26/1/93 (746) (744)

From Page 1

exports last year. Base metals exports shrank 1,4% to R9,40bn from R9,53bn. Unclassifed exports (including gold, platinum, uranium and armaments) fell 2,7% to R24,31bn from R24,98bn in 1991.

But exports of precious and semi-precious stones showed a healthy increase of 11,7% to R7,57bn from R6,78bn.

Mineral product exports (mainly coal) rose 3,8% to R7,56bn from R7,28bn.

Vegetable product imports more than doubled to R2,55bn from R1,14bn and live animal and animal product imports jumped 62,7% to R440m from R270,3m.

Sutton said a positive sign emerging from the December trade data and the revision of November's figures was the increase in the year-end import cover to 2,4 months from October's 2,3 months.

Osborn estimated a balance of payments surplus of R5,2bn for 1992, compared with 1991's R7,4bn.

NEWS IN BRIEF

Denard opts to quit SA

BOB Denard, the veteran French mercenary who led coup attempts in at least two African countries, is to leave SA for France, where he faces arrest and a jail sentence, on Sunday.

Denard said in Pretoria yesterday he had received documents allowing him to travel to France.

He was sentenced to five years in prison by a Paris court last year for his part in an aborted coup attempt in Benin in 1977.

Denard said he was returning of his own free will. "I want to clarify my situation, and hear the accusations levelled against me, against which I have never had a chance to defend myself."

Housing exhibition

LOW-cost housing company McNaughton Victor will host the three-day Afribuild '93 exhibition to showcase solutions to the national housing crisis at Nasrec, Johannesburg, from July 30.

Concern over judge

THE General Council of the Bar of SA added its voice yesterday to the concern at news reports alleging Supreme Court judge W H Booysen was a member of the secret Afrikaner Broederbond's executive council.

Bar council chairman Brian Southwood said it was fundamental to the administration of justice that judicial officers not only be impartial but that they be perceived to be impartial.

Funds for education

THE Japanese government has granted R228 500 for educational projects in disadvantaged communities in SA, the Japanese embassy said in Pretoria yesterday.

US house salessoar

SALES of previously owned US homes jumped 5% in December to a 13-year high, helping boost sales for the year 8,7% to the highest level since 1988, a property trade group said yesterday.

REPORTS: Sapa-AFP, AP-DJ, Business Day Reporters.

Govt debt 'will not push up rates'

BDAY 27/1/93

GRETA STEYN

GOVERNMENT's borrowing requirements in the next fiscal year were not expected to put upward pressure on long- or short-term interest rates, economists said yesterday.

They predicted government would not have to borrow more in the next fiscal year than it did in the 1992/93 year, as Finance Minister Derek Keys was expected to announce a deficit of 6% of GDP or about R22bn in the March Budget.

A 6% deficit would be achieved only by raising VAT to 13%, increasing the fuel levy by 10c/l, raising customs and excise duties and possibly increasing other taxes, economists said. They believed it was not possible to cut back enough on government spending to avoid raising taxes, as Sacob suggested this week. The organisation said pinning down the increase in spending to below 7% would obviate the need to raise taxes.

Most economists expect an increase in spending of 8%-10%. Rand Merchant bank economist Rudolf Gouws said it would be difficult to get the increase in spending down to single digits. The state's wage bill would rise by about 10%-11%, in spite of the 5% overall increase in public servants' salaries, because of the effect of notch increases. He doubted Keys could announce an increase in spending substantially below 10% without endangering his credibility.

Without tax increases, revenue would rise by only about 9%, yielding a deficit of R30bn. At 8,5% of GDP, Gouws argued a R30bn deficit would be unacceptable and billions of rands in extra tax would have to be found to bring the deficit down to a more acceptable level. Most economists believed Keys would opt for 6%.

Sanlam economist Johan Louw said a 13% VAT rate with zero-rating of basic foodstuffs would be a major ingredient of a Budget strategy to avoid a deficit of more than 6% of GDP. At R22bn, the expected deficit would not place upward pressure on interest rates as the capital market could easily accommodate that level of borrowings. He said short-term interest rates such as the prime overdraft rate should also not be adversely affected by the Budget, as the deficit would be lower than in the present fiscal year.

Economists are forecasting a deficit in the present fiscal year of about R26bn — excluding extra spending on drought relief. The possibility of huge spending on drought relief being reflected in this fiscal year could push the figure up to R28bn-R30bn.

Shortfall expected in Receiver's income

BDAY 27/1/93.

GERALD REILLY

PRETORIA — Government's tax income problem is worsening by the month, says Absa senior economist Adam Jacobs.

He was commenting on the latest income tax and VAT collection figures released yesterday by the Finance Department, which show the total take from both sources in the April-December period was R44,7bn — R27bn short of the R71,5bn budgeted for the whole financial year.

Income tax revenue in the nine months was just more than R32bn and VAT revenue was R12,644bn.

The Budget expectation for the financial year was R50,484bn from income tax and R21,019bn from VAT.

Although state revenue would be boosted by provisional tax payments next month, it would miss the Budget target by a substantial margin.

The recession's effect on the business community was reflected clearly in shrinking company tax and VAT. In the first six months of the financial year, company tax take was 19% down on year-earlier figures.

Absa estimated that tax income at the close of the financial year would be R9bn below the budgeted figure.

GEIS fraud probe could involve millions

BDAY 27/1/93.

PETER DELMAR

INVESTIGATORS in the Trade and Industry Department and the Office for Serious Economic Offences are investigating cases of alleged General Export Incentive Scheme (GEIS) frauds involving millions.

A department spokesman confirmed the investigations, but said it was impossible to attempt to estimate the amount involved.

It was believed, however, that the department was looking into several dozen cases. The spokesman said current investigations showed the revised GEIS guidelines published late last year had apparently closed many of the system's loopholes.

The guidelines required more detailed disclosure of GEIS claims and attempted to tighten up on the accountability of senior company executives making claims.

"Claimants are (now) much more careful and attentive in completing their claims.

"As claims which have to comply with the revised guidelines are being processed only now, it is somewhat early to arrive at firm conclusions about their effects," the spokesman said.

An Office for Serious Economic Offences spokesman said investigators checking allegations of abuse of the Phase VI vehicle local content programme were also looking at abuses of GEIS.

These GEIS probes were, however, incidental to the Phase VI investigations, he added.

SA invited to trade fair

Weekend Argus Correspondent

746

ARG 30/1/93

JOHANNESBURG. — Exhibitions organiser Trade Access-West Africa is co-ordinating four exhibitions in Senegal, Nigeria, Ghana and the Ivory Coast with the intention of showcasing possible business opportunities between African countries.

France would prove tough competition for lesser developed African countries.

"But trade is a question of quality and price. The trade fairs aim to see what South Africa can offer and to put on the table what Cote d'Ivoire can offer," says the ambassador.

It would be wiser to integrate with South Africa than the European community, he believes.

EXPORT OPPORTUNITIES

Wanted: a mountain of canned beef for Moscow

(746) B/Day 1/2/93.

TODAY's trade offers include a mixed bag of export opportunities, but concentrate on foodstuffs. Clothing and textile inquiries are also well represented.

SA's trade representative in Tokyo seems to have been working overtime as the foodstuffs category is dominated by offers from Japan. Various Japanese business people seek unprocessed seafoods, and fresh or frozen fruits and vegetables. Possibly there is scope for SA's increasingly liberated farmers to export directly to this potentially huge market.

The most interesting — and possibly very lucrative — offer on today's list comes from an American businessman who wants 1-million cans of beef and/or pork for export to Russia. He says price is "very important". He also plans to break into Moscow's confectionery market — or perhaps he has done so already, since he wants between 20 and 60 tons of jelly beans, chocolate bars and similar products every week for delivery to Moscow.

Inquiries from the US and Britain dominate the clothing and textiles category, although many offers do not identify specific products and are probably general inquiries intended to price the SA export market.

Some specific inquiries are those for combed or woven wool fabrics, knitted apparel and African print fabrics.

There are the usual opportunities for the export of metals and metal/hi-tech products. Among the inquiries for steel bars, tractors and bronze tubing is an intriguing query for intercoms and alarm systems in Angola.

Potential exporters are advised to approach the Department of Trade through the offices mentioned on this page about possible legal pitfalls in taking up unusual offers.

To advertise on this page, call Janet Jadrijevich on (011) 497-2543.

INFORMATION in this feature supplied by the Export Centre of the Department of Trade and Industry.

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Manufacturers should contact the foreign company direct. Where possible a contact person has been named. If there are any problems, communicate with the Department's Export Centre, tel: (012) 310-9791. Fax: (012) 320-8157.

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Export services:
For general advice on exports and export incentives, contact the department or its regional representatives in Durban, Port Elizabeth or Cape Town. It is strongly recommended that manufacturers new to the world of exports get in touch with the local office.

Warning:
SA firms should be aware that restrictions on the export of these products might be applied by the authorities. While every effort is made to maintain the accuracy of information in this list, the Department of Trade and Industry assumes no responsibility for any incorrect data. Nor will the department and its officers assume responsibility for any transactions undertaken with the firms or individuals listed.

FOODSTUFFS

03.05; 03.07; 03.02; 21.05.
Unsalted dried pilchards, fresh and frozen octopus, cuttle fish, squid and snapper as well as ice cream — Japan. Tominaga Boeki Kaisa; Akiyosai Tominaga; tel: 0981-78-857-0310, fax: 0981-78-857-0315.

07.03, 07.04, 07.05, 07.09.
Fresh Shallot, leeks, broccoli, red lettuce, asparagus, mushrooms, celery — Japan. Showa Boeki Co; Gene Sone; tel: 0981-6-441-8121, fax: 0981-6-444-6060.

06.02. 99.59; 09.10. 30.00.
Proteas and curcuma — Netherlands. Alni Co; MA Arnau; tel: 0931-020-643-7669, fax: 0931-20-643-7669.

07.01 — 07.14; 18.01 — 08.11.
Fresh fruit and vegetables — US. RO Wheatley & Son; Harry Mannion; tel: 091-410-228-1100, fax: 091-410-228-5703.

07.03. 10; 08.05. 10.20. 30.40.90.
Onions and citrus fruit — Netherlands. J J van der Lans Int Fresh Produce; G van Doorn; tel: 0931-2153-16840, fax: 0931-2153-89622.

Tens of thousands of metric tons of Soda Ash — US. DK Intertrade; Manuel Kohn; tel: 091-212-691-6669, fax: 091-212-645 0281.

Chapters 39, 35.
Resins, synthetics, adhesives — UK. F P Traynor; tel: 0944-71-794-1408, fax: 0944-71-998-8798.

39.17.23.
UPVC pipes — Netherlands. Nyloplast Europe BV; D van Nugteren; tel: 0931-1853-2044, fax: 0931-1853-4489.

40.11.10; 40.11.20; 40.12.20.
Motor car, bus and truck tyres, retreaded tyres — Portugal. Brás & Filho Lda; Joao Cunha; tel: 09351-2-490985, fax: 09351-2-489470.

NATURAL PRODUCTS AND PAPER

Chapter 44.
Timber — UK. T. K. Pallets Ltd; P W Bolton; tel: 0944-446-711202, fax: 0944-446-710785.

44.18; 76.10; 70.05; 32.08; 32.10. 84.28.
Doors, glass, paints, lifts — UK. KET International; Khal Eltbach; tel: 0944-81-898-7725, fax: 0944-81-894-7715.

Batson Company; Louis Batson; tel: 091-803-242 5262, fax: 091-803-271 4535.

61.00.
Textile fabrics — US. Louis Batson; tel: 091-803-242 5262, fax: 091-803-271 4535.

61.00.
Knitwear — Netherlands. Tekona Consult Ltd; tel: 0931-20-662 6885, fax: 0931-20-673 7715.

Chapters 61, 62.
Woven and knitted apparel — UK. Sarema designs; S Rehman; tel: 0944-908-230662, fax: 0944-908-231459.

Chapters 61, 62, 64.
Woven and knitted apparel; and footwear — UK. Hopkins Impex; Andrew Downing; tel: 0944-269-850662, fax: 0944-269-592139.

Chapters 61, 62.
Clothing for men, women and children — Germany. Gebr Winkler; Bennfeldt; tel: 0949-40-528 460, fax: 0949-40-528 46211.

62.04.00; 64.05.00.
Clothing; leather boots. Sacramento Impex; Gillian Chichester; tel: 091-916-638-5353, fax: 091-916-852-0412.

63.03.92.90; 63.06.11; 63.06.12.
Fibre glass insect screening mesh, cotton tissue for sun

73.03.
Cast iron pipes — UK. Eccles Goodridge Cast & Steel Ltd, Denzil Marston. tel: 0944-21-556-9922, fax: 0944-21-556-1583.

73.08.90.90, 84.70.50.00.10, 84.72.90.90.
Parking lot barriers, cashier systems and ticket dispensers — Israel. Adre B Limited; Ariel Adorman; tel: 09972-3-556 6222, fax: 09972-3-556-0779.

74.11.21.
Extruded bronze tubing — US. Metals for Industry Inc; Sam Keiser; tel: 091-918-455-1779, fax: 091-918-455-1982.

74.15, 73.18; 83.02; 73.18.
Nuts and bolts — UK. D G Peacock Associates; Pad Das; tel: 0944-81-570-7938, fax: 0944-21-382-2849.

Chapter 76.
Aluminium profiles — UK. Moathur International; A Obika; tel: 0944-71-226-0793. fax: 0944-81-808-3458.

85.00.
Solar power equipment — US. Cromwell Tucker; tel: 091-502-895 1516, fax: 091-502-894 9210.

85.17, 85.31.10.90.
Intercoms and alarm sys-

3703.

07.03. 10; 08.05. 10.20. 30.40.90.
Onions and citrus fruit — Netherlands. J J van der Lans Int Fresh Produce; G van Doorn; tel: 0931-2153-16840, fax: 0931-2153-89622.

07.10; 08.11; 20.07, 20.08.
Frozen vegetables, fruit purees and pastes, frozen strawberries and canned apricots and peaches — Japan. Nishimoto Trading Co; Tatsuzo Susaki; tel: 0981-78-391-6911, fax: 0981-78-391-1058.

10.05; 41.02.
Degerminated maize for feeding; Sheep skins with wool — Japan. Mitsukura Boeki Kaisha; Shoichi Sato; tel: 0981-78-241-4321, fax: 0981-78-232-0071.

15.08; 15.12; 15.15.
Groundnut, sunflower, safflower, cotton seed and maize oil products — Japan. Imanaka Ltd; M. Hayashi; tel: 0981-6-312-4571, fax: 0981-6-315-0225.

16.01; 00.80; 17.04.
Canned beef or pork (1-million cans), candy, chocolate bars (20-60 metric tons a week) — US. For delivery in Moscow. Syrex; Laurens Dorsey; tel: 091-315-445-8008, fax: 091-315-445-9499.

17.04.90.
Sugar confectionery — UK. Darkorf Ltd; Prince Cole; tel: 0944-81-519-0503, fax: 0944-81-503-0965.

20.08. 11; 20.07; 04.09; 20.09; 20.02; 20.08; 07.10.
Peanut butter, fruit and vegetable purees and pastes, canned peaches and frozen vegetables — Japan. Yagi Tsusho Ltd; Bob Taniguchi; tel: 0981-6-227-6818, fax: 0981-6-203-7247.

21.04; 07.10.
Powdered soup and frozen sweetcorn — Japan. Pokka Corp; M Kakihara; tel: 0981-52-932-5381, fax 0981-52-932-1425.

21.05; 04.02; 16.04; 21.02.
Ice cream and powdered milk; canned mackerel; enzyme of egg white — Japan. Imanaka Ltd; M Hayashi; tel: 0981-6-312-4571, fax: 0981-6-315-0225.

22.0.
Wine — US. Lower Falls Wine Co; Chris Minervino; tel: 091-617-332-3000.

MINERALS, CHEMICALS AND PLASTIC

25.25.00.00.
Marble — Hong Kong. Dah Chong Hong Ltd; Wilson Ng; tel: 09852-5450666, fax: 09852-5459232.

Chapters 28-38; Chapter 27; 90.18.
Chemical components and petrol products; medical equipment — UK. International Spare Parts; Terry O'Shea; tel: 0944-329-234740, fax: 0944-703-237679.

28.36.

44.18; 76.10; 70.05; 32.08; 32.10. 84.28.
Doors, glass, paints, lifts — UK. KET International; Khal Eltbach; tel: 0944-81-898-7725, fax: 0944-81-894-7715.

48.01.00; 48.23.70.
News printing paper in rolls and paper pulp — US. Jetstar Enterprises Development Co; Richard Tse Sun Wong; tel: 091-206-878-1789, fax: 091-206-878-1859.

CLOTHING AND TEXTILES

51.12.
Woven fabrics of combed wool or fine animal hair for men's suits and jackets — Japan. Takaoka & Co; M Tsuboi; tel: 0981-6-227-1881, fax: 0981-6-227-1897.

52.0.
African fabrics for clothing — US. Portrait of Me; Ranie Raley; tel: 091-909-623-0873, fax: 091-909-620-0955.

58.03.
Gauze, textiles — UK. IBI Commercial; John Lustig; tel: 0944-282-844426, fax: 0944-282-844426.

59.00.
Textiles — US. Glasser Textile Corp; Al Glasser; tel: 091-212-398 9400, fax: 091-212-768 8267.

59.00.
Textiles — US. Louis P.

cramento Impex; Gillian Chichester; tel: 091-916-638-5353, fax: 091-916-852-0412.

63.03.92.90; 63.06.11; 63.06.12.
Fibre glass insect screening mesh, cotton tissue for sun awnings and synthetic tissue for sun awnings — Netherlands. J Marini; tel: 0931-70-350 4637, fax: 0931-70-358 4136.

Chapter 65.
Headgear — UK. Gallant Ordinance; PA Birtwhistle; tel: 0944-71-620-2808, fax: 0944-71-620-2799.

Chapter 65.
Headgear — UK. Urban A Norwood; C J Day; tel: 0944-582-22126, fax: 0944-582-22126.

METALS AND METAL PRODUCTS

72.27, 72.28.
Steel bars — UK. Turner International; John Milton; tel: 0944-81-995-0666. fax: 0944-81-742-1910.

73.00.
Steel products — US. Tap Co Inc; Animesh Patnaik; tel: 091-609-758 0800.

73.01.
Bi-metal sheet piling of iron or steel — US. Richards Industries Inc, Gilbert Richards. tel: 091-513-533-5600, fax: 091-513-533-2585.

fax: 0944-81-800-3438.

85.00.
Solar power equipment — US. Cromwell Tucker; tel: 091-502-895 1516, fax: 091-502-894 9210.

85.17, 85.31.10.90.
Intercoms and alarm systems — Angola. Promminter; Rodrigues; tel: 092581-1-33189.

85.36.90.10.
Electronic products — Hong Kong. E-sun electronics; Anna Lam; tel: 09852-541 1154, fax: 09852-545 0269.

85.36.90.10.
Automotive parts — Hong Kong. Well-most industrial; Kevin Yu; tel: 09852-861 0207, fax: 09852-529 5230.

MISCELLANEOUS

68.02.
Granite, stone, slate, bricks — Japan. Nagoya Mosaic Tile Co; Y Kato; tel: 0981-52-935-1525, fax: 0981-52-937-6716.

71.03.10; 71.03.99.
Agate, rough and cut — US. F & S Kerendian; L Kerendian; tel: 091-310-556-1222, fax: 091-310-552-1520.

71.13; 71.16; 71.17; 33.03; 44.20.10.
Jewellery, perfume, wood carving — US. Bruce Daley Imports; tel: 091-215-849-8625.

Exporters on parade

ARG 6/2/93 745

■ Weekend Argus and the Cape Chamber of Industries are backing a new drive to boost exports with the 1993 competition to find the Western Cape Exporter of the Year.

TOM HOOD, Business Editor

EXPORTS earn billions of rands for Western Cape farmers and companies. Without this business many firms would not have survived the recession, says Mr Colin Boyes, deputy director of the Cape Chamber of Industries.

Deciduous fruit alone brings in about R1 billion in foreign exchange while wine earned about R500 million last year.

The clothing industry has pushed its exports to about R600 million a year and saved the jobs of thousands of workers who would have been retrenched as order books shrank.

The clothing and textile industries stand to benefit from a new duty rebate scheme which starts on April 1.

Under the scheme a duty rebate equal to 30 percent of exports will be given on imports of clothing, of 15 percent on imports of fabric and 10 percent on imports of yarn.

It replaces a complex structural adjustment programme involving duty-free permits.

A new drive to boost exports is being spearheaded by the Chamber and Weekend Argus with the 1993 competition to find the Western Cape Exporter of the Year.

The competition aims at encouraging exporters by honouring those whose performances have been outstanding.

The competition will be featured every week in Weekend Argus.

Closing date for entries is March 26 and the five finalists will be announced on April 16.

Weekend Argus will publish articles on the finalists in successive issues.

The name of the winner will be announced at a dinner to be held at the Mount Nelson Hotel on Wednesday, June 2.

CCI deputy director Mr Colin Boyes emphasised the importance of the award as a distinct export culture rapidly gathered momentum in the Western Cape.

"It seems that companies with export profiles are holding up better in this downturn than those solely dependent on local markets."

He said this year's awards would include a Special Export Achievement Award for companies with a turnover of less than R10 million.

Special industry-based awards have also been included.

The criteria for judging exporters will be based mainly on:

■ RESULTS ACHIEVED: History of export achievements, value of export sales, improvement in export sales and orders gained against competition.

■ SUSTAINABILITY: Basis for future business, long-term contracts or one-offs, continuation of marketing efforts.

■ INNOVATION: Breaking through in particularly difficult markets, development of new marketing techniques, product research and development.

■ DOWNSTREAM IMPACT: Job creation, overall effect of the company and impact on the industry.

The competition is open to all manufacturers in the Western Cape who export products of South African origin. Judging will be based on the best export performance in relation to company size.

To obtain an entry form, fill in the coupon on Page 3.

Organic products in demand

BDM 8/2/93.

746

Business Day Reporter

FOODSTUFF and organic products dominate today's list of export inquiries.

Offers of business represent either an export opportunity or an attempt to test the prices of SA suppliers. The Department of Trade and Industry suggests potential exporters contact the inquirer directly, although they are willing to assist and provide advice.

Apart from the usual foodstuff inquiries about frozen fish from former leading seafaring nations like Portugal and Spain, there are a number of offers for products such as wines and fruit juices.

Demand for unfortified wine in Germany seems strong, as there have been at least five inquiries about this type of product in recent weeks.

Another German firm wants thousands of tons of oranges, lemons and mandarins (naartjies), presumably to be pulped and sold as fresh fruit juice.

The list also contains several queries for leather products and animal hides.

There is one potentially very lucrative opportunity in the manufacturing category: an Israeli businessman wants quotes for the supply of 4,5-million R6, 750 000 R14, and 1,75-million R20 dry zinc carbon batteries a year.

A query from Mozambique for electrical cable may also represent a rewarding opportunity, since much infrastructural work sponsored by international agencies is in progress there.

☐ This feature appears weekly on Mondays. To advertise, call Janet Jadrijevich on (011) 497-2543.

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FOODSTUFFS

03.01
Frozen fish — Spain. Real, SA, Barcelona, José Real; Tel: 0934-3-418 5804, fax: 0934-3-219 23 77.

03.01
Frozen fish and seafood — Spain. Pasapesca; Barcelona; Rafael Herrero; tel. 0934-3-478 28 48, fax: 0934-3-478 36 73.

03.03.78.
Frozen Hake — Portugal. Joao Luís Inglês Guinhenhas; Lisbon; D Gina; tel: 09351-34-366492, fax: 09351-34-366492.

03.04.20, 06.03.10, 16.02.50, 16.02.90, 20.07, 20.08, 94.02, 94.03.10, 94.03.80.
Frozen fish, cut flowers, tinned meat and fruit, furniture — Hungary. Conti Trade; Budapest; Zoltan Sagi; tel: 0936-1-133-8728, fax: 0936-1-133-6057.

03.07.99.10
Frozen abalone — Hong Kong. Regal Motion Industries; Kowloon; Shirley Wong; tel: 09852-7220181, fax: 09852-7221797.

06.01.10, 06.01.20
Bulbs — UK. Alpines Anglia and herbs; Huntingdon; P Owen; tel: 0944-487-840 103, fax: 0944-487-840 096.

06.02.40
Long stemmed roses — Germany. Dominik GmbH; Hostel: Axel Dominik; tel: 0949-

08.08.10, 08.07.20, 08.06.10
Apples, papayas and grapes — Portugal. Central Hortofruticula; Muge; Nuno Gordo; tel. 09351-43-589198, fax: 09351-43-589716.

13.02, 33.01
Vegetable extracts and essential oils — Belgium. Discos BVBA; Schoten; L Evens; tel: 0932-3-658 9167, fax: 0932-3-658 9167.

14.04
Loofahs (massage sponge) — Belgium. Jacaré Trading NV; Antwerp; Luc Pysson; tel: 0932-3-542 1030, fax: 0932-3-542 4863.

16.04.15.90; 20.08.09
Canned fish, fruit — Greece. Intertrag — John Kontis and Co; Athens; Nikolaos Kontis; tel: 0930-1-961 5842, fax: 0930-1-963 0204.

17.04.90.75
Toffee — UK. Colubrid International; London; David Carr; tel: 0944-71-609 4612, fax: 0944-71-609 4612.

20.08.20; 20.09.80.10; 09.01
Canned pineapples, fruit juices, instant coffee — Greece. Eurostar Intertrade Co; Vrilisia; B E Kyritisis; tel: 0930-1-685 2975, fax: 0930-1-684 0416.

20.09, 21.06.
Fruit juices — Belgium. Texobelg; Brussels; Liefferinckx; tel: 0932-2-646 5280 fax: 0932-

vos Ltd; Sao Paulo; Claudia Missner; tel: 0955-473-22-8286, fax: 0955-473-22-7575.

39.17
PVC plastic pipes — Turkey. Tamtut Kimya Sanayi VE Ticaret; Mersin; I Goguskabaran; tel: 0990-7581-5757, fax: 0990-7581-5761.

40.14.90.00.
Pharmaceutical products — Hong Kong. Reality Med Supplies Co; Wai Dan Fung; fax: 09852-8984630.

Chapter 41.
Leather goods — UK. Brenton Handbags; Bury; S Higgins; tel: 0944-61-764 8520, fax: 0944-61-763 1503.

Chapter 41.
Leather goods — UK. Rawlings International; Southampton; M J Rawlings; tel: 0944-489-799124, fax: 0944-489-799124.

41.03.
Sheepskins, Karakul — Spain. Acabados del Valles; Barcelone; José Miserachs; tel: 0934-3-871 46 77, fax: 0934-3-871 52 72.

41.08.00.
Chamois leather — Germany. Fritz Berger GmbH; Essen; Ulrich Leist; tel: 0949-201-294000, fax: 0949-201-294023.

43.02.13.
Lamb skins — Canada. Sokoloff Fur; Thornhill; Sidney Sokolof; tel: 091-416- 881 1337,

Baron de Fierland Dormer; tel: 0932-2-657 1701, fax: 0932-2-657 9008.

73.18.
Screws, nuts, bolts and fasteners — Italy. Viterie Venete; Padova; Giorgio Cortiva; tel: 0939-49-774 155, fax: 0939-49-807 0873.

73.40, 73.15.
Wire mesh, flat and corrugated steel for construction — Spain. Transportes y Comercios Int; Madrid; Amparo Bonelo; tel: 0934-1-559 8955, fax: 0934-1-547 6012.

MANUFACTURING

82.00.
Horticultural tools — US. Waltham Gardens; Goldsboro; Walt Ham; tel 091-919-734 7622.

82.07.
Three cone rotary bits — Turkey. Erkom Kompressor ve Makina; Istanbul; M Attila Uslu; tel: 0990-4-342 1755, fax: 0990-4-341 0038.

84.22.30, 84.22.40, 84.43.30, 84.77.00.
Food packaging machinery, flexographic printing machinery, machinery for working plastics — Chile. Commercial Andexport; Santiago; Vito Napoli; tel: 0956-2-222 8143, fax: 0956-2-634 7133.

84.81.10 — 84.81.90.
Valves — Canada. Cross Technologies; Unionville; Alan Voisine; tel: 091-416-472 4173.

85.06.11.90.
Millions of R6, R14, R20 zinc carbon dry batteries — Israel. Turbo Plus; Tel Aviv; M Baruch; tel: 09972-3-695 3350, fax: 09972-3-695 3170.

85.42, 85.41.10, 85.41.20.
Electronic integrated circuits, diodes and transistors — Brazil. Sun Trade Comercial; Sao Paulo; Narciso Silva; tel and fax: 0955-11-887 5790.

85.44.59.
Electrical cables — Mozambique. Custodio & Irmao; Maputo; J Cunha; tel: 09258-1-465225, fax: 09258-1-465005.

87.00.
Car accessories, anti-theft products — US. Fayetteville NC; Serge Zimmer; tel: 091-919-488 4101.

87.01 — 80.05.
Motor vehicle exhaust systems — UK. GT Exhausts; Enniskillen; N Tunney; 0944-365-322 282, fax: 0944-365-323 391.

87.08; 68.13
Brake linings — UK. J W Supplies Ltd; Wiltshire; W A Kitto; tel: 0944-225-705 661, fax: 0944-225-702 839.

90.04.10.00; 71.13; 71.17
Sunglasses, jewellery — US. Midwest Gems; Minneapolis; Jimmy Shaw; tel: 091-612-871-3370.

MISCELLANEOUS

98.03.90.
Ostrich feather dusters — US. Clipper Mill; San Francisco; Robert Carrigan; tel: 091-415-552-5005, fax: 091-415-552-6296.

97.00.
Swimming pool products and tanning beds — US. M&M Pool Distributors; Cleveland; Doug Mathews; tel: 091-615-476-4523, fax: 091-615-476 4962.

99.00.
African arts and crafts — US. Bill Keith Enterprises; Beacon NY; Wiliem Keith; tel: 091-914-838-2066.

06.01.10, 06.01.20
Bulbs — UK. Alpines Anglia and herbs; Huntingdon; P Owen; tel: 0944-487-840 103, fax: 0944-487-840 096.

06.02.40
Long stemmed roses — Germany. Dominik GmbH; Hostel; Axel Dominik; tel: 0949-5459-7081, fax: 0949-5459-4168.

06.03.10
Cut flowers — Japan. Cactus Corporation; Tokyo; Kishiyama; tel: 0981-543-51-3280, fax: 0981-543-51-3285.

07.01.10
Potato seed — Mozambique. Sementes de Mocambique; Maputo; Britt Granqvist; tel: 09258-1-460207, tel: 09258-1-460146.

07.09.20, 07.09.90, 08.10.10.
Asparagus, courgettes and strawberries — UK. Griffin & Brand; Ashford; Robin Turner; tel: 0944-233-645 941, fax: 0944-233-639 340.

07.10.80.90
Frozen broccoli — Austria. Rudolf Turman; Vienna; M Pravits; tel: 0943-1-713 8077, fax: 0943-1-713 8081.

08.05.10, 08.05.20, 08.05.30.
Thousands of tons of second- or third-grade oranges, mandarins and lemons — Germany. Roitman Verlag & Agentur; Munich; Lev Roitman; tel: 0949-89-349 858, fax: 0949-89-392 827.

Canned pineapples, fruit juices, instant coffee — Greece. Eurostar Intertrade Co; Vrilisia; B E Kyritisis; tel: 0930-1-685 2975, fax: 0930-1-684 0416.

20.09, 21.06.
Fruit juices — Belgium. Texobelg; Brussels; Liefferinckx; tel: 0932-2-646 5280, fax: 0932-2-646 5326.

20.09.
Apple juice concentrate — Germany. Mainfrucht; Munich; H Freisch; tel: 0949-9721-54080, fax: 0949-9721-840 921.

22.04
Wine — UK. Wines of Westhorpe; Marchington; Alan Ponting; Tel: 0944-283-820 285, Fax: 0944-283-820 631.

22.04.21; 22.08
Wines, spirits — Channel Isles. A C Gallie Ltd; Jersey; B K Barette; tel: 0944-534-345 9617, fax: 0944-534-670 30.

22.04.21.10
Unfortified wine — Germany. Rabel & Hug International; Rabel; tel: 0949-781-71574.

ORGANICS, MINERALS AND CHEMICALS

31.01
Guano natural fertiliser — Israel. Agriman; Tel Aviv; Ruth Fishman tel: 09972-3-961 1986, fax: 09972-3-961 6415.

39.03
Polystyrene granules — Brazil. Teuto Italiana de Adesi-

41.08.00.
Chamois leather — Germany. Fritz Berger GmbH; Essen; Ulrich Leist; tel: 0949-201-294000, fax: 0949-201-294023.

43.02.13.
Lamb skins — Canada. Sokoloff Fur; Thornhill; Sidney Sokoloff; tel: 091-416- 881 1337, fax: 091-416-8815369.

WOOD AND PAPER

Chapter 44.
Meranti, other quality wood — Belgium. Vlieghe BVBA; Kortrijk; Mr Vlieghe; tel: 0932-56-204 640, fax: 0932-56-202 538.

44.03.10.30, 44.03.20.50.
Pine logs — Turkey. Marmara Otomotiv Ticaret Ve Sanayi; Istanbul; Erol Aksun; tel: 0990-1-2665440, fax: 0990-1-2671683.

44.03.10.91.
Pine logs — Italy. Sotimco SA; Rome; J F Lucas; tel: 0939-6-855 7109, fax: 0939-6-884 5878.

48.02.52.
Photocopy paper — Turkey. Fertunc Turizm Endustri Ve Ticaret Ltd; Istanbul; Ferit Ogulmus; tel: 0990-1-252 2263, fax: 0990-1-2499236.

TEXTILES AND CLOTHING

57.02.20; 57.02.99.10; 57.01.10.
Floor coverings, mats, carpets — Chile. Disenos Luz Mendez y cia; Santiago; Horacio Arredondo; tel: 0956-2-206 6684, fax: 0956-2-621 5619.

Chapters 55, 61, 62.
Fabrics, apparel — Scotland. Y S International; Lanarkshire; A R Sheik; tel: 0944-698-833 493, fax: 0944-698-834 806.

62.02.04.06; 62.03.42.31; 96.17.00.11; 97.05; 73.21.11.
Women's clothing, jeans, cooler bags, African art, barbecues — The Netherlands. Global Impex; Hoogvliet; P Nandoe; tel: 0931-1880-1-8181, fax: 0931-1880-1-8141.

62.09.10/90; 64.05.90.90; 87.15.00.10.
Baby clothes, shoes, carriages — Namibia. The Baby Boutique; Windhoek; Magdalize Reinhardt; tel: 061-222069; fax: 061-222069.

62.15.10.00, 62.09.10.00, 61.15.11.00.
Ties, socks and pantihose — Greece. Mihadasis and Co; Thessaloniki; C Mihadasis; tel: 0930-31-428 452, fax: 0930-31-418 928.

METALS

72.04.29.
Scrap railway track — Switzerland. Thomas Landtwing; Zurich; Thomas Landtwing; tel: 0941-1-821 7255, fax: 0941-1-821 7355.

72.13.10.
Iron and steel deformed bars — Belgium. Verdoot Agencies; Overijse; G Verdoot; tel: 0932-2-687 2899, fax. 0932-2-687 4248.

73.00, 84.00, 84.14, 84.29, 36.00, 59.11.
Anchor bolts and frames, elevators, boring equipment, mine ventilators, loaders for stone quarries, explosive detonators and filter cloth — Belgium. Sertra; Overisje;

Market glut hits top SA ferrochrome exporter

(744) (CT)

Business Staff

SOUTH Africa's ferrochrome exporters are suffering heavily from cut-throat and profitless competition in over-supplied world markets.

This has led to Consolidated Metallurgical Industries, one of the country's "big two" exporters, posting a loss of R21 million for the six months ended December against a loss of R180 000 for the same period a year earlier. ARG 8/2/93

CMI has again passed its dividends.

These were last paid in 1990.

Robert Mugabe in the dock

ZIMBABWEAN president Robert Mugabe's call for continued sanctions against South Africa is out of touch with reality, the SA Foreign Trade Organisation said yesterday.

"Zimbabwe is South Africa's biggest trading partner in Africa," it said.

Business sources put the value of South Africa's trade exports to Zimbabwe at more than R1 billion last year, nearly a quarter of South Africa's exports to the rest of Africa.

Sowetan 10/2/93

Import protection results in higher food prices — union

BDAY 11/2/93

GERALD REILLY

PROTECTION against the importation of essential agricultural input significantly affected production costs and resulted in inflated food prices, SA Agricultural Union director Piet Swart said yesterday.

He was commenting on the Board on Tariffs and Trade (BTT) report which said agricultural industry manufacturers' protection was a factor contributing to high food prices.

Agriculture Minister Kraai van Niekerk said in a related statement this week protection had given rise to monopolies in the tractor, agrichemical and fertiliser industries.

Swart said much of the justification for protecting what were once considered to be strategic industries had fallen away and boycotts and sanctions were crumbling.

He welcomed Van Niekerk's announcement that he would have input cost in the industry investigated.

"If we want to keep food prices down it is essential that barriers to necessary inputs which can be imported cheaper than the local product be lowered or removed," Swart said.

At a meeting last month with the National Maize Producers' Organisation (Nampo), Finance Minister Derek Keys asked the organisation to find out which imported agricultural inputs were still protected.

A Nampo spokesman said Atlantis four- and six-cylinder diesel engines and spares had enjoyed huge protection for years, inflating tractor and other agricultural machinery prices.

Nampo had proposed, with ADE's support, the lifting of protection on importing six-cylinder engines. The Industrial Development Corporation had estimated the engines were 43% more costly than imported ones.

The spokesman said the protected agrichemical industry had asked the BTT for greater protection.

Nampo was also looking at protection given to the tyre manufacturing industry, which recently asked the BDT for greater protection.

Govt approves export incentive scheme

BDay 12/2/93. (14G)

EDWARD WEST

GOVERNMENT had approved the implementation of a limited export incentive scheme for the services sector during the 1993/94 financial year, the Trade and Industry Department said yesterday.

The scheme, which would be based essentially on the Export Marketing Assistance Scheme for goods, aimed to support financially suppliers of services to markets and the utilisation of their services overseas.

The department was preparing guidelines for the scheme, which would be operated on a selective basis. It would be introduced on or as soon as possible after April 1, a statement said.

SA Association of Consulting Engineers executive director Hennie Lemmer said the move represented an opportunity for SA consulting engineers to compete with overseas engineers who were granted incentives of up to 50% of the contract price by their governments.

SA consulting engineers hoped to receive a 15%-20% incentive on contracts awarded.

This would enable them to spread marketing costs and facilitate the award of overseas construction contracts for SA contractors.

Council of SA Banks chief Tony Norton said financial services were excluded from export incentives and, although the incentives were not expected to affect banks, it was a step in the right direction.

Sapa reports the department has supported the setting up of export processing zones to promote industrial development and exports.

Department director-general Stef Naude said yesterday a final framework for the zones was being negotiated.

After considerable research and international and private sector input, the department's draft proposal put forward that export processing zones be set up according to the traditional fenced model, where the entire production of the zone is exported.

The zones would be based on private sector initiative and finance, with minimum administrative requirements imposed on government.

Government would, however, provide financial and other incentives to zone users while facilitating and monitoring the zones. Naude said several regions had shown "enthusiasm" for these zones. — Sapa.

Scheme for export zones to get exemption from VAT

B DAY S TIMES (BUSS) 14/2/93.

By CIARAN RYAN

THE government proposes exempting export processing zones (EPZs) from VAT, customs duties and export levies, according to a draft proposal released this week.

EPZ users will be subject to South African laws and all output must be exported from the South African customs area to qualify for EPZ benefits. No tax holidays are planned, as is common in many successful EPZs around the world.

The finance and operation of the EPZs will be left to the private sector. All EPZs must be located within 50km of an airport or international port and approval must be obtained from an EPZ Board.

Normal South African corporate tax rates apply, drawing into question the ability of the proposed EPZs to attract local and, particularly, foreign capital in competition with countries offering generous tax breaks, such as Mauritius, Argentina and Mexico.

The compensation is that EPZ companies qualify for General Export Incentive Scheme (Geis) benefits, ranging from 2% to 19,5% of export value, the Regional Industrial Development Programme (grants equal to 10,5% of operational assets in the first two years and a profit-based incentive for three years) and the Export Marketing Assistance Schemes — all of which are currently available to South African businesses.

Only newly incorporated companies may establish in EPZs, eliminating the possibility of existing firms relocating to take advantage of the benefits.

Non-residents must invest through the financial rand in compliance with Reserve Bank regulations. Dividends, royalties and interest may be remitted in commercial rands.

The obligation to buy and sell assets through the financial rand is a frequently cited reason for SA's inability to attract foreign capital.

Weak

Low interest loans from the Industrial Development Corporation and financing from the Small Business Development Corporation are also offered as incentives.

The draft proposal on EPZs is unlikely to attract a stampede of investors.

With the exception of exemption on customs duties on imports, export levies and VAT on imports of plant, equipment, raw materials and components — and the implied relaxation of restrictive regulations where this is accepted by local authorities, business and organised labour — the proposal has little new to offer investors and is particularly weak on incentives.

Plant and machinery qualify for 20% depreciation over five years, buildings for 5%, wear and tear on office equipment 10% and motor vehicles 20%. Scientific research qualifies for a 25% deduction, according to the draft proposal.

Lucrative offers for producers

BDM 15/2/93 (746)

Business Day Reporter

EVERY category in today's list of export offers contains at least one large and seemingly lucrative opportunity for SA producers.

The information on the list is supplied by the Department of Trade and Industry, which receives it from SA embassies and trade consulates worldwide.

There are two notable inquiries in the foodstuffs category. The first is from a US businessman who wants quotes for the delivery of 40-100 tons of shelled peanuts a month to CIF Vancouver or Winnipeg, Canada. The second comes from Japan. A Tokyo importer wants up to 200 tons of tinned tuna, to be sold as pet food, each month.

In the organics and synthetics category, an Israeli import agent asks about Nylon 1 000 denier (codura, width 110cm). The agent wants quotes for a locally sourced supply of 30 000m² a year.

There is also an inquiry from Italy for "large quantities" of plywood.

As usual, the metals category has a number of seemingly lucrative inquiries. Three export opportunities stand out: One is from Israel, where an importer seeks quotes for the supply of about 80 tons a year of 22 different varieties of copper strip. He is also interested in four kinds of brass strip, of which he requires 60 tons a year.

An Italian firm of electro-chemical machinists seeks quotes for 50 tons of aluminium coils a month. The coils will be used in a painting process and must be of quality 3003.

In the equipment and machinery category, a Malawi trader is interested in importing 600 tobacco bailing presses, and a German importer wants water boilers for use in dairy food processing plants and paper and wood processing plants.

☐ To advertise in this weekly feature, call Janet Jadrijevich on (011) 497-2543.

INFORMATION in this feature supplied by the Export Centre of the Department of Trade and Industry.

Inquiries:
Manufacturers should contact the foreign company direct. Where possible a contact person has been named. If there are any problems, communicate with the Department's Export Centre, tel: (012) 310-9791. Fax: (012) 320-8157.

How to use:
The items on this page are listed by number according to the harmonised tariff code system issued by the Department of Customs and Excise. The code gives specific details of the listed item.

Export services:
For general advice on exports and export incentives, contact the department or its regional representatives in Durban, Port Elizabeth or Cape Town. It is strongly recommended that manufacturers new to the world of exports get in touch with the local office.

Warning:
SA firms should be aware that restrictions on the export of these products might be applied by the authorities.

FOODSTUFFS

03.03, 03.06, 03.07, 07.10, 08.11, 16.04.13.20, 16.04.15.20, 23.09, 23.09.10.
Frozen fish, crustaceans and molluscs, frozen vegetables and fruit, canned pilchards and mackerel, and pet food — Italy. PJ Iniziative; Peter Johannesen; tel: 0939-2-720 00061, fax: 0939-2-720 00926.

03.03.41 — 42.
Tuna — UK. Ignis Foods; A Gortway; tel: 0944-71-603 6907, fax: 0944-71-603 1284.

04.02.
Powdered milk — Belgium. Promotrade; Vidal; tel: 0932-2-538 7143, fax: 0932-2-534 8234.

04.02.21, 51.01.00.
Powdered milk — UK. Ichi Ltd; T Basunia; tel and fax: 0944-81-540 7856.

04.02.21.
Powdered milk — Romania. Naturismil; Gheorghe Puiu; tel: 0940-1-611 5701, fax: 0940-1-611 7840.

Ch's 7 and 8.
Vegetables and fruit — UK. Freshlines; S White; tel: 0944-273-626 664, fax: 0944-273-626 665.

12.02.20.
Tens of tons of shelled peanuts a month — US. Cyvex Tech; Gilbert Gluck; tel: 091-714-786 8507, fax: 091-714-786 8524.

16.04.
Tons of tinned tuna a month — Japan. Matsushita Elec; Takagi; tel: 0981-3-3435-4576, fax: 0981-3-3435-4558.

22.04.
Unfortified wine — Germany. B Freudenmann; tel: 0949-7472-25041.

22.04.
Wines — Italy. Lotus Avion; E Tacchi; tel: 0939-2-4009-9306, fax: 0939-2-4009 9326.

23.00, 70.12.
Animal feed pre-mixers, glass bottles and containers — Spain. Inorquimica; G Tobeck; tel: 0934-3-207 3563, fax: 0934-3-207 0406.

23.09.10.
Dog and cat food — Italy. Italico; Mauro Sarasso; tel: 0939-332-428 146.

MINERALS AND SYNTHETICS

25.23.10.90.
Cement clinkers — Austria. Steel Trade Handelsgesmbh; G Preschern; tel: 0943-732-667 177, fax: 0943-732-666 052.

26.03.
Copper concentrates — UK. Technolink; K Cheung; tel: 0944-71-731 7454, fax: 0944-71-470 651.

27.13.12; 27.01.00.
Petroleum coke, low sulphur coking coal — US. Yildrim Trading Co; Robert Yildrim; tel: 091-415-345 8928, fax: 091-415-345 8914.

Chapter 10.
Pharmaceuticals — Ireland. Intraveno; Michael Kinsella; tel: 09353-520 388, fax: 09353-520 864.

34.06.
Candles — UK. Raymond Sales Agents; Anthony Raymond; tel: 0944-245-352 075, fax: 0944-245-356 116.

39.09.40; 39.11.10; 39.11.90.
Phenolic resins, petroleum resins — Japan. Kishimoto Sangyo Co; Ichikaloa; tel: 0981-3-3663-0271, fax: 0981-3-3661-6459.

40.14.90.00.
Pharmaceutical raw materials — Hong Kong. Mayor Trading Co; Roy Tan; tel: 09852-890 4330, fax: 09852-577 1705.

40.15.19 — 20, 39.26.20; 42.03.29.10.
Industrial gloves, PVC gloves; work wear uniforms — Greece. Zacharakis OE; Stefanos Zacharakis; tel: 0930-1-992 0414, fax: 0930-1-963 0714.

ORGANICS, TEXTILES AND CLOTHING

41.02; 41.03.
Bovine and goat hides — Spain. Incusa; Silvino Casanova; tel: 0934-6-121 2458, fax: 0934-6-121 2557.

Chapter's 42, 71.
Ostrich leather products; arts and crafts; costume jewellery — US. Ted Dillon; tel: 091-813-347 5992, fax: 091-813-347 8171.

44.12.
Plywood — Canada. East-West Trading Co; M Cohen; tel: 091-514-483 5667, fax: 091-514-483 5666.

44.13.00; 73.25.91.90.
Wooden strips for picture frames; cast iron castings for wheel hub components; manhole covers — Italy. Onamor SRL; Romano Soli; tel: 0939-59-314354, fax: 0939-59-314307.

48.19; 49.17.
Paper bags, boxes, envelopes — UK. Empire Trading UK; B Gamauh; tel: 0944-81-807 5551, fax: 0944-81-807 5551.

48.17, 48.19; 39.23.
Paper bags, boxes and envelopes, plastic carrier bags — UK. Reflex Packaging; John Collins; tel: 0944-482-587 766, fax: 0944-482-587 765.

54.07.42.40.92.
Nylon products and thread — Israel. Ophir Agencies; Eran Sharf; tel: 09972-3-699 5678, fax: 09972-3-699 3775.

Chapters 61, 62.
Clothing — UK. Madison Clothing Co; Tony Cooper; tel: 0944-71-375-0220, fax: 0944-71-377-8538.

62.05.20.
Shirts — Canada. Farcom International; Robert Burr; tel: 091-514-369 2915, fax: 091-514-849 4634.

METALS

72.02.20 — 92, 74.04.00; 76.02; 79.02, 76.01.10.10, 79.01, 26.10.
Ferro-silicon/chromium-/vanadium/molybedunum, copper, brass, zinc and aluminium scrap; aluminium and zinc ingots, chromite sand and minerals — Italy. Leghe E Matalli SRL; F Duranti; tel: 0939-2-4801 4650, fax: 0939-2-4801 4672.

72.02.41; 72.02.49.
Ferro-chrome — Italy. CM Consulting Ltd; Suzanne Viger; tel: 0939-2-798 244, fax: 0939-2-798 686.

72.04.41.
Steel fibres for car brakes — Italy. Thermoforest SAS; tel: 0939-123-29032, fax: 0939-123-28667.

72.06; 72.27.
Steel and wire — US. Anneke Int'l; James McNeal; tel and fax: 091-212-515 4792.

73.02.00.10.
Rails — Hong Kong. Marine Design and Construction; David Elvy; tel: 09852-792 5172, fax: 09852-792 4261.

73.07.91.
Pipe fittings — US. Culver Company; Bernard Leytus; tel: 091-213-589 6571, fax: 091-213-589 0522.

73.08.20.10; 74.13.00.20; 85.04.22.
Steel mast, copper cables, transformers — Germany. GEP mbH; Peter Bach; tel: 0949-8031-15491, fax: 0949-8031-15906.

73.18.12.10.
Bolts and nuts — Netherlands. A Klaassen BV; R Klaassen; tel: 0931-1804-60800, fax: 0931-1804-16644.

73.21.82.
Stove, wick-type, for heating — Italy. Rodimex di Serge Rubin; Serge Rubin; tel: 0939-2-5501 0337, fax: 0939-2-5518 2225.

74.10.12.
Brass and copper strips — Israel. Nachshonim Metal Works; Uri Shaham; tel: 09972-3-938-6555, fax: 09972-3-938-6500.

75.02.12.
Nickel chrome alloys for dental metals, rods — US. Universal Co-operatives; L Leitgen; tel: 091-612-854-0800, fax: 091-612-854-0604.

76.06.11.
Aluminium coils — Italy. Cem Lavorazioni; Meccaniche; tel: 0939-2-8950 0710, fax: 0939-2-846 6624.

EQUIPMENT AND MACHINERY

84.1015.18.22.40.56.
Mining equipment, shovels, loaders, shaking machines, crushers, sieving machines — Morocco. Plus Trade; Laurent David; tel: 09212-2-258010, fax: 09212-2-251399.

84.03.10.
Water boilers for dairy and food processing plants — Germany. Diogenis Panioras Engineering; D I Panioras; tel: 0949-8294-1945, fax: 0949-8294-2041.

84.78.10.
Tobacco bailing presses — Malawi. Malta Wholesalers Ltd; Y K Aziz; tel: 09265-640756, fax: 09265-645514.

84.79.81.00; 84.79.89.60.
Metal coating machinery, embossing machines. — US. GFG Corporation; Bafbar Snorek; tel: 091-414-354-0400, fax: 091-414-354-4504.

85.16.32.00.
Hairdryer, scissors — Netherlands. Javabo NV; J van Boxsel; tel: 0931-076-217800, fax: 0931-076-217800.

MISCELLANEOUS.

90.18.11 — 90.18.90.
Dental and medical products — Canada. Biro Seraphico; tel: 091-416-760 8469, fax: 091-416-762 7253.

94.03, 85.16, 39.23.
Shelves and shelving, bins, cooking apparatus and plastic bags — UK. Samson Lancastrian; James Jackson; tel: 0944-942-721 285, fax: 0944-942-720 094.

95.07, 62.01, 62.02, 64.01.91, 64.02.19, 64.03.19, 65.03.00.90, 65.05.90.
Articles for hunting and fishing, hunter's and fisherman's boots, hats, and garments — Italy. Ismar SRL; Mino Tavola; tel and fax: 0939-341-367 669.

Bathroom/plumbing products — US. Concinnity; Marc Lewis; tel: 091-516-293 7272, fax: 091-516-293 9499.

Industrial and speciality chemicals — Italy. Finimex SRL; L Cereda; tel: 0939-2-3310 6862, fax: 0939-2-3310 6910.

Any and all types of parts (automotive, machinery, appliance etc) — US. Tower Group Int; George Leone; tel: 091-716-874 1227, fax: 091-716-874 0929.

Scrap steel rail — US. The Rand Corporation; Kenneth Assad; tel: 091-203-621 6245, fax: 091-203-621 6794.

(3) It is our intention to wait for the outcome of the court case in the USA which will dictate our future actions. The GSM (Group Special Mobile) Organisation will also keep us informed of any new developments.

(4) Any further information in this regard will be made available to interested parties.

Olympic Games in Barcelona

*21. Mr J CHIOLÉ asked the Minister of National Education:†

(1) Whether the State appropriated and/or made available an amount of money in order to make South Africa's participation in the Olympic Games in Barcelona possible; if so, what amount;

(2) whether this amount was made available subject to (a) the condition that the official South African flag be displayed and (b) other conditions; if so, what conditions were set;

(3) whether a request was addressed to Nocsa to apologise for the fact that the majority of athletes in the South African team were Whites;

(4) whether any representatives of the South African Government were invited by the International Olympic Committee to attend the official opening of the 25th Olympiad together with Mr Nelson Mandela; if so, who was so invited? B94E

The MINISTER OF NATIONAL EDUCATION:

(1) Yes; R1,5 million was allocated of which an amount of R500 000 has already been paid out.

(2) (a) No.

(b) Yes; the following conditions applied:

The funds could only be used to the advantage of the official team members and administrators in respect of the following items:

— Air fares

— Official uniform

— Hiring and purchase of equipment

— An audited financial statement of the project had to be presented to the Department of National Education after the Olympic Games.

(3) Not that I know of.

(4) No. Every participating country was afforded two accredited representatives by the IOC. In this capacity I attended the opening ceremony. I don't know in which capacity Mr Mandela attended the opening and who invited him.

Funding levels for education departments

*22. Mr R M BURROWS asked the Minister of National Education:

(1) Whether he will make public the guideline funding formulae used to establish budget fund levels for the various education departments; if not, why not;

(2) whether such formulae make provision for funding levels for each department which are different for each race group; if so, how does he intend to eliminate such race-based funding;

(3) whether he will make a statement on the matter? B98E

The MINISTER OF NATIONAL EDUCATION:

(1) No, because in terms of the announcement by the State President on 29 January 1993, a process of re-arranging is to be initiated on 1 April 1993, which will include, amongst other aspects, the financing of education.

(2) No, this formula is scientifically based and has no racial dimension or connotations. It can be used for the funding of institutions as well as geographic regions. As a result of the phasing out of the own affairs departments, the funding of education will in all probability be regionally or institutionally based.

(3) No.

Education departments: equal funding

*23. Mr R M BURROWS asked the Minister of National Education:

(1) Whether his Department will guarantee equal funding for specific non-salary areas in all education departments for the 1993-94 budget year; if not, why not;

(2) whether he will make a statement on the matter? B99E

The MINISTER OF NATIONAL EDUCATION:

(1) No. Although the financing formula has already been drafted, no general policy has yet been tabled under section 2(1)(a) of the National Policy for Education Affairs Act, 1984 (Act No. 76 of 1984). The formula is, however, used as a distribution guideline to divide the education budget between the various education departments but each education department decides according to its own needs and priorities how its budget should be divided between the different expenditure categories (including those categories other than salaries).

(2) No.

Poverty relief: money voted/spent

*24. Mr K M ANDREW asked the Minister of National Health:

Whether all the money voted for poverty relief programmes in respect of the current financial year has been spent; if so, (a) what total amount is involved and (b) on what was it spent; if not, (i) what total amount was voted, (ii) how much of it had been spent as at the latest specified date for which information is available, (iii) on what was the money spent and (iv) which organizations received financial assistance and/or grants? B100E

The MINISTER OF NATIONAL HEALTH:

No,

(i) R440 million,

(ii) R420 million till 31 January 1993,

(iii) on nutritional aid and social development programmes and

(iv) 1 264 non-governmental organisations consisting of different formal and informal welfare organisations, schools, churches and religious organisations, crèches, civic organisations, community committees, farmers aid committees, development organisations, local authorities, centres for job creation, the Rural Foundation and health related organisations.

Population figures of RSA/Natal

*25. Mr M J ELLIS asked the Minister of Home Affairs:

(a) What are the official population figures for the (i) Republic of South Africa and (ii) Natal/KwaZulu region and (b) in respect of what date are these figures furnished? B102E

The MINISTER OF HOME AFFAIRS:

(a) (i) 30 986 920

(ii) 7 955 527

(b) 7 March 1991.

General Export Incentive Scheme: fraud

*26. Mr L FUCHS to ask the Minister of Trade and Industry:

(1) Whether there have been any cases of fraud in regard to the General Export Incentive Scheme (GEIS); if so, what total amount is involved;

(2) whether these cases are being investigated; if not, why not;

(3) what action does he intend taking in regard to cases of fraud that have been proven? B103E

The MINISTER OF TRADE AND INDUSTRY:

(1) Thirty-six alleged cases of fraud, involving a potential amount of R136 million in regard to the General Export Incentive Scheme (GEIS), have so far

cont →

come under the attention of the Department of Trade and Industry.

(2) All cases which come to the attention of the Department of Trade and Industry are, as appropriate, investigated in collaboration with concerns such as the South African Reserve Bank, the Commissioner of Customs and Excise, other departments, the Office for Serious Economic Offences, the Government Attorney and the Commercial Branch of the South African Police.

Furthermore, external verifications of GEIS claims are undertaken by the Department on an ongoing basis.

(3) In regard to cases of fraud under the General Export Incentive Scheme, refunds are demanded from claimants who have acted illegally and such cases are handed over to the Commercial Branch of the South African Police for further action. In cases where fraud is proven, exporters are deregistered.

Telkom: bad debts

*27 Mr L FUCHS asked the Minister of Posts and Telecommunications:

(1) Whether Telkom had any bad debts during the period 1 February 1992 to 31 January 1993; if so, (a) what is the total amount involved and (b) how is this amount made up;

(2) whether any portion of this amount is due to the premium rate (087) industry; if so, what portion? B104E

The MINISTER OF POSTS AND TELECOMMUNICATIONS:

(1) Yes, Telkom had bad debts during the period 1 February 1992 to 31 January 1993.

(a) As the figures for January 1993 are not as yet available, the figures quoted below are applicable to the period 1 January to 31 December 1992. During this period bad debts amounted to R65,0 million.

(b) Approximately 98% of the abovementioned amount represents telephone debtors whilst the balance is made up by other telecommunication services.

(2) Yes. Part of the R65,0 million can be attributed to the 087 service. It is not possible to furnish a reliable estimate of the amount involved at this stage as the billing system does not provide detailed information in respect of calls made. There are, however, still a number of cases that are receiving attention but which have not yet been recorded as bad debts and where the amounts obviously include an 087 service component.

Military Intelligence/self-governing territories: contact

*28. Mr J A JORDAAN asked the Minister of Defence:†

(1) Whether a previous head of Military Intelligence, whose name has been furnished to the South African Defence Force for the purpose of the Minister's reply, at any time established contact with any chief ministers of the self-governing territories; if so, what (a) is the name of such head and (b) was the nature and extent of the contact;

(2) whether any of his successors as chief of Military Intelligence continued this contact; if not, why not; if so, what are the relevant details? B105E

The MINISTER OF DEFENCE:

(1) No, not while he was associated with Military Intelligence.

(2) No. This is not a task of the Military Intelligence Division.

Sentences: correctional supervision

*29 Mr A J LEON asked the Minister of Correctional Services:

How many persons had been sentenced to correctional supervision as at 31 December 1992? B107E

The MINISTER OF CORRECTIONAL SERVICES:

During the period 15 August 1991 to 31 December 1992, 2 523 persons were sentenced to correctional supervision in terms of section 276(1)(h) of the Criminal Procedure Act, 1977 (Act 51 of 1977).

The number of persons whose sentences of imprisonment have been converted to correctional supervision by the court *a quo* or the Commissioner of Correctional Services respectively, in terms of sections 276A(3), 287(4) and 276(1)(i) of the Criminal Procedure Act, 1977 (Act 51 of 1977) for the period 15 August 1991 to 31 December 1992 is 523.

The total number of persons who have therefore been placed under correctional supervision for the period 15 August 1991 to 31 December 1992 is 3 046.

The hon member is also referred to my reply of 17 February 1993 in the House of Assembly to question number 17 for oral reply (see col 90).

Interception and Monitoring Prohibition Act: promulgation

*30. Mr A J LEON asked the Minister of Justice:

(1) Whether the Interception and Monitoring Prohibition Act, 1992 (Act No 127 of 1992), has been promulgated; if not, why not; if so,

(2) whether a judge of the Supreme Court has been designated to consider applications to monitor and intercept communications over telecommunications lines of individuals; if so, which judge;

(3) whether any applications to monitor any telephone or telecommunications line have been made; if so, how many as at the latest specified date for which information is available? B108E

The MINISTER OF JUSTICE:

(1) Yes, on 1 February 1993.

(2) Yes, the Honourable Mr Justice M T Stewart has been designated in terms of section 3(1)(a) of the Act.

(3) Yes, for the period 1 to 10 February 1993 two applications were received in terms of the Act.

Development Aid: disposal of toilets

*31. Mr P G SOAL asked the Minister of Regional and Land Affairs:

(1) Whether, with reference to his reply to Question No 7 on 3 June 1992, any of the toilets valued at approximately R15 million purchased by the former Department of Development Aid are not in use at present; if so,

(2) whether any further plans have been made to dispose of these toilets; if so, what plans;

(3) whether he will make a statement on the matter? B109E

The MINISTER OF REGIONAL AND LAND AFFAIRS:

(1) and (2) The hon member is referred to the reply furnished to him on Question No 7 on 3 June 1992. As indicated, the original value of the 4 600 toilets which had not been used at that stage, amounted to ± R2 900 000 and not R15 000 000.

The toilets concerned on former South African Development Trust land have been disposed of by means of allocation and/or by making them available to bodies for utilization in existing and developing formal and informal residential areas.

(3) No.

KwaNdebele: third report of Commission of Inquiry

*32. Mr P G SOAL asked the Minister of Regional and Land Affairs:

(1) Whether the Commission of Inquiry into the 1986 Unrest and Alleged Mismanagement in KwaNdebele has brought up a third report; if so,

(2) whether the Government has received the said report; if not, why not; if so, when (a) was it so received and (b) is it expected to be made public? B110E

cau..

(3) whether he will make a statement on the matter? B30E

†The DEPUTY MINISTER OF FINANCE (Mr J A van Wyk):

(1) In view of the position of trust existing between financial institutions and their clients, I am not prepared to disclose personal particulars of the Land Bank's clients without the client's written consent.

The person whose name was furnished, did not in any event apply for a loan at the Land Bank.

(2) and (3) Fall away.

SAP: resignations because of stress

*3. Mr H D K VAN DER MERWE asked the Minister of Law and Order:†

(1) Whether any members of the South African Police have resigned since 1 January 1990 because of stress; if so, how many;

(2) whether any of these members have been admitted to institutions for persons suffering from nervous disorders; if so, how many;

(3) in respect of what date is this information furnished? B31E

†The MINISTER OF LAW AND ORDER:

(1) Yes.

1990—Not available.
1991—37 members
1992—231 members

(2) Yes, but as a result of the magnitude of the administrative processes involved in order to determine the information, the information cannot, unfortunately, be made available at short notice.

(3) 1 January 1991 until 31 December 1992.

†Mr H D K VAN DER MERWE: Mr Speaker, arising out of the hon the Minister's reply, I should like to know what the hon the Minister and his Department are doing to oblige and to render assistance in the cases concerned.

†The MINISTER: Mr Speaker, I think that is a very reasonable question, but the reply is rather comprehensive. However, I shall try to convey it as briefly as possible.

The Psychological Auxiliary Services Section, a subsection of the Institute for Behavioural Sciences, renders a professional psychological service to members of the SA Police and their families. On 6 March 1992 the Psychological Auxiliary Services Section initiated a proactive programme for the treatment of stress in the South African Police. At that time existing as well as future services were discussed. The services being offered now are of a preventive nature and comprise guidance, crisis management and psychotherapy. To prevent these problems, very strict psychometric selection of all new applicants is carried out.

Secondly, in respect of crisis management, the SA Police Force has installed a crisis line operating 24 hours a day. This gives members the opportunity to discuss personal problems with a trained counsellor by means of a toll free telephone service. The psychometric auxiliary services to members of the force still operate on a daily basis, and a significant percentage of these patients have symptoms of stress. What would, however, be more effective, is a stress management centre for the SAP where members may unwind completely and learn the necessary stress management skills. The establishment of such a centre is being investigated by the police at present.

Mamelodi: leasehold title

*4. Mr S P BARNARD asked the Minister of National Housing:†

(1) Whether the Transvaal Provincial Administration intends granting leasehold title in respect of the occupants of certain sites in Mamelodi township; if so, in respect of how many sites;

(2) whether any improvements have been effected on these sites;

(3) whether these sites plus improvements have been ~~or~~ will be made available to the occupants;

(4) whether he will make a statement on the matter? B36E

The MINISTER OF LAW AND ORDER (for the Minister of National Housing):

(1) It is the policy of the Government in terms of the Conversion of Certain Rights to Leasehold Act, 1988 (Act 81 of 1988) to eventually grant leasehold or freehold in respect of all State financed sites in Mamelodi township to occupants thereof. Approximately ~~13 400~~ sites will qualify for this.

(2) Yes. Improvements have ~~been~~ effected on some of the sites.

(3) Yes.

(4) No.

Ministry of Law and Order: offices refurnished

*5. Mr P J GROENEWALD asked the Minister of Law and Order:†

(1) Whether any of the offices of his Ministry in Pretoria were fitted with new carpets and refurnished in 1992; if so, (a) how many offices were involved, (b) what was the cost involved and (c) what was done with the old carpets and furniture;

(2) whether these offices had been fitted with new carpets and refurnished on a previous occasion; if so, when;

(3) whether he will make a statement on the matter? B39E

†The MINISTER OF LAW AND ORDER:

(1) The Ministry offices were supplied with new carpets (with the exception of one large office) as a result of the fact that the existing carpets were threadbare and faded. Most of the old furniture was retained and only a few items were acquired for purposes of addition and replacement. Due to the appointment of a Deputy Minister of Law and Order on a full-time basis, an office had to be allocated to him and furniture was procured for this office.

(a) Nine offices, the passage, the entrance hall and the conference room.

(b) R43 811,71.

(c) The Department of Public Works disposed of the old carpets and furniture in terms of the State Expenditure regulations.

(2) Six years ago a few offices were hastily prepared for the previous Minister of Law and Order and supplied with carpets. The offices were supplied with used furniture with a few exceptions. As a result of changes to the existing offices, which included the preparation of a reception area and conference facilities, the carpets also had to be replaced.

(3) No.

Export incentive policy: company benefiting

*6. Mr J CHIOLÉ asked the Minister of Trade and Industry:†

(1) Whether a certain company, ~~the name~~ of which has been furnished to the Minister's Department for the purpose of his reply, was benefited financially by the Government's export incentive policy during the latest spcified period of 10 years for which figures are available; if so, (a) by what total amount and (b) what is the name of this company;

(2) whether the Industrial Development Corporation of South Africa Limited granted loans to this company during the above-mentioned period; if so, what (a) was the amount of each of these loans and (b) were the conditions of repayment attached thereto;

(3) whether this company enjoys lower tariffs, rebates and/or other special privileges as a result of its geographic situation, mining activities and/or other factors; if so, what are the relevant details? B43E

The DEPUTY MINISTER OF TRADE AND INDUSTRY:

(1) (a) and (b) Richards Bay Minerals controls two companies, namely Richards Bay Iron and Titanium (Pty) Ltd and Tisand (Pty) Ltd. These companies have during the period 1981 to 1990 been benefited financially by the Government's export incentive policy, as follows:

cont →

Richards Bay Iron and Titanium (Pty) Ltd

Claim period	Claim value (R)	Interest (R)
1 9 80–31 12 80	920 313	224 714
1.1 81–31 12 81	3 919 654	951 035
1.1 82–31 12 82	5 152 385	1 248 889
1.1 83–31.12 83	5 459 073	1 311 244
1.1 84–31 12 84	8 574 107	1 990 050
1 1 85–31 12.85	16 033 667	3 641 788
1.1.86–31 12 86	20 063 783	3 773 998
1.1 87–31 12 87	17 925 033	3 371 699
1.1 88–31 12 88	26 913 955	5 062 514
1 1 89–31 12 89	34 895 204	6 563 788
1 1.90–31 12.90	8 110 995	1 525 678
	147 968 169	29 665 397

Tisand (Pty) Ltd

Claim period	Claim value (R)	Interest (R)
1 1 80–31 12.80	12 511	—
1 1 81–31 12.81	44 968	14 502
1 1 82–31.12 82	40 669	13 116
1.1 83–31.12 83	34 070	10 988
1 1 84–31 12 84	37 580	8 722
1 1 85–31 12.85	30 585	7 099
1 1 86–31 12.86	41 716	7 847
1 1 87–31 12 87	65 610	12 341
1 1 88–31.12.88	70 765	13 311
1 1 89–31 12.89	68 820	12 945
1 1.90–31.12 90	9 655	—
	456 949	100 871

In addition, Richards Bay Iron and Titanium (Pty) Ltd received in total an amount of R165 852 615 under the electricity rebate scheme during the period 1983 to 1992, which scheme was discontinued on 31 December 1992.

(2) Yes, loan funding has been provided by a consortium of banks, including the Industrial Development Corporation (IDC), to the company concerned.

(a) and (b) The information cannot be provided as IDC loan particulars are confidential The information is, however, known to the Minister of Trade and Industry and can, on a confidential basis, be furnished to the hon member.

(3) The company does not, apart from the above-mentioned, receive any other assistance from the Department of Trade and Industry.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Monetary donations by State to companies

*7. Mr J CHIOLÉ asked the Minister of Trade and Industry:†

(1) Whether the Government made any monetary donations to certain companies during the period 1 January 1989 up to and including 31 December 1992; if so, (a) to what companies and (b) why, in each case;

(2) whether an analysis of the profits of these companies was made during this period; if not, why not; if so, with what results;

(3) whether it is envisaged to donate state funds to these companies in 1993; if so, what estimated total amount;

(4) whether he will make a statement on the matter? B44E

The MINISTER OF TRADE AND INDUSTRY:

(1) The period referred to in the question suggests that the hon member is referring to the threshold support granted to companies in terms of the Innovation Support for Electronics (ISE) Programme, administered by the Department of Trade and Industry in conjunction with the Industrial Development Corporation. Accordingly the following information is furnished:

(a) Particulars of the companies which received funds for completed projects, as well as of projects which are still in progress for which funds have been allocated since the inception of the programme up to 30 September 1992, have been published. A copy of the latest six-monthly report for the period ending 30 September 1992 was made available to the hon member. The next report will cover the period up to 31 March 1993 and will be released shortly after that date.

(b) The financial support provided is in respect of research and development of new electronic products This threshold support covers fifty per cent of specified costs and is subject to a financial ceiling set for each project, not to exceed R2 million for a single project

(2) Analyses of the financial position of companies applying for support are made before allocation of funds, to establish whether the companies receiving the support would be able to fulfil their contractual financial obligations in terms of the programme. Companies must be in the position to fund the costs of the development in respect of which an agreed amount is refunded after the completion of each specified milestone, based on actual expenditure Payment is effected against audited claims The company must also certify with each claim that its financial position has not substantially deteriorated.

(3) Payments will be made to beneficiaries in 1993 in terms of existing uncompleted contracts as and when milestones are reached. An amount of R42,7 million has been allocated for outstanding milestones scheduled to be completed after 30 September 1992. Claims for assistance may be submitted in accordance with the underlying contracts in respect of new applications considered after 30 September 1992 with milestones to be completed in 1993 and thereafter According to the latest six-monthly report on the ISE Programme, an amount of R69,3 million is available for new applications The allocation for the ISE Programme for the 1992-93 financial year has been reduced from R40 million to R19 million. No provision is made for the ISE Programme in the 1993-94 financial year.

(4) In the light of the success achieved with the ISE Programme, which demonstrated multiple returns on Government's investment in electronic product research and development, Government has decided to extend the ISE programme to cover all sectors of industry A proposed new Support Programme for Industrial Innovation (SPII) will be introduced on 1 April 1993. Apart from its wider product coverage, the SPII will differ from the ISE Programme in that support will be limited to one third of the specified development costs of new innovative products to a maximum of R1 million per project. This will permit the accommodation of the larger number of applications expected Consideration is also being given to the repayment of financial support received by companies in the case of successful products, following the example of other similar schemes locally and overseas. In this manner, financial assistance can be rendered on a broader base in support of essential product innovation, which holds the key to technological advancement and the international competitiveness of South Africa's manufacturing industry

The SPII will be launched on 1 April 1993 with the available ISE funds (approximately R88 million) as well as funds allocated for the general promotion of technology (approximately R18 million). These funds could be supplemented by Government in view of future requirements and the success of the new programme.

Call-up instructions complied with

*8. Dr W J SNYMAN asked the Minister of Defence:†

What percentage of (a) Commando and (b) Citizen Force members of the South African Defence Force had complied with their call-up instructions during the latest specified period of 12 months for which information is available? B45E

The MINISTER OF DEFENCE:

1 January 1992–31 December 1992

If the percentage of members who complied with their call-up instructions includes those members who obtained deferment/exemption or could not report for a specific reason, then the percentages are as follows:

(a) 89,3%

(b) 86,2%

cont-- D

Elected govt 'better able to tackle SA's violence'

B/DM 18/2/93

RAY HARTLEY

SA's politicians needed to press ahead with multiparty talks leading to elections despite high levels of violence, the Commonwealth Observer Mission to SA said in its report yesterday.

The report said the mission was convinced "a government which enjoys the support of the majority of the population is in a far better position to address the issue of violence than one which is not".

But the report also cautioned that it would be naive to assume that elections would lead to "an immediate cessation of this violence".

Mission chairman Duncan Chappell said revelations by the Goldstone commission of Military Intelligence's continuing covert activities provided more evidence violence was being fuelled by "a so-called third force".

The report called on government to coerce homelands into permitting free political activity. The mission spent much of its time in the Natal-KwaZulu area.

Government also needed to "undertake a major reassessment of its security apparatus so as to draw a distinction between external and internal threats," the report said.

"The SAP has lost the confidence of the majority and particularly those who live in township areas," he said.

More than 15 000 homicides had been committed in SA in 1992 — 50 murders per 100 000 South Africans — making it "one of the most violent countries in the world", Chappell said.

He said only nine homicides occurred for every 100 000 US citizens, while only two were committed per 100 000 Canadians or Australians.

"Structural imbalances in the distribution of wealth" had also fanned the flames of violence in SA, which was "awash with firearms", he said.

Chappell said it had been agreed with the Justice Department that Commonwealth observers would be able to visit prisons following extensive criticism of the justice process.

Visits to police stations and police cells had also been agreed to.

☐ Meanwhile, British Overseas Development Minister Lynda Chalker would visit SA next week to gain a first-hand impression of progress being made with negotiations, a Foreign Affairs spokesman said yesterday. She would meet key players involved in getting multiparty talks going.

The spokesman said Chalker would arrive in SA on Tuesday and depart on Thursday.

Chalker last visited SA in September last year to attend the British South African Conference in Durban.

R136m export scheme fraud

B/DM 18/2/93 746

Political Staff

CAPE TOWN — Thirty-six cases of fraud involving a potential R136m, in regard to the General Export Incentive Scheme (GEIS), have been brought to the attention of the Trade and Industry Department.

In reply to a question in Parliament yesterday from Lester Fuchs (Hillbrow, DP), Trade and Industry Minister Derek Keys said all cases brought to the department's attention were investigated.

This was done in collaboration with the Reserve Bank and Commissioner of Customs and Excise, as well as the Office for Serious Economic Offences, the Attorney-General and the SAP's commercial branch.

External verification of GEIS claims was undertaken on a continuing basis.

Keys said in cases of fraud under the GEIS, refunds were demanded from claimants who had acted illegally and the cases were ed over to the SAP for further action. Where fraud was proved, exporters were deregistered.

Commenting on the Minister's reply Fuchs said SA was once again horrified by the plague of corruption sweeping the country.

The DP was particularly disappointed that a scheme introduced to encourage exports should have been so badly abused.

Replying to another question from Fuchs, Posts and Telecommunications Minister Piet Welgemoed said the department had accumulated bad debts of R65m last year.

About 98% of the amount represented telephone debtors, the Minister said.

Dr Welgemoed said part of the R65m could be attributed to the 087 service, but it was not possible to furnish a reliable estimate of the amount involved as the billing service does not provide detailed information in respect of calls made.

Ciskei coup plan alleged

B/DM 18/2/93

ADRIAN HADLAND

PRETORIA — Details of a plan to overthrow the Ciskei government, allegedly drawn up jointly by Apla and Umkhonto we Sizwe, have been passed on to the Goldstone commission, a commission spokesman confirmed yesterday.

The Ciskei Council of State said a "comprehensive and detailed report" of the plan had been compiled and forwarded to the commission this week.

The report contains details of an alleged plan concocted by the armed wings of the ANC and the PAC to bring down the government of Ciskei leader Brig Oupa Gqozo.

A Ciskei council statement issued yesterday said the report had been passed on to the commission only once it had agreed to take appropriate precautions to protect the sources named in the report.

After a series of commission hearings in Pretoria and Port Elizabeth, an interim report on Apla activities was being drawn up, the spokesman said.

PEANUTS By Charles Schulz

R136m in exports fraud investigated

CT 18/2/93 **Political Staff** 74G

THIRTY-SIX cases of fraud, involving a potential R136 million regarding the General Export Incentive Scheme (GEIS), were brought to the attention of the Department of Trade and Industry.

Trade and Industry Minister Mr Derek Keys, told Hillbrow MP Mr Lester Fuchs, in reply to a question yesterday, that all cases brought to the attention of the department were investigated.

External verification of GEIS claims were being undertaken on an ongoing basis by the department.

Where fraud was proved, exporters were being deregistered, Mr Keys said.

Commenting on the Minister's reply, Mr Fuchs said South Africa was once again "horrified by the plague of corruption sweeping the country".

Replying to another question from Mr Fuchs, Posts and Telecommunications Minister Dr Piet Welgemoed said the department accumulated bad debts of R65 million last year.

He said part of the amount could be attributed to the 087 service but it was not possible to give a reliable estimate of the amount involved.

GATT participation would put pressure on protectionism

BDay 19/2/93

FOR many years, during the sanctions era, SA's protectionist policy with its attendant high import tariffs, went largely unchallenged.

However, with the demise of sanctions, SA is finding itself under pressure to bring its tariff and non-tariff barriers in line with those generally accepted by the rest of the world.

Acceptable levels of tariffs and import quotas are negotiated and agreed upon by members of the General Agreement on Tariffs and Trade (GATT).

The Department of Trade and Industry (DTI) confirms that SA has agreed to participate in the latest round of negotiations, known as the Uruguay Round, and has made a preliminary offer to lower certain tariffs. The Uruguay Round is concentrating on reaching agreement on trade in agricultural goods.

About 90% of international trade follows the guidelines set out under GATT.

Some 105 countries have officially acceded to the Agreement, while 30 other countries implement it on a de facto basis.

GATT came into effect in January 1948, following a war-induced era of widespread tariffs, import quotas and foreign exchange controls which had placed a heavy burden on the flow of goods and services and led to a distortion in international trade.

The initiative, was aimed at liberalising international trade and placing it on a secure basis, thus contributing to improved standards of living, ensuring full employment, developing the use of world resources, expanding production and exchange of goods and services, as well as promoting the progressive development of the economies of member countries.

How does GATT work?

The DTI explains:

The supreme authoritative body of GATT is the Session of Contracting Parties, held annually, comprising senior officials from member governments. In the intervening period between the meetings of the session, a council of representatives meets about nine times a year to act on routine and urgent matters.

The decision-making process of the Session of Contracting Parties and council of representatives is assisted by several specialist standing committees, which meet regularly to discuss various aspects of international trade.

They also establish ad hoc committees to consider issues such as requests for accession to GATT, as well as panels to examine and rule on trade disputes.

Safto GM, membership, Ann Moore explains that GATT does not dictate tariff levels to its signatories. Levels are negotiated between countries.

In general, all developed countries are given most favoured nation status by GATT signatories, while developing countries generally enjoy significant tariff preferences.

"In terms of the agreement, SA could not unilaterally raise tariffs on products as its trading partners would probably demand a trade-off which would mean the net effect is not diminished," she says.

If SA decides it wants to be recognised as a "developing nation", and be given more lenient treatment on tariffs and import quota levels, it will have to enter a series of negotiations with the member countries.

DEPARTMENT OF TRADE & INDUSTRY (746) FM 19/2/93

Getting hit on all sides

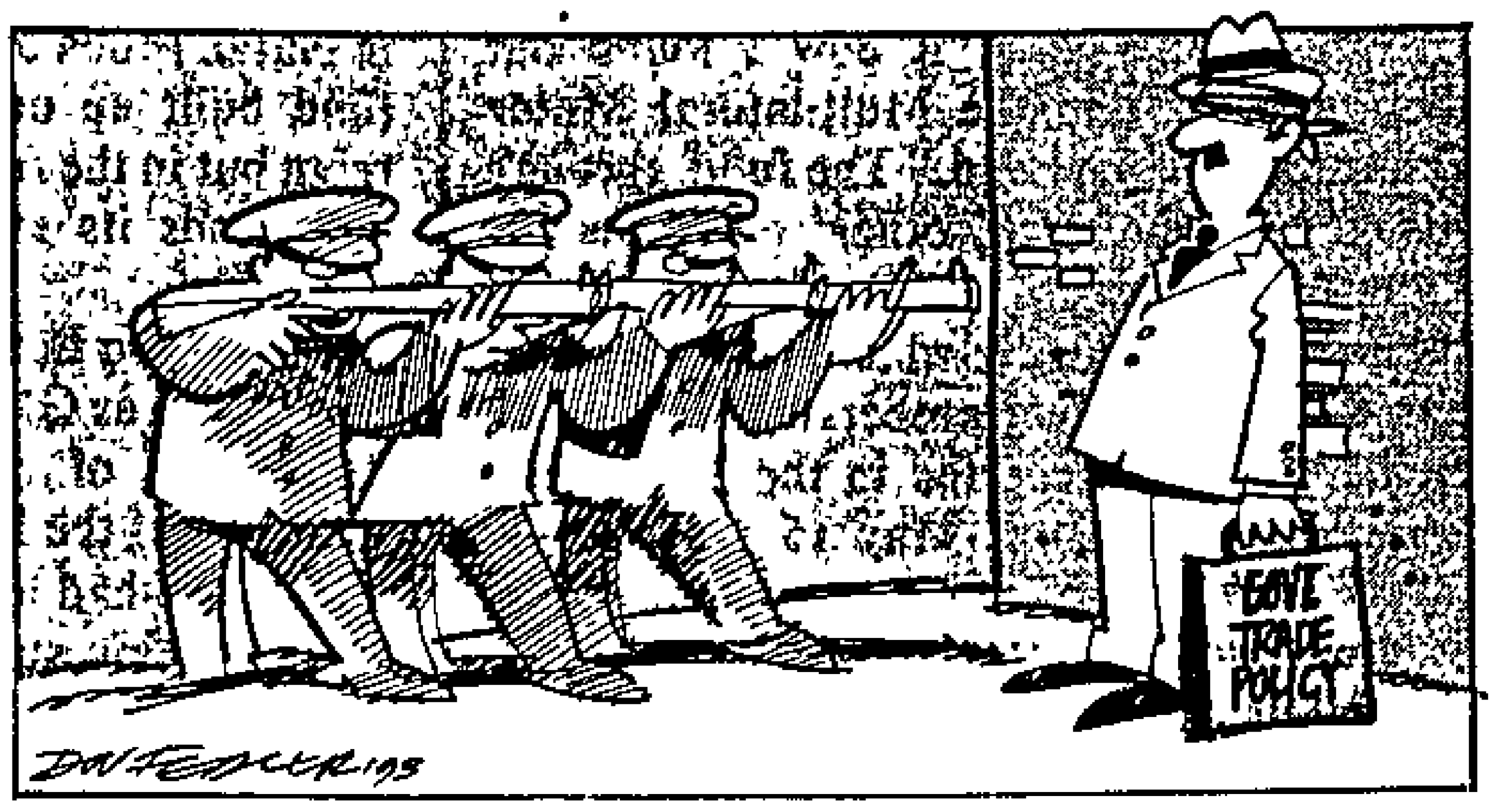
With the recession now well into its fourth year, the Department of Trade & Industry has come under increasing attack in recent weeks for policies that critics say discourage trade and hurt industry.

Its protectionist bent came under severe fire last week at a Johannesburg conference. Meanwhile, renewed attacks on the department's expensive and unproven export incentive programme were launched; its decision to go ahead with export processing zones was met with criticism; and one group charged the department with "ad-hocery" and said what was needed was an umbrella council that would direct all industry schemes.

At the Johannesburg Chamber of Commerce & Industries conference on trade, Webber Wentzel partner Leora Blumberg lambasted the department's new anti-dumping legislation as "a dangerous derogation of Gatt principles," and "open to abuse; they could be highly prejudicial to the importer and even to local producers." The legislation was passed last year despite vociferous opposition (*Business & Technology*, May 1 1992).

Blumberg said SA has promised to sign Gatt's anti-dumping code. "Yet the new legislation is clearly less in line with Gatt principles than the legislation that it's replacing, which is causing some confusion and attracting a great deal of criticism."

The legislation falls short of internationally accepted norms because local companies no longer must prove that they are being injured by the "dumped" goods, she said. Furthermore, the legislation introduces the new concept of "disruptive competition" that can be eliminated by "safeguard duties," which provides "an open-ended mechanism for local producers against low-priced imports," she said.



Meanwhile, Nedbank chief economist Edward Osborn continued the chorus of criticism of the R1,1bn/year general export incentive scheme (Geis) as "a waste of public funds" that merely rewards current exporters for their efforts.

"Geis receipts are mostly a gift" to exporters and are little inducement to export more, he says. Like the anti-dumping rules, Geis also is considered a violation of Gatt.

On another front, the department's director-general, Stef Naudé, finally decided last week that his department would support the development of export processing zones, with incentives to locate export-focused production in the zones. But before the ink was dry on the announcement, there was criticism that the long-discussed concept was now two decades old and that only newer concepts would attract exporters.

The Nedbank- and Old Mutual-sponsored Professional Economic Panel recommends that, instead of setting up defined zones, government should grant enterprise development status (EDS) to specific exporters. "This differs dramatically from the older concept of an export/enterprise development zone. EPZs focus incentives on a specific geographical area. EDS, on the other hand, is a legal rather than a geographical concept. The concept is dynamic — a process rather than a place."

Adds Safto former head Wim Holtes: "We can't go back to a concept (export zones) that evolved 20 years ago and expect a flood of investment into SA."

Also last week, the 70-strong economic panel released a 116-page report arguing that "the country needs a co-ordinated or unified industrial vision or strategy — something it sorely lacks at present." It called for the creation of an Industry & Trade Development Council — SA's version of Japan's famous Ministry of International Trade & Industry (Miti) — that would put together a long-term industrial policy and target important industries for development.

Though there is no clear proof that Miti has helped Japan's development — and though the experience of other countries has shown that industrial policies are fraught with danger for all but the most homogenous and well-educated societies — the recommendation shows the depth of dissatisfaction with SA's current mishmash of policies.

Naudé strongly defends his department. He says government is committed to trade liberalisation and that the department is rapidly phasing out import restrictions based on volume. He says government is fully aware that the anti-dumping laws do not conform with Gatt but "we are developing the necessary systems and will, as we make progress, move closer to international norms."

Adds the department's deputy director-general, Gerrie Breyl: "Government is serious about tariff reform but, in the light of our economic situation, it must be a well-managed exercise." ■

MEDICAL SCHEMES

Discovering a cure

Health Minister Rina Venter this week scored her first major victory in reforming SA's ailing health care services when parliament passed the Medical Schemes Amendment Bill. FM 19/2/93.

The Bill, first tabled in parliament early last year and fiercely opposed by doctors because of what it might do to private practices, amounts to an extensive deregulation of private-sector health care.

"I knew we had a strong but difficult case, but I never hesitated that we were on the right track," Venter says. But she warns that this won't automatically cut costs. "We need to change the health care culture. Doctors, patients, all health care providers and the media need to evaluate health care in terms of cost — it's also a commodity."

In brief, the Bill gives medical schemes the clout to question claims and keep costs in check by ending guaranteed payments and minimum rates. It also opens the sector to competition by allowing schemes to run hospitals and clinics, and employ doctors.

Doctors have argued that as schemes acquire greater powers of discretion over the use and provision of services, doctors could find their professional and clinical judgment compromised in favour of cost considerations. They also fear that the schemes could put the private doctor out of business by limiting the patient's choice.

But Venter says the aim is not to punish doctors. "The Act is designed to save the whole private-sector health-care system from collapse." She says benefits paid by schemes have increased 28% a year over the past five years while the number of beneficiaries increased by an average of only 3,3% a year.

The Medical Association of SA wants doctors who contract with schemes to ask their professional councils to intervene when a contractual obligation interferes with their ethical responsibilities to the patient. But executive director Rob Speedie of the Representative Association of Medical Schemes points out that doctors should be aware of their ethical responsibilities when they enter into a contract.

continued

Gulf region offers a host of opportunities

B/DAY 19/2/93. (74G)

THE Gulf region is one of the wealthiest in the world, with an annual import bill of US$120bn. In fact, 92% of its non-energy requirements are imported.

But, although the potential to trade in almost any manufactured product exists, SA may not find it an easy market to penetrate, Safto area manager Gyfford Fitchat says.

"SA is not schooled for exports. Protecting local industry has made SA companies weak and accustomed to fat margins, high mark-ups and inefficient production. Unionisation has also not helped," Fitchat says.

He adds that for SA to become competitive, tariff barriers must be reduced to between 10% and 20%, surcharges must be abolished and corporate giants must be unbundled. The Arabs see large corporations as inefficient, with money wasted keeping corporate superstructures alive. Small businesses are considered more efficient.

Dubai is the hub of the Gulf region. Statistics indicate that its population of 650 000 imported $12bn in 1992 — including 220 tons of gold. Per capita income in the United Arab Emerites (UAE) and Kuwait was recorded at $24 000.

The majority of interest in the Gulf is in straight trading, but in countries where oil deposits have dried up or are drying up (such as Bahrain) there are opportunities for joint ventures.

Apart from the dominant body in the Middle East — the Gulf Co-operation Council — Iran and Iraq also have the potential for being big consumer markets. However, current political tensions have stalled any penetration into those markets.

Fitchat warns that political fighting and intrigue is complex and those wishing to do business in the region must be aware of the history, culture and political influences which exist.

"Personal relationships are important; frequent visits, rapid follow-up and continuous communication is essential," he says.

Blame for SA's woes lies beyond politics

BIDAY 19/2/93.

THE export boom which was expected to follow President FW de Klerk's watershed speech in February 1990 has been slow in materialising, but it is not just political dithering to blame.

For years SA has relied on its precious and non-precious metals and its minerals to carry the export market. However, with the worldwide recession, low commodity prices and the poor performance of precious metal prices, growth has stagnated and put a lid on export earnings.

The limited export growth SA has experienced, has thus been reliant on manufactured items. But even their potential has been stunted by the lack of demand in foreign markets, reflecting the current international recession.

In a survey conducted by the SA Foreign Trade Organistion (Safto) on SA's top exporting companies, uncompetitive prices was identified as the main obstacle to export growth. The country's inflation rate was identified as a major factor in exporters' inability to compete.

Exporters also expressed concern over the adequacy of SA's fiscal environment in ensuring their competitiveness. This included the negative impact of removing marketing allowances; high taxation combined with only "moderate" depreciation allowances; import surcharges on capital goods and spares; and the adequacy of the government's General Export Incentive Scheme (GEIS).

Safto economist Bruce Donald says individual comments pointed to economic difficulties in both First and Third World markets. In Africa, while there was a great demand for SA products, this was frequently and increasingly not backed up with foreign exchange.

Cost and availability of transport, the unfavourable rand exchange rate, and political obstacles also warranted comment. Exporters said that unrest in SA not only disrupted workflows, but also affected the perception among overseas clients and potential clients of SA exporters' reliability.

Unimportant

Uncompetitive product quality remained unimportant in the perception of exporters.

Despite the current economic constraints, there has been a significant rise in the export performance of some manufactured items. They have provided the impetus for export growth in recent years.

(746)

Statistics show that in 1992 the leading export category in manufactured goods was transport equipment, which rose 55% over the previous year, followed by chemicals (43%), plastics (29%) and machinery (27%). The footwear and headwear sector showed phenomenal growth of 61% compared with the previous year, while miscellaneous products rose to 20%.

By contrast, gold fell from comprising 38,6% of total exports in 1988 to 30% in 1991.

In addition to diversification, the emergence of new markets also served to dull the effect of poor conditions in international markets. While SA's traditional markets of Europe, US and Japan continued to handle the majority of the country's exports there was a surge of trade with Africa, the Gulf region and Eastern Europe.

Exports a lifeline for motor industry

BIDMY 19/2/93

IT IS projected that the SA motor industry will have earned R2,2bn from its exports in the 12 months to June 1993. This compares with the R400m it earned in the 12 months to June 1990 — the first year of its Phase VI local content programme.

However, the phenomenal growth has had its price. National Association of Automobile Manufacturers of SA director Nico Vermeulen says the cost of the local content, which is incorporated in the selling price of the vehicles, is substantial. Vehicles are 12% more expensive than they would otherwise have been.

Volkswagen SA chairman and MD Peter Searle says the need to export is great as the SA market is unable to support seven motor manufacturers.

746

Shrunk

"The market has shrunk from 301 000 passenger cars in 1981 to 195 000 in 1991. The industry can only secure its future with exports to niche markets all over the world," he says.

One of Volkswagen SA's export projects is supplying 12 000 left hand drive Jetta 11s to China by the end of this year.

The company started exporting components in 1986. It had to prove its quality standards were on a par with European manufacturers and overcome the perception that SA was a risky supplier.

Searle says that to counter the perception, Volkswagen brought purchasing, technical and quality personnel from overseas customers to SA to instill greater confidence in the company's ability to be a world class supplier.

The range of products for export includes press parts for SEAT in Spain, catalytic converters, latest model Golf 111 press parts for VW AG, and aluminium road wheels for Audi AG.

SA set to be blooming best

(74G) ARG 20/2/93

Argus Africa News Service

NAIROBI. — Kenya could soon lose out to South Africa on the lucrative horticultural export market.

That warning is contained in a report just released by two long range planners in the Kenya Ministry of Planning and National Development, Mr Kengethe Bita and Mr Emphansu Waruingi.

The report warns that the total removal of United Nations sanctions, expected to follow the continuing democratisation process in South Africa, could have a devastating effect on the country's horticultural sub-sector.

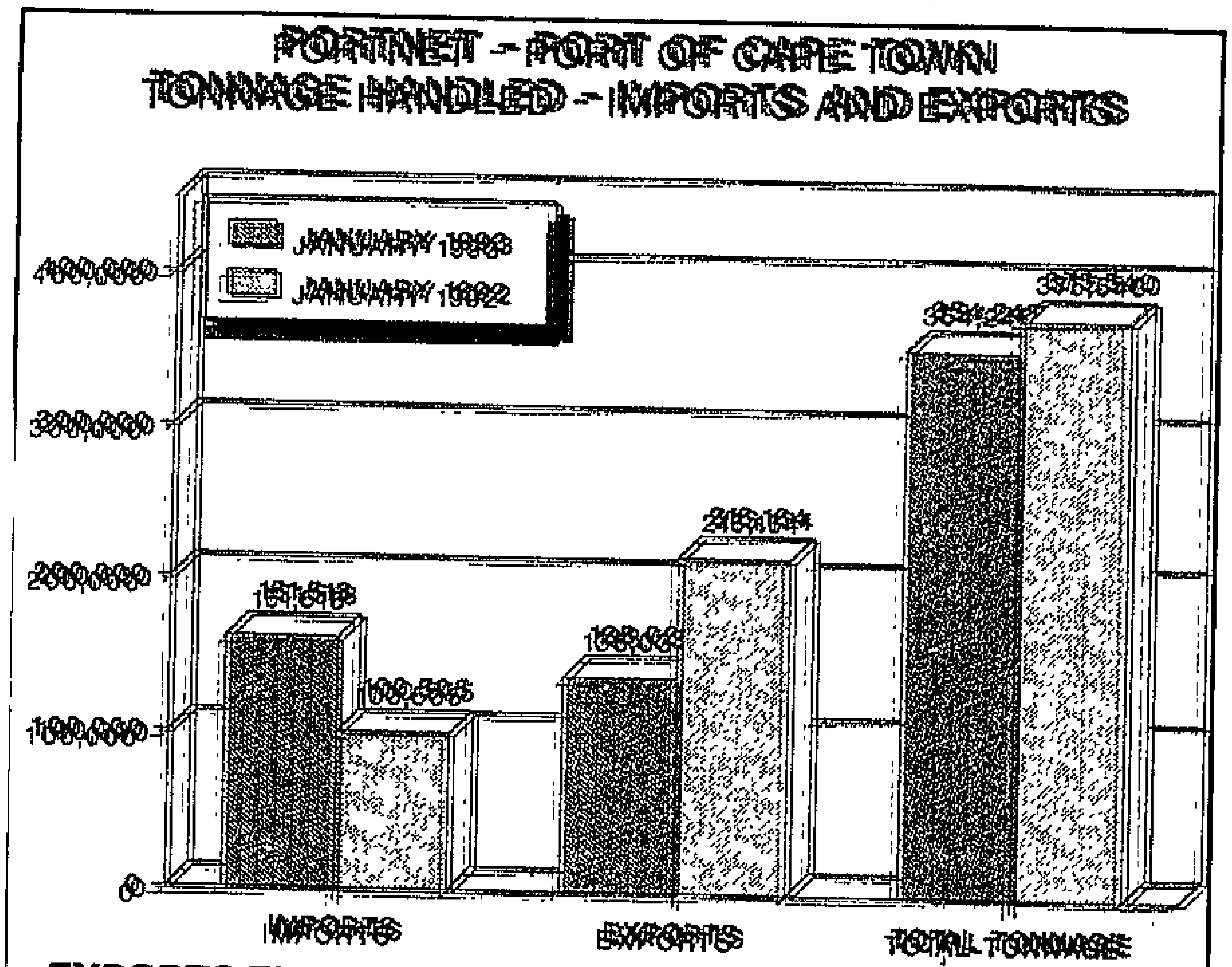
In Kenya, horticulture ranks third to coffee and tea in agricultrual exports, and offers employment to close to two million Kenyans.

It is expected to grow at six per cent per annum, implying that by the year 2000 production will be about 2,2 million tons.

The report explains that South Africa has an edge over Kenya on a number of factors. Because of its large domestic market, South Africa has been able to achieve economies of scale in marketing and processing which has provided it with a cost advantage in the export market.

According to the report, South Africa has also been able to forge closer links with major importers of horticultural produce from America and Europe, links which were maintained in spite of trade sanctions.

In 1989, the report notes, the European Economic Community imported 697 000 tons of horticultural products from South Africa, but only 49 000 tons from Kenya. But the report blames unreliable transportation handling and storage systems in Kenya as two of the problems that have hindered development in horticultural export.



EXPORTS TUMBLE . . . Exports from Cape Town harbour fell by 36% last month, to 138 037 tons compared with 216 164 tons in January last year. eT 20/2/93 (749)

A spokesman for Portnet said that although fruit exports were going well steel exports to Europe were down by 80% and cement exports, mainly to Asia and other parts of Africa, were down by 90%.

Imports were 60,7% higher, pushed up by maize and other grain for drought relief.

They totalled 161 518 tons compared with 100 505 tons in January last year.

In the 10 months to January imports coming through the port totalled 2 335 396 tons compared with 1 471 263 tons between April 1991 and January 1992 — a rise of 58,7%. Exports totalled 2 080 329 tons compared with 2 148 496 tons.

S/Times (Buss) 21/2/93 (746)

A scrap over scrap

By CIARAN RYAN

THE Competition Board has called for a revision of trade policies which allow two companies a monopoly in exports of scrap metal and industrial copper.

The board blocked the proposed R600-million merger of Haggie subsidiary Copalcor and Non-Ferrous Metals (NMF) on the grounds that it constitutes a restrictive practice.

The two companies control between 70% and 100% of the domestic industrial copper product market, with sales of more than R650-million a year.

In addition to having a monopoly on both the purchasing of scrap metal and the sale of semi-finished and finished copper, Copalcor and NMF enjoy import protection in the form of a 15% ad valorem duty.

Furthermore, all exports must be channelled through the two companies because of the system of export permits which applies to copper products. A 15% duty is charged on scrap exports.

Competition Board chairman Pierre Brooks says independent scrap metal suppliers do not have the freedom to export outside these two companies: "This monopoly is made worse by a system of import and export controls.

"We made recommendations to the Department of Trade and Industry on revising the tariff structure which applies to the industry. We feel there is good reason to do away with export controls and export tariffs."

There are approximately 200 smaller scrap dealers in SA, most of whom are obliged to sell their scrap to the two largest companies.

NFM, owned by the Lazarus family, is the smaller of the two operations.

Risk

The merger was motivated on the grounds that export sales would increase by R100-million over the next two years through improved efficiencies, rationalisation and economies of scale.

If the merger did not go ahead, it was alleged that both businesses were at risk of closure. Export sales from the two companies are currently worth R200-million a year.

The R600-million merger was to have been effected by means of a share swop, which would leave Haggie with 50% of the equity in a new holding company and the Lazarus family with the balance.

Neither company would exercise outright control for two years, but thereafter either party had an option to acquire a controlling interest. The board found that Haggie would in all probability end up with a monopoly of the non-ferrous scrap and industrial copper markets after two years.

The price of semi-finished and finished products are determined by import parity pricing, taking the London Metal Exchange price as the basis, adding transport costs and a 15% ad valorem duty to arrive at local prices.

The presence of two large competitors in the market maintained a degree of competitive pressure on prices paid to scrap metal suppliers.

The board found that competition would be eliminated if the merger went ahead, reducing competitive pressures on prices paid to suppliers. The board had started to investigate the scrap metal industry prior to the merger after complaints had been received from scrap metal dealers.

The final decision on the merger rests with the Minister of Public Enterprises, Dawie de Villiers, but provisions exist for appeals to be made against ministerial decisions.

BUSINESS

EDITED BY FRED ROFFEY

New boost for W Cape exports

S Times (Cape metro) 21/2/93. (746)

SEVERAL major export developments are currently emphasising the importance of the Western Cape and its export-orientated economy.

These include a project to service world markets from the Cape; the proposed export trade mission to South America by the Cape Chamber of Industries and the award of the SABS ISO 9001 listing certificate to Cape Town-based Plessey Tellumat.

The Association for the Promotion of the Western Cape's Economic Growth (Wesgro) is involved in a project by a Brussels-based organisation, Plant Location International, to research businesses prepared to locate to an area distant from their home markets.

Five countries have been considered as competitors to South Africa, and the investment profile of each has been mapped and compared with prospects offered by the Cape, Natal and the PWV area.

Wesgro says that on the basis of this information it is possible to identify those businesses which can realistically be attracted to the Cape as a location from which to service world markets.

The results of the survey will be released shortly and Wesgro hopes then to be in a position to plan an investment marketing programme.

In Cape Town this week export prospects in South America were discussed at a meeting of the Cape Chamber of Industries.

A member of the South America-Southern Africa Trade Association (SASATA), Mr Jeremy Wiley, addressed chamber members interested in joining the mission, which leaves later this year for Argentina and Chile.

Also on the export front, the Cape Town Chamber of Commerce is involved in a special work group set up to take the findings of the Growing the Cape project further.

A draft action plan to boost exports from the region has been prepared and will be submitted to the Western Cape Economic Development Forum for consideration.

The director-general of the SABS, Dr Jean du Plessis, warns that South African exporters who fail to receive a listing for ISO 9001 quality assurance will find the new united Europe a closed shop.

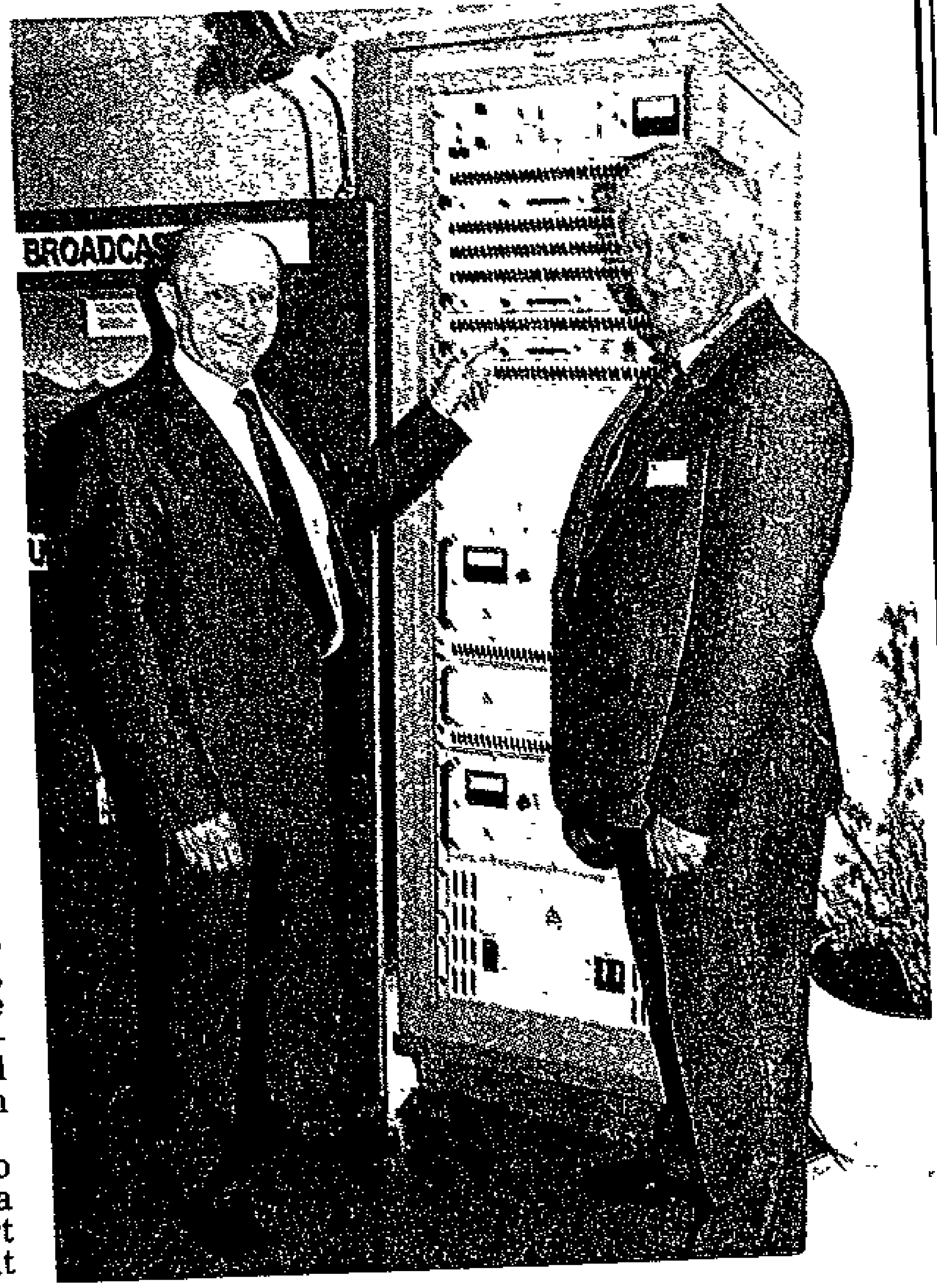
Speaking at a ceremony in Cape Town to mark the hand-over of the SABS ISO 9001 to Plessey Tellumat, he said the company's commitment to research, development and quality assurance represented an investment in South Africa's future.

Plessey Tellumat's group managing director, Dr John Temple, said the company regarded gaining the listing as essential to meeting competition from around the world.

"For South Africa to survive, it has to be a world player, to export and to meet the onslaught of imports."

He pointed out that his company was not going for soft targets but for "the hard targets of the UK and Europe".

"We have already achieved enormous success with our PABXs in Holland and the UK," he said.



Dr John Temple, left, group managing director of Cape Town-based Plessey Tellumat, shows Dr Jean du Plessis, director-general of the SABS, one of the company's radio frequency FM transmitters developed locally for export. Dr du Plessis was at Plessey Tellumat to hand over the SABS ISO 9001 listing certificate for quality management systems which is regarded as vital for export markets

STAR 23/2/93.

Exports fall to 12-month low

By Syen Lünsche (74G)

The value of exports fell in January to their lowest monthly level in a year, renewing fears of a sharp decline in foreign exchange reserves.

The sharply lower exports, coupled with a rise in imports, reduced the monthly trade surplus by almost R1 billion last month.

Figures released by Customs and Excise yesterday show that January exports fell to R5,1 billion from R5,54 billion in December.

This was their lowest level since January 1992 when R4,82 billion worth of goods were exported.

Imports showed a sharp rise from R3,79 billion in December to R4,26 billion last month, reducing the trade surplus from R1,78 billion to R840 million.

The fall in the surplus comes at a time when economists have been warning that the declining level of foreign exchange reserves could force the Reserve Bank to raise interest rates towards the second half of 1993.

The lower level of export revenue has also put paid to hopes of an export-led economic recovery this year, as there is little evidence to suggest that, apart from the US, the economies of SA's major trading partners will improve markedly this year.

A comparison with January 1992 figures shows that the drought continued to have an adverse effect on both imports and exports.

Exports of vegetable products in January at R116 million were almost half the level achieved last year.

Imports of vegetable products rose from R74 million to R178 million in the same period.

Exports of manufacturing products were also mostly lower: chemical products fell to R145 million (January 1992: R261 million) and textiles to R104 million (R145 million).

Diamond exports dropped from R422 million to R401 million, but unclassified goods (mainly gold and platinum) rose from R2,1 billion to R2,44 billion.

Exports of mineral products were sharply higher at R658 million (R491 million).

Ailing spares sector in export expansion drive

BDAY 24.2.93

GERALD REILLY

PRETORIA — The country's stagnant component spares industry was intensifying its drive to expand exports this year, National Association of Automotive Components and Allied Manufacturers (Naacam) director Denzyl Vermooten said yesterday.

146

Currently the focus was on the Middle East after members successfully participated in a Dubai trade fair last year.

But like the rest of the manufacturing industry, prospects for the year were firmly rooted in progress in reaching a political settlement without which the components and spares industry was likely to remain in the doldrums.

Retail sales in the motor vehicle industry last year amounted to R38,3bn — new vehicles R13bn, used vehicles R7,1bn, workshop revenue R4,3bn, spares and accessories R7,6bn and "other" R6,3bn.

During the year the components manufacturers supplied original equipment for vehicle building valued at R3,8bn — 9% up on 1991 and replacement spares and accessories R1,5bn — 17% up.

The value of total exports, including cars, reached R1,5bn — up 20%. Of this R450m was earned by components manufacturers — also up 20%.

"It illustrates the potential for expanding our niche markets in Europe and to a lesser extent in the US," Vermooten said.

The recession had taken a toll on jobs. In the past three years numbers had decreased 20 000 to 54 000.

'Competition from East poses major threat'

74F

MAGGIE ROWLEY
Deputy Business Editor

INCREASED competition from the East posed a major threat to many South African companies who would have to meet this challenge or face the consequences, says Professor Robert Schrire, head of political studies department at the University of Cape Town.

Schrire said in an interview that during the years of political and economic isolation South African companies had hidden behind a high cushion of inefficiencies and high tarriffs.

Emerging from this isolation, he said, would be very painful, not least of all for organised labour which could as a result of this increased competition, become poorer.

Industries being and likely to be effected included the airline industry, textiles, electronic and communications and many service industries.

"Due to the hothouse of sanctions we have been engaging in activities which we should not have been trying to have a finger in every pie."

CT 25/2/93

Due to circumstances it was impossible for SA companies to be competitive in some of these areas and they country had to focus on areas of strength and possible future growth such as tourism, he said.

Addressing a luncheon of the Institute of Directors earlier, Schrire said with the demise of communism much of the old framework which had governed the global scenario had crumbled.

Adjustment programme's legacy still a 'nightmare'

[redacted]

B|Oriy 26-2/93. (746)

LINDA ENSOR

SALT ROCK — The legacy of the structural adjustment programme — which would be finally phased out only in March 1994 — would have "nightmarish" consequences this year, the National Clothing Federation's Mervyn Shabason said yesterday.

He told trade union delegates at the clothing and textile conference that R600m worth of clothing exports for the year to end-March 1993 would translate into R420m in SAP permits for imports.

"The ramifications of what this is going to do to the manufacturing industry in the following 12 to 18 months is nothing short of a nightmare," Shabason said.

In terms of the programme, exporters are entitled to import duty free clothing and textiles to the value of 70% of the export order. The programme was abolished this year but permits will be valid until March 1994.

Shabason said manufacturers were selling their import permits to retailers who were using them to import clothing at the expense of local manufacture and job creation. In retail terms R420 worth of programme permits could translate into clothing sales worth about R1,2bn.

Shabason said corruption was rife in the industry and customs officials were being bribed by grant permits.

Other abuses included the overinvoicing of exports to gain additional permits and the underinvoicing of imports so more goods could be imported.

He said confidential discussions were taking place at government level to find ways of stamping out the corruption. Also, the new textile/clothing rebate system would result in a 60% drop in clothing imports. [redacted]

Frame group executive chairman Mervyn King also hit out at the corruption and suggested three ways of combating the problem, namely: limiting the ports of entry of clothing and textiles to perhaps Durban and Cape Town; private sector involvement in the screening of imports with the trade unions also participating; and the simplification of documentation and of the export incentive schemes, as the more compensation there was, the greater the likelihood of corruption.

Shabason told the conference that the clothing and textile industries had reached an agreement to hold back any further applications for duties, at least until the publication of official quarterly figures for the industry in April.

FOREIGN TRADE

Export lags

746

January's trade figures showed a weak export performance and coupled with a steady import figure, squeezed the month's surplus to R838,5m. This is higher than that recorded last January (R720,4m), but less than the average recorded for 1992 of R1,3bn. It is also considerably lower than December's R1,8bn.

FM 26/2/93

A bumper crop

Exports totalled R5,1bn, up from last January's R4,9bn, but less than the average for last year of R5,6bn. A number of categories recorded lower figures than either last January or 1992's average. These include:

☐ Vegetable products, at R115,7m compared with R229,9m last year and an average for the year of R184,4m. Last year, the figure was boosted by a bumper deciduous fruit crop. Indications are that the crop this season will be smaller;

☐ Gems & precious stones, at R400,6m from R422m and R630,9m. This category is made up mostly of diamond transfers to the Central Selling Organisation in London. Some large transfers were made in 1992, but these fluctuated from month to month so it's difficult to gauge whether January's figure represents a trend for the year;

☐ Chemical products, at R144,7m from R260,5m and R273,9m; and

☐ Paper & pulp products, at R115,7 from R142,9m and R137,8m.

Others improved on last January, but were down on average:

☐ Base metals, at R634,3m up from R580,3m but down from R783,3m;

☐ Machinery, at R103,7m up from R89,6m, down from R177,8m; and

FM 26/2/93 (746)

☐ Vehicles & transport equipment, R109,7m from R63,1m but down from R197,3m.

There was encouragement from the category unclassified items, which includes precious metals, and the category mineral products. The former brought in R2,4bn from last January's R2,1bn and an average for the year of R2bn. Mineral products brought in R657,7m from R490,8m and R629,9m.

Imports of vegetable products, swelled by maize and wheat imports in 1992 as a result of the drought, continued to grow in January. But they are tailing off, says the Maize Board. The category topped R178m in the month, compared with R74,4m last January but below the year's average of R212,8m. The full quota of maize imports should be reached by the end of April and it looks for now as if maize will not have to be imported after that (see p63).

Unclassified imports, which include oil, were up, at R542m from R369,7m and an average R501,1m. Plastic products, at R203,7m (from R184,1m and R185,6m) and base metals at R220,3m (from R191,8m and R205,2m) were also up on these levels.

Total imports reached R4,3bn, higher than last January's R4,1bn, but at the same level as the average for 1992. ■

Wine and fruit exports rocket

~~ST AR~~ CT 2/3/93 744

From CHRIS BATEMAN

LONDON. — South African wine and deciduous fruit sales in Britain rocketed to an all-time high last year.

With major UK supermarkets now aggressively selling South African wines, the export volumes leapt up 96% from just over three million litres in 1991 to 5,9m litres last year.

Deciduous fruit farmers in South Africa are also "over the moon" with their record 48% increase in UK sales.

From November 1992 to last month, their UK turnover was R108m compared with R70,5m over the same period in 1991.

General manager of Unifruco's marketing, Mr Ronan Lennon, said sterling's devaluation caused South Africa's main southern hemisphere rivals to divert exports to other European markets with stronger currencies.

This caused the amount of fruit on offer in the UK to drop, pushing the price up.

However, he sounded a note of warning to fruit farmers. The European Community last week imposed a licence and quota system on southern hemisphere-grown apples — which make up 40% of all South African deciduous fruit exports.

Govt will soon be setting up EPZs

Star 2/3/93

(146)

South Africa is on the verge of establishing export-processing zones, says Deputy Finance Minister Theo Alant.

This could give a tremendous boost to the local manufacturing industry.

Manufacturers in an export processing zone are allowed to import duty-free goods for processing, provided the finished articles are re-exported.

Dr Alant told officials at the German Technology Trade Fair in Johannesburg yesterday that increasing investment would be the key element in South Africa's economic reform plan.

The still-to-be-released economic plan drawn up by the ministry would "restore investment to its proper place in the macro-economy."

The government would take the lead by cutting back on consumption expenditure, freeing both public and private resources for investment expenditure.

Government investment spending would increasingly be directed into urban infrastructure such as housing, sanitation and water as well as educational and health facilities.

Furthermore, an industrial policy geared to expanding exports would be introduced.

"We are already granting significant tax concessions for massive industrial projects with substantial implications for exports.

"Increasingly, our specific export incentives, such as GEIS, will be tailored to export performance."

Dr Alant said Germany was already a significant investor in South Africa's industrial sector and thus a had a major role to play in the country's process of greater industrialisation.

There were more than 300 German companies in South Africa that held at least a quarter interest in a domestic company and provided employment for more than 60 000 people. — Sapa.

Mystery flight

CT 3/3/93

(74G)

Govt issues warning on arms exports

By BARRY STREEK and CHRIS WHITFIELD

THE government is investigating a mystery flight into Africa from Johannesburg at the weekend by a Russian-registered aircraft — and yesterday issued a blunt warning against unauthorised arms exports.

The inquiry was launched after an Antonov air freighter, leased by a Vereeniging-based firm, landed on Monday at Phalaborwa from Harare — apparently without ever having official permission to leave South Africa.

The Directorate of Civil Aviation (DCA) has been asked to step up the monitoring of airports, civilian aircraft and flight plans following continued claims of gun-running from South Africa to warring Angola.

An urgent meeting was called in Pretoria last Friday where Foreign Affairs, the DCA, the National Intelligence Service, the SA Air Force and army representatives addressed allegations of unauthorised overflights over neighbouring countries, arms smuggling and mercenary recruitment from South Africa.

DCA chief Mr Japie Smit yesterday confirmed that at the meeting the Department of Foreign Affairs asked for an urgent crackdown on pilots and companies who contravened air traffic regulations.

New directives would be circulated to pilots, air companies, airport controllers and proprietors to remind them of the regulations and promising stern action should contraventions be discovered, he said.

Foreign Affairs chief director for Southern Africa Mr Gert Grobler, who attended the meeting, said the DCA must "nail" any private operator who deviated from flight plans and did not adhere to regulations. "We cannot afford to become embroiled in this (Angolan) conflict," he said.

Yesterday, the Minister of Defence, Mr Gene Louw, rejected allegations that South Africa supplied arms to Unita. He said the Armaments Development and Production Act forbade the export of arms without a marketing and export permit from Armscor.

Anyone doing this without the required permit was guilty of an offence and could face a fine of up to R10 000 or a prison sentence of 10 years, or both.

"As the minister responsible for the administration of this act and regulations, I would like to point out that the government will prosecute any transgressors," Mr Louw said.

Mr Smit yesterday confirmed the investigations by the civil aviation authorities into the Antonov's flight out of South Africa at the weekend.

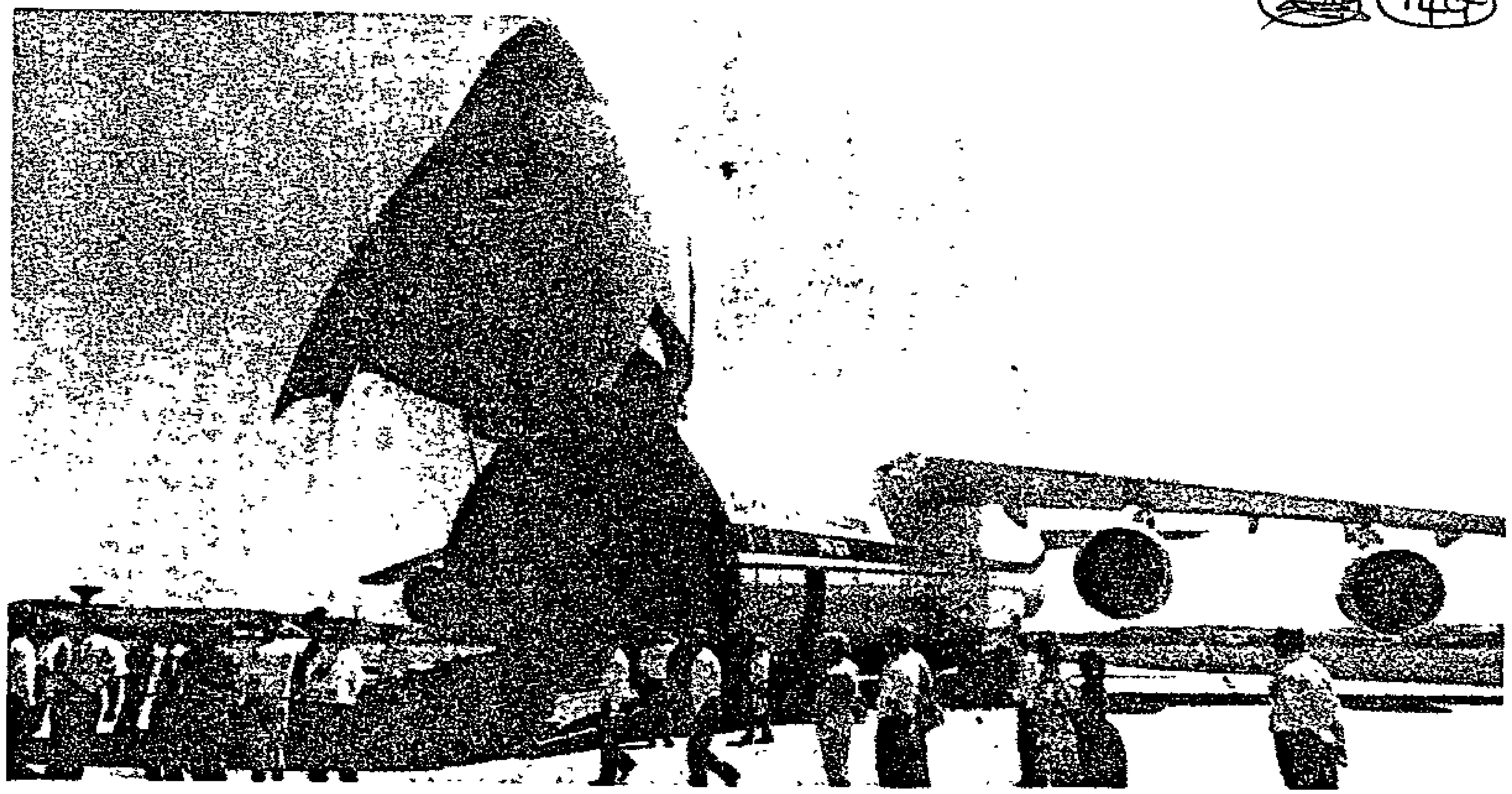
The aircraft had filed a flight plan on its return from Harare via Phalaborwa to Vereeniging, as required by law, but the authorities were investigating whether a valid flight plan out of the country had been filed. There was no record of this, he said.

Mr Smit said flight plans about where the aircraft intended landing, with alternatives, had to be filed by any plane leaving the country or flying in controlled air space.

The government meetings about mercenaries and arms matters were confirmed yesterday by the director-general of Foreign Affairs, Mr Rusty Evans.

Besides the Pretoria meeting on Friday, he said, the directors-general of various departments had met in Cape Town last week to discuss the recruitment of mercenaries and alleged arms deliveries to Angola.

A Durban-based air freight firm said it had hired the Antonov that was being investigated from a Vereeniging firm. The managing director of the Vereeniging company could not be contacted yesterday.



RUSSIAN PLANE . . . A file picture of a Russian-registered Antonov, taken when it first arrived in Durban on January 21 to load goods for Moscow.

● Troika to consult on Angola — Page 5

Consulates open way to trade

BDAY 8/3/93 (74G)

ANDREW KRUMM

TODAY's list of export opportunities includes first time queries from Thailand and Singapore, which follow the establishment of SA consulates in these countries.

That both countries are attracting foreign investment is evident in inquiries from Thai-based Driessen Aircraft Interior Systems and Singapore's FMC (SE Asia) appearing in today's list.

SA exporters interested in furthering links with either nation should contact the Department of Trade and Industry or Safto. A DTI trade delegation will soon visit Thailand, while Safto plans group visits to Thailand, Singapore and Malaysia.

SA's economic consul in Thailand, Gustav Meyer, (fax number 0966-2-254 8290) will have plenty of information for aspirant SA exporters, and Arrie Greyling is on hand in Singapore. He can be contacted by fax on 0965-339 6658.

There are a number of inquiries from foreign businessmen who plan to visit SA. One comes from Takeji Takahasji of Kirinya Co, who arrives from Japan in March or April to meet prospective suppliers of cut and polished diamonds. Another is from Sapporo Chuo Kaki president Kenichi Myodo, who is interested in importing indigenous flowers to Japan.

FOODSTUFFS

04.01; 04.05; 04.05.20; 04.06.
Parmesan and mozzarella cheese, skimmed and unskimmed milk powder — Brazil Av Vicento Rao, Jorge Vieira; tel: 0955-11-531-3522; fax: 0955-11-530-2221.

08.09.30.
Peaches, semi-preserved in water, bulk packaged — Brazil Alberto Sequerra SA, S J Sequerra, tel: 0955-21-253-8022; fax: 0955-21-233-9101.

06.03.
Fresh and dried flowers — Japan. Sapporo Chuo Kaki Co, Kenichi Myodo; tel: 0981-11-892-2011, fax: 0981-11-892-1099.

16.04.
Preserved fish — France. Zone Industrielle le Petit Parc. Alan Pays; 0933-1-34-75-9009; fax: 0933-1-34-75-9153

20.05.60; 20.05.80; 20.05; 20.07.91.
Asparagus in glass and tin containers; sweetcorn; canned mushrooms; canned mandarin segments — Japan S Ishimitsu Co, Ikuo Hino; tel: 0981-11-812-5446; 0981-11-832-1432.

20.08.
Canned fruit — UK. Wellcross Ltd, S H Meghani; tel: 0944-81-349-4411; 0944-81-346-575 111/2, fax: 09351-53-575 180.

84.22.
Pallet stretch and wrapping machinery — UK. United Packaging; C McCulloch; tel: 0944-274-651 330, fax: 0944-274-686 168.

84.38.80.00.
Machinery to inject liquids and petroleum jelly into containers — Malawi. International Trade Contact; A Osman; tel: 09265-644-105, fax: 09265-643 389.

84.71.10; 84.73.30.
Computer hardware and software — Germany. Carstens and Partner; Detlef carstens; tel: 0949-89-834 4059, fax: 0949-89-834 0379.

84.81.80.03.
Pressure valves for LPG gas cylinders — Chile. Inversions Arca; Carlos raggio; fax: 0956-2-272 5996.

84.82.10.
Insert ball bearings for agricultural machinery — Argentina. Rul Distribuidora; Gerardo Mendez; tel and fax: 0954-1-624 0245.

85.01; 85.44; 85.04; 90.32; 90.33.
Electric generators and cable, power supplies, voltage regulators — UK. NEC (UK), P Capp; tel: 0944-81-993 6111, fax: 0944-81-993 7819.

85.16.
Electric barbecues — UK. Tradlink; H Luke; tel and fax: 0944-656-864 455.

85.39.10.10.
Motor vehicle lamp units — Singapore Senley Co; Sunny Ng; tel: 0965-338 4557, fax: 0965-336 4924.

89.-7.90.00.
Floating pontoons (70m long) — Malawi. W Chirwa & Associates; Wilson Chirwa; tel: 09265-670 526, fax: 09265-624 929.

90.09.
Photocopying apparatus with optical or contact systems, thermo copying apparatus — Portugal. M Simoes Junior — Representacoes; Carlos Ribeiro; tel: 09351-2-574 136, fax: 09351-2-563 280.

MISCELLANEOUS

90.19.10; 95.03.60.
Psychological aptitude testing apparatus, puzzles and other didactic toys — Chile. U&C Ingenieros Asociados; Jorge Cubillos; tel and fax: 0956-2-274 1925.

97.03.00.00; 71.03.99.10.
African arts and crafts, agate semi-precious stones — US. National Enterprises; Don Dunlap; tel: 091-812-479 5429, fax: 091-812-479 5265.

Polystyrene/cardboard boxes for fruit packaging — Peru. Serviagro Del Peru; Pablo Sanchez; tel: 0951-14-416 472, fax: 0951-14-482 130.

Safety equipment and clothing for mining — Chile. Wemin SA; Charles Widleschmidt; tel: 0956-2-643 7255, fax: 0956-2-643 6422.

African arts, crafts, music, tapes, records and clothing — US. AMC Trading & Consulting; Aaron Cornelio; tel: 091-412-458 5963, fax: 091-412-458 5097.

Portugal. Hidra Industria de Plasticos, Frank Pingo; tel: 09351-63-41015; fax: 09351-63-41199

40.12.20.
Used tyres — Germany. TWI Tyre Wheels International, Schmidt; tel: 0949-271-350593; fax: 0949-271-350499.

40.16.93.
Gaskets, washers and other seals — Portugal. Juntas, Hugo Machado; tel: 09351-937-1954, fax: 09351-1-937-2966.

ORGANIC PRODUCTS AND PAPER

41.07.90.90.
Tanned and cured ostrich leather — Brazil. Petersen Matex, Paul Wollny; tel: 0955-21-223-1210; fax: 0955-21-233-5331.

42.02.
Leather bags, travel goods — UK Tariq Rahim; fax: 0944-81-998-8792.

44.07.
Sawn timber, chipboard — Spain. Hans Peter Vogelsanger; tel: 0934-3-203-1008/54; fax: 0934-3-205-5516.

44.12.
Plywood — US. Davidson Plyforms Inc, Michael Murphy, tel: 091-616-956-0033; fax: 091-616-956-0041.

48.02.10.
Handmade paper toys — UK. [illegible] Ian Couch tel: [illegible]

Hot and cold rolled steel coil — Thailand. Ekca Thai Co, Nirandr Pomonkul; tel: 0966-2-462-8031; fax: 0966-2-464-1883.

72.10.41.
Galvanised corrugated sheets — Taiwan. Liga International Trading Co, Tsan-Lu Chao; tel: 09886-2-811-7807; fax: 09886-2-811-2195.

72.11.10.
Steel sheets for bicyle and motorcycle rims — Ivory Coast MAC, Mr Matsaef; tel: 09225-27-5322; fax: 09225-27-1886.

72.19.72.20; 72.08; 72.09 72.10 72.11; 72.12.
Flat-rolled stainless steel, iron, non-alloy steel; angles, shapes and sections (iron or non-alloy steel); wire (plated or coated with zinc); steel plate — Portugal. Tubochapa; tel: 09351-49-66615; fax. 09351-49-719575.

72.19.14.
Stainless steel plate — Chile. Manufac de Metales y Aluminio, Antonio Kelez, tel: 0951-14-32-3065; fax: 0951-14-32-7010.

METAL PRODUCTS

73.03 — 73.06.
Iron or steel pipe, stainless steel pipes and bars — UK. The Amodil Group; Paula Urry; tel: 0944-299-270 771, fax: 0944-299-270 080.

INFORMATION in this feature supplied by the Export Centre of the Department of Trade and Industry.

Inquiries:
Manufacturers should contact the foreign company direct. Where possible a contact person has been named. If there are any problems, communicate with the Department's Export Centre, tel: (012) 310-9791. Fax: (012) 320-8157.

How to use:
The items on this page are listed by number according to the harmonised tariff code system issued by the Department of Customs and Excise. The code gives specific details of the listed item.

Export services:
For general advice on exports and export incentives, contact the department or its regional representatives in Durban, Port Elizabeth or Cape Town. It is strongly recommended that manufacturers new to the world of exports get in touch with the local office.

Warning:
SA firms should be aware that restrictions on the export of these products might be applied by the authorities. While every effort is made to maintain the accuracy of information in this list, the Department of Trade and Industry assumes no responsibility for any incorrect data. Nor will the department and its officers assume responsibility for any transactions undertaken with the firms or individuals listed.

Japan. S Ishimitsu Co, Ikuo Hino; tel: 0981-11-812-5446; 0981-11-832-1432.

20.08.
Canned fruit — UK. Wellcross Ltd, S H Meghani; tel: 0944-81-349-4411; 0944-81-346-0002.

20.09.
Tinned yellow peaches with sugar — Japan. Hoshiyama Shoten; tel: 0981-196-54-4308; fax: 0981-196-24-3541.

20.09.11; 20.09.80.
Orange juice concentrate, paw-paw and peach juice concentrates — Taiwan. Superior Rate Corp, Tony Su; tel: 09886-2-647-2292; fax: 09886-2-643-0965.

22.04.
Wines — Brazil. Large Scale Integration Co, Edward Noel-Morgan; tel. 0955-11-514-6366: fax: 0955-11-514-4964.

23.06.50.
Residues of coconut and copra — US. Beclain International Inc, R Lankenau; tel: 091-404-594-7309; fax: 091-404-594-7257.

23.09.10.
Canned pet food — UK. NIB Co, V Figueras; tel and fax: 0944-93-274-1686.

MINERALS AND CHEMICALS

25.16.11.00.
Granite block — Taiwan. Chung Hwa Stone, Kenny Kao; tel: 09886-2-502-5432; fax; 09886-2-502-5422.

25.24.00.
Raw asbestos — Brazil. Davco Servicos Empresariasis, Eugene Marcia; tel: 0955-21-542-5249, fax: 0955-21-233-7271.

25.30; 72.07.
Limestone; iron and steel billets — UK. Barolhurst, Charles Byam-Cook, tel: 0944-488-64-8024; fax: 0944-488-64-8586.

28.23.00.
Titanium dioxide — Brazil. H W Bethencourt; tel: 0955-21-221-3434; fax: 0955-21-224-1572.

28.23.008; 28.19.908; 28.21.10.10; 82.05.80; 68.05.20.
Titanium oxide, rutile grade; chromium oxide; iron oxide; grinding wheels, waterproof abrasive paper. — Thailand. Kiat Mongkon Ltd, Seksom Ua-richaroen; tel: 0966-2-258-9655, fax; 0966-2-258-6305.

28.25.
Black copper oxide — Spain. Ibercomercio, J Caceres; tel: 0934-1-408-7563; fax: 0934-1-408-7497.

28.41.60.90.
Potassium antimony oxitartrate — Germany. Oskar Tropitzsch, tel: 0949-9231-4117; fax: 0949-9231-63393.

34.01.19.10.
Blue soap — Portugal. Empresa Industrial de Cosmetica e Saboes. tel: 09351-39-99385; fax: 09351-39-7952251.

39.25.90.
PVC pipes and fittings — Plywood — Co Davidson Plyforms Inc, Michael Murphy, tel: 091-616-956-0033; fax: 091-616-956-0041.

48.02.10.
Handmade paper toys — UK. Hartland, Ian Couch; tel: 0944-462-851100, fax: 0944-462-850723.

48.04; 48.05; 48.08; 48.11.
Uncoated paper, paperboard, paper products, cellulose wadding, webs and fibres — Portugal J Paulo Duarte, tel 09351-1-8884420; fax: 09351-1-870306

48.19.13; 39.23.21.
Paper and polypropylene sacks — UK. Mondial Trading & Finance, J Schechter; tel: 0944-71-258-3556; fax: 0944-71-724-2918.

53.04.10.10.
Sisal fibre — Taiwan Tonho Trading Co, Jimbel Lee, tel: 09886-2-556-1251, fax: 09886-2-556-5170.

57.02.31; 94.01.71; 94.03.40.
Leather lounge seats, wooden kitchen units, and wool or animal hair carpets — Japan. Continental trading; Yutaka Nagao, tel. 0981-11-221 8511, fax 0981-11-281 0950.

TEXTILES AND CLOTHING

Chapter 59; 96.07; 52.03.
PVC nylon coated or polyester coated material; zip fasteners, carded and combed cotton — UK Versapak International, Carol O'Neill; tel: 0944-81-310-2444; fax: 0944-81-310-8385.

61.09.
T-shirts, polo shirts, woven — UK. Bodyline, G H Herbert; tel and fax: 0944-709-377986.

61.15.
Socks — France. Colbert; tel: 0933-25-79-2687, fax: 0933-25-74-3831.

STONE AND STEEL

68.01; 68.02; 70.03.
Curbstones and flagstones; granite polished tiles; brick tiles; custom-made sheet glass panels for high rise buildings — Japan. Terao Sekizai Inc, Shigeki Terao; tel: 0981-11-852-5151; fax: 0981-11-851-1215.

71.02.
Cut and polished diamonds, less than one carat — Japan. Kirinya Co, Takeji Takahashi; tel: 0981-11-511-5531; fax: 0981-11-511-8098.

71.13.10.
Gold jewellery — Singapore. Sungei Whampoe Enterprises, K H Koh; tel: 0965-738-5934; fax: 0965-777-5810.

72.05.10.10; 82.02.99.
Steel shot-grit for cutting marble and metallurgical use; saw blades — Argentina Fagha SRL, Eduardo Beutin; tel and fax: 0954-1-791-6091.

72.07; 73.08.
Steel billets and bars — Taiwan. Hyphen Industrial Corp, Cheng Kuang Huang; tel: 09886-2-755-4600; fax: 09886-2-754-1240.

72.08.12.90; 72.09.12.90.

METAL PRODUCTS

73.03 — 73.06.
Iron or steel pipe, stainless steel pipes and bars — UK. The Amodil Group; Paula Urry, tel: 0944-299-270 771, fax: 0944-299-270 080.

73.22; 73.22.2.
Radiators (non-electrical) for central heating, air heaters and hot air distributors — Argentina. Banco Provencor, Jose Egan; tel: 0954-51-220 016/7/8; fax: 0954-51-240 848.

73.26.19.90.
Steel forgings for well-head equipment — Singapore. FMC SE Asia; Andy Liew; tel: 0965-861 3011, fax: 0965-861 2015.

74.01; 76.01; 72.08; 48.05.
Continuous casted copper and aluminium rods, copper strips, aluminium strips, grain-orientated magnetic steel coils, insulated presspan borad in sheets and rolls — Belgium Pauwels International; M Bebie, tel: 0932-15-299 211, fax: 0932-15-291 053.

74.11; 74.12.
Copper tube for refrigerators — UK. Hilton Mercantile; Nikki Barlow; tel: 0944-61-427 2727, fax: 0944-61-427 7274.

74.18.20.90.
Copper articles for house decoration — Portugal. Cimporex; tel: 09351-2-560 426, fax: 09351-2-567 170.

76.10; 82.07; 44.10.
Aluminium ladders, hand tools for DIY and wood garage doors — Germany. Hein Marketing; C Hein; tel. 0949-261-63781, fax. 0949-261-63039.

76.06.12.05; 72.13.94.11; 72.13.49.0.
Aluminium sheets and strip (exceeding 0,2mm), wire rod to make nails; steel round bar in coils — Thailand. Driessen Aircraft Interior Systems; Ulf Thepper; tel: 0966-2-315 1157/9, fax: 0966-2-315 1160.

76.15.
Aluminium cookware — UK. Export Purchasing services; A Patel; tel: 0944-81-961 9363, fax: 0944-81-965 9224.

EQUIPMENT AND MACHINERY

82.03 — 82.05; 85.08.
Garden power tools and electrical hand tools — UK GR Import; G Healy; fax: 0944-81-998 8792.

83.02.10; 83.01.30.
Hinges and furniture locks — Chile. Industria Maderera; Dusan Simunovic; tel. 0956-591-42-43345, fax: 0956-591-42-49706.

83.08.40.10.
Laminated steel blades for graders — Argentina. Daniel Arguello; tel: 0954-1-298 3720, fax: 0954-1-293 2180.

84.18.50.
Refrigerating or freezing display counters, cabinets — Portugal. Jose Julio Jordao Lda; Jose Lobo; tel: 09351-53-

Exports cushion KWV

74CT

Business Editor

A 50% growth in exports cushioned KWV against a drop in domestic demand in the past financial year.

It ended the year with a net income of R55,5m compared with R55,1m in 1991 although the directors said, in a statement issued yesterday, that it had faced "exceptionally unfavourable conditions in the domestic market".

There had been "a drastic drop in sales of brandy and wine spirits to domestic wholesalers, who considerably reduced stock levels."

A spokesman said the SA industry had exported a total of 2,3m cases of wine last year, of which 1,8m had been bottled in this country with Britain the biggest market.

"We are also back in the US market, where the response has been encouraging. It is a market with tremendous potential."

CT 10/3/93

The directors say that "due to an under-estimation of last year's distilling wine pool, an excess of R18m — R4,12 per hectolitre at 10% alcohol/volume — was paid out to producers as a first instalment in 1922.

This means that the board will recommend a bonus of R22 814 000 — less than expected — to be paid out next month to producers who contributed to the pool.

"This amounts to R5,01 per hectolitre at 10% alcohol/volume."

Rand's fall may help exports

BDAY 11/3/93 74G

TIM MARSLAND

ECONOMISTS have welcomed the recent depreciation of the rand because it improved prospects for the export industry.

Safto chief economist Bruce Donald said recent surveys among the organisation's members showed exporters still saw the rand as an obstacle to export growth.

He said the recent decline in the rand did not compensate for the differential between SA's high inflation rate and those of its major trading partners. Exporters' margins were being squeezed by rising costs on the domestic front.

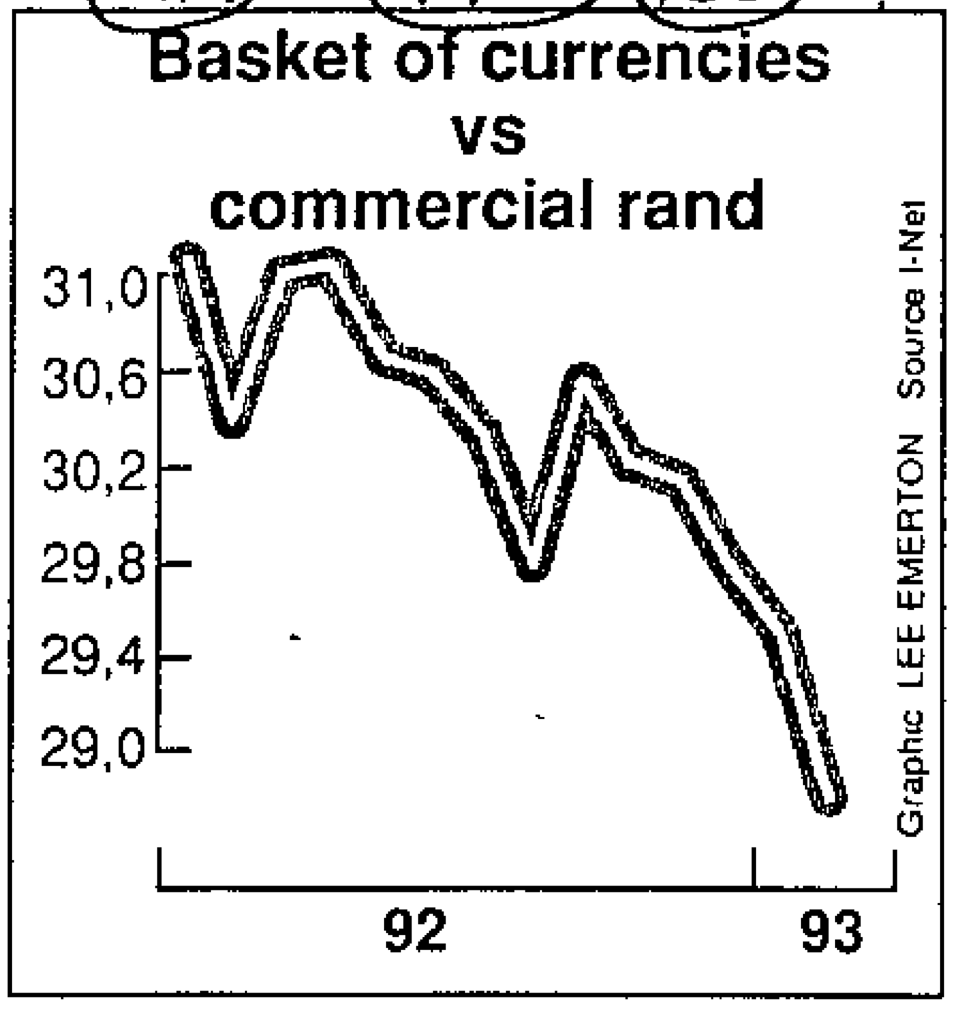
Nedcor Bank chief economist Edward Osborn said the declining rand was providing relief for exporters.

While export volumes would not increase because of the weaker rand, export income in rand terms would.

Commodities and precious metals accounted for about 70% of SA's exports, with the rest from the agriculture and manufacturing sectors.

Importers would be hurt to some extent. However, Osborn pointed out that about 70% of exports were in dollars and possibly 45% of imports were dollar-dominated.

Higher prices importers would have to pay would offset the advantages of the weaker rand to a degree.



Osborn put the rand exchange rate at a conservative R3,30 against the dollar by the year-end.

□ The basket is a formula used by the Reserve Bank in determining the value of the rand and is made up of the currencies of SA's key trading partners.

The dollar has the largest weighting, followed by the sterling, the lira, the Deutschmark, the yen and the guilder. The Bank has never published the exact formula. The graph is based on an I-Net generated formula.

SA must have an export-led economy

BRUCE CAMERON
Business Staff

ARG 13/3/93

(74CT)

THE government intends to slice into regulations and industry protection measures to achieve the thrust of its economic blueprint of export-led growth for the economy.

The private sector and the government will have to invest billions in the next five years to meet the government's plan to resuscitate the economy to improve the living standards of all South Africans.

Investment in private sector manufacturing alone had to be increased by 80 percent a year over the next five years.

At 1985 constants it was estimated an extra R51 billion would have to be put aside for capital investment.

And it is recommended in the government's normative economic model unveiled this week that of every R100 in additional manufacturing production between now and the end of the century, R23 should be exported. The current level is R10 of every R100.

As a share of the gross domestic product (GDP) the government had to increase its share in capital expenditure from the 4,5 percent of last year to 7,8 percent by 1997 while private sector capital investment had to go from 11,4 percent to 15,3 percent. This would give a total increase in capital investment in five years of 7,2 percent of GDP.

In the model it is accepted the restructuring of industry, removing protection barriers to make it more export orientated and competitive, "may fall heavily on the relatively highly protected labour-intensive industries".

In the model a number of measures are recommended to get rid of what is termed the "anti-export bias" in current policies.

Options included:

- Export processing zones where imported goods could be processed for re-export;
- Improving the drawback and rebate duty system of imported materials; and
- Strengthening arrangements which would ensure suppliers offered materials at world prices.

It was found that export subsidies were an imperfect and partial solution to getting rid of the anti-export bias.

A number of measures are recommended for establishing new industries and revitalising existing ones. The measures include:

- Lower company tax rates and the provision of finance by development agencies for modernisation and new industries and also for working capital to introduce multi-shifts;
- State support for training and re-training schemes; and
- Government support for technological improvements.

Successful conclusion of the Uruguay Round of trade negotiations would safeguard South Africa's world market entry. A re-negotiation of South Africa's status from "developed" to "developing country" may benefit the country, particularly with blocs, such as the European Community.

It is recommemded that a number of steps be taken to reduce protective barriers. The steps include:

- The repeal of the import surcharges imposed in 1988;
- The scrapping of formula duties which should be replaced by anti-dumping measures; and
- The completion of the process of applying tariffs instead of import restrictions such as quotas; a review of the system of duty rebates and the standardisation and stabilisation of ad valorem taxes.

JOB MARKET

Competition the new watchword

ST Times [BUSS] 14/3/93.

Finance Minister Derek Keys has unveiled an economic plan designed to create 1,3-million jobs by 1997. How will he do it? KEVIN DAVIE reports

THE great economic debate, unleashed in earnest with the unbanning of the ANC and other political parties, in early days focused on the merits of market systems versus socialist systems.

Nationalisation was the watchword. The key protagonists developed their positions as the debate progressed, the focus switching to the twin problems of growth and redistribution.

Finance Minister Derek Keys this week tabled his contribution to the debate. His Normative Economic Model (NEM) is premised on the notion of employment-creating growth.

The model intends transforming the South African economy within this decade from its present status as an under-performer to a performer. In the process, 1,3-million job opportunities will be created.

This might sound like make believe, an impossibility in the current climate of retrenchments, business failures and growing unemployment, but Keys is not proposing anything new.

His elixir is based on tried and tested methods which other economies have successfully implemented during the past few decades while South Africans have been waging the economic warfare known as apartheid on one another.

The plan rests on the principles that SA has to be competitive in foreign markets if the economy is to grow and that it is no good expecting the non-competitive to be able to compete overnight.

The goalposts will be moved on a phased basis so that business is given time to adjust and to learn to compete — much of SA's industry would simply cease to exist if exposed tomorrow to the cruel, competitive world out there.

The NEM says SA's import tax or tariff barrier stands at 21% (weighted by import value) but that this rises to 27% when the effect of special import surcharges still in force are added.

Complex

It says that while the normal tariff barrier is comparable to the protective levels found in developing countries, the 27% level puts SA among the highly-protected countries in world trade.

These tariffs raise the relative costs of producing internationally tradeable goods in SA and artificially reduce the cost competitiveness of South African goods in export markets.

But the problem goes further in SA's case. "The rather ad hoc process of granting protection to individual industries has given rise to a system which is apparently one of the most complex in the world. It lacks transparency, is prone to continuous change and is open to lobbying."

The high degree of selectivity has resulted in wide variances in nominal and effective rates between products and industries. Food beverages and tobacco have an estimated effective protection of 8,8%, while textiles and apparel have effective protection of 93,6%.

Other sectors with high levels of protection are chemicals (50,6%), wood and wood products (39,7%) and "other manufacturing" (62,8%). Manufacturing has effective average protection of 30,2%, according to a study by the Industrial Development Corporation.

NEM's authors say that any domestic-led recovery of economic activity in SA will almost inevitably produce a deficit on the balance of payments and/or a serious depreciation of the rand exchange rate.

"The likelihood of such a deficit being financed from inflows of foreign capital is slight. A recovery that is export-led, however, requires at the very least the removal of the anti-export bias in the system of industrial protection."

The authors say a revival of economic growth may attract foreign investment, thus easing the pressure on the BoP, but unless this growth is export-led foreign investors are unlikely to be greatly interested.

The plan says this anti-export bias can be countered by giving exporters access to inputs at the best available world prices.

74F

Reduce

Options here include establishing export processing zones and extending the rebates allowed on materials used in export processing.

The model says the combined effect of lifting the import surcharge and special duties, such as formula duties, could reduce the protective barrier from its present 27% to 18%.

NEM says a possible approach could be to reduce the maximum rates on consumer goods to 30% and on all other goods at 15%, bringing the protective barrier down to an average 14%. But reducing tariff barriers will not in itself create hundreds of thousands of new jobs. The authors say economic performance depends heavily on the well-targeted and accelerated development of human capacity.

The currently adversarial relationships in industrial relations must end. Competitive behaviour should be encouraged in all markets, including the labour market.

"Certain forms of uncompetitive behaviour, such as price-fixing, market sharing, resale price maintenance and collusive tendering should be outlawed.

"This approach implies a dismantling of most of the government's market participatory and regulatory machinery, which may result in considerable savings for the public sector and the formal and informal private sector, and a reduced bureaucracy."

The model, a major contribution to the debate on how the economy may be best repaired, is proposing a new watchword to guide future policy: competitiveness.

DEREK KEYS . . . his model is based on tried and tested methods

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746

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The model, a major contribution to the debate on how the economy may be best repaired, is proposing a new watchword to guide future policy: competitiveness.

Exports on the road to growth — Safto

(74) CT 15/3/93

Own Correspondent

JOHANNESBURG. — Non-gold exports should rise 2,5% to 3% in real terms over the next 12 months, Safto said at the weekend.

Releasing a poll in which 100 of SA's top exporters took part, Safto said exporters were "cautiously optimistic" that export sales and orders would rise in the first quarter compared with the last three months of 1992.

The confidence was in line with the view that the US economy was recovering.

Exporters ranked uncompetitive prices as the main obstacle to growth, due largely to the effects of high local inflation. Some exporters "appeared to be experiencing difficulty in sourcing products at competitive prices".

Exporters also pointed out the global recession was forcing them to cut prices because of the increased competition.

Another area of concern was the declining exchange rate, which exporters felt was not falling fast enough to offset local inflation adequately.

A slight drop in unfilled orders was expected in the current quarter, which would level out over the next 12 months.

"This clearly reflects the current spare capacity in SA industry caused by the domestic recession, particularly seeing as it occurs when incoming orders are expected to rise simultaneously."

THE WEEK AHEAD by Simon Willson

Weaker exchange rate threatens PPI

BDAY 15/3/93. 746

EXPORTERS may have welcomed the steeper depreciation of the trade-weighted rand over the past few months, but the producer price index (PPI) for January released this week could supply a reminder of the inflationary implications of a drooping exchange rate.

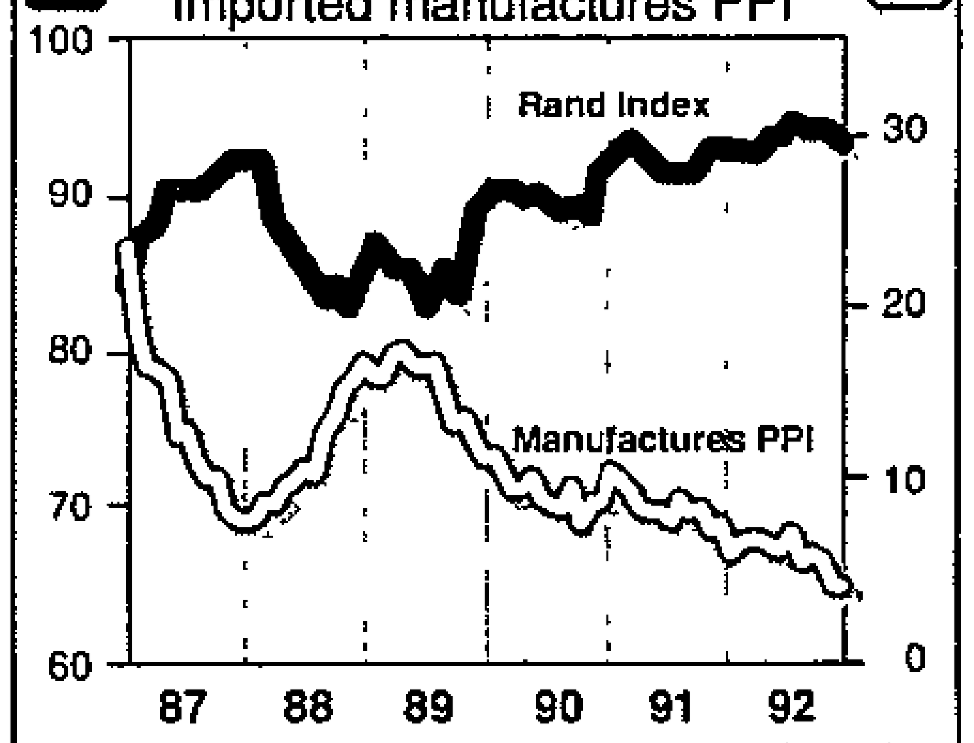
It may, however, be a bad time to remind exporters of the danger to domestic prices of a weaker rand. There were high hopes in the export community that the long-awaited structural adjustment programme for the economy, published last week, would incorporate an orderly devaluation as part of a plan to revive domestic activity. Some institutions last year joined the exporters in the devaluationist camp, advocating a more free-floating and market-determined rand as part of the restructuring process.

All were disappointed. The Finance ministry's economic adjustment plan reaffirmed the importance of Reserve Bank independence from government in pursuing its mission of defending the value of the rand irrespective of short-term policy considerations. Furthermore, the plan said monetary and fiscal policy should be aimed at the *prevention* of sharp exchange rate depreciations that could cause higher import prices.

With tactful deference, therefore, to the efforts of SA's exporters it has to be pointed out that the dip in producer inflation to 7,3% in the year to December from November's 7,5%, was concentrated in the imports section of the PPI. Imported inflation eased to 3,1% in December from 4,1% in November, while domestic inflation at producer level was unchanged at 8,2%.

Structurally sound

Real effective rand, imported manufactures PPI



Graphic RUBY GAY MARTIN Source SARB, STANDARD BANK

Homegrown producer inflation seems to have settled on a plateau towards the upper end of single digits and may stay there for a while as the apparently inevitable petrol price increase in this week's 1993/94 Budget ripples through producer prices. This means continued low imported inflation — or a return to the falling import prices of last year — could be a key determinant of whether consumer inflation stays in single figures this year.

As the chart shows, the rate of imported manufactures inflation factored into the PPI correlates closely with the level of the real effective rand — that is, the rand expressed as an index against the currencies of SA's major trading partners but adjusted for inflation. Part of the exporters' beef against the authorities is that, while the nominal — that is, inflation unadjusted — effective rand has been falling steadily, it has declined by less than SA's inflation differential with major trading partners. In other words, the real effective rand has been rising, and eroding exporter competitiveness.

This was true up to the end of the second quarter of last year, when the real effective rand firmed to an eight-year high of 94,4 on an index where January 1979 equals 100. But, as the chart shows, the real effective rand subsequently weakened from its July 1992 high and, in December, had settled back at an eight-month low of 93,0. The run on the foreign reserves of the past few months has probably restricted the Bank's ability to support the rand in the market.

Publication of the real effective rand lags the nominal rate because of the need to use an assortment of foreign wholesale price indices to deflate the variables, and the December outturn is the latest available. The impact of the rand's renewed nominal weakness of recent weeks on its real effective value is still concealed from view, but the January PPI might this week give an indication.

Internationally, it is an interesting week for the UK. Chancellor Norman Lamont presents his 1993/94 Budget tomorrow and is faced by some of the same economic problems that confront SA Finance Minister Derek Keys on Wednesday. **UK industrial production** data for January are released tomorrow and will probably look as grim as December's, when output fell 0,1% on the month. UK base rate cuts in November and January are unlikely yet to have fed through to order books — assuming they ever do.

UK retail sales for February, out on Wednesday, may look brighter since base rate cuts will affect sales well before production. Much of the 1,6% jump in January sales arose from post-Christmas price cuts and sales promotions, but a surprise rise in preliminary **UK M0 growth for February** suggests there has been a rise in cash in circulation which could have spilled over into an extended increase in sales.

Inflation in the UK fell to a 25-year low of 1,7% in January, and **February UK inflation** is out on Friday. The monthly change in average prices is unlikely to match January's 35-year record of -0,9%, which was mainly the result of the new-year discounting that should help retail sales, but headline inflation is likely to remain below 2%.

By Friday the UK will need some encouraging economic news, because Thursday is likely to bring another rise in **UK unemployment** when the February level is published. The adjusted jobless total rose 22 000 in January to 2,9-million or 10,6% of the workforce, and should this week join the unadjusted total on the wrong side of the psychological 3-million mark.

EXPORT OPPORTUNITIES

Bid to find beverages for export to Singapore

8/DM 15/3/93.

(74G)

ANDREW KRUMM

FOOD and beverage inquiries dominate today's list of trade offers from around the world. They include an inquiry from Germany for thousands of tons of citrus fruit, offers from Britain and Belgium for SA wines, and an inquiry about beverages for export to Singapore.

This last inquiry is significant because it comes from apparently unexplored territory for SA beverage and fruit juice exporters. Secondly, the Singaporean importer acts as an agent for firms in Japan, Malaysia, Indonesia, Thailand, China, Hong Kong, Vietnam and Cambodia, so he could be a useful contact in those markets.

Another inquiry from Singapore could be of interest to makers of office machines, and radio, TV and communication equipment looking to export to Asia. The inquirer, G Roman of Automation Precision Industries, offers to represent SA manufacturers of these goods in Singapore, Malaysia and Indonesia.

Today's list also includes opportunities in other categories. In textiles, German importer Schuh-und Ledermode Sagmeister of Germany wants to buy 2-million pairs of pantyhose a month. (A local hosiery maker and exporter says quality SA hosiery is sought after internationally.)

The metals category also offers several opportunities. One is from Heinz Adam in Munich, who has a potential order of 300 000 tons of hot rolled steel billets for delivery in mainland China and Taiwan. Impact Trading International is asking for quotes for the supply of 500, 1 000 and 1 500 tons of 99,9% pure cobalt in powder, chip or ingot form. The SA firm should supply quotes FOB Durban or CIF New York.

INFORMATION in this feature supplied by the Export Centre of the Department of Trade and Industry

Inquiries:
Manufacturers should contact the foreign company direct. Where possible a contact person has been named. If there are any problems, communicate with the Department's Export Centre, tel (012) 310-9791 Fax: (012) 320-8157.

How to use:
The items on this page are listed by number according to the harmonised tariff code system issued by the Department of Customs and Excise. The code gives specific details of the listed item.

Export services:
For general advice on exports and export incentives, contact the department or its regional representatives in Durban, Port Elizabeth or Cape Town. It is strongly recommended that manufacturers new to the world of exports get in touch with the local office.

Warning:
SA firms should be aware that restrictions on the export of these products might be applied by the authorities. While every effort is made to maintain the accuracy of information in this list, the Department of Trade and Industry assumes no responsibility for any incorrect data. Nor will the department and its officers assume responsibility for any transactions undertaken with the firms or individuals listed.

ANIMALS, FOODS AND BEVERAGES.

01 06
Pure bred dogs — Hungary New Fonicia, Tibor Bernath, tel and fax 0936-72-35436

03.00.
All kinds of seafood — France Le Petit Manteon, Bunting, tel 0933-9049 1904

03.03.41, 03.06.13.
Tuna fish and shrimp — Germany Roitman Verlag & Agentur Lev Roitman, tel 0949-89-349 858, fax 0949

06.01.10.
Amaryllis bulbs — US. Van Engelen Paul Jagger; tel 091-203-567 8734, fax: 091-203-567 5323.

06.03.10.
Fresh cut flowers — Spain. Nexon Flor, Jose Galera; tel 0934-1-578 2917, fax 0934-1-435 9333.

07.10; 20.09.
Frozen vegetables and concentrated apple juice — Japan Tokyo Maruichi Shoji Co. T Shikata, tel 0981-3-3256 1141, fax 0981-3-3256 1255

07.12.30.
Dried mushrooms — UK Sax International, Michael Lambert, tel 0944-71-258 0120, fax 0944-71-706 2148

08.05.10 - 30.
Lemons (2 000 metric tons), mandarins (2 000 tons) and oranges (3 000 tons) of second or third grade — Germany Roitman, Verlag & Agentur, Lev Roitman; tel 0949-89-349 858, fax 0949-89-392 827

12.09.30.
Flower seeds — US. Select Seeds, Marilyn Barlow; tel and fax 091-203-684 9310.

15.15.90.60.
Fixed avocado oil not chemically modified — France Sictia, Pierre Bied; tel 0933-9195 9023, fax: 0933-9164 5264.

16.01 - 16.05.
All frozen, canned, dried or fresh foodstuffs — France. Tradaliment, Jean-Claude Flattard, tel 0933-4278 7855, fax 0933-4278 7171.

Chapter 20.
Canned fruits and vegetables — UK Jack L Israel, Simon Hudson, tel: 0944-932-569 600, fax 0944-932-569 585

20.08.
Canned fruits — UK Greendome (Europe), R Brennan, tel and fax 0944-81-467 4690

20.09.
Fruit concentrate (pineapple, passion, orange and grape fruit) — Germany Schwaben Braeu Rob Leicht, Heldrich, tel: 0949-711-73700, fax 0949-711-737 0400.

20.09.
Tinned yellow peaches with added sugar — Japan. Hoshiyama Shoten, Hoshiyama, tel. 0981-196-544 308, fax: 0981-196-243 541

20.09.90.90.
Fruit juices — Hong Kong. US Secure Co, S Narayanan; tel. 09852-692 2185, fax 09852-694 1972.

22.02.10.10; 22.03.00.90; 22.04.21.10.
Bottled cold drinks, beer and bottled wine — Singapore K and J Beverage Co. Kenneth Chong; tel. 0965-721 8601, fax 0965-468 2131

22.04.
Wine — UK Stamford Duncan, M Stamford, tel 0944-353-740 139

Chapter 22; 22.04; 22.04.10.
Wines, fortified wines and sparkling wines — Belgium. De Wijnmeestersunie, Robert Simons, tel 0932-3-722 0691, fax: 0932-3-722 0905.

MINERALS, CHEMICALS.

28.17; 28.25.
Zinc oxide and zirconium oxide — Spain. Duprint SA, Juan reig; tel: 0934-3-453 4402, fax 0934-3-453 0970.

Chapter 30.
Pharmaceuticals — UK Bucat International, L Carter; tel 0944-81-669 8522, fax 0944-81-688 9324

30.06.
Dental fillings — Germany. Dental Nowak, Johan Nowak, tel: 0949-8031-381 032, fax 0949-8031-381 034

32.01.
Wattle extract — Japan. Kanematsu Corporation, Tamio Koga; tel. 0981-6-205 3943, fax 0981-6-205 3666.

39.23.10.
Plypropylene containers — France. Viking Ocean, Vincent Le Batteux, tel 0933-3521 4288, fax: 0933-3522 4545.

ORGANIC PRODUCTS AND TEXTILES.

41.10.
Hides and skins — US. Sandra Schaivitz Decorating, Sandra Schaivitz; tel: 091-914-232 5620

42.02.31; 48.20.10; 73.26.90; 82.11.93; 85.13.10; 90.14.10; 96.13.20.
Leather wallets, diaries, canteens, pocket knives, flashlights, compasses and gas-filled lighters — Spain. Gallard SL, Lisa Furstenburg; tel: 0934-6-585 3970, fax: 0934-6-858 2410.

44.07; 44.08.
Sawn pine wood — UK. Permacrib, T Henrikson, tel 0944-242-510 199, fax 0944-242-222 569.

50.06.00.10.
Yarn — Hong Kong. Monifit Trading, A Zancanaro; tel: 09852-526 5209, fax 09852-845 3521.

55.09.
Acrylic yarns for the manufacture of canvas, garden awnings and garden furniture — Israel. J Brom Mills, Abraham Brom, tel. 09972-3-923 3386, fax 09972-3-923 4307

61.15.11.
Pantyhose — Germany Schuh-und Ledermode Sagmeister; tel 0949-9933-1546; fax 0949-9933-8595.

61.09.10; 61.09.90.
Cotton T-shirts, other shirts — Zurich. John-Frederic Plassard; tel and fax. 0941-22-734-3475.

62.00.
Trims and tassles — US. Isabel Van Dorn Trimmings, Kipp Kennerly; tel. 091-704-274-9302, 091-704-274-0008.

63.02.
Towels, bed linen, tablecloths — Germany. Bettenring, Voll, tel 0949-711-709 580; fax 0949-711-709 5806

METALS.

72.07.10; 72.13.10.
Hot rolled steel billets, reinforcing bars (300 000 tons, for delivery in China and Taiwan), — Germany Heinz Adam, tel and fax 0949-8382-6251.

72.10.30; 74.09; 74.11; 80.04.
Flat-rolled products of iron or non-alloy steel, electrolytically plated or zinc coated, copper plates, sheets and strip, copper tubes and pipes; tin plates, sheets and strip — Hungary Etalon Ltd, Istvan Gombor; tel and fax. 0936—96—16324.

72.27.90.
Steel wire rods with high carbon content — Spain Emesa Trefileria, Joaquin Prado tel 0934-81-60-1600; fax 0934-81-60-2705.

73.11.
Cylinders to store LP gas — Belgium. Galaxy International, John Bradford; tel: 0932-91-52-2510; fax: 0932-91-52-5553

73.12.
Steel cables — Spain. Distribuidora de Alabmres y Cables, J Molinos; tel. 0934-4-498-0505, fax: 0934-4-498-0253

73.26.20.00.
Galvanised steel sheet — Hong Kong Hi Tak Thermal & Acoustic Insulation, Jamie Leung; tel: 09852-770-7703; fax: 09852-770-2829.

74.08.29.90.
Welding wire — Singapore. Commence Technologies, David Lim; tel. 0965-276-3328; fax 0965-276-3336.

81.05.10.
Cobalt in powder, chip or ingot form — Israel. Impact Trading, Ralph Hadani; tel: 09972-3-691-6487; fax 09972-3-695-1816.

MACHINERY AND EQUIPMENT.

84.22; 48.11 21; 39.19.
Machinery to seal boxes, watertape, plastic tape — Belgium. BVBA Pattyn, J Vandensande, tel 0932-50-31-5133, fax 0932-50-31-4676

84.31.49.45.
Integral drill steels percussion extension drilling accessories; down-the-hole hammer accessories — Singapore. Explosives Consultation and Application, Tan Kai Hock, tel 0965-382-3633, fax 0965-382-3877

84.71.10; 84.73.30.
Computer hardware and software — Germany. Carstens & Partner, Detlef Carstens; tel 0949-89-834-4059; fax 0949-89-834-0379

84.73.10; 84.73.30.10; 85.22.
Parts for office and data processing machines, radio and TV equipment — Singapore Automation Precision Industries, G J Roman, tel. 0965-292-6311, fax. 0965-296-6659.

90.18.
Medical hardware and medical disposables — Canada Ridgeway Medical, Rick Naylor; tel: 091-604-294-2061, fax. 091-604-294-2355.

90.21.10; 90.21.11 90.21.19; 90.21.30 90.21.90; 87.13.01.
Orthopaedic fracture appliances, artificial joints and other artificial body part, hearing aids, pacemaker, wheelchairs — Spain. Distribuciones MS, An Alonso, tel: 0934-8-527-0358 fax 0934-8-527-0962

94.01.03.
Brass and metal beds — UK. Metro Weld, S Sanderson, tel and fax: 0944-302 350999

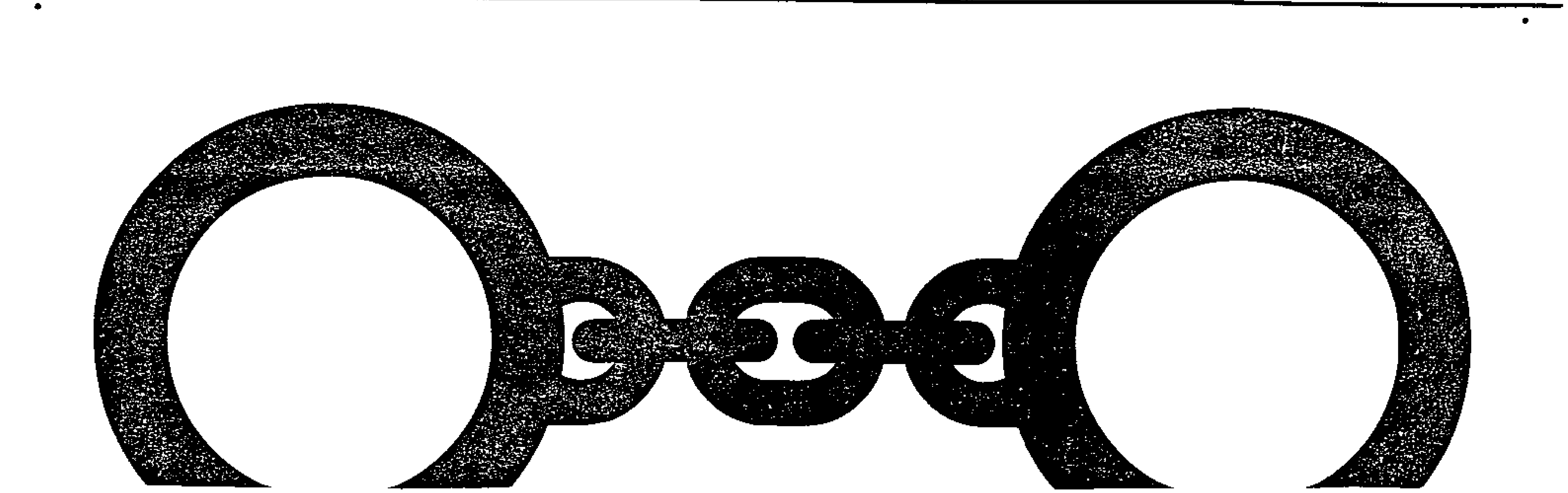
94.03.; 84.81; 76.09.
Hotel furniture, fixture and fittings — UK. Rentor Howard Wood Levin, Stephen Kennard, tel 0944-71 379-7900; fax 0944-71-836 4881.

MISCELLANEOUS.

49.09; 71.13; 70.18 83.08.
Greeting cards, jewellery glass and metal beads — UK. Telford's, Julia Spencer; tel 0944-81-882 7729.

70.05.10; 70.09.10 70.07.21; 84-75-20.
Non-wired float glass; rear view mirrors; windshields glass manufacturing machinery — US Milmart Co Richard May; tel. 091-312 794-0100; fax: 091-312-481 0787.

70.18.10.
Fimo beads — US. Era're sistable, Peter Bloemfeld tel and fax 091-617-965 3277



COMPANIES

Quality inspections 'essential'

LINDA ENSOR

CAPE TOWN — Overseas buyers were demanding that products be inspected at source by an unbiased third party to avoid receiving poor quality goods, SGS SA chairman Philippe Fatzer said at the weekend. 146

BD 15/3/93

SGS SA is affiliated to the Swiss-based Société Générale de Surveillance, the world's largest commercial inspection company, and a member of the European Foundation for Quality Management.

Fatzer disagreed with the view of Canadian professor Ernie Love who said last week that quality assessment by inspection was outdated and added significantly to the costs of production. Love preferred total quality management programmes.

"SA manufacturers must realise that inspection is an integral part of total quality management and to ignore it would be to their detriment and prove very costly in the long run," Fatzer said.

Once total quality management had been implemented quality control and inspection costs were low in relation to total costs but achieved substantial savings.

"Inspection is still essential as it provides a manufacturer with the raw data to correct a problem through quality control and avoid recurrence through total quality management," Fatzer said.

"By ignoring this method the manufacturer is unable to monitor the final state of the product to be delivered."

Meanwhile, Arthur Andersen operational consultant in New York Neil Cameron said at an executive briefing last week that businesses could increase their profits up to 50% by re-engineering their businesses.

"Business process re-engineering requires a change in mindset from process management and in order for this to be successfully implemented, departmental barriers have to be broken down and staff have to learn to communicate with each other."

Exports expected to rise

(74G)

BDAY 15/3/93.

TIM MARSLAND

NON-gold exports should rise 2,5% to 3% in real terms over the next 12 months, Safto said at the weekend.

Releasing a poll in which 100 of SA's top exporters took part, Safto said exporters were "cautiously optimistic" that export sales and orders would rise in the first quarter compared with the last three months of 1992.

The confidence was in line with the view that the US economy was recovering. In the past, the US served as "the locomotive of world economic growth". Other industrial nations would follow the uptrend, which would improve demand for SA goods.

□ To Page 2

Exports

BDAY 15/3/93

(74G)

□ From Page 1

Exporters ranked uncompetitive prices as the main obstacle to growth, due largely to the effects of high local inflation. Some exporters "appeared to be experiencing difficulty in sourcing products at competitive prices".

"In this regard, the declining PPI must be welcome news," Safto said.

Exporters also pointed out the global recession was forcing them to cut prices because of the increased competition.

Another area of concern was the declining exchange rate, which exporters felt was not falling fast enough to offset local inflation adequately.

Exporters complained about the high cost of transport, in particular the costs associated with moving goods from the PWV area to Durban.

Uncertainty surrounding the future of GEIS was also attracting attention and exporters complained of unpredictability in incentives policy.

A slight drop in unfilled orders was expected in the current quarter, which would level out over the next 12 months.

"This clearly reflects the current spare capacity in SA industry caused by the domestic recession, particularly seeing as it occurs when incoming orders are expected to rise simultaneously."

The point was reaffirmed by the expectation that stocks for export would climb slightly over the same period.

Little change in R2bn for export incentives

B/DA9 18/3/93 LINDA ENSOR (746)

CAPE TOWN — An amount of R2,007bn has been allocated to export incentives this fiscal year, little increase over the R2,029bn proposed in the previous Budget.

Of this amount R1,67bn would go to the revamped general export incentive scheme introduced on April 1, 1990 and the balance of R337m would be used for the redemption of promissory notes issued under former schemes.

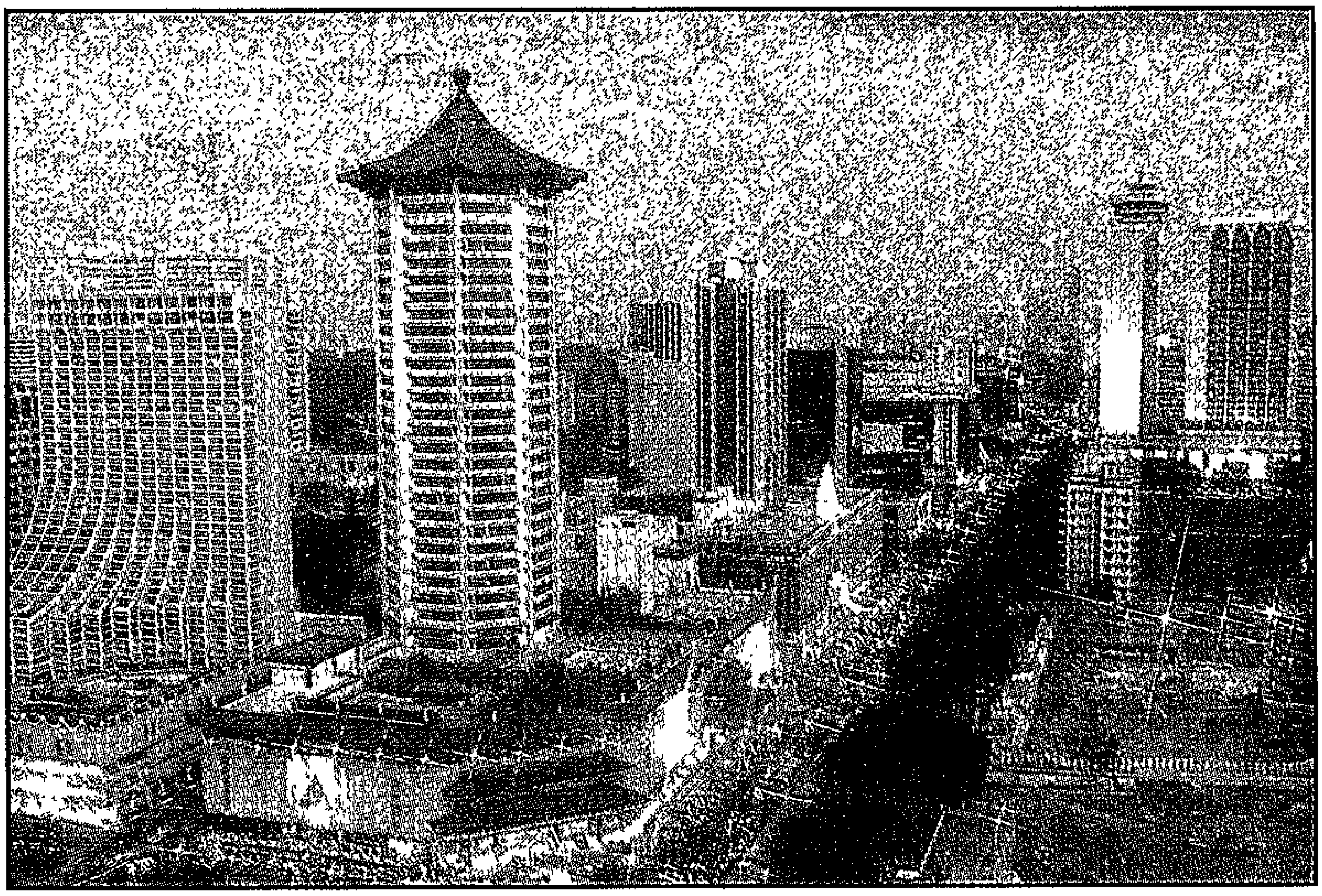
Finance Minister Derek Keys said that the cash compensation under the revamped scheme would have to be phased in on account of the financial pressure placed on the budget by having to simultaneously redeem the promissory notes issued under the old scheme.

Claims of up to R500 000 had already been paid in cash from July 1 1992.

"This means that in 1993/94 in addition to cash payments, further promissory notes will be issued under the new scheme in part financing of the programme.

"As expenditure on redemption of the promissory notes issued under the old scheme begins to decline, there will be a shift to cash compensation under the new system," Keys said.

☐ In his Budget Review, Keys said the present position of the balance of payments and the fiscus prevented government from pursuing its commitment to phase out import surcharges at this stage.



A BLEND OF THE OLD AND THE NEW . . . Singapore's Orchard Road, famous for its shopping opportunities

Politeness will pay off

ST Times [B4557] (746) 21/3/93.

A Business Times SURVEY

MARKET research is advisable for all exporters to South-East Asia but essential for South African suppliers, says Breyer Development Services managing director John Bell.

He says these markets are generally unknown but, of greater importance, SA is not recognised as a traditional exporter to the region.

He cautions that South-East Asia is a diverse region comprising markets differing in culture, potential and, above all, business procedures. Business people must adapt to the requirements of each.

In view of the truly enormous potential offered by the region, niche marketing is the key to success, he says.

"A small, specialised market, which does not command the attention of international suppliers, can provide the average South African exporter with very substantial orders — but only if the market has been thoroughly researched and the right contacts established before contemplating the first visit.

"Contacts, in fact, are probably more important in South-East Asia than in any area in the world. Without them business is virtually impossible, but the correct ones will make the passage to success almost unbelievably smooth."

In Mr Bell's experience, the biggest mistake local exporters make is to consider the region as one market run by "the Chinese".

There is an element of truth to this simplistic view. In Malaysia, for example, one will inevitably recognise the senior businessmen of Chinese descent, but they are a population minority and their dominant role is a sensitive point.

Contact

Similarly, the Thai businessman, despite his Thai name, will often be perceived as being of Chinese extraction but it will be impolite to refer to it.

Though a Singapore business contact will almost certainly be Chinese, he or she will be offended if this is referred to. They are Singaporean and intensely proud of it.

Mr Bell cautions that names represent a minefield of possible error and though incorrect usage does not cause offence to the sophisticated, errors will identify the perpetrator as an amateur.

Although many business people in Singapore adopt a Western name — and in some cases, quite literally, a Christian name — their Chinese name usually appears on letters and business cards and considerable experience is required by visitors to determine the surname.

The executive director of the Singapore Manufacturers' Association is John Chin Teck Huat. He is addressed as Mr Chin. Western visitors on first name terms (never at the first meeting) would call him John whilst their Chinese equivalents would address him as Teck Huat.

The Thai Minister of Transport and Communication — an essential contact for many South African exporters — is Nukul Prachuabmoh. Address him as Mr Prachuabmoh and one may as well avoid future contact, says Mr Bell.

Mr Nukul will pass, but your Asian wise competitor will use the honorific title of Khun and address him as Khun Nukul.

Research

When greeting others he will also place his hands together, raise his fingers to his forehead and bow in the traditional "wai".

If this is felt to be petty and unnecessary, Asia may as well be forgotten as an export region, says Mr Bell.

However, those who take it seriously and are prepared to research the business methods of each country and establish the appropriate contacts will be well on the road to success by the time the first visit is made.

McDonald's chain wants to try SA beef

BDAY 22/3/93. (746)

ANDREW KRUMM

TODAY's list of international export opportunities includes a mixed bag of lucrative offers for local exporters — many of which come from markets only recently opened to SA.

A prime example is the query from McDonald's restaurant chain in Singapore, which seemingly represents an ideal way to break into Far East meat markets.

The fast food retailer currently imports from Argentina and Australia, but is looking for a competitive SA supplier of beef. According to the Department of Trade and Industry, which supplies Business Day's information, McDonald's (Singapore) consumes about 700 000kg of beef a year.

The supplier would be required to ship the meat to Kuala Lumpur in Malaysia for processing, and should have the relevant CIF prices handy.

Two almost identical queries in the foodstuffs category might interest the local exporter wanting to tap foodstuff markets in the Commonwealth of Independent States. The first comes from an Austrian firm, which seeks prices (CIF St Petersburg) for milk powder, butter, tea and canned meats. The other inquirer is based in Arizona, and is reportedly "very interested" in sourcing similar products — including vegetables, children's food and medicines — from SA.

The metals category is not without its opportunities. Hyphen Industrial Corporation in Taiwan, which uses up to 1-million tons of steel billet and deformed steel bar each year, wants quotes for these products.

Spain-based Aloe Vera Internacional offers the local manufacturer an opportunity to supply Tunisia with aluminium or tinplate soft drink cans. The offer is for 200-million cans a year — or 16-million cans a month — and Aloe Vera is prepared to sign a 10-year contract with the local supplier. Prices quoted should be CIF Tangier or Tunisia Port.

☐ To advertise on this page, call Janet Jadrijevich on (011) 497-2543

FOODSTUFFS

01.06.00.
Exotic birds, cats and dogs — Portugal Correia & Serpa, Aparicio Costa, tel 09351-1-544 219, fax 09351-1-315-2419.

02.01.30; 02.02.30.
Beef for mincing — Singapore McDonald's Restaurants, S Y Lee, 0965-462-0800, fax 0965-462-1211.

04.02.29; 04.05.00; 09.02.40; 21.01.20.10; 18.02.49; 16.02.50.
Infant's milk powder, butter, tea, canned meats — Austria Metafin, G Zloczower, tel 0943-1-505 8794, 0943-1-505 8566

04.02.29.10.
Baby milk formula — Namibia Trans Industries; N Solomon, tel. 061-224 299; fax 061-22-2197

06.03.90
Dried flowers — UK Planterama, Avril Couchman, tel 0944-452-79-0256, fax 0944-452-79-0701.

Chapters 7 and 8
Fresh fruit and vegetables — UK Ecu Fruit, Gerald Smart, tel. 0944-483-61342, fax 0944-483-20775

12.09.00.
Seeds for berchemia zeyhery (red ivory tree) — US Mike Sweet, tel 091-619-586-0430

12.09.00.
Seeds for ornamental plants, trees, shrubs, palms, tropical plants — US Carter Seed Co, Chad Frick; tel 091-619-724-5931, fax 091-619-724-3332

12.09.21, 12.09.99.90; 12.12.99.90.
Alfalfa seeds, radish seeds (fodder radish), mungbeans — Namibia Brian Howards, tel 061-36287

16.02.50.09.
Ostrich biltong — US Imex Traders, Tom Swinnea, tel 091-512-835-8371.

16.02.90; 20.05.10; 04.02.00; 21.06.00; 30.02.00 04.05.00; 15 17.00; 17.01.00.
Canned meat and vegetables, canned powdered milk, children's food and medicines, fruit juice concentrates, butter, margarine, sugar — US Phoenixware, Gerald Siegel, tel 091-602-233-1000, fax 091-602-243-7561

16.04.00; 20.06 00; 20.05.00; 0207.21; 0813.40, 08.06.20; 08.02.90, 16 01.00.
Canned fish, vegetables, fruit and meat, frozen poultry, dried fruit, raisins and nuts — US Tishco Inc, T Atapattu; tel 091-818-249-4911, fax 091-818-248-9503

19.02.
Fresh, pre-cooked frozen pasta — Italy Alimac SRL, Paolo Panzavolta, tel 0939-49-940-0009, fax. 0939-49-597-3955

20.08; 20.09.
Fruit pulp, juice and concentrates — UK Timeguard Holdings, M G Paschalides; tel: 0944-21-742-0622; fax: 0944-21-742-0625

20.08.99; 20.08.
Tinned guavas, other fruit — UK Zaf Foods, T I Areehy, tel 0944-21-771-4330, fax 0944-21-766-7695

22.03.00.
Canned beer — Portgual Eurocarnes SA, Ana Luisa Coelho, tel 09351-1-471-0727, fax 09351-1-471-4238

22.04
Wine — UK Pegasus Import Export Services, G Harden, tel 0944-473-682113

22.04.10.90.
Wine — Hong Kong Pacific Wine Cellars, Anita Lo, tel 09852-524-3716, fax 09852-537-1148

MINERALS, CHEMICALS

27.01.11.00; 29.37.99.00; 30.02.10.00.
Coal for heating in powder form, Antisera for medical purposes; other medical products — Switzerland Salbex, A Kaydul, tel 0941-37-23-2862, fax 0941-37-22-3256

28.33 22
Aluminium sulphate — Germany Techno Compex, C Paloubis, tel 0949-89-22-7585, fax 0949-89-22-9581

30.06.
Pharmaceuticals — Russia Moscow Finance Corp, Reed Wallace, 097-95-124-4538, fax 097-95-240-6915

32.01.90; 28 33.25; 32 10.10.
Mimosa, copper sulphate, quebracho — Israel David Sevilya Import, tel 09972-3-621-104, fax 09972-3-564-3744

39.16.
PVC sections for windows — Italy Ital-Plastik, Brunello Cimo, tel 0939-49-596-5041, fax 0939-49-596-5909

ORGANIC PRODUCTS

41.01.00; 41 02 00; 63.05 20.
Tanned cowhides with hair on tanned sheepskins with wool on, new and used cotton flour and sugar bags — US. The Freed Co, Philip Freed, tel 091-505-247-9311; fax 091-505-246-8891

44.01.21.00; 44.03.20.90; 44 07.10.90; 94.03.40; 94 03.50.
Wood in chips or particles, wooden and kitchen furniture — Taiwan Pro Marketing International, Danny Yang, tel 09886-2-796-1866, fax 09886-2-794-1640

44.07; 44.08.
Wood, sawn lengthwise — UK Hunter Timber Group, R Ripley, tel 0944-279-641 100; fax 0944-279-429 683

44.12.19.11; 44 12.19.21.
Unfinished and processed coniferous plywood — Taiwan Win Research Enterprise, C S Chou, tel 09886-2-705 0519; fax 09886-2-702 4780

TEXTILES

52.11.42; 52.06.00.
Denim fabric, cotton yarn — US International Closeout Inc, Maria Steele, tel 091-213-582-2815; fax 091-213-582-9717

Chapters 61 and 62
Children's and men's clothing — UK SU International, N Chauhan, tel 0944-21-628-6464, fax 0944-21-628-7628

64.02; 64 03
Footwear and clothing for Russia — Austria Metafin, G Zloczower, tel 0943-1-505-8794, 0943-1-505-8566.

METALS

72.06.90.00, 72.13.20.00.
Steel billet, steel, deformed bar — Taiwan Hyphen Industrial Corp, C K Huang, tel 09886-2-755-4600, fax 09886-2-754-1240

73.06.30.30.
Welded tubes to manufacture conveyor belt idlers — Argentina Tecmaq, Ricardo Paolinelli, tel 0954-51-998277, fax 0954-41-998137

73.13.
Wire fencing — UK Fencing Construction Yorkshire, I J Byrne, tel 0944-302-868 587, fax 0944-302-864 249

73.18.
Bolts and nuts — Italy. Bacco Maria Zanardi; tel 0939-49-875-5195

73.25.91.
Steel grinding balls and slurry pumps — Peru Union Metalurgica, Kurt Schultze-Rhonhof, tel 0951-14-62-2346; fax 0951-14-62-2373

73.26.19; 73 08 40
Ladders, scaffolding on wheels — Italy IPPIS SRL, Carla Giora, tel 0939-49-70-1233, fax 0939-49-887-2207

76.12; 73 10.
Aluminium and tinplate cans — Spain Aloe Vera Internacional, Antonio Ramos, tel 0934-28-29-2060; fax 0934-28-24-7111

MACHINERY AND EQUIPMENT

82.05.
Multi-spindle drilling heads — France Promeca Goldring, Mr Galezowski, tel 0933-3952-8280, fax 0933-3053-4919

82.07
Various drilling heads — France Schille, D Schill, tel: 0933-1-4243-6860, fax 0933-1-4243-0700

82.08.40.10.
Laminated steel blades for earthmoving graders — Argentina Daniel Arguello; tel 0954-1-298-3720, fax 0954 1 293 2180

83.06.21; 71 14 11
Silver-plated gift and tableware — Italy Laras SRL, Antonio Zanetti, tel, 0939-49-884-0866, fax 0939-49-884-0868

83 03 00 30.
Armoured doors, cabins and frames for office security — Italy Alluser Industrie, Francesco Gelmi, tel 0939-49-529-0044 fax 0939-49-529-0223

84.21
Water treatment plants for civil and industrial use — Italy Bernardinello Impianti, Jurinovic Gabrielle, tel 0939-49-870-0475, fax 0939 49-870 0720

84.27.10.10; 84.27 10 60
Narrow-aisle fork lifts, fully automated high density warehousing systems — Argentina Paxco SRL, Marco Grimaldi, tel and fax 0954-1-542-8008.

84.33; 84.35; 84.22.
Machinery for fruit cleaning, bottling machines, machinery for wine industry — Italy Garolla SRL, Geremia Adelchi, tel. 0939-444-582 596, fax 0939-444-580 490

84.74.20; 84.79.82
Crushing machines for stones, ores and other minerals — US Continental Equipment Co, Jerry Krull, tel 091-314-532-1470, fax 091 314 532-1549

84 82 10.
Insert ballbearings for use in agricultural machinery — Argentina, Rul Distribuidora, Gerardo Mendez, tel and fax 0954-1-624-0246

86 02.10; 86.10.20.
Used locomotives, 2-10 tons, battery or electric, mining flotation chemicals, pine oil — Bolivia Cibo SA, Johnny Gelernter, tel 09591-2-35-0900, fax 09591-2-39-1034

FURNITURE

94.03.
Pine furniture — UK Grove Bedding, W Hawkins, tel 0944-31-333-1903, fax 0944-31-333-1941

94 03
Wooden furniture — Italy Mobilificio Cit Spa, Mr Tramonin, tel 0939-49-62-8688, fax 0939-49-893-1750

94.03
Wooden furniture — UK Relyon Ltd, K F Heap, tel 0944-823-662 216, fax 0944-823-666 079

94 05 10, 94.05 20.
Lamps and light fittings — Italy Gamma 3 Luce, Francesca Mescalchin, tel 0939-49-912-5155, fax 0939-49-912-5206

MISCELLANEOUS

69.11.10; 73.23 93; 82.15.00; 70.13.00.
Porcelain and stoneware dinnerware, cookware, flatware, household glassware — US Gibson Overseas Inc, N Gabbay, tel 091-818-281-0202, fax 091-818-281-1177.

70 05.10; 70.09.10; 70.07.21; 84 75.20.
Non-wired float glass; rearview glass mirrors, windshields, glass manufacturing machinery — US. Milmart Co Inc, Richard May, tel 091-312-794-0100; fax 091-312-481-0787

96.06.
Metal jeans buttons, pocket rivets, snap fasteners — Italy Cobra SRL, Lia Agnoletto, tel 0939-49-870-0373, fax 0939-49-870-0937

97.01.90; 97.03.00.
African brass and copper wall decorations — US. Ashanti Ltd, Jesse Flowers; tel 091-708-389-6615.

INFORMATION in this feature supplied by the Export Centre of the Department of Trade and Industry.

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Major export effort to revive economy

AR 27/3/93 (74G)

Business Staff

THE Department of Trade and Industry is launching a major export effort this year as part of the government campaign to push for export-led growth for the ailing South African economy.

The department is to lead trade missions to various parts of the world in an effort to exploit opportunities created by the lifting of sanctions.

The first mission will leave for Europe in May with other missions being planned through to February next year. The department is appealing to exporters to join the missions.

Mr Stef Naude, director-general of Trade and Industry, said yesterday the guidelines of the Export Marketing Assistance Scheme would be applicable to trade missions to be organised and led by officials of the department.

Countries to be visited are:

May 1993: Western Europe (United Kingdom and Germany). Mission leader Mr H Erasmus, tel. (012) 310-9372;

June 1993: Middle East (Turkey, Israel, Bahrain, United Arab Emirates). Mission leader Mr J Engelbrecht, tel. (012) 310-9538;

August 1993: Far East (Thailand, Korea, China). Mission leader Mr H J T Pretorius, tel. (012) 310-9478.

September 1993: USA and Mexico. Mission leader Mr H Erasmus, tel. (012) 310-9372.

November 1993: Far East (Japan, Taiwan, Hong Kong). Mission leader Mr E Grimbeeck, tel. (012) 310-9448.

February 1994: South America. Mission leader Mr S P Pretorius (contact Mr P J Gouws), tel. (012) 310-9408.

"The Department regards outward trade missions as a crucial element in the promotion of South Africa's exports which play a major role in the country's return to international markets," Dr Naude said.

Meanwhile the trade surplus improved in February, rising from R839 million in January to R1,33 billion last month.

The improvement was achieved on the back of a decline in imports to R4,04 billion (January: R4,26 billion) and a rise in exports to R5,37 billion (January: R5,1 billion).

Economists caution, however, that a stronger export performance by the manufacturing sector is required "to sustain growth in the trade balance over the next few months.

A healthy trade surplus is essential to rebuild declining foreign exchange reserves.

The manufacturing sector has been identified as crucial to an export-led growth phase.

Compared with the first two months of 1992, however, the rise in exports in January and February was by and large limited to improved metal sales.

Exports of unclassified goods so far this year at R4,38 billion are R300 million up on the same period last year. Base metals have improved to R1,39 billion (1992: R1,27 billion) and mineral products to R1,39 billion (1992: R1,14 billion).

The exception to this trend was the export of diamonds, which slumped sharply from R1,37 billion last year to R960 million in January and February.

Poor economic growth in Europe, South Africa's largest export market, seems largely responsible for the falling exports of the manufacturing sector.

Exports to Europe so far this year, at R3,15 billion, are R500 million down on 1992.

The decline in manufacturing exports was led by paper and pulp products at R269 million (from R330 million), textiles at R266 million (R294 million) and chemical products at R375 million (R452 million).

Exports of vegetable products were still substantially lower at R205 million (down from R381 million), while imports of these goods rose from R157 million to R389 million.

■ The European Community took a step toward possible curbs on one of Russia's biggest exports at the weekend just as EC foreign ministers prepared to travel to Moscow to discuss prospects for future free trade.

The European Commission, the EC's executive, said it had begun an investigation on the impact of aluminium imports from former Soviet republics following French-led EC industry demands that these be halted.

Trade Commissioner Sir Leon Brittan took the decision as aluminium stocks in Rotterdam, much of them of Russian origin, topped one million tonnes for the first time.

Industry analysts estimate that aluminium exports from the Commonwealth of Independent States are running at around 800 000 tonnes a year, up from about 300,000 tonnes in the late 1980s.

EC industry wants imports from the former Soviet Union limited to 82 000 tonnes a year — an effective freeze on new shipments in view of the high level of stocks awaiting sale. Sapa-Reuter

Zimbabwe in credit squeeze

WMail 26/3 - 1/4/93. 282

Weekly Mail Correspondent: Harare

LARGE and small corporate and individual clients of Zimbabwe's finance houses are defaulting on loans due to the current tight credit squeeze facing the economy.

According to one of the largest finance houses here, UDC, there had been a substantial increase in the number of clients defaulting on hire purchase loans which they could no longer afford to pay.

Zimbabwe is undergoing a painful economic structural adjustment process, largely financed and backed by the World Bank and the International Monetary Fund, and is implementing a tight monetary policy to curb demand for credit and reduce a high inflation rate of over 35 percent.

As a result, many companies and individuals are faced with a serious shortage of money.

Several companies have been liquidated with huge losses in employment, while hundreds of Zimbabweans in the low, middle and upper-income brackets have had their houses repossessed after failing to pay mortgage loans.

Many commercial banks and other financial institutions have now adopted more cautious lending policies, following the high rate of defaults, an economist said here.

Building societies, already facing a shortage of mortgage loans, have suspended approving loan applications until the economic climate improves.

A model export plan

746

WMail 26/3 - 1/4/93.

By REG RUMNEY

PROPOSALS in the government's Normative Economic Model to boost exports strongly resemble those in a recently released draft document emanating from the southern Africa department of the World Bank.

The document on South African trade, drafted by World Bank economists Pedro Belli, Michael Finger and Amparo Ballivan, was disseminated last month for discussion.

Both the document and model:

- Find an anti-export bias inherent in South Africa's trade policy. They both reckon this anti-export bias arises from the handicap on exporters of higher input costs from domestic suppliers than are available internationally.
- Come out against export processing zones.
- Suggest rationalising the plethora of complex and widely differing tariffs on imported goods.
- Recommend a gradual approach to trade liberalisation, starting with giving exporters access to inputs at more competitive prices, whether the goods are obtained domestically or abroad. Domestic industries would continue to be protected for the time being. Eventually import surcharges would be scrapped and duties scaled down.

However, the economists' document is much more explicit and detailed. The World Bank economists note that for the manufacturing sector as a whole protection on inputs raises their cost by 12,6 percent compared to a free trade regime. The burden is not equally spread.

They also note the South African manufacturing sector is a close-knit microcosm of big companies and exporters mostly do not pay domestic prices for their inputs, but buy them at producers' export prices.

This does not apply to smaller companies, who cannot bargain down the domestic price of inputs and have to pay the full domestic price.

According to the economists' calculations, the combined effect of the General Export Incentive Scheme (GEIS) and free-trade equivalent prices on inputs produces, on average, a pro-export trade regime.

However, there is no guarantee inputs will be available at world prices, so these calculations only give an idea of what could be achieved if, in addition to GEIS, South Africa had a more effective system whereby duties paid on imports could be reclaimed by them.

As in the Normative Model, the economists note GEIS clashes with General Agreement on Tariffs and Trade rules and so has to go. Hence, in addition to competitive inputs they recommend a strongly interventionist role for the government. They say the key to switching from an anti-export bias in other countries has been access to government support, particularly capital, being made conditional on export performance. They mention Korea as an example.

The economists do not go into the possibly painful political and other implications of this policy. Neither half of Korea is known to be a pardigm of democracy.

Foods dominate a varied international menu

B/DAY 29/3/93

Business Day Reporter

WHILE foodstuff inquiries dominate today's export opportunities "menu" there are lucrative offers in many categories.

For example, Argentina's biggest paper manufacturer needs large quantities of various kaolin clays, and there is a request for up to 1-million tons of petroleum coke from Spain-based Consolidair.

There is an offer from Faex, in the fledgling Czech Republic, which seeks "glazed" buffalo shoe leather and up to 40 000 cured rabbit skins a month.

Hard-board manufacturers could benefit from an offer by German importer Becker & Hach, which seeks a supplier for 5 000 tons of moulded fibre board a year.

US-based Kornings International requires 100 000 tons of scrap and used rails. And plant machinery makers might take up a Thai businessman's inquiry about earthmoving and road building equipment.

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FOODS

03.01; 03.05; 03.06.
Fish and crustaceans — Belgium. Vandenhende; Vandensande; tel· 0932-50-545 039, fax: 0932-50-547 590.

03.00.
Lobster tails and shell fish — US Offshore Seafood; Johan Uggla, tel· 091-404-451 6552, fax: 091-404-451 6356.

07.01 — 07.09; 08.04 — 08.10; 11.01 — 11.02.
All kinds of fresh vegetables and fresh fruit; wheat,cereal and other flours — Netherlands Rodenburg Fresh Foods, S van Beek; tel: 0931-1892-20855, fax. 0931-1892-19304.

07.03.
Australian brown onions — Sweden. Eniprodukter AB, Bo Luren; tel· 0946-500-488 135, fax· 0946-500-482 842

07.09.51.
Fresh mushrooms — Germany. Fruchthof Hochgurtel; Manfred Stumpf, tel. 0949-228-342 03133, fax: 0949-228-346 010.

08.03; 08.04; 08.05.
Bananas, pineapples and oranges — Germany. August Lehmann GmbH; B Meinen; tel· 0949-203-768 0664, fax. 0949-203-768 0631

08.11; 08.12.
Canned fruit — Portugal. Arnaldo Gumiaraes & Ca Lda, Antonio Guimaraes; tel. 09351-52-696 432, fax. 0935-52-606 432.

10.03.00; 10.05.90; 12.08.10.
Feed barley and feed maize, soya bean meal — Hungary. Rolimpex Anstalt, Stelian Gheldiu, tel. 0940-1-615 1488, fax 0940-1-312 3094.

12.01.
Bird seed — Switzerland. W Kuendig & Cie; Bosson; tel: 0941-1-361 6144, fax: 0941-1-382 8414.

15.07.90; 15.12.19; 20.02.90.
Soyabean oil and sunflower seed oil, tomato puree — Netherlands. Rodenburg Fresh Food. S van Beek; tel: 0931-1892-20855; fax. 0931-1892-19304.

17.04.90.75; 17.04.90.99.
Toffees, caramels and similar sweets, and other sugar confectionery (not chocolate) — Germany. Kuroczik GmbH, H Kuroczik; tel. 0949-208-70032, fax· 0949-208-999 470.

17.04.10.00.00.5; 18.06.10.
Chewing gum, candy and other food preparations containing cocoa — US. Intercon Trading; Abe Fromson; tel: 091-407-640 8402, fax: 091-407-640 0392.

copper and nickel screws — UK Expo Associates; Karl Mavadia, tel 0944-895-832 709, fax· 0944-895-834 338.

44.11.11 — 44.11.99.
Moulded fibre board — Germany Becker & Hach GmbH, Schnabel; tel: 0949-5651-8080, fax: 0949-5651-808105

44.18.
Pine doors and panels — UK. DB Grinders Ltd; David Bradbury; tel· 0944-61-626 4202, fax. 0944-61-626 4210.

TEXTILES

52.08.52.90.0.
Swanskin/molleton made from 100% cotton — Germany. Wilhelm Wetzel GmbH; Doll, tel: 0949-2173-52097, fax. 0949-2173-52090.

61.05.10 — 61.05.30; 61.10.20 — 61.10.30; 61.12.11 — 61.12.12.
T-shirts, sweat shorts and sweat pants — Canada. Red Pheasant Thread, tel: 091-304-244 0377, fax: 091-306-665 2088.

METALS, METAL PRODUCTS

72.09.31.00.
Prepainted sheet steel — Brazil Recrusul; Nelson da Silveira; tel· 0955-51-474 1233, fax· 0955-51-474 1897.

72.04.10.00; 73.02.10.10; 73.02.10.50.
Scrap rail and used rails — US. Kornings International; John Tsang; tel: 091-312-842 6287, fax: 091-312-842 8696.

72.08; 72.09; 72.10; 72.11; 72.12; 72.16; 72.19; 72.20;
Flat-rolled products of iron or non-alloy steel, steel plates, angles, shapes or sections, stainless steel flat-rolled products — Portugal. CIL, Antonio Pereira; tel: 09351-2-698 849, fax: 09351-2-609 0444.

73.17; 74.15; 75.08.
Iron and steel nails, copper nails and nickel nails — UK. Dowling & Coyle; Michael Mooney; tel: 09353-1-775 783, fax. 09353-1-679 3801

73.14.
Iron or steel grill net fencing — UK. Fencing Construction Yorkshire; I Byrne; tel: 0944-302-868 567, fax: 0944-302-864 249.

74.08.
Copper wire and cables for telecommunications and high tension/voltage applications — Switzerland. AC Trade; Dorothy Fierz; tel: 0941-1-715 4526, fax· 0941-1-715 4534.

74.07; 74.11; 74.15.20; 74.18; 69.10.10.
Copper bars and profiles, copper tubes, aluminium sanitary ware, copper sanitary ware, and ceramic sanitary ware — Germany. Hermann Schmidt; tel: 0949-201-450 010, fax· 0949-201-450 0111.

EQUIPMENT AND MACHINERY

83.02.
Aluminium mountings for windows and window tilt fittings — Switzerland. Inducon AG, H Syfrig; tel: 0941-42-721 313, fax: 0941-42-723 804.

84.13.
Water pumps for irrigation and sewage — Belgium. IBS & Partners; B Zimmer; tel: 0932-352-440 353, fax: 0932-352-440 354.

84.15.
Airconditioners and refrigeration equipment — Russia. NCTS; A Kaigorodov; tel· 097-95-571 5139, fax: 097-95-496 6400.

84.43.
Eight-colour flexographic or photogravery printing press — Czech Republic. Obchodni Tiskarny AS Kolin; Vaclav Tupy; tel: 0942-321 516, fax: 0942-321 22479.

84.44; 84.44.20.
Electric cables and moulded assemblies — Germany. Industrial Cable service; D Kuczera: tel: 0949-2204-67039, fax: 0949-2204-68601.

Chapter 87.
Water trucks, earth-moving and road building equipment — Thailand. Griffon Ltd; Philippe Annez; tel: 0966-2-256 6282, fax: 0966-2-256 6930.

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90.18.31.00.
Discardable hypodermic syringes — Switzerland. Bell Form et Sante; M Roger; tel 0941-39-235 539, fax 0941-39-235 513.

91.05.
Car alarms — UK. Powersport; P Sandford; tel: 0944-705-469 911, fax: 0944-705-468 228.

FURNITURE

94.03.50.00, 94.03.80.00.
Bedroom furniture of wood and other materials — Netherlands. Beter Bed BV; Frank Aldenhuijsen; tel: 0931-4132-60610, fax: 0931-4132-51820.

94.03.50.
High quality wooden office furniture and bedroom furniture — Germany. Burton Reproductions; H Pfuhl; tel: 0949-2173-22337, fax: 0949-2173-22362.

cont ↓

18.06.
Chocolates — Belgium. Chocolaterie van Dale, Van Dale; tel· 0932-14-671 463

19.05; 21.01; 21.04; 04.02.
Long-life bakery products, canned foods, soup packets and milk products — Switzerland. Staedtler and Partner; Heribert Staedtler; tel· 0941-55-648 161, fax: 0941-55-648 160.

22.05.10.
Local wines — Belgium. Richard Schofield; tel· 0932-10-860 884.

Chapter 22; 38.23.
Superior local wines and chemical products — Belgium. Sidex; Marcel goeres; tel: 0932-352-442 535, fax: 0932-352-444 484.

22.01; 22.09.
Mineral water and pure grape juice — Japan. Fujiya Jyozo Co; Natori; tel: 0981-552-823 509, fax: 0981-552-832 776.

MINERALS, CHEMICALS

25.07.00.10.
Kaolin for use in paper manufacturing — Argentina. Celulosa Argentina; Roberto Raffo; tel: 0954-1-326 6012, fax: 0954-1-322 9301.

27.01.
Anthracite with low sulphur and nitrogen content — Germany. Eiro Rohstoffgesellschaft; H Eiselt; tel: 0949-2272-3041, fax: 0949-2272-82202.

27.13.
Petroleum coke — Spain. Consolidair; J Fernandez; fax: 0934-1-420 0311.

28.49.10.
Calcium carbide — Switzerland. Jean P Demesy Consulting; Demesy; tel: 0941-22-962 080, fax: 0941-22-796 1897.

28.41.
Sodium bichromate — Czech Republic. Faex Co; Pavel Raz; tel: 0942-2-301 6455, fax· 0942-2-301 3400.

71.03; 72.03.
Tiger eye, sugilite and blue chalcedony — Japan. Furuya & Co; Masashi Furuya; tel: 0981-552-351 203, fax: 0981-552-324 707.

ORGANIC AND WOOD PRODUCTS

41.04.21; 41.04.22; 43.01.20; 94.01.69; 94.03.40.30; 94.03.60.90.
Buffalo skin shoe leather; dry rabbit skins and wooden chairs — Czech Republic. Faex Co; Pavel Raz; tel: 0942-2-301 6455, fax: 0942-2-301 3400.

44.02.
Wood charcoal — UK. M Gulistan Khan & Co; M Khan; tel: 0944-923-255 010, fax: 0944-923-819 072.

44.07; 44.08; 48.02; 48.04; 73.18; 74.15; 75.08.
Wood, sawn lengthwise, Kraft paper and paper board, iron or steel screws,

Scrap import charges or face retaliation, says White House

US trade threat to SA

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ARG 1|4|93

HUGH ROBERTON
The Argus Foreign Service

WASHINGTON. — South Africa was named as one of 44 countries with trade barriers against the United States in a report released by the Clinton administration's chief spokesman on trade, Mr Micky Kantor.

Yesterday's report cites South African import tariffs on a wide range of "protected" goods, ranging from agricultural produce to machinery, as unfair trade barriers.

"We believe the markets of our trading partners should be comparably open to those of the US," Mr Kantor said in a statement.

The report — the first in a process that could lead to retaliation — named Japan as the biggest offender, followed by the 12 countries of the European Community.

The Clinton administration is tackling the issue of free trade aggressively and with threats of retaliation against countries that persist with policies seen as being unfair or discriminatory.

The policy is in striking contrast to the more relaxed view of world trade taken by the Bush and Reagan administrations.

Already the US has given notice to the EC that it intends to impose sanctions against European imports in response to an EC policy restricting tendering for electronic contracts in the EC to companies wholly owned by EC members.

The US sanctions threat has led to a flurry of visits to Washington by EC officials and has caused concern in Japan, where the economy is in recession.

About 68 percent of all Japanese income from exports is derived from the sales in the US, or goods manufactured by Japanese-owned companies in the US.

"This report will help achieve the administration's overall trade policy objective, which is to expand trade through measures to open markets, backed by vigorous enforcement of US laws," Mr Kantor said.

Wine exports in bottleneck

ARCr 1/4/93

BRUCE CAMERON
Business Staff

(68) (74G)

WINE exports are being undermined by the high price put on bottles by Consol Glass, the virtual monopoly bottle maker in South Africa.

Wine makers, who are paying double the amount of their European competitors, are now searching for alternatives including bulk shipping of wine for bottling in Europe.

A wine bottle costs 30 cents in Europe against 60 cents in South Africa.

Mr Pietman Hugo, KWV chairman, said at the KWV 75th annual meeting this week that South African wine could be imported into the European community at a cost 15 percent lower than its European competitors, but packaging in South Africa was 85 percent higher.

Mr Ritzema de la Bat, managing director of KWV, said in an interview that negotiations were continually held with Consol Glass. The company however maintained that European bottle makers could effect economies of scale because of the enormous comparable demand for bottles.

Mr De La Bat said that it was hardly worth importing bottles as with duties and shipping costs each bottle would be only one cent less than the cost of a South African bottle.

Last year South Africa exported 21,6 million bottles of wine for which the additional cost of the locally made bottles would have been R6 480 000.

A move has already started to export wine in bulk with bulk exports for last year being equivalent to 500 000 bottles.

But De La Bat said European wine importers were not in favour of bulk imports as there was a tradition to wines which had to be maintained.

He pointed out that the same tradition applied to corks although there were better and cheaper methods of sealing wine bottles. He pointed out that every proper cork was imported at a cost of 60 cents.

946

GRAIN OF HOPE IN STORE FOR SA

FM 2/4/93.

Imports in the category vegetable products made up for R2,6bn of total imports last year — largely as a result of the collapse of the local maize crop.

The effect was still being felt in the first two months of this year as R389m (R211m in February) worth of goods in this category came into the country. The number should tail off sharply as soon as drought-related food shortages end.

If predictions turn out to be accurate at least 8 Mt for the June maize crop is expected with only 7 Mt needed for domestic consumption.

Transnet economist Ulrich Joubert says this could make SA a net exporter of maize in the second half of the year, unless the Maize Board decides to store the excess. This will be offset by the wheat import requirement for the rest of the year, estimated to be almost 1 Mt, at a landed cost of R617/t.

Even ahead of the improved agricultural trade balance, however, there has been a rise in the trade surplus. In February it reached R1,3bn (January: R839m) and was slightly over the monthy average for 1992.

Exports and imports were down on last year's monthly average. Exports totalled R5,4bn compared with an average of R5,6bn last year. Imports were R4bn from R4,3bn last year:

An analysis of exports shows:

- ☐ Unclassified items amounted to R1,9bn — slightly below 1992's average of R2bn;
- ☐ Gems and precious stones (notably diamonds), R559m, down from R631m;
- ☐ Base metals, at R705m from R783m; and
- ☐ Mineral products, R736m from R630m.

Imports were down in all the major categories on their 1992 averages:

- ☐ Machinery, at R1,1bn from R1,2bn;
- ☐ Vehicles & transport equipment, R532m from R542m;
- ☐ Unclassified items, R466m from R501m; and
- ☐ Chemical products, R397m from R481m.

The slowing in imports is the result of the continuing recession in the early months of the year. Says Econometrix's Tony Twine: "These figures suggest that not only is there less consumption, but firms are cutting back further on investment."

Joubert says the pattern could continue for the rest of the year: "The higher Vat rate and fuel price should have a dampening effect on consumer spending. There also seems to be a lot of spare capacity in industry, so large flows of capital imports are also unlikely."

SUNDAY TIMES, Business Times, April 4, 1993

Cheaper inputs to boost exports

SITimes 4/4/93 (74G)

By KEVIN DAVIE

GOVERNMENT has tabled plans to turn the whole of South Africa into a giant export processing zone.

The plans — detailed in the Normative Economic Model — were discussed at a top-level all-day meeting of government and business leaders at the Reserve Bank last Saturday.

Those taking part included Finance Minister Derek Keys, Reserve Bank Governor Chris Stals and Trade and Industry director-general Stef Naude. About 100 businessmen attended, including 20 Nafcoc and Fabcos members.

The new export strategy, which is influenced by a World Bank report released earlier this year, calls for changes to the Customs and Excise Act so that exporters can buy all inputs used for manufactured exports at the keenest international prices.

Concerns

"Policies in place tend to make production for the domestic market far more profitable than production for export," says the draft World Bank paper.

NEM's authors have adopted these policy recommendations to boost SA's exports.

"We're trying to alleviate the anti-export bias in the economy," says Japie Jacobs, special adviser to the Finance Minister.

"Exporters should not be forced to use local inputs, but to obtain goods at prices which are not too highly burdened with duties and indirect taxes," the NEM says.

"In this way they will become more competitive in international markets."

NEM says this pricing policy will help level the playing field with foreign competitors and transform the whole export industry into an export processing zone.

The new policy would address one-half of SA's problem of anti-export bias — namely, the high cost of inputs for exporters. The remaining half, the higher price of inputs in the domestic market, would be addressed as SA's export performance increases and duties for domestic producers are lowered.

NEM argues that this export pricing system could facilitate the phasing out of the General Export Incentive Scheme and open the way for the lowering of the import surcharge and duties in general.

These measures will have to be taken if SA undertakes to comply with the GATT conditions.

"GEIS is viewed by the GATT as a countervailable subsidy which creates the danger of counter-actions from countries which import South African goods," NEM's authors say.

They argue that the free trade regime will promote employment and not disrupt domestic production.

The Government/business meeting was called to present NEM to the private sector. It is understood that concerns were raised over Government's ability to control expenditure, especially by the homelands, but that the meeting was generally supportive of the NEM.

Tariff reform, the scrapping of formula duties, SA's commitments to GATT and the phasing out of the GEIS also featured.

Dr Jacobs says similar meetings are planned with organised labour and regional economic forums.

"The presentation of the model got a very positive response," he says.

NEM has been tabled for discussion. Finance Minister Keys says it should be ripped to shreds and rebuilt so that the result is a plan which everyone can own and support.

Instruments which could be used to promote free export trade and which are already in operation include a system whereby exporters may obtain duty exemption or duty repayments in cases where tariffs and indirect taxes may be claimed back. Exporters are effectively given free trade access to more competitive imported inputs and capital goods.

NEM recommends that Sections 470.03 and 521.00 of the Customs and Excise Act should be thoroughly revised and adapted so that the Act can be applied more effectively.

NEM wants a three-phase approach to liberalising SA's trade regime.

Firstly, a free trade regime is established for exporters. Then, as exporters become more competitive, import surcharges can be phased out or eliminiated and, finally, duties can be scaled down in terms of commitments SA has already made under the Uruguay Round of GATT.

Costs

The World Bank paper says a free trade regime for the entire economy (as is the case of Singapore and Hong Kong) is not possible for SA because of high transition costs.

Bank staffers argue that export processing zones perform best in countries where there is no developed industrial sector. Hence they say the duty drawback system holds the most hope of the various policy options for SA.

They say that the proposal to create a free export regime does not mean that reform to the tariff book is unnecessary. "Uneveness in the duty schedule, an unduly complicated tariff structure and a highly unstable tariff structure need to be addressed quickly."

US may press SA on export tariffs

BDM 5/4/93

(74F)

PETER DELMAR

SA MAY be coming under increasing US pressure to liberalise its tariff structure, already targeted by US trade authorities as a barrier to a number of American exports, government sources say.

A Board on Tariffs and Trade (BTT) spokesman said at the weekend that even before the Clinton government, the US had tended to act bilaterally and outside of organisations such as GATT in trying to persuade trading partners to alter their policies.

However, the new US administration might be considering a more forceful approach.

Trade and Industry director-general Gerrie Breyl said the US had "all sorts of instruments which they could employ" against countries perceived to be discriminating against US companies.

US President Bill Clinton's chief trade negotiator Mickey Kantor in a report released last week named SA as one of 44 countries with significant barriers to US exports.

The report alleged SA tariffs industries had damaged US exports of soda ash, poultry and "possibly washing machines", while import surcharges had "impeded the US cigar industry's access to SA's market".

It added that SA's protectionist and "arbitrary" agricultural policies and "extensive system of tariffs, taxes, surcharges, quantitative import controls and numerous marketing boards" were causing concern.

Breyl said it was difficult to judge at the moment how serious the US objections were.

The new administration appeared to be adopting a protective approach to trade issues, although it had not yet clearly enunciated its policies, he said.

Breyl said the latest US complaint was surprising given the fact that there had been no substantial complaints or pertinent questions raised when SA tabled its offer to GATT in terms of the latest Uruguay Round of negotiations.

The BTT spokesman said he did not know what the US complaint about washing machines was based on.

The Sua Pan soda ash facility in Botswana enjoyed moderate import protection, but US exporters of both soda ash and washing machines were active in the SA market.

Poultry imports were subject to an interim duty which was still to be confirmed.

● Comment: Page 4

(74 G)

Feelers extended to find the deals

B Day 5/4/93

TRADE inquiries gauging the price-competitiveness of SA iron, steel and aluminium products feature in today's list of export opportunities.

They include offers from the US, Singapore and Africa. US-based TnT Trading, for example, requires "large quantities" of construction steel, destined for China. Considering that the Chinese adjusted their projected GDP growth rate up to 9% (from 6,5%) last week, and have numerous infrastructural projects on the go, TnT might

ANDREW KRUMM

be a useful contact for producers.

The same can be said of Chartered Materials and Services, a well-known manufacturer in the newly opened Singaporean market. Chartered seeks carbon steel, raw aluminium and lead wire in particular, but shows interest in all SA metals.

There are two queries on the supply of construction materials to Gabon and Sao Tome (the latter from a US-based firm).

FOODSTUFFS

03.03.80.
Frozen fish roe — Spain. Salazoenes del Mediterraneo, José Garcia; tel: 0934-68-37-5935, fax: 0934-68-57-2004.

03.06.13.10; 03.07.49.00; 08.01.30.00; 08.02.50.
Prawns, calamari, cashew nuts and pistachio nuts — US. World Trade Association, Al Henderson; tel: 091-314-441-2128; fax: 091-314-447-2050.

03.06.00; 07.10.00; 08.10.00; 20.05.00; 20.08.00; 20.09.00; 41.01.00; 42.02.00; 97.05.00.
Frozen seafood and vegetables, frozen fruits, canned vegetables and fruit, fruit and vegetable extracts, tanned leather hides, game skins and reptile skins, game trophies — US. IMFCO World Trade, A Hightower; tel: 091-213-295 4374, fax: 091-213-759 1123.

05.05.00.10.
Butter for re-export to Poland — Germany. Ernst Ahrens, Mr Luhrs; tel: 0949-40-23-2384; 0949-40-23-2387.

07.09.51.
Mushrooms — Germany. Dansk Svampe Kompagni, Niels Lassen; tel and fax: 0949-31-39-5552.

0710; 16.01; 17.04.10; 18.06.
Frozen vegetables, canned and frozen food; chewing gum; chocolates; sweets — Switzerland. Intro AG, Herbert Dimmeler; tel: 0941-52-36-2600; fax: 0941-52-35-2053.

09.02.30; 09.02.40.
Tea — US. H & N Trading, Val Healey; tel: 091-408-625-1951; fax: 091-408-625-0358.

16.02.90; 20.05.10; 04.02.00; 21.06.00; 30.02.00; 20.09.00; 04.05.00; 15.17.00; 17.01.00.
Canned meat and vegetables; canned powdered milk; children's food and medicines; fruit juice concentrates; butter, margarine and sugar — US. Phoenixware, Gerald Siegel; tel: 091-602-233-1000; fax: 091-602-243-7561.

16.05.90.10; 17.04.90.
Canned abalone and chocolate bar — Taiwan. F Charlie International, H L Liu; tel: 09886-2-537 7034, fax: 09886-2-521 6050.

17.02.5.
Fructose — Switzerland. Apul Fruit Consultants, E Berghaus; tel: 0941-71-52-4744; fax: 0941-71-52-4201.

18.06.90.10.
Chocolates and sweets — Chile. Overseas Comercial Ltda, Manual Diaz; tel and: 0956-57-41-4455.

22.07.20.
Potable alcohol — Bulgaria. Pimex Ltd, G Petrov; tel: 09359-2-874-381; fax: 09359-2-801-419.

23.09; 14.04.
Pet food — France. Ceschire Darreen, Ceschire; tel: 0933-7736-2450; fax: 0933-7736-2458.

23.01.00.
Sea salt — Germany. Vink & Co, Rudiger Redenz; tel: 0949-4182-5032; fax: 0949-4182-5031.

MINERALS, CHEMICALS, PLASTICS

25.16.12; 25.14.00.
Granite slabs; slate — US. MS International, Gary Walia; 091-714-490-0060; fax: 091-714-490-0057.

25.16.90.
Pyrophyllite — US. Dawson Industries, Neil Hitz; tel: 091-313-771-5200; fax: 091-313-771-4890.

28.04.70; 28.13.90.10.
Phosphor; phosphorous pentasulphide — Switzerland. Stanford Research Institute, Mario Jaeckel; tel: 0941-1-211-0636; fax: 0941-1-211-6108.

29.31.00.90.
Thimerosal — Argentina. Argenmex SA; tel: 0954-1-612-6273; fax: 0954-1-613-9582.

31.01.
Guano — Taiwan. Trendware Products, Herman Tsai; tel: 09886-2-356 8023; fax: 09886-2-391 4152.

31.01.00.00.00; 30.15.20.00.00; 31.02.10.00.00; 31.03.10.00.10; 31.04.10.00.00.
Various fertilisers — US. Caner Corporation, Romelia Ramos; tel: 091-305-596-3553; fax: 091-305-596-4249.

39.20.20 — 39.20.79; 39.21.11.
Various types of plastic sheet — US. International Marketing Group, Robert Brehm; tel: 091-310-412 8460, fax: 091-310-412 8686.

40.11.
New pneumatic tyres — Spain. Continorte SA, F Dominquez; tel: 0934-86-414 522, fax: 0934-86-414 199.

40.10.20; 40.12.10.
Used and retreaded tyres — Belgium. Petrox Project, J Alhadeff; tel and fax: 0932-2-673 7579.

40.15.11.
Latex rubber surgical and examination gloves — US. Worldway International Trade, Mahsum Rahman; tel: 091-310-679 2385, fax: 091-310-675 4657.

42.02.
Plastic tool boxes — UK. Hilka Tools, Bob Satchell; tel: 0944-372-742 077, fax: 0944-372-724 992.

ORGANIC PRODUCTS, TEXTILES

42.02.19.00; 62.16.00; 95.05.10.
Handbags, gloves and Christmas decorations — US. Mountcastle International, Anna Dotson; tel: 091-813-360 4743, fax: 091-813-367 5820.

44.10; 44.11.
Particle board, Eucalyptus strip with finger joints, and medium density fibreboard — US. Walter Kim; tel: 091-718-786 9300, fax: 091-718-786 9648.

46.02.00.
Tightly woven handmade baskets — US. Holcroft Enterprises, Ron Holcroft; tel: 091-209-683 3645, fax: 091-209-683 3646.

47.06.90.
Pulps of fibrous cellulosic materials — Italy. Cartiera Favini, Achille Monegato; tel: 0939-424-84722; fax: 0939-424-848 668.

55.09.
Acrylic yarn for hand-knitting — Russia. Fontac, Alexander Machinsky; tel: 097-812-315 4242, fax: 097-812-310 2200.

62.10; 71.03.
Ladies clothing and all forms of jewellery — US. Barnwell Impex; Harold Barnwell; tel: 091-310-804 3935, fax: 091-310-804 2264.

67.01.
Ostrich, duck, goose and chicken feathers — Spain. Hislabor, Eduardo Carretero; tel: 0934-83-222 244, fax: 0934-83-230 631.

METALS, STONE

68.02.23.00.
Granite — Taiwan. Crystal Co, MS Chen; tel: 09886-4-359 3580, fax: 09886-4-359 2377.

68.03.00.10.
Roofing slate — Germany. Dachdecker Kinkauf Wuerttemberg, Knorr; tel: 0949-7141-750 2122, fax: 0949-7141-75021.

71.01.
Steel — Switzerland. Walter Muff; tel: 0941-55-636327.

72.02.2.
Ferro-silicon distributors — Italy. Satef Huttenes Albertus, Alberto Castagnaro; tel: 0939-444-566 444, fax: 0939-

INFORMATION in this feature supplied by the Export Centre of the Department of Trade and Industry.

Inquiries:
Manufacturers should contact the foreign company direct. Where possible a contact person has been named. If there are any problems, communicate with the Department's Export Centre, tel: (012) 310-9791. Fax: (012) 320-8157.

How to use:
The items on this page are listed by number according to the harmonised tariff code system issued by the Department of Customs and Excise. The code gives specific details of the listed item.

Export services:
For general advice on exports and export incentives, contact the department or its regional representatives in Durban, Port Elizabeth or Cape Town. It is strongly recommended that manufacturers new to the world of exports get in touch with the local office.

Warning:
SA firms should be aware that restrictions on the export of these products might be applied by the authorities. While every effort is made to maintain the accuracy of information in this list, the Department of Trade and Industry assumes no responsibility for any incorrect data. Nor will the department and its officers assume responsibility for any transactions undertaken with the firms or individuals listed.

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(74G)

...n. Crystal 09886-4-359 ...4 359 2377.

– Germany. ...auf Wuert-... tel 0949-... 0949-7141-

...land Walter ...-636327

...tributors — ...nes Alber-... ...agnaro, tel ... fax 0939-

444-961 816

72.08; 72.09; 72.10; 76.01.10.10; 78.03.00.10.40.
Carbon-steel, raw aluminium and lead wire — Singapore. Chartered Materials and Services, PS Teo, tel: 0965-264 1452, fax 0965-265 7003.

72.14.20.
Corrugated steel — Spain Cubierta Y Mzov, Francisco Lopez; tel: 0934-1-587 6100, fax 0934-1-575 5399

72.17.11.10.
Baling wire for paper — Chile. Celulosa Arauco y Constitucion, Miguel Bustamante, tel 0956-41-238 954, fax 0956-41-235 752

72.19.90.00; 72.22.30.90; 73.04.49.00; 73.06.40.90; 73.07.99.90.
Cold rolled sheets and cold rolled coils; round bars; hollow bars (DIN 17456); polished and welded tubes (A270); Forgings F Nuts — Israel Vargus Ltd, I Kosloff; tel 09972-4-855 176, fax: 09972-4-855 175.

72.21.00.
Construction steel for China – US. TnT Trading, Tina Chen, tel 091-818-917 0821, fax 091-818-918 9843.

72.27.10.10.
Laminated (rolled) steel wire rod in coils — Argentina. Nestor Alvarez; tel. 0954-1-682 1353, fax 0954-1-682 8931

72.18; 72.21; 73.01.
Stainless steel, steel bars and beams — US Dover Technical, Pete Anders, tel and fax: 091-805-498 0819.

73.08.90.00.
Steel or metal trusses — Gabon. Enterprise de Construction Hassan Hejeij, Hassan Hejeij, tel 09241-720 073, fax: 09241-772 977.

EQUIPMENT, MACHINERY

84.27.10.10 — 84.27.10.60; 84.28.20.20 — 84.28.32.90.
Narrow-aisle forklifts, and fully automated high-density warehousing systems — Argentina Paxco SRL, Marco Grimaldi; tel and fax: 0954-1-542 8008

A look at World Bank

ANDREW KRUMM

EXPORT funding could be a problem in trading with Africa, unless one is dealing with a multinational company or an organisation like the World Bank.

The SA Institute of Civil Engineers says this issue will be addressed at a symposium being held in Johannesburg on May 6 and 7, on World Bank opportunities in Africa.

Institute president Fred Hugo says two senior bank representatives will give an insight into World Bank loan procurement procedures and business opportunities in Africa.

The bank last year spent more than R70bn on development projects in Africa; about 70% of this on equipment purchases, 20% on civil works and 10% on consulting services.

"To date only a handful of consultants from SA are being used on projects in Africa, despite there being no restrictions when it comes to dealing with SA," says World Bank advisory agency manager Jack Thompson.

Govt bodies probe R830m in frauds

Own Correspondent 746

JOHANNESBURG. — Two government bodies are investigating export incentive frauds amounting to more than R830 million. CT 5/4/93

The probes are being conducted by the Department of Trade and Industry and the Serious Economic Offences Office.

This is in addition to the 22 800 dockets on white-collar crime involving R3,6 billion that are being probed by the police commercial branch.

Two of the cases under investigation involve R656m in alleged abuses of government export incentive schemes.

SA must export processed goods

C/Press 11/4/93.

MONEY TALK

IT was with considerable surprise that South Africans read during the past week that the US government was complaining that SA was unfairly restricting the entry of American goods into its markets.

After all, Washington has been in the vanguard of the sanctions campaign against this country. Even today certain of its cities and states are still applying sanctions. It has been alleged that some are even considering the tightening of these sanctions.

Why?

Firstly, the US is running a massive deficit in its business dealings with the rest of the world. Even Washington seems to realise the only way to pay debts is to earn foreign exchange by increasing exports.

Secondly, we are part of a general group of 44 countries that stand accused by the US of unfair trading practices.

Thirdly, there is growing awareness in the US that increasing unity in Europe during the next decade will cause competition in international trade to become much tougher. At the same time south eastern Asia is making rapid strides as a trade bloc under the leadership of Japan.

SA is not a part of the three dominant trade blocs, but must somehow find its way among the industrial giants of the world.

So how should we approach Washington's accusation about unfair trade practices?

The old principle that there are no friends in international politics but only common interests should apply. It is as much in our interest to increase trade with the Americans as it is in theirs. So let us use the opportunity to take a careful look at how this can be achieved.

Another important point is that America, in contrast to Europe, expects a reasonable growth rate this year. It is important that we ensure that we benefit from this, because the US is a large buyer of many of the commodities we can supply.

However, we should bear in mind that while it is fairly easy to sell our relatively low-priced raw materials to the outside world, the real need is jobs for our rapidly growing population. And this will have to come from manufacturing and the local beneficiation of metals and minerals.

Let us bear this in mind when negotiating with the Americans and our other trading partners. These negotiations are going to be tough, because – make no mistake – while the Americans may be quick to cry foul they are far from being innocent of restrictive trade pratices.

Sapa-Reuter.

WOOLTRU	6100		2.8	4 8
IND. - SUGAR				
CG-SUGAR	370		6 2	14 9
CROOKES	450		4.7	14 3
LONSUGR	6000		4.5	11.7
TONGAAT	2050		3 6	9.8
IND. - TOBACCO & MATCH				
LIONMATCH	320		3.8	9 3
REMBR-BEH	1700		1 6	8.0
REMGRO	2425	-25	1 5	7.5
TEGKOR	1500		1.6	8 0
TIB	1600		1 6	7 9
UTICO	10000		3 1	5.2
IND. - TRANSPORTATION				
CARGO	126			
LASER	95			
LONGRAIL	38		11 1	21 1
MOBILE	400		1 5	5 8
MOBILE-CD	420		3.3	
PRESTO	65			
PUTCO	285		11 2	21 2
RACY	64	SUSP ENDED		
TRENCOR-C	1775		3.2	
TRENCOR	1750		1 4	6 5
UNITRAN	1100		2.4	8.3
UNITRANCD	1175		5 4	
VENTEL	100		8 2	27.1
DEVELOPMENT CAPITAL				
AIDA	30		3.3	8.3
AIMARK	6			
BLOCHS	25		23.6	19.6
CENMAG	100			
CHOICE	15	SUSP ENDED		
CITYHLD	90		1.8	4.6
CFC	600		3.7	5 7
DPF-INV	10	SUSP ENDED		
DPF-UNIT	80	SUSP ENDED		
ENRQL	78			
INVIOTA	70			3 3
INVICTA-D	9300		.2	
INVICTA-P	120		12 7	
LEPPIN	20			
MAXMECH	5			44 0
MESTORE	33			
NISWA	30	SUSP ENDED		
NORVIC	2			
PETRA	5			
QUICKCO	12			1.7
RAPTOR	250		10 0	33.3
ROMENS	10			
ROMENS-P	35		9.1	
SHOCRAF	50		2 0	12 6
SPANJRD	86		7.1	16 4
SPICER	12			
VENTURE CAPITAL MARKET				
DINETTE	40			
TECFIN	30			6 0

KWV ups output of grape juice

182 / 74G

TOM HOOD
Business Editor

ARG 13/4/93 (1)

EXPORT turnover of wine giant KWV rocketed by 50 percent last year, mainly through sales of branded products and grape juice concentrate.

Grape juice was also a big seller in South Africa and sweet-must bonuses paid to producers jumped three-fold to R38 million, say the directors in the annual report.

KWV is to step up its output of fruit juice, spending R35 million last year to build plants at Vredendal and Upington to meet ever-increasing demand.

Another R14 million will be spent this year to expand the grape juice concentrate plant at Robertson and upgrade maturation tanks and vats.

A 25 percent stake in Ceres Fruit Juices (Pty) was bought at a cost of R41 million.

About 25 percent of the 1993 wine harvest is expected to be be processed into grape juice

Exports of natural wine jumped by 34 percent, said the directors. New markets were opened and KWV now exported to more than 40 countries.

Several South African wine producers entered the export market so that exports of South African wine more than doubled to a record volume of 2,3 million cases.

However, all foreign markets experienced recessionary conditions, which forced consumers to buy down. In Britain there was an increasing shift to buying liquor at supermarkets.

Wine sales in South Africa stagnated, with big drops in sales of higher-priced wine, while brandy sales dropped 5 percent and sales of gin, vodka and cane spirits fell by between 14 and 18 percent.

Competition from cane spirit producers hit the sales of gin, vodka and liqueurs, whose market share plunged to 20 percent from 35 percent in 1991.

Zimbabwe to spend $1,5bn

HARARE. — Zimbabwe's Industrial Development Corporation is considering investing with other partners in projects worth more than Zim $1,5 billion.

ARG 13/4/93

Japanese
Malawi k
Mauritius
NZ dollar
Norweg k
Port escu
Sing doll
Spanish
Swedish
Swiss fra
Zambian
Zim doll

Kru
OPEN
Krug
Cape
today
R110
R580
sell
R115

Finance is

Govt announces rebates

PETER DELMAR

GOVERNMENT has announced what is believed to be the most extensive list of tariff rebates yet granted to export-orientated businesses. BDay 14/4/93

The latest Government Gazette contains 40 applications for rebates which the Board on Tariffs and Trade has supported.

Affected products include manufacturing components, textiles, sunflower oil, engines and packaging materials.

Products to be exported include fertilizers, lobsters, yachts, safes, food processing machinery, garments and vehicles.

Board vice-chairman Helgaard Muller said the approvals were in line with the board's policy of assisting companies in obtaining inputs at worldwide competitive prices.

It was also in keeping with a drive to "clean up the tariff book". 14G

Recently the board indicated it wanted to scrap duties on imported raw materials and streamline and reduce duties on intermediate and finished goods.

The Gazette showed two applications for duty increases had not been approved.

Star 15/4/93

No small talk there with all those sit-reps

By Peter Wellman

Conversation was a stark as the furniture at the Wits-Vaal Peace Secretariat's offices in Braamfontein, Johannesburg, yesterday.

In a conference room which contained nothing more than a big table and chairs, tense sit-rep (situation report) meetings were held every few hours throughout the day, chaired by lawyer Peter Harris, the secretariat's chairman.

No one at the talks was in the least bit interested in speeches, or promises, about peace.

Instead Harris, with representatives from the ANC, the SAP, Cosatu, the Inkatha Freedom Party and United Nations observers, wanted to know only the facts: what was happening on the ground?

The 2.15 pm sit-rep meeting heard that thousands of people had already arrived at Chris Hani's home in Dawn Park, Boksburg.

Thousands more marchers were on the way.

A Vosloorus crowd heading for Dawn Park had been fired on from the Nguni Hostel at Vosloorus.

The police had four Casspirs at the hostel but the crowd, apparently, was about 1 km long.

The SAP's Captain Nic Pretorius, who was on liaison duty at the secretariat, agreed to arrange for police reinforcements at the hostel.

That was the way the meetings were all day: no arguments, quick agreements on what needed to be done and immediate action.

By sunset Harris was looking as stretched as the old polo-necked sewater he was wearing; with many long hours to go.

Exports spur Sentrachem earnings

CT 16/4/93

Own Correspondent

JOHANNESBURG. — Sentrachem's earnings grew 25% in the six months to end-February after a 62% growth in export sales and lower interest and tax charges, MD John Job said.

Earnings a share climbed 25,6% to 32,2c (interim 1992: 25,7c). The dividend was lifted to 7c (6c).

Turnover climbed 13,3% to R1,33bn (R1,17bn).

Operating income was marginally lower than the same period in 1992 at R114,6m (R116,8m) because of non-recurring items in the first half of last year and lower margins on the increased export turnover.

Exports of crop protection chemicals by the 50%-owned Sanachem, of automotive components by Mega Plastics and of plastics by Safripol, resulted in exports soaring to R189m (1992: R117m), making up 13% (9%) of total sales.

A combination of lower interest rates and a R67,8m decline in interest-bearing debt to R423,1m (R490,9m), after strong cash flows and a tight rein on investment spending, reduced finance costs 14,5% to R35,4m (R41,4m).

The debt-to-fixed capital ratio fell to 0,47 (1992: 0,57). Job said the group aimed to achieve a ratio of 0,40 in the second half by lowering debt further. Tax dropped by nearly a third to R26m (R36,9m).

A R15,3m extraordinary item related to R3m expenses written off following an investigation into Australian-based Chemplex and closure of the Styrochem plant. The plan to acquire Chemplex for R350m was scotched in December.

The group planned to invest R24m in the Sasol/Sentrachem alkylamines venture, R28m for technology at Mega Plastics and R22m for a fungicide plant this year.

R16m services industry export scheme delayed

PETER DELMAR (746)

IMPLEMENTATION of an export incentive scheme for the services industry has been delayed, and it is not known when Cabinet will give it its approval.

A Trade and Industry Department spokesman said yesterday R16,5m had been allocated for the scheme for the current financial year. However, despite Cabinet approval in principle for the scheme's implementation on April 1, details were still being worked out.

Cabinet approved the scheme in February. The spokesman said the department was still holding discussions on its details with "specified groups within the services sector".

BDAY 20/4/93

"As soon as these discussions have been finalised, Cabinet will be approached for final approval."

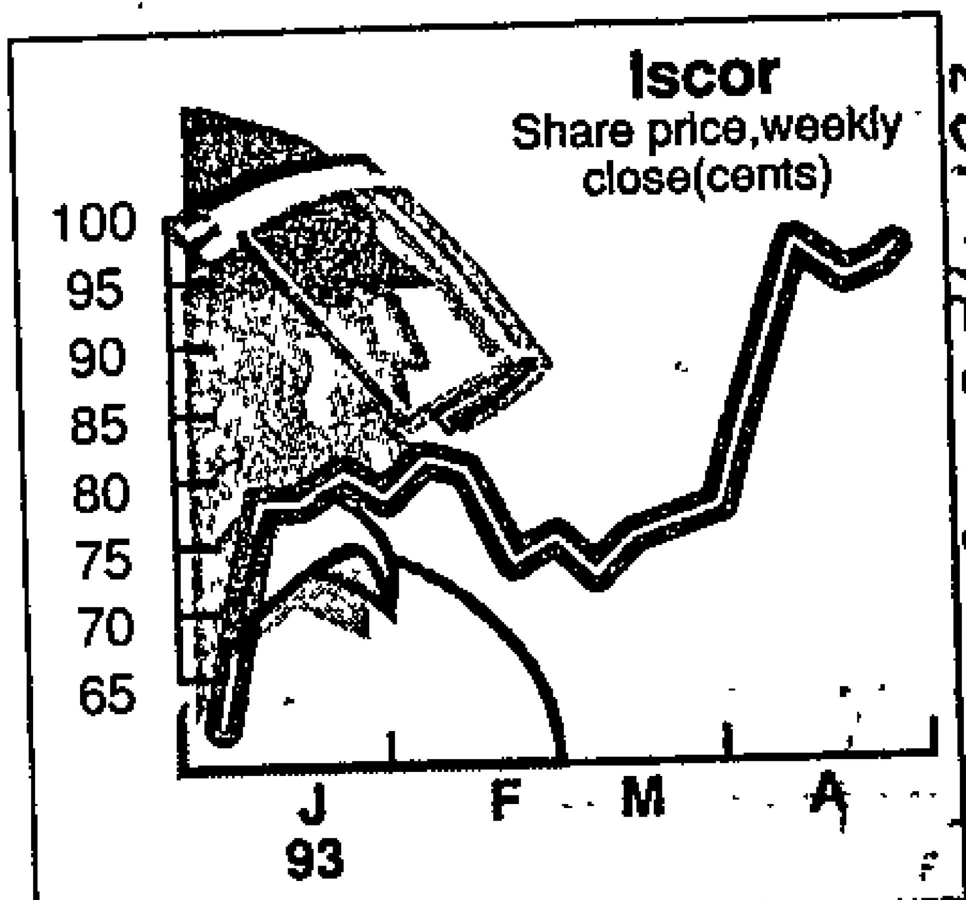
The spokesman said final details could not be made known. However, the scheme would probably be based on the principles of the Export Marketing Assistance scheme.

The services sector had responded to the proposals with enthusiasm.

Valuable contributions had been received, particularly from the engineering, shipping and tourism industries.

In terms of the assistance scheme, the department subsidises export market research, foreign selling missions and exhibitions, and incoming buying missions.

Iscor sees China as long-term target



Graphic: LEE EMERTON Source: I-NET

PETER DELMAR

ISCOR said yesterday it had targeted mainland China in a new export drive.

Deputy MD Nols Olivier said Iscor was "doing brisk business" as a result of China's industrial growth.

But he said the steel company was being much more selective in its export efforts and aimed to halve the 70 countries to which it currently exported.

Analysts said China had already emerged as one of Iscor's key markets, although as in most other markets, it was selling at prices which would only enable a contribution to overheads. But China's

(146)

☐ To Page 2

Iscor

From Page 1

(745)

growing demand and the bullish international outlook for steel prices could turn the country into a lucrative market. The 53% of production which Iscor exported in 1992 was likely to rise to more than 60%.

Predictions earlier this year of improved international steel demand were being realised. It now appeared likely that worldwide consumption would grow by 1,5% this year, with capacity being cut back by about 3,5%.

Improved international trading conditions helped push Iscor shares to a high of 97c this week, compared with a record low of 61c in December. Analysts said domestic prices had also started firming and some steel prices had gained up to 25%.

Olivier said that more than 50% of Iscor's total production was exported and the recent weakening of the exchange rate was boosting export earnings. The normalisation of Iscor's international standing meant it no longer had to spread itself over as many markets as possible.

While not specifying quantities, Olivier said Iscor had been exporting to China "from time to time".

"With the enormous development going on there, they are sucking the world dry of all kinds of steel. With the continued growing demand, we expect that our prices (in China) will improve."

Iscor targets China in export drive

(74CT) (Bea) CT 22/4/93

Own Correspondent

JOHANNESBURG. — Iscor said yesterday it had targeted mainland China in a new export drive.

Deputy MD Nols Olivier said Iscor was "doing brisk business" as a result of China's industrial growth.

But he said the steel company was being much more selective in its export efforts and aimed to halve the 70 countries it currently exported to.

Analysts said China had already emerged as one of Iscor's key markets, although as in most other markets, it was selling at prices which would only enable a contribution to overheads. But China's growing demand and the bullish international outlook for steel prices could turn the country into a lucrative market.

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Improved international trading conditions helped push Iscor shares to a high of 97c this week, compared with a record low of 61c in December.

- Meanwhile, South Africa's first trade delegation is in China looking to expand economic links that pushed bilateral trade to \$250m in 1992, the official Xinhua news agency said.

It quoted Danie Marais, director of the marketing division of Kwanatal Marketing Initiative, as saying South Africa would give Chinese investors tax-exempt status for three years while simultaneously offering "basic subsidies" for factory shipments and purchases of equipment and raw materials.

Bilateral trade amounted to \$250m in 1992, including \$150m in imports and \$88m in exports, Xinhua said. — Sapa-Reuter

S/Times (Buss. Times)

Specialty narrows gap

25/4/93

By TERRY BETTY

SPECIALTY Stores, holding company for Milady's, The Hub and Mr Price, deserves the 50% upward rating its share has received in the past year.

The group's turnover increased by 26% in the year to February. Earnings grew by 2% to 84,9c after secondary tax on companies.

Analysts say this performance is impressive considering the trading environment of falling consumer spending power and tough competition for a slice of the shrinking business pie.

Joint managing director Stewart Cohen says the group is gaining market share.

In spite of the upward rating, analysts say the share is still trading at a discount to the retail sector. This gap will narrow only if the group fulfils its promise in the current year and achieves real earnings growth.

Listing the individual stores separately would improve tradeability, but Mr Cohen says this is unlikely to happen for a few years.

Despite the high turnover, operating income increased by only 1%. Mr Cohen attributes this to the company's markdowns and high promotional costs to keep stock moving.

The group, which has moved from the department-store concept to targeting niche markets and going for higher turnover on a narrower range, continued its expansion.

It opened three Milady's, one Hub and 12 Mr Price shops in the Transvaal and Natal. It will open 15 Mr Price stores and another three Milady's in the current year.

Analysts say this rapid growth should be reflected in the bottom line once the economy turns.

Mr Cohen says expansion of the credit-based Milady's chain is partly financed through the cash operations of Mr Price. This cash flow has obviated the need for a rights issue.

He says the cash operations and improved working-capital management helped to bring finance costs to a 18% increase in the year after being 45% up at the half-year.

Cash sales will account for 40% of the group's turnover in the current year. In 1990, they accounted for 25% of sales. The aim is to get a 50:50 balance between cash and credit sales.

The group has exercised strict control over stock, which increased by only 7% in the past year.

Mr Cohen says many things are starting to fall into place, such as people and systems. The group is poised to achieve real earnings growth.

If that is the case, analysts mark Specialty as a worthwhile investment.

Company round-up

PRELIMS	Turnover (Rm)	% change	Profit before tax (Rm)	% change	Earnings a share (c)	% change	Div a share (c)	% change
Sappi	4677,0	+28,5	380,4	+12,3	262,0	−15,9	160,0	−20,0
Smart	190,9	+61,4	24,8	+21,9	29,0	+31,8	9,0	+28,5
Jasco	73,8	+2,2	4,1	+158,4	11,7	+160,0	4,2	—
Abcon	—	—	0,46	—	—	—	0,05	N/C
Combined Mt	88,3	+9,0	10,6	+17,0	23,2	+20,0	9,3	N/C
Speciality	368,8	+26,0	24,3	−4,0	84,9	+2,0	31,5	+5,0
Cons Mining	160,1	+14,5	17,7	+35,8	1,74	+75,7	1,0	+100,0
Egoli	153,4	+12,0	17,7	+32,6	15,3	+39,0	7,5	+150,0
SER Gold	149,7	+15,4	18,7	+13,9	8,3	+15,2	4,0	+77,7
Gentech*	178,6	−32,2	−2,6	—	−2,5	—	—	—
INTERIMS								
RMS	—	—	0,179	−11,8	—	—	0,23	−11,5
Abs Hld	23,3	+8,4	1,6	+18,2	3,8	+19,3	—	—

* Eight months

Safto for Morocco

S/Times (Buss.T.)

25/4/93

SAFTO will send its first trade mission to Morocco in June. (14G)

Morocco has become a major export market for South Africa in the past year and is one of its top 10 partners in Africa.

Safto believes SA companies will find opportunities in agriculture, packaging and mining, as well as in shipping, freight forwarding and banking.

Morocco has an average annual economic growth rate of 4% and inflation of 6%.

Star 26/4/93

SA 'will have to change thinking on exports'

946

When all sanctions are finally lifted, South Africans must become far more oriented towards exports, Safto chief Len van Zyl tells Foreign Editor FREDERICK CLEARY.

APARTHEID is fading into history. The constitutional bandwagon is lurching forward, and so, with South Africans no longer pariahs, our businessmen are now welcome everywhere abroad, with lucrative export contracts waiting to be picked up.

So some might think. The reality is somewhat different.

Sanctions still apply in many parts of the world, and only when Nelson Mandela gives the green light — probably when the Transitional Executive Council is formed and a general election date set — will doors be fully opened. Then we will have to fight hard to obtain a slice of a highly competitive yet fruitful market.

This is the view of Len van Zyl, chief executive of the South African Foreign Trade Organisation (Safto).

Flying the flag abroad, as Van Zyl and his 170-strong staff do, is one thing, but a handicap is the mentality of South African businessmen. Too many are not export-conscious enough.

"We never have really been export-oriented," Van Zyl said. "In the past we have always built our exports primarily on the stuff the Good Lord put in the ground. We would settle for taking it out of the ground and selling it to those countries which were not so fortunate.

"Our effort in exporting manufactured goods leaves a lot to be desired, and always has done.

"Thus, we never developed an export culture. We were far from the main markets. Africa took basic foodstuffs, so the economy was built primarily on the growing internal market.

"Many who did export did so only when they had a surplus. Consequently, the outside world formed a fairly negative opinion about South Africa as a trading partner."

True, attitudes have improved. But, said Van Zyl, South Africa is still not as vigorous an exporter as others, certainly not in the same category as Japan, other Oriental tigers and many European nations.

Political events over the past decade — sanctions and general hostility to this country — stultified whatever export growth developed. Now that this situation is changing, albeit slowly in many cases, a refocusing on marketing abroad is possible.

"We should study the Japanese. They did not say: 'We have it, therefore we will sell it.' They said: 'What do the big markets in America, with its 250 million consumers, and Europe, with its 350 million, need? Whatever they need, we will make.'

"We do not do that. However, to be fair, with our industrial and technological development, thing are changing. Take our motor industry. We are selling cars to China and components to other motor manufacturers, even BMW seats to Germany, and we are selling electronic and chemical components to Italy, and so the picture looks better. But it can improve a great deal."

Probing

The global marketing scene is varied.

"President Bush lifted federal sanctions 20 months ago, but in reality that did not mean a thing. America is not really one country. It is 50 little countries, each state very much autono mous. At present, many states and cities do not deal with South Africa. They do not even deal with American companies that do deal with us."

Despite this complicated situation, South African trade delegations are probing into North America, although at a low-key level. For example, wine is now being shipped to some southern states such as Georgia.

"Conversely, American companies are not slow in seeking further trading opportunities here. Representatives of one of the major motor companies were here recently, sounding out the possibility of buying directly essential minerals such as chrome and platinum instead of working through New York agents.

Van Zyl . . . South Africa needs to develop an export culture.

"I worked in America for three years in advertising prior to joining Safto eight months ago and know the markets well. I am anxious to take a large trade delegation there, but the timing must be right."

There is a problem with the European Community in that the Lome Convention — a favourable trading agreement the EC has with developing African countries — excludes South Africa because of objections from other African countries.

Apart from adhering to the United Nations oil and arms embargoes, Britain has never maintained sanctions against South Africa.

But Van Zyl accepted as justified criticism that many South African businessmen have not ventured outside London, appointing agents rather than hard-selling themselves in other regions and cities. This attitude needed to change.

"Sweden, the largest Nordic country, has not lifted sanctions, yet a colleague recently attended a seminar, which they arranged, where the theme was using South Africa as the gateway to southern Africa.

"They appreciated that we know the sub-continent better than they do. They want to trade with and through us, but their government has yet to give them the go-ahead."

There is an open-trade policy in the Arabian Gulf. "Last October we took representatives of 100 companies there, and now two-way trade is thriving.

"Singapore has just lifted sanctions, so we are taking a team representing another 100 companies and we are using the island state as our gateway to south-east Asia.

"Where sanctions do not still apply, we have moved in rapidly in Africa, and have been most successful. But a major problem here is that few countries have the money to do business. Again, when the political climate changes, the picture should improve."

Sanctions still apply in India, Russia and China, but trade delegations from all three countries have been here and are gearing up for what would obviously be enormous two-way trade once the political barrier is lifted.

"That time is close," said Van Zyl. "Hopefully, as soon as the TEC is formed and, presumably, when, and only when, Nel son Mandela gives the signal, South Africa's whole foreign trading pattern can be transformed overnight.

"In the meantime our companies, particularly the medium and small firms, should be out there investigating these foreign markets. Generally, the major groups have established themselves.

"The competition is keen, the market is enormous and the rewards are potentially considerable. It is vital that we produce the right product of high quality and at a competitive price.

"Also, we must not overlook the fact that, if we can become a thriving export nation, in turn we can take up our present slack industrial capacity and thus help alleviate our unemployment." □

EXPORT OPPORTUNITIES

Turkish businesses look for links with SA

Business Day Reporter

TRADE inquiries from Turkish companies, seeking goods from printing paper to safety glass and magnetic separators, dominate today's offers.

South American nations are also well represented, with queries from Argentina, Brazil and Uruguay. An offer from Argentina stands out — Casa Miozzi seeks a wide range of industrial and farming equipment — goods which SA producers should be well suited to supply.

Today's foodstuffs category contains a share of interesting offers. One is from Swiss-based Denner AG, which seeks 80 000l of red wine in bulk as well as an unspecified amount of bottled red wine. Local producers might also note the inquiry for nuts, dehydrated vegetables and dried fruit by the Moscow branch of LeoMar R. As LeoMar is a US-based company, payment should not be a problem. A query for frozen seafood from Singaporean firm P P Mathews, also represented in Malaysia and India — all new markets to SA — should evoke some interest.

The metals category is a bit lacklustre except for Luis Minuzzi e Hijos of Argentina which requires 150 tons of aluminium-plated steel sheet, while Chicago-based Bobbyco seeks "large quantities" of carbon steel fitings and flanges at "very competitive prices".

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FOODSTUFF

03.00.
Abalone — Hong Kong. Warmer International, Siu; tel: 09852-724 2218, fax: 09852-724 2516.

03.03; 03.06.
All types of frozen seafood — Singapore. P P Mathews; tel: 0965-744 5021; fax: 0965-745 0344.

03.06.13.10; 03.07.49.00; 08.01.30.00; 08.02.50.
Prawns, calamari, cashew nuts and pistachio nuts — US. World Trade Association; Al Henderson; tel: 091-314-441 2128, fax: 091-314-447 2050.

03.07.99.10.
Canned abalone — Hong Kong. Omni Marco Polo Hotel; Chir Lenz; fax: 09852-738 8399.

04.02.10.20; 04.02.21.20; 08.12.90.90; 20.02.90.10; 20.08.70.20.
Skimmed milk powder and whole milk powder, canned peach halves in water and in syrup; tomato paste — Brazil. Representacoes Atlantica; M Tirachi; tel: 0955-11-229 6022, fax: 0955-11-229 2360.

07.13; 08.02; 08.06.
Nuts, dehydrated vegetables and dry fruits — Russia. LeoMar R; A Gulnara; tel: 095-945 0615, fax: 095-214 6175.

12.09.21/30/99.10/91.; 31.02; 31.03; 84.19.32; 84.65.91.90.
Vegetable seeds, flower seeds, fertiliser and wood sawing machines — Uruguay. Agroex Forestal SRL; tel: 09598-2-904 037, fax: 09598-2-907 833.

20.08.
Fruit purée — US. BMT Commodity Corp; R Bamnean; tel: 091-212-759 4505, fax: 091-212-752 3826.

20.08.30; 20.09.00.
Canned fruits, fruit juices and concentrates — US. Wholesale 46; Eli Khamis; tel: 091-714-261 8457, fax: 091-714-852 8136.

22.04.
Wine — Brazil. Interact Com Exp Imp; Mauro Tozzi; tel: 0955-11-884 7444, fax: 0955-11-884 9490.

22.04.21.12; 22.04.29.11.
Red wine in bulk (80 000l), bottled red wine — Switzerland. Denner AG, Wolfensberger; tel: 0941-1-455 1441, fax: 0941-1-461 1717.

MINERALS, CHEMICALS

25.18.90.
Pyrophyllite — US. Dawson Industries; Neil Hitz; tel: 091-313-771 5200, fax: 091-313-771 4890.

26.15.90; 28.35.
Zirconium oxide, sodium phosphate — Turkey. Bati Kimya Urunleri; C Erzene; tel: 0990-1-269 9766, fax: 0990-1-269 4249.

28.11; 72.13.
Microsilica, reinforcing bars for concrete — Netherlands. ODR Technical Services; J De Visser; tel: 0931-78-315 799, fax: 0931-78-317 484.

29.15.11.
Formic acid — Turkey. Teka Teknik Cihazlar San; Y Saylam; tel: 0990-1-274 5124, fax: 0990-1-272 1568.

30.03; 30.04.
Pharmaceuticals — Netherlands. Int Phrmaceutical Chemicals; J Van Eis; tel: 0931-75-212 551, fax: 0931-75-284 847.

33.04.00.00.
Cosmetics — US. Don Johnson; tel: 091-612-222 3038, fax: 091-612-644 0412.

ORGANIC PRODUCTS

44.03.10; 44.04.10.
Pine logs — Turkey. EPA Export Urunleri Pazarlarma; Mehmet Ozer; tel: 0990-1-274 1979, fax: 0990-1-274 1978.

44.03.10.40.
Telephone poles — Argentina. Alka Ingenieria; Gottfried Reitmeyer; tel: 0954-1-322 3946, fax: 0954-1-322 3946.

44.08.10.10/20; 44.08.20.20/30; 44.10.10 44.10.90; 44.11.
Venner sheets, sheets for plywood, particle board, fibreboard — Argentina. Colzani & Associados; tel: 0954-1-910, 076, fax: 0954-1-924 1494.

48.02.
Printing and writing paper — Turkey. OR & EM; Husseyin Akkan; tel: 0990-74-371 149, fax: 0990-74-332 543.

47.02; 47.03; 47.04; 48.04.11; 48.04.19.
Paper pulp, kraft liner — Turkey. TMK Dis Ticaret; tel: 0990-1-273 2996, fax: 0990-1-274 8200.

TEXTILES, CLOTHING

60.00.
Handcrafted crocheted apparel for chain store — US. Heidi Hanna; tel: 091-704-375 8200, fax: 091-704-372 4924.

Chapters 61/ 62; 95.06.91.
Swimsuits, ladies and children's fashionwear, gym wear and bodywear, quality sportwear, lingerie, and gym equipment — Canada. Kwanteel; Richard Palmer; fax: 091-705-942 9273.

CERAMICS, GLASS

68.02.23.
Granite tiles — Turkey. Ertem Ertunga Mimarlik; Ertunga; tel: 0990-1-263 1246, fax: 0990-1-265 0367.

70.05.10.20.
Float glass (2,9mm and 4,0mm thickness) — Brazil. Cotia Comercio Exp Imp; Jose Mau; tel: 0955-11-288 9566, fax: 0955-11-287 6247.

70.07.
Safety glass — Turkey. Yorsam Cam; Mehmet Aras; tel: 0990-51-214 132, fax: 0990-51-225 604.

70.13.29.
Various liquor glasses — US. Innovative Premiums; Judah Isaacs; tel: 091-718-782 6600, fax: 091-718-384 9258.

METALS.

72.10.60.10.
Aluminium-plated steel plate — Argentina. Luis Minuzzi e Hijos; Juan Carlos Kulesnik; tel: 0954-1-769 1972, fax: 0954-1-767 0606.

73.02.10.
Railway rails — Turkey. Ucel Elecktro Teknik Isleri San; Faruk Cengic; tel: 0990-1-257 5658, fax: 0990-1-257 5577.

73.04.41; 73.04.49.
Cold rolled and other stainless steel tubes — Netherlands. BV Tistini; M van der Kolk; tel: 0931-1807-10577, fax: 0931-1807-12149.

73.06.
Square steel tube (laminated, welded or non-welded) — Spain. Felguera Parques y Minas; Gaspar hevia; tel: 0934-8-525 6822, fax: 0934-8-525 2463.

73.07.91; 73.07.99.
Carbon steel flanges (ASTM A 105) and fittings (ASTM A 234) — US. Bobbyco; Ginny Siegel; tel: 091-708-692 5740, fax: 091-708-698 9007.

73.07.91.00.
Steel flanges — Taiwan. Develop-Mentor Trading Co; Joyce Wang; tel: 09886-7-585 1455, fax: 09886-2-585 1451.

74.11.10.10.
Copper seamless tubing — US. Bestwill Corporation; David Voo; tel: 091-714-496 5888, fax: 091-714-496 8388.

MACHINERY AND EQUIPMENT

82.04; 84.13.19.10; 84.14.40.10; 84.24.30; 84.33.11; 84.33.20; 84.24.20.20; 84.24.20.10/20; 84.25.42.10; 85.01.10.10; 82.05.10; 85.08.20; 85.08.80.90.
Torque metal wrenches, centrifugal water pumps, air compressors, steam hydrojet washers, lawnmowers, tractor operated grasscutters, pneumatic airguns, spray guns, hoists, single phase motors, drills, circular saws, sanders, [illegible] mers, [illegible] electric [illegible] tina. Casa Miozzi; [illegible] fax: 0954-1-[illegible]

82.11.03.
Cutlery — [illegible] fax: 091-[illegible]

83.06.30.
Picture [illegible] land. [illegible] 416 932, [illegible]

85.05.90
Magnetic [illegible] key. Teta Isik; tel: [illegible] 0990-4-223 [illegible]

85.17.
Tele[illegible] ment — search; [illegible] 617-868 [illegible] 5574.

85.24.
CAD-3D [illegible] grammes, [illegible] grammes Dialog; [illegible] 0946-8-783 [illegible]

85.29.90.
Electronic [illegible] TVs and [illegible] land. Video[illegible] san; tel: [illegible] 0941-61-601 [illegible]

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Inquiries:
Manufacturers should contact the foreign company direct. Where possible a contact person has been named. If there are any problems, communicate with the Department's Export Centre, tel: (012) 310-9791. Fax: (012) 320-8157.

How to use:
The items on this page are listed by number according to the harmonised tariff code system issued by the Department of Customs and Excise. The code gives specific details of the listed item.

Export services:
For general advice on exports and export incentives, contact the department or its regional representatives in Durban, Port Elizabeth or Cape Town. It is strongly recommended that manufacturers new to the world of exports get in touch with the local office.

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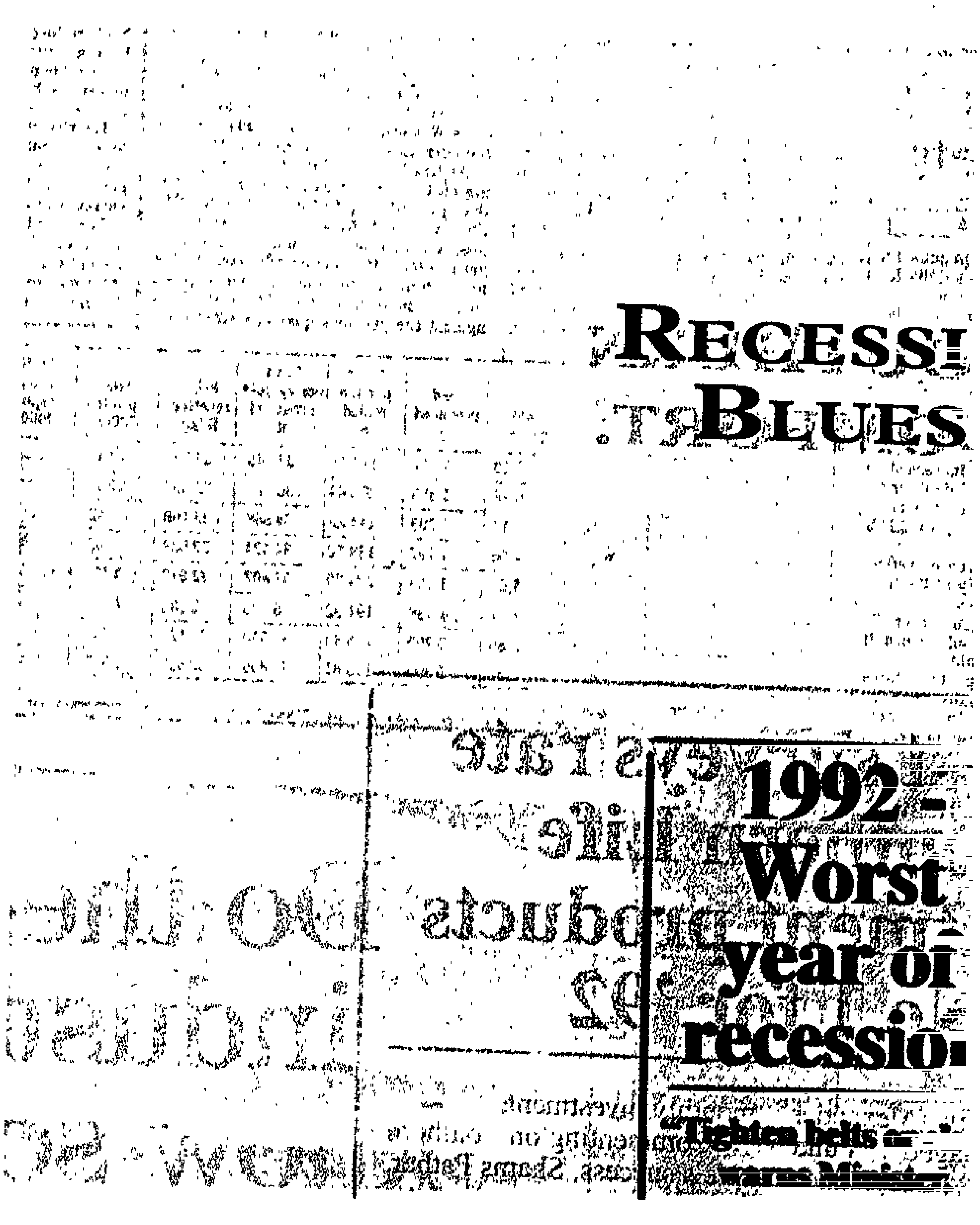

SOUTH AFRICANS can expect prices to rise

EXPORT OPPORTUNITIES

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BDay 26/4/93 (74G)

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60.00.
Handcrafted crocheted apparel for chain store — US. Heidi Hanna; tel: 091-704-375 8200, fax: 091-704-372 4924.

Chapters 61, 62; 95.06.91.
Swimsuits, ladies and children's fashionwear, gym wear and bodywear, quality sportwear, lingerie, and gym equipment — Canada. Kwanteel; Richard Palmer; fax: 091-705-942 9273.

CERAMICS, GLASS

68.02.23.
Granite tiles — Turkey. Ertem Ertunga Mimarlik; Ertunga; tel: 0990-1-263 1246, fax: 0990-1-265 0367.

70.05.10.20.
Float glass (2,9mm and 4,0mm thickness) — Brazil. Cotia Comercio Exp Imp; Jose Mau; tel: 0955-11-288 9566, fax: 0955-11-287 6247.

70.07.
Safety glass — Turkey. Yorsam Cam; Mehmet Aras; tel: 0990-51-214 132, fax: 0990-51-225 604.

70.13.29.
Various liquor glasses — US. Innovative Premiums; Judah Isaacs; tel: 091-718-782 8600, fax: 091-718-384 9258.

METALS.

72.10.60.10.
Aluminium-plated steel plate — Argentina. Luis Minuzzi e Hijos; Juan Carlos Kulesnik; tel: 0954-1-768 1972, fax: 0954-1-767 0606.

73.02.10.
Railway rails — Turkey. Ucel Elecktro Teknik Isleri San; Faruk Cengic; tel: 0990-1-257 5656, fax: 0990-1-257 5577.

73.04.41; 73.04.49.
Cold rolled and other stainless steel tubes — Netherlands. BV Tistim; M van der Kolk; tel: 0931-1807-10577, fax: 0931-1807-12149.

73.06.
Square steel tube (laminated, welded or non-welded) — Spain. Felguera Parques y Minas; Gaspar hevia; tel: 0934-8-525 6822, fax: 0934-8-525 2463.

73.07.91; 73.07.99.
Carbon steel flanges (ASTM A 105) and fittings (ASTM A 234) — US. Bobbyco; Ginny Siegel; tel: 091-708-692 5740, fax: 091-708-698 9007.

73.07.91.00.
Steel flanges — Taiwan. Develop-Mentor Trading Co; Joyce Wang; tel: 09886-7-585 1455, fax: 09886-2-585 1451.

74.11.10.10.
Copper seamless tubing — US. Bestwill Corporation; David Voo; tel: 091-714-496 5888, fax: 091-714-496 8388.

MACHINERY AND EQUIPMENT

82.04; 84.13.19.10; 84.14.40.10; 84.24.30; 84.33.11; 84.33.20; 84.24.20.10/20; 84.25.42.10; 85.01.10.10; 82.05.10; 85.08.20; 85.08.80.90.
Torque metal wrenches, centrifugal water pumps, air compressors, steam hydrojet washers, lawnmowers, tractor operated grasscutters, pneumatic airguns, spray guns, hoists, single phase motors, drills, circular saws, sanders, percussion hammers, grinders, fretsaws, electric welders — Argentina. Casa Miozzi; Alberto Miozzi; tel: 0954-1-241 4780, fax: 0954-1-240 0923.

82.11.03.
Cutlery — US. Jan Lange; fax: 091-215-573 2057.

83.06.30.
Picture frames — Switzerland. Debex AG; Peter Baumgartner; tel: 0941-62-416 932, fax: 0941-62-414 653.

85.05.90.90.
Magnetic separators — Turkey. Teta Muhendislik; Talat Isik; tel: 0990-4-221 3327, fax: 0990-4-223 9859.

85.17.
Telecommunications equipment — US. Pyramid Research; Tolga Vural; tel: 091-617-868 4725, fax: 091-617-868 5574.

85.24.
CAD-3D software programmes, architects' programmes — Sweden. Bild Dialog; per Gullstrom; tel: 0946-8-783 0959.

85.29.90.
Electronic spare parts for TVs and VCRs — Switzerland. Video Services; J Bossan; tel: 0941-61-601 3490, fax: 0941-61-601 8141.

85.31.10.00.
Burglar and fire alarms, and other security apparatus — Malawi. Okhai; Maria Yiannakis; tel: 09265-644 822, fax: 09265-652 298.

84.28.33; 85.45.19.
Conveyor belts, carbon graphite electrodes — Turkey. Ekinciler demir Celik; Harika Pasin; tel: 0990-1-252 2008, fax: 0990-1-211 9857.

94.05.10.090.
Fluorescent lighting — Japan. Iwasaki Electrical; Fujio Tamura; tel: 0981-296-585 513, fax: 0981-296-585 519.

MISCELLANEOUS

Electronic moving message displays — Zimbabwe. Capri Signs; Tammy Weller; tel: 09263-4-707 981, fax: 09263-4-737 084.

Water treatement chemicals such as hydrated lime, liquid cholrine, calcium hypochlorite — Nigeria. Drill tools — Nigeria; fax: 09234-262 0198.

Any and all products — US. Eastern Europe Inc; Robert Ross; tel: 091-212-947 8585, fax: 091-212-629 3147.

Joint venture for the manufacture of bathroom taps — Italy. CLC newform; R Remo; tel: (012) 310 9878.

Safto lines up missions to promote export trade

ANDREW KRUMM (74G)

SA's emergence from international isolation has opened doors for government and private sector organisations which specialise in promoting export trade.

The Department of Trade and Industry, for example, plans "outward selling missions" in the Middle East and Germany in late May and early June. The Middle East mission will be undertaken from May 31 to June 12. For information contact Johan Engelbrecht at (012) 310-9583. For information on the mission to Germany, from June 6-18, contact Hennie Erasmus on (012) 310-9372.

A DTI spokesman said a "meaningful" programme would be arranged for each delegate, with reputable importers interested in sourcing products from SA.

He said the department also planned missions to Thailand, South Korea and China in August, the US and Mexico in October, and Japan, Taiwan and Hong Kong in November. BDay 26/4/93.

Meanwhile, a Safto spokesman said the organisation was planning SA's first private sector trade mission to Morocco, between June 5-13. Morocco had became one of SA's top 10 trading partners in Africa, the spokesman said. For details contact Avril Smith on (011) 883-8787.

The spokesman also said Safto was assisting SA companies to exhibit at five international trade fairs in the near future. The first will be the Spring Trade Fair in Dubai (consumer goods), which runs from May 8-14. This will be followed by Stonetec (marble, granite and natural stone exhibition) in Germany from May 20-23. The AIEE (engineering) show in Australia will be held between May 31 and June 4, while the Euroshop (shopfitting, display and merchandising) fair would be held in Dusseldorf, Germany from June 12-16. An SA industries trade expo would be held in Singapore between August 31 and September 3. Details of these fairs may be obtained from Mario Angelucci on (011) 883-8787.

SBDC offers help to aspirant exporters

SOUTH 24/4-28/4/93.

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AS SANCTIONS and boycotts are being lifted and export opportunities increase, the Small Business Development Coporation (SBDC) has produced a book on guidelines for exporting.

The publication is a joint production of the SBDC and the SA Foreign Trade Organisation (Safto).

The guide stresses the importance of thorough preparation, because the South African exporter is operating in foreign markets that are unfamiliar.

The publication is divided into 11 sections, covering all aspects of exporting, including registration, costing and pricing, export regulations, insurance and incentives, VAT and useful contacts.

The aspirant exporter is also reminded that specifications and standards for technical, pharmaceutical and food products differ from country to country.

The SBDC has also produced a series of four booklets for aspirant entrepreneurs called "Starting and Running Your Own Business".

The series guides them through researching the venture, putting the business together, finding the money and managing the business.

The series provides practical, step-by-step guidance with examples of actual business operations to demonstrate each aspect of the process.

Throughout the manuals references with further advice and assistance are provided.

The first book deals with the assessment of the aspirant small- and medium-size entrepreneur's own talents and skills, as well as how to establish a product, its market and price.

The second book covers the process of choosing the correct legal structure, business name and stationary.

It looks at employing people, obtaining premises and licences, preparing a financial forecast and keeping records.

The third guide concentrates on financing the business. It explains and assesses different types of loans, grants and other incentives and provides a detailed checklist for a business plan.

The fourth booklet covers administration and management. This includes the keeping of records, advertising, marketing, taxation, statutory duties, patents, trademarks, designs, copyright, insurance and pensions.

The export publication is available at R65 a copy from SBDC Publications at any of the organisation's six regional or 60 branch and information centres countrywide. The four books in the series are available at R10,50 each or R35 for the set.

HOUSE OF ASSEMBLY

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Academic hospitals: daily cost per bed

246. Mr M J ELLIS asked the Minister for National Health and Welfare:

What is the daily cost per bed for each recognized academic hospital in South Africa? B530E

The MINISTER FOR NATIONAL HEALTH AND WELFARE:

For the 1991/92 financial year:

Provincial Administration of Natal

King Edward VIII	R268,00
Wentworth	R765,00

Provincial Administration of Transvaal

Baragwanath	R193,11
Coronation	R222,21
Ga-Rankuwa	R201,35
H F Verwoerd	R290,55
J G Strijdom	R227,39
Johannesburg	R236,37
Kalafong	R158,36

Provincial Administration of the Cape of Good Hope

Red Cross	R369,68
Groote Schuur	R420,40
Tygerberg	R374,88

Provincial Administration of the Orange Free State

Universitas/National	R1 026,86
Pelonomi	R242,37

GEIS: amounts/summonses/deregistrations/abolition

251. Mr L FUCHS asked the Minister of Trade and Industry:

(1) In respect of the General Export Incentive Scheme (GEIS), (a) what amounts were spent in the financial years 1991–92 and 1992–93, respectively, (b) what amounts were budgeted or are to be budgeted for this scheme in respect of the financial years 1993–94 and 1994–95, respectively, (c) (i) how many summonses were issued, and (ii) (aa) who were the respondents, and (bb) what amounts were involved, in respect of these summonses, (d) what is the total amount that has been recovered in refunds to date, (e) how many exporters had been deregistered as at the latest date for which information is available and (f) who investigates GEIS contraventions;

(2) whether GEIS will be abolished in 1994; if not, why not; if so, what are the relevant details;

(3) whether any fraud investigations into existing and past GEIS applications are pending; if so, how many? B537E

The MINISTER OF TRADE AND INDUSTRY:

(1) (a) The following amounts were spent on the General Export Incentive Scheme (GEIS):

1991/92 = R1 342 110 575
1992/93 = R1 591 294 869 (up to 29/3/93)

(b) *Budgeted:*

Financial year 1993/94 = R1 653 742 000
Financial year 1994/95 = R1 787 702 000—preliminary estimation

(c) (i) One subpoena

(ii) (aa) Steele Bros (Pty) Ltd.

(bb) R1 309 164.

(d) To date an amount of R21 million has been recovered from claimants by means of refunds. The refunds stem from the rectification of errors

that were made in applications. These errors were discovered by the Department of Trade and Industry during verification investigations.

(e) Up to and including 29 March 1993 974 exporters had been deregistered.

(f) The institutions that investigate GEIS contraventions in co-operation with the Department of Trade and Industry are the Office for Serious Economic Offences, the Commissioner of Customs and Excise, the Commercial Branch of the South African Police, the South African Reserve Bank and the State Attorney. In the case of uncompleted investigations, it is deemed inappropriate to reveal the names of claimants and the amounts involved. In certain cases the claimants are not even aware of the fact that an investigation has been launched.

(2) No. Since its date of inception, the GEIS has never been presented to exporters as a short-term export scheme. The reason for this is that the export community should have a reasonable degree of stability and certainty with regard to the Government's export policy. Consequently, my predecessor had already in 1991 reassured exporters that the scheme will remain operative for at least five years. They thus received the assurance that the scheme will be at their disposal until at least 31 March 1995. Exporters were informed at the same time that the scheme will be monitored in order to make a final decision regarding this issue before the 1995 deadline. These monitoring activities have been carried out for some time now. A final decision regarding the issue will be taken in due course, also with full consideration to South Africa's international treaty obligations in terms of the General Agreement on Tariffs and Trade (GATT). As a general export incentive scheme, the GEIS fitted like a glove at that very stage when SA exporters were increasingly lagging behind because of inflation and an extensive protection policy, which negatively influenced their global competitiveness. There can be no doubt that the GEIS is an essential instrument to promote exports, and it is evident that it is effective. For example, representatives of the World Bank, on a recent visit to South Africa had, among other things, the following to say in this regard:

"*Anti-Export Bias*. Protection inevitably introduces an anti-export bias on two counts. First, it makes sales at home more lucrative than sales abroad by allowing firms to raise prices in the domestic market above those that prevail under free-trade conditions. Second, it makes exporting firms less competitive internationally by increasing the cost of their inputs, hence their cost of production. There are several ways to counteract the policy-induced anti-export bias. Effective duty drawback schemes, export-processing zones, subsidies are among the most commonly used instruments.

The GEIS is the major export incentive scheme in place and dates back to April 1990. GEIS was designed to help firms offset the price disadvantage South African exporters face in international markets." . . . "The anti-export bias coefficient is a measure commonly used to compare the effects of domestic policy on incentives for export. This coefficient indicates the extent to which policies increase value added in production for the domestic market compared with the extent to which policies increase value added in production for exports (vis-à-vis hypothetical free trade conditions). The results from an examination of anti-export bias coefficients for a sample of firms point to a policy-induced export-bias that is mitigated by arrangements

Cont-d

between South African suppliers of inputs and exporters." . . . "The results indicate that GEIS plays a crucial role in stimulating exports, although its role in stimulating investment in export activities is questionable."

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GEIS clearly stood no chance of making a dent on the investment climate of the last two years. The Department of Trade and Industry itself, has already had two important investigations done by an independent auditing firm, Deloitte & Touche, with regard to the GEIS. The first investigation was directed at the internal management of GEIS and the administrative efficiency of the guidelines according to which the scheme is run. It included certain proposals for improved control measures, and these have been implemented as from October 1992. The second investigation which Deloitte & Touche has just completed, focused on the efficiency of the scheme for the promotion of exports. The conclusion that Deloitte & Touche reached, was that the GEIS, despite certain shortcomings, is a vital export instrument.

Nonetheless, the Department of Trade and Industry will be obliged to phase out the GEIS if South Africa should accede to the Uruquay Round Agreement of the GATT. The agreement comes into force one year after it has become open for acceptance. Thereafter, developed countries are granted three years, and developing countries six years to phase out export incentives which go against the GATT stipulations. The serious uncertainties bedevilling Uruguay are well known.

Moreover, as the removal of the anti-export bias from the South African economy through tariff rationalisation proceeds, the GEIS will obviously be adapted and adjusted downwards. Central to the adjustments to the South African economy, is the role awarded to exports in the Normative Economic Model which was recently announced. Some of the model's stated goals, which are regarded as essential for economic growth, are outlined below:

(a) That South Africa will have to become fully competitive in internationally tradeable goods and services.

(b) That South Africa's economic growth must be exported.

(c) That an increasing export bias, which will attract investment and pay for increasing imports of capital goods and intermediate inputs, must be pursued.

(d) That inflation must be curtailed.

(e) That closer links be forged with the large trading blocs.

(f) That South Africa must increasingly move away from the export of primary products towards secondary and manufactured products.

In the short and medium term GEIS is important in achieving these goals. It is also important to realise that GEIS cannot be dealt with in isolation. Subsidies are never ideal. This one can be removed as the problem for which it compensates is taken out of the system. This is receiving the fullest attention of teams from the Department, the BTT and the IDC.

(3) A total of 51 cases of alleged fraud related to the GEIS are being investigated by the Office for Serious Economic Offences (15), the Commercial Branch of the South African Police (1) and my Department in co-operation with the State Attorney and the Commissioner of Customs and Excise (35). These numbers must be seen in perspective. Firstly, it is unlikely that fraud will be successfully proved in all these cases. Secondly, in every instance where a payment turns out to have been tainted, steps for recovery are being taken with the co-operation of the state attorney. It can also be mentioned that a Departmental Committee has been formed with the express purpose to evaluate possible cases of fraud under the Scheme so that these can be handed over to the SA Police or the Office for Serious Economic Offences. Arrangements were made for the SA Police and the Office of the State Attorney to serve on this Departmental committee.

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Apart from these investigations, my Department is continuously involved with external verification actions in terms of which 61 cases are currently receiving attention. These verification actions will probably bring further cases to light which will have to be pursued by the above-mentioned bodies. It can be mentioned in this regard that the staff component involved with the checking and verification of claims, is being complemented by means of a restructuring of certain sections of the staff component of the Department. Attention is also being given to the possibility of using the services of qualified national Servicemen to ensure the maximum number of claim verifications.

Under present circumstances it is virtually impossible to obtain funds for any increase in staff.

GEIS: applications/staff

252. Mr L FUCHS asked the Minister of Trade and Industry:

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(1) (a) (i) How many applications under the General Export Incentive Scheme (GEIS) were (aa) received and (bb) approved in each of the financial years in which this scheme has been operative and (ii) what was the amount involved in each of these years, (b) (i) how many of the above applications were in respect of exports in Categories 1, 2, 3 and 4, respectively, and (ii) what were the amounts involved, (c) (i) what procedural changes have been implemented regarding the checking, consideration and approval of pay-outs under this scheme since the first fraud case in respect of the scheme came to light and (ii) when did the latter case come to light, (d) how many staff members of his Department were involved in the handling of GEIS applications as at the latest specified date for which information is available and (e) who were the beneficiaries of pay-outs under this scheme in each of the financial years referred to in paragraph (1) (a) (i);

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(2) whether additional staff members have had to be appointed to handle investigations into and payments in respect of GEIS applications; if not, why not; if so, (a) how many and (b) when;

(3) whether officials of any other Government Departments have to co-sign cheque pay-outs; if not, why not; if so, what are the relevant details;

(4) whether any staff members of his Department have been implicated to date in the approximately 36 investigations into cases of alleged fraud; if so,

(5) whether any legal or administrative steps have been taken or are to be taken against such staff members; if not, why not; if so, what steps? B538E

The MINISTER OF TRADE AND INDUSTRY:

(1) (a) (i) (aa) 1990–1991: 1 541 applications were received
1991–1992: 4 967 applications were received
1992–1993: 4 798 applications were received (up to 26/3/93)

cont-d

Planning for export-led growth

BIOM 29/4/93. 746

JIM JONES

SA GIVES the impression of being far from aware of the implications of a move towards export-led growth.

That is according to early speakers at the conference on SA's International Economic Relations in the 1990s, which is being held at the Mabula Game Lodge under the auspices of Idasa and the Aspen Institute of the US.

The conference has taken two years to organise and has brought together economists and executives of national and international financial agencies to examine economic factors faced by SA as it re-enters the world and simultaneously restructures domestically.

In his opening presentation at the confernece, Prof Robert Lawrence of Harvard University said there was little point in participating in international trade simply to earn foreign exchange.

Re-orienting the economy for export-led growth implied an acceptance that trade was necessary to acquire skills and new technology through foreign competition.

While there might have been a time when GATT rules favoured developing countries, those days were gone.

Today there were pressures for reciprocity for which, according to Sheila Page of the UK's Overseas Development Institute, inefficiencies and unawareness of the scope of foreign trade left SA ill prepared

Ironically , according to Page, SA would benefit less from trade liberalisation than would other African countries.

SA's main exports — gold, coal, platinum and diamonds — generally attracted negligible or no tariffs.

Accelerate

As a result, SA would gain little immediately by acquiring General System of Preference (GSP) status under GATT.

That would come later only as the country's exports shifted away from primary products to secondary manufactured goods.

That greater trade activity, though, would lead to demands for adjustment to our own tariffs and import controls and the possiblity of countervailing tariffs to eliminate the advantages of GEIS, Page said.

And the pressures were likely to intensify, she added

All this would oblige SA to accelerate the shift of its economic focus away from import replacement which, Lawrence believed, was proved by the Latin American experience to be an ultimately bankrupt policy.

Emerging at an early stage of the conference was the view that SA would be unwise to count on capital inflows to finance any restructuring directed towards export development.

It would have to rely for the most part on mobilising its own capital resources, said John Williamson, a senior fellow of the Institute for International Economics in Washington.

Taking that further, Benno Dlulu of Kenya's African Economic Research Consortium, added the requirement of good economic government, underpinned by political legitimacy.

SA was short on that, one World Bank official indicated privately.

The longer political haggling continued, the greater the damage that would be done to the economy by inaction.

South Africans risked finding themselves in a downward economic spiral from which escape would be difficult.

Meanwhile the rest of the world would not be waiting for SA, he said.

between South African suppliers of inputs and exporters." . . . "The results indicate that GEIS plays a crucial role in stimulating exports, although its role in stimulating investment in export activities is questionable."

GEIS clearly stood no chance of making a dent on the investment climate of the last two years. The Department of Trade and Industry itself, has already had two important investigations done by an independent auditing firm, Deloitte & Touche, with regard to the GEIS. The first investigation was directed at the internal management of GEIS and the administrative efficiency of the guidelines according to which the scheme is run. It included certain proposals for improved control measures, and these have been implemented as from October 1992. The second investigation which Deloitte & Touche has just completed, focused on the efficiency of the scheme for the promotion of exports. The conclusion that Deloitte & Touche reached, was that the GEIS, despite certain shortcomings, is a vital export instrument.

Nonetheless, the Department of Trade and Industry will be obliged to phase out the GEIS if South Africa should accede to the Uruquay Round Agreement of the GATT. The agreement comes into force one year after it has become open for acceptance. Thereafter, developed countries are granted three years, and developing countries six years to phase out export incentives which go against the GATT stipulations. The serious uncertainties bedevilling Uruguay are well known.

Moreover, as the removal of the anti-export bias from the South African economy through tariff rationalisation proceeds, the GEIS will obviously be adapted and adjusted downwards. Central to the adjustments to the South African economy, is the role awarded to exports in the Normative Economic Model which was recently announced. Some of the model's stated goals, which are regarded as essential for economic growth, are outlined below:

(a) That South Africa will have to become fully competitive in internationally tradeable goods and services.

(b) That South Africa's economic growth must be exported.

(c) That an increasing export bias, which will attract investment and pay for increasing imports of capital goods and intermediate inputs, must be pursued.

(d) That inflation must be curtailed.

(e) That closer links be forged with the large trading blocs.

(f) That South Africa must increasingly move away from the export of primary products towards secondary and manufactured products.

In the short and medium term GEIS is important in achieving these goals. It is also important to realise that GEIS cannot be dealt with in isolation. Subsidies are never ideal. This one can be removed as the problem for which it compensates is taken out of the system. This is receiving the fullest attention of teams from the Department, the BTT and the IDC.

(3) A total of 51 cases of alleged fraud related to the GEIS are being investigated by the Office for Serious Economic Offences (15), the Commercial Branch of the South African Police (1) and my Department in co-operation with the State Attorney and the Commissioner of Customs and Excise (35). These numbers must be seen in perspective. Firstly, it is unlikely that fraud will be successfully proved in all these cases. Secondly, in every instance where a payment turns out to have been tainted, steps for recovery are being taken with the co-operation of the state attorney. It can also be mentioned that a Departmental Committee has been formed with the express purpose to evaluate possible cases of fraud under the Scheme so that these can be handed over to the SA Police or the Office for Serious Economic Offences. Arrangements were made for the SA Police and the Office of the State Attorney to serve on this Departmental committee.

Apart from these investigations, my Department is continuously involved with external verification actions in terms of which 61 cases are currently receiving attention. These verification actions will probably bring further cases to light which will have to be pursued by the above-mentioned bodies. It can be mentioned in this regard that the staff component involved with the checking and verification of claims, is being complemented by means of a restructuring of certain sections of the staff component of the Department. Attention is also being given to the possibility of using the services of qualified national Servicemen to ensure the maximum number of claim verifications.

Under present circumstances it is virtually impossible to obtain funds for any increase in staff.

GEIS: applications/staff

252. Mr L FUCHS asked the Minister of Trade and Industry:

(1) (a) (i) How many applications under the General Export Incentive Scheme (GEIS) were (aa) received and (bb) approved in each of the financial years in which this scheme has been operative and (ii) what was the amount involved in each of these years, (b) (i) how many of the above applications were in respect of exports in Categories 1, 2, 3 and 4, respectively, and (ii) what were the amounts involved, (c) (i) what procedural changes have been implemented regarding the checking, consideration and approval of pay-outs under this scheme since the first fraud case in respect of the scheme came to light and (ii) when did the latter case come to light, (d) how many staff members of his Department were involved in the handling of GEIS applications as at the latest specified date for which information is available and (e) who were the beneficiaries of pay-outs under this scheme in each of the financial years referred to in paragraph (1) (a) (i);

(2) whether additional staff members have had to be appointed to handle investigations into and payments in respect of GEIS applications; if not, why not; if so, (a) how many and (b) when;

(3) whether officials of any other Government Departments have to co-sign cheque pay-outs; if not, why not; if so, what are the relevant details;

(4) whether any staff members of his Department have been implicated to date in the approximately 36 investigations into cases of alleged fraud; if so,

(5) whether any legal or administrative steps have been taken or are to be taken against such staff members; if not, why not; if so, what steps? B538E

The MINISTER OF TRADE AND INDUSTRY:

(1) (a) (i) (aa) 1990–1991: 1 541 applications were received

1991–1992: 4 967 applications were received

1992–1993: 4 798 applications were received (up to 26/3/93)

cont-d

(bb) 1990–1991: 669 applications were approved
1991–1992: 3 754 applications were approved
1992–1993: 4 756 applications were approved (up to 26/3/93)

(ii) (Promissory notes issued and cash pay-outs made)

1990–1991: R140 039 767
1991–1992: R1 342 110 575
1992–1993: R1 591 294 869 (up to 26/3/93)

(b) (i) Almost all applications extend over three qualifying categories. It is thus impossible to do a quantitative categorisation of claims at the time of receipt. The following statistics concerning categories are based upon the values of processed and paid claims for the 1990–1991 and 1991–1992 financial years:

Category: 1 = 0%
2 = 13,2%
3 = 34,9%
4 = 51,9%

(ii) Please refer to the reply to question (1) (a) (ii) above.

(c) (i) The guidelines that apply to the GEIS have already been amended twice in the light of the experience gained through the handling of GEIS claims. The latest amendment, which made the procedures related to the submission of claims more stringent, was issued in September 1992 and came into effect on 1 October 1992. Action was therefore not only taken after the first fraud case in respect of the scheme came to light but the rules of the scheme have been evaluated constantly to identify possible loopholes. The services of Deloitte & Touche were also acquired to review guidelines, administrative procedures and internal management and to make proposals in this regard. Many of the firm's proposals were incorporated into the latest guidelines. The guidelines are currently being reviewed from a legal-technical viewpoint in conjunction with the State Attorney to eliminate loopholes from a legal viewpoint. It is not practical to fully describe all the amendments to the procedures in this answer. A copy of the amended guidelines of 1 October 1992 is therefore being furnished to the hon member.

(ii) The first fraud case came to light in July 1991 and the person involved was sentenced in December 1991.

(d) 38 on 26 April 1993.

(e) Given the fact that 9 179 claims by active participants in the scheme have been approved to date, full details regarding all the beneficiaries of pay-outs for each financial year will fill volumes. The information is, moreover, of a confidential nature.

(2) Yes.

(a) and (b) At the time of the implementation of the GEIS, 10 officials were responsible for the Scheme. Currently 38 officials are involved with the processing and internal verification of GEIS claims, of whom 18 officials from other Directorates and Subdirectorates in my Department are seconded to GEIS. This increase occurred gradually since the middle of 1991.

Over and above the before-mentioned, 6 officials of the Directorate: Business Economics Investigations are being utilised on a full-time basis to attend to external verification actions. Arrangements are presently being made to increase this figure substantially.

Attention is also being given to the possibility of using the services of qualified National Servicemen to ensure the maximum number of claim verifications.

With regard to payments, the services of 3 officials from the Directorate: Financial Management are being used.

(3) No. In terms of section 1 (1) of the Financial Regulations issued under section 38 (1) of the Treasury Act (No 66 of 1975), the Director-General was appointed as the Accountable Officer of my Department. The Director-General is in charge of the funds allocated by Parliament to the Department by means of the annual budget.

Consequently no other person or official of other Departments can issue or sign cheques/warranty vouchers. This is reserved for persons within the Department of Trade and Industry who have proper authorisation and who are authorised signatories.

The issuing, handling and signing of cheque payments/warrant vouchers are in all respects handled in accordance with the Financial Regulations and Treasury Instructions issued in terms of the Treasury Act (No 66 of 1975).

All approved expenditures are subject to auditing by the Auditor-General.

(4) No. Since the inception the GEIS, three officials were involved in irregularities which were not related to GEIS fraud. In one instance warrant vouchers were stolen. In the other two cases officials were bribed to provide information regarding the names and addresses of GEIS claimants to consultants.

(5) In all three cases the staff involved left the service of my Department and charges were immediately laid with the SAP.

State details GEIS spending

610A1 30/4/93 TIM COHEN (746)

CAPE TOWN — The state spent R1,6bn on the general export incentive scheme (GEIS) in 1992/93 and would spend about R1,7bn and R1,8bn in 1993/94 and 1994/95 respectively, Trade and Industry Minister Derek Keys told Parliament yesterday.

He said GEIS would not be abolished in 1994 as export policy had to be stable. Exporters had been told the scheme would be in place until March 1995.

The final decision would be taken with full consideration of SA's treaty obligations in terms of GATT. Although GEIS stood no chance of making a dent in the investment climate, an independent study had just concluded GEIS was a vital export instrument.

The department would have to phase out GEIS if SA acceded to the Uruguay Round Agreement of GATT, in terms of which developed countries had three years, and developing countries six years, to phase out relevant export incentives. As the removal of the anti-export bias proceeded through tariff rationalisation, GEIS would be adjusted.

Hopes of exports helping economy 'have dimmed'

BDAY 30/4/93 (74G) (49)

LINDA ENSOR

CAPE TOWN — Hopes of an export generated stimulus for the economy this year have faded as world economic recovery has been weaker than expected, says Old Mutual's Economic Monitor released yesterday.

"With world growth still sluggish and little chance of much rise in commodity prices in the short term, export receipts will only grow slowly in coming months," the Old Mutual economists said.

"And political risks have increased again following the assassination of Chris Hani. So the risks of continued capital outflows remain large."

The upswing in the US economy was losing steam with its 1993 Gross Domestic Product growth projected at 3% and Germany's between -1% and -2%. A fragile recovery was apparent in the UK.

The Monitor said it now appeared unlikely that the economic growth rate of the Group of Seven (G-7) nations would exceed last year's 1,5%, while a 0,5% decline in SA's GDP growth was expected for this year, compared with the -2,1% last year.

SA exports had been further hampered by the Reserve Bank's policy of keeping the rand strong. At the same time imports had remained high, placing foreign exchange reserves under pressure and keeping interest rates high. However, reserves were expected to recover in the second half of the year.

Except for agriculture, prospects in SA were poor, the general mood had turned more negative and real private consumption expenditure could fall by 1% or more this year, Old Mutual economist Rian le Roux said at a news conference.

He said Old Mutual did not subscribe to the bullish view on gold, believing there was little reason why total supply would not continue to match jewellery and industrial demand even if this demand grew more rapidly over the next few years and mine supply levelled off. The economists were pessimistic about gold's prospects for at least two years and did not believe the gold price would go much higher than $350.

A cut in Bank rate was unlikely until reserves picked up, perhaps in the second half of the year. However, the Old Mutual economists believed the downtrend in the short-term interest rate cycle had merely been postponed and not abandoned. Rates would fall again, but probably only after a lengthy delay.

Inflation should be at about 9% by April next year and remain in single digits for a further 12 to 18 months.

The Monitor noted that investment rates had continued to fall, suggesting that any recovery would be gradual at best as there would be no capacity to raise production sharply.

"In fact, if the world economy recovers, SA producers could lose out on new export markets. Over the past few years they have skimped on research, investment and technology acquisition, weakening their long-term prospects. They may have lost competitiveness."

The recovery would also be constrained by the critical state of foreign exchange reserves.

Govt's export zone blueprint 'a failure'

BiDAY 30/4/93 (229) (746)

KELVIN BROWN

THE Free Market Foundation says government's recent blueprint on export processing zones (EPZ) has done little to attract investment.

"Our concern with the current proposal is that there is nothing in it that will give SA EPZs a competitive edge on investment opportunities, not only in other EPZs, but in entire countries," the foundation said.

The requirement that 100% of the production of EPZ firms had to be exported was unlikely to attract investors. "If they are subject to all SA laws and taxes, and have no more than the benefit of duty-free imports, they might as well invest in any one of the many more favourable zones elsewhere in the world, especially those closer to suppliers and markets, and those with more productive labour and lower taxes."

The foundation also criticised the blueprint for subjecting EPZs to exchange controls.

There was no benefit in the proposal that the zones had to be within 50km of an international airport. Location should be determined by labour, materials and infrastructure.

SA's best shot lies with govt, business and labour troika

BDay 3/5/93

JIM JONES

74G

IN its death throes, the De Klerk government's imperatives have increasingly become short-term. Worse, De Klerk can no longer attract appropriately competent people into his cabinet.

Meanwhile, as the economy slides, government pays lip service to solving the problems it has created and seeks salvation in macro-economic policies that are of limited use unless backed by micro-strategies. The situation is exacerbated by tinkering in response to special interest pleadings rather than as part of a policy designed to provide broader benefits.

Responsibility for defining strategies and policies which will have a chance of solving our economic conundrum has moved and must move away from the present government. That unstated view motivated last week's conference — SA's International Economic Relations in the 1990s — organised by Idasa and the Aspen Institute. It echoed Finance Minister Derek Keys's contention that economic success depends on co-operation between the government, business and labour triad.

The conference's common thread was that SA's best objective would be growth and employment creation through international trade. But that must take into account the fact that exports and international funding will not follow automatically from the introduction of majority government or formal ending of sanctions.

If we are to emulate other fast-developing economies, our policies, like theirs, should be co-ordinated and integrated as part of a national plan enjoying broad support. That does not imply an SA version of Gosplan — far from it. Government intervention will be crucial to facilitate our economic restructuring as it was crucial in the OECD countries.

If we are to attract foreign investment it will be through our own efforts which show SA to be an attractive base for multi-nationals.

SA has been ostracised for too many years and will need to ride a sharp learning curve if it and its neighbours are to emulate the economic performances of other fast-developing countries.

One common conception is that, with an internationally acceptable government in power, this country will benefit almost immediately from easier access to the sub-Saharan region. It will, and no-one disagreed with the idea that greater regional economic integration was something to be pursued as part of SA's economic strategy. But not necessarily as the most important part.

There are regional opportunities and mutual benefits: markets for SA goods technically too poor to be accepted elsewhere; openings for industries such as mining in which SA's skills are among the world's best; internationally funded projects for which SA firms could now tender and greater use of our infrastructure by our neighbours.

Access is unlikely to be unconditional, as UCT professor Francis Wilson and Laurence Cockroft of the UK's Oxford International Associates pointed out. Regional integration implied a willingness by SA to rely less on its own resources and, for example, to trade manufactured goods for maize from Zambia or electricity from Zaire.

And how would a government sensitive to domestic unemployment react to demands that migrants be free to work here in exchange for trade concessions?

Regional integration will be no simpler for sub-Saharan Africa than it has been for Europe. It might be more difficult for a protectionist SA than for countries which have already responded to IMF demands for reduced trade barriers.

Essentially, though, our export future lies in producing manufactured goods for sale to the OECD countries. That will involve broad restructuring to make our products internationally competitive. Decades of protectionism and encouragement of import replacement industries have left most SA manufacturers unprepared for the rigours of an export-driven economic environment. Decades of apartheid have left us with a mass of poorly skilled workers who will have to be trained.

Our clothing and textiles industries are cases in point. Neither is internationally competitive despite years of protection from imports. That would seem to confirm the contention that we need exposure to free international competition as part of the process of improving our technological capabilities. Investment in new plant and equipment and a stern bout of wage restraint are alone insufficient to make our goods competitive in export markets.

It may seem heretical to some SA manufacturers, but there is evidence that low wages can restrain development. Low wages provide little incentive to improve labour productivity. Exchange rate policies which concentrate simply on making basic products price competitive abroad can also impede development.

Nevertheless we have to move away from exchange rate policies designed to prevent capital flight towards policies which stimulate exports.

We have the most advanced manufacturing sector in Africa, with established competencies in many industries. And yet, according to Sanjaya Lall of Oxford University's Institute of Economics and Statistics, large parts of SA industry are neither competitive nor technologically dynamic. We are internationally uncompetitive in products ranging from high-tech electronics to labour-intensive garments.

Of course we have access to foreign technology, but transfers from abroad are generally accompanied by restrictions on making use of the technologies to export.

Competition from abroad, Lall believes, will accelerate our acquisition of technological capability. So, too, would be the development of mid-sized enterprises which our highly concentrated economy lacks. Conglomerates and industrial groups have a purpose if they provide for skills transfers. But it is difficult to see what apart from financial skills are transferred between gold mines and pulp mills lumped under one corporate umbrella. Our conglomerates require little by way of incentives; they have the resources to finance new plants and see them through initial years.

Incentives might be better directed to establishment of smaller, innovative firms which produce new, competitive export products.

Market-friendly intervention or intervention which does not interfere with resource allocation would be necessary to overcome competitive backwardness. Government intervention cannot be selective and intervention which provides protection for specific industries must be conditional on export performance.

Finally a future government is more likely to be able to count on the support of organised labour than the present one. The broad union movement realises that SA faces a crisis of expectations, but that instant gratification is neither possible nor wise. It has proposals for creating an industrial structure that can provide growing, long-term employment.

The days when unions and opposition parties might have believed in the possibility of a state-owned utopia are long gone. They, arguably, have adapted more rapidly to the new SA than have establishment groups. And that adaptation has been accompanied by a burst of creative economic thought. Tapping that and integrating it with the best from business and government will, as Keys never tires of saying, be essential if our economy is to succeed.

SA exports up

4RG 5/8/93

SOUTH Africa's exports increased in value by 4,8 percent to R67,4 billion last year, says the Department of Trade and Industry's annual report.

● Reports by Political Staff and Sapa. (74G)

Expanded scheme to boost exports

946

BDAY 5/5/93

TIM COHEN

CAPE TOWN — Exports increased by 4,8% last year and could be boosted further with the establishment of export processing zones and the expansion of the general export incentive scheme (GEIS), the Trade and Industry Department said.

The department's annual report, tabled in Parliament yesterday, noted that SA's exports rose to R67,46bn last year over 1991.

The manufacturing sector showed particular success.

This increase took place in spite of the sluggish economies of major export partners, and was significantly encouraged by the GEIS, the report said.

About 52% of all GEIS payments were made to the exporters of manufactured products, and this was to be expanded to the services sector, it said.

The compilation of guidelines for the expansion of the scheme had been completed and would be implemented early in the 1993/94 financial year, the report said.

Exports to African countries, excluding Botswana, Lesotho, Namibia and Swaziland, continued to show a remarkable upward trend, increasing from R5bn in 1991 to R6,1bn last year.

SA trade relations with a number of Middle East countries was also strengthened last year.

The report noted that the draft policy and regulatory framework for export processing zones had been completed and was being evaluated further.

The envisaged model was a "traditional fenced model" in which export manufacturers who established themselves in a zone exported their entire production.

In view of the importance of SA's trade relations with the EC it was desirable that trade relations should take place on a more formal basis.

As SA's most important trading partner, the EC consumed 25% of SA's exports, the department said.

In the past, the EC had displayed a "noticeable lack of political will" to promote its relations with SA, although there were favourable signs that the EC might adopt a more favourable attitude in future.

There was a noticeable increase in bilateral trade relations with the US.

But negotiations between SA and 20 other steel exporting countries and the US broke down last year. The negotiations would continue this year.

The report noted that negotiations for a trade agreement between SA and Russia should be finalised soon.

The agreement was similar to the trade agreements concluded with Poland, the Czech Republic, Romania and Hungary except that the agreement would not make

'Korean model not the ideal'

WMail 7/5 - 13/5/93.

(746)

By REG RUMNEY

THOSE wanting affirmation from former Republic of Korea Prime Minister Duck-Woo Nam of their version of the Korean success recipe probably wouldn't have found it at the recent Aspen Institute-Institute for a Democratic Alternative for South Africa conference.

Nam, with the wisdom of someone who has actually taken part in the much-discussed economic miracle, was at pains to acknowledge the failings of policy and the imbalances it has led to.

At the outset, he cautioned: "The basic message I want to convey is not 'Do the same as we did,' but rather 'Try to avoid our mistakes'".

On balance, his paper probably held out less comfort for the proponents of protectionism than those who favour free-markets.

"In simple terms," Nam noted, "international competitiveness means producing better products for lower prices than other countries competing in the international market." But many factors affected price and quality, only one of them being trade policy.

Also, better quality and lower prices could run into protectionist measures such as anti-dumping duties, Nam said.

He summed up some of the lessons to be drawn from the Korean experience of industrialisation and export growth.

●As important as trade policy are dynamism of entrenpreneurship, an exceptionally open economy, free and swift labour mobility from agriculture to industry, and stable labour-management relations enforced by an authoritarian government. A retreat from that authoritarianism has had costs. Worsening international trade and political democratisation since 1990 have led to slower growth, Nam reckoned.

●A realistic exchange rate is a key condition. A free foreign exchange market is desirable, but a government may have to intervene to protect the balance of payments from speculative movement of short-term capital.

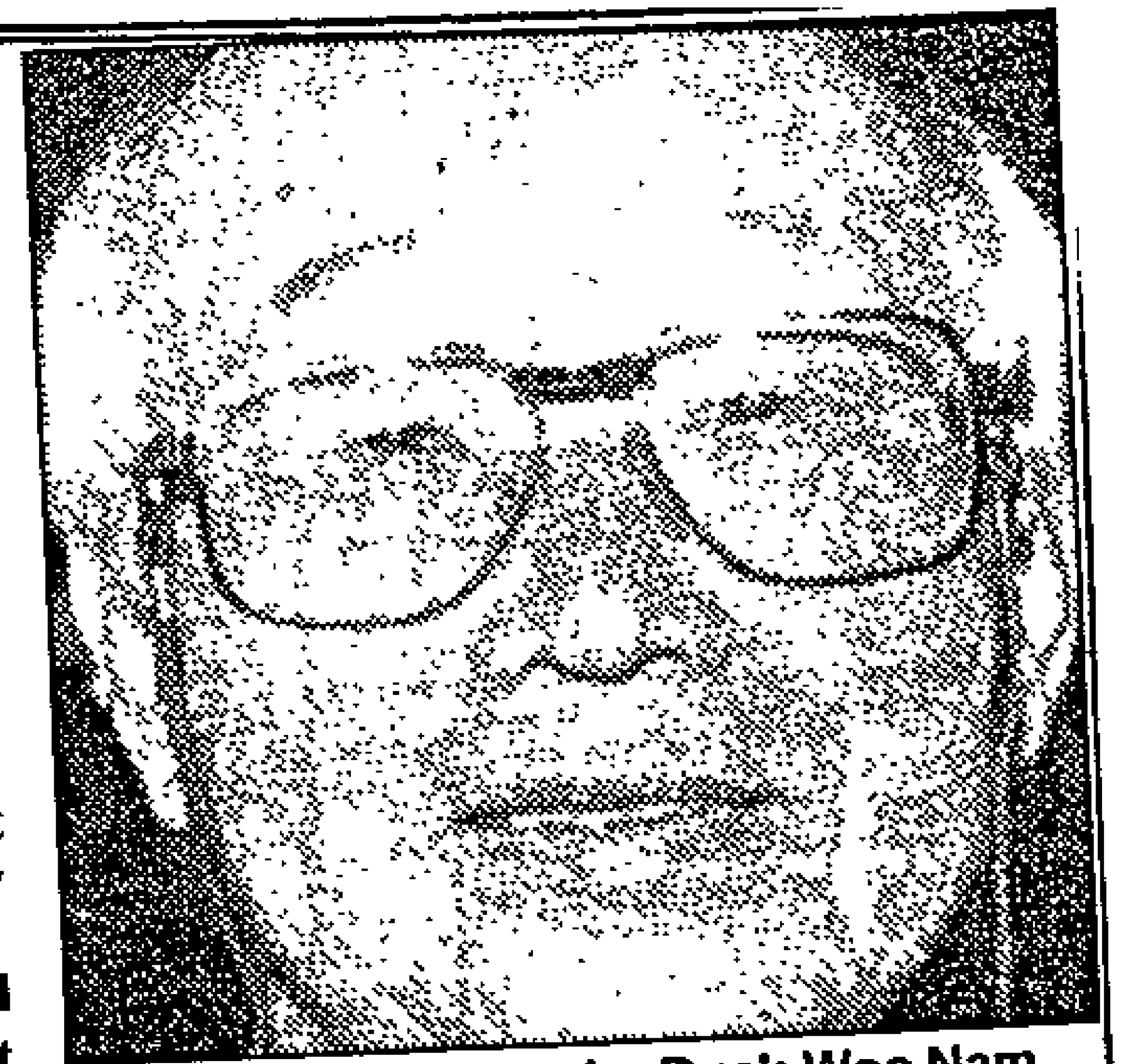
●Exports can only grow rapidly under a free-trade regime, whether natural — the result of liberalisation — or "artificial" — created by selective intervention, as in Korea's case.

●Selective incentives for export are useful only in the first stages of an ambitious export promotion programme when businesses may need to be externally "motivated" to push exports. The government should announce the schedule for phasing out incentive measures when it introduces them to avoid over-protection.

●It is hard to draw a clear line between an import substitution industry and an export industry, and what matters is the prospect of international competitiveness at a future date when protection falls away. Protection of industry, then, seems practical — at least initially.

●Drawing a lesson form Korea's heavy industrial development programme, Nam said such projects should be phased in so as not to overburden the financial capability of investors and the banking system leading to inflationary financing.

The assessment of the long-term prospect of international competitiveness should be based on the assumption there will eventually be no tariff protection. Viability of large-scale investment projects should be determined on the basis of the comparative advantage in the cost of labour, technological advancement and managerial efficiency.



Former Korean premier Duck-Woo Nam

The tide is running high in the industrialised countries against protectionism, including in developing country trade partners. So it's unlikely other developing countries could copy Korea.

"They are better advised to put greater emphasis on the indirect support of export promotion by the government through dissemination of information, education and training of workers, promotion of research and development, providing adequate public facilities including ports, transportation and communications, and above all, adopting a sound macro-economic policy framework in a well-functioning market system."

S/Times (Buss) 9/5/93

Strong yen making life hard for SA car-makers

14F

By DON ROBERTSON

THE rand's continuing decline against the yen has reached critical proportions for some motor manufacturers, especially in the past eight weeks, and could give makers of German cars a pricing advantage.

Since January last year, the rand has lost almost 30% against the yen and almost 14% since January this year. But it has fallen by only 14% and 0,5% respectively against the mark.

The affordability problem facing motorists was brought into focus with the release of the April vehicle sales figures which were well down on the previous month.

The sharp drop in the rand in the past two months has been brought about largely by the yen gaining strongly against the dollar. The rand dipped against the dollar. This affected cross rates.

Dramatic

Opinion is that the strong yen has hit Japanese exporters and yen-dollar rates may soon stabilise. But the rand-yen rate is likely to continue its trend of marginal falls.

"The increase in costs has been dramatic and is a major problem facing the industry," says Brand Pretorius, managing director of Toyota Marketing.

Mr Pretorius says a 1% decline in the exchange rate represents a 1,4% increase in the cost factor.

He believes the quarterly price increase for cars in June will be between 4% and 5%. This follows an average increase in March of 3,5% and a Vat related rise in April of 3,6%.

The higher cost of imported components translates into lower local content because the 75% required by Phase Six is based on the wholesale price of a vehicle.

This results in most assemblers of Japanese-sourced vehicles falling below the 75% minimum, requiring them to pay a surcharge of 50c in the rand to return them to the 75% minimum.

In many instances, manufacturers are able to compensate for this discrepancy through exports which earn an equal 50c rebate.

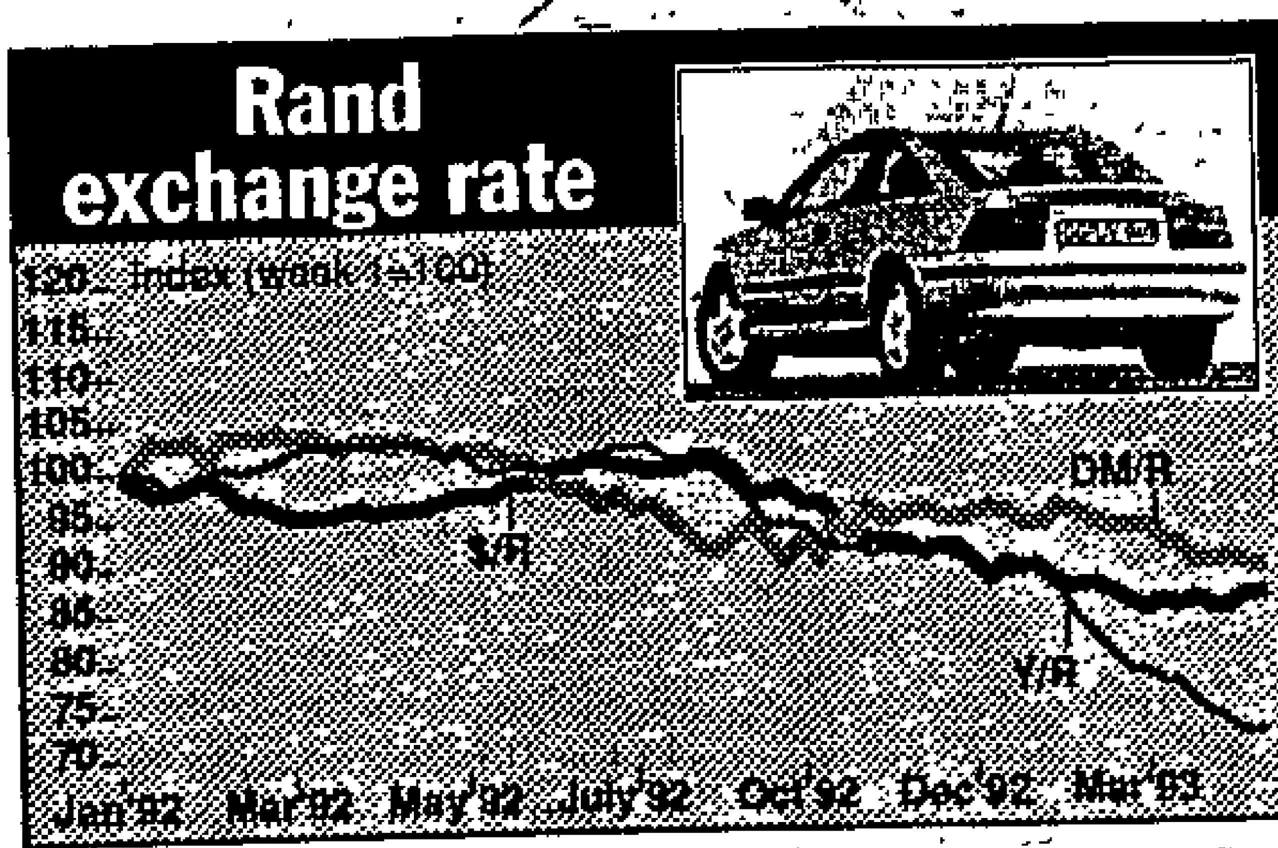
Unlike other manufacturers, Toyota chose to offset Phase Six regulations by increasing local content through a capital expenditure programme for component manufacture. It decided not to increase exports to make up the difference.

John Cuming, marketing and sales director of Delta, says local content of the Isuzu range has fallen to about 65%, but this is more than compensated by exports. The cost pressure on the Opel range, sourced from Germany, is not severe.

Isuzu prices are likely to rise by between 14% and 15% this year.

Stephanus Loubser, managing director of Nissan, believes that if the rand continues to weaken, price increases this year will be about 15% compared with earlier forecasts of 12%. The June increase could be as high as 5%.

Nissan, like other Japanese-sourced companies, will try to increase productivity to contain costs. This could be possible because of the more stable labour force.



Penalties

Peter Cleary, management board member for cars at Mercedes-Benz, says the declining rand means that higher local content penalties have to be paid on the Honda range.

He believes the price of Japanese-sourced cars will rise by about 15% this year.

Most manufacturers bring in, by value, about half of their parts for assembly.

Matt Gennrich, head of public affairs at Volkswagen, says it is unlikely that German manufacturers will benefit from the cost differences.

Since mid-1989 until last year, German-sourced vehicles suffered a similar fate to that now facing buyers of Japanese components.

Volkswagen expects price rises to be kept below inflation.

Car sales in April fell to 14 936 from 18 668 in March.

Figures in March were buoyed by pre-emptive sales ahead of the price increase. The decline of 20%, however, could have been worse had it not been for the extension of the "protection period" to April 28 for cars bought before April 7.

The commercial sector suffered more. Light commercials declined by 29,9% to 7 132 in April from 10 177 in March. Medium trucks lost 44,3% to 192 from 345. Heavy trucks and buses shed 25,3% to 375 from 502.

The National Association of Automobile Manufacturers of SA (Naamsa) forecasts poor sales in the current quarter.

SA wine sales growing in UK

S/Times (C/metro) 9/5/93.

74G

By LEW ELIAS

EXPORTS of South African wine to the United Kingdom have more than trebled since 1990 and are set to do so well internationally that projections for this year are impossible.

Internationally, attitudes towards South Africa have changed — at this stage more noticably in Britain where supermarket chains are listing local wines in several price ranges.

In 1990 South Africa's total wine sales to Britain was 190 715 cases, in 1991 it was 307 614 and last year 604 355 9-litre cases.

Britain accounts for 31 percent of the country's wine exports, with Germany following with 19 percent.

Last year more than 1,5-million cases were exported, but the potential is still great as this figure only represents four percent of production.

The British are very conscious of price and, despite a big promotional push by the SA Wine and Spirit Exporters' Association since the lifting of sanctions, largely ignorant of Cape wine.

British supermarkets have, in terms of wine sales, done a complete turnabout since the start of the decade and are now a major buyer of Cape wines. Some have gone as far as promoting the products in stores that previously refused to stock anything from South Africa.

A problem for the sales of good wine from here is the English reluctance to spend more than £4,99 on a wine unknown to them. With a quick conversion to rand this does not seem to be too bad — but according to Warwick Estate's Stan Ratcliffe a wine has to be produced at R5,36

Paper giants in row over prices

S Times [Buss] 9/5/93

146

By CIARAN RYAN

THE printing industry is at loggerheads with Sappi and Mondi, saying that the paper giants are subsidising an export drive by squeezing local customers.

One printer says paper produced by Sappi and Mondi can be purchased in the US, re-exported to SA and sold for less than the local price after duties of 10% have been paid.

"This story has been making the rounds for 10 years or so," says Bert Ibertson, managing director of Sappi Fine Papers. "In countries we export to we have to meet the local prices and that often means selling overseas at below SA prices."

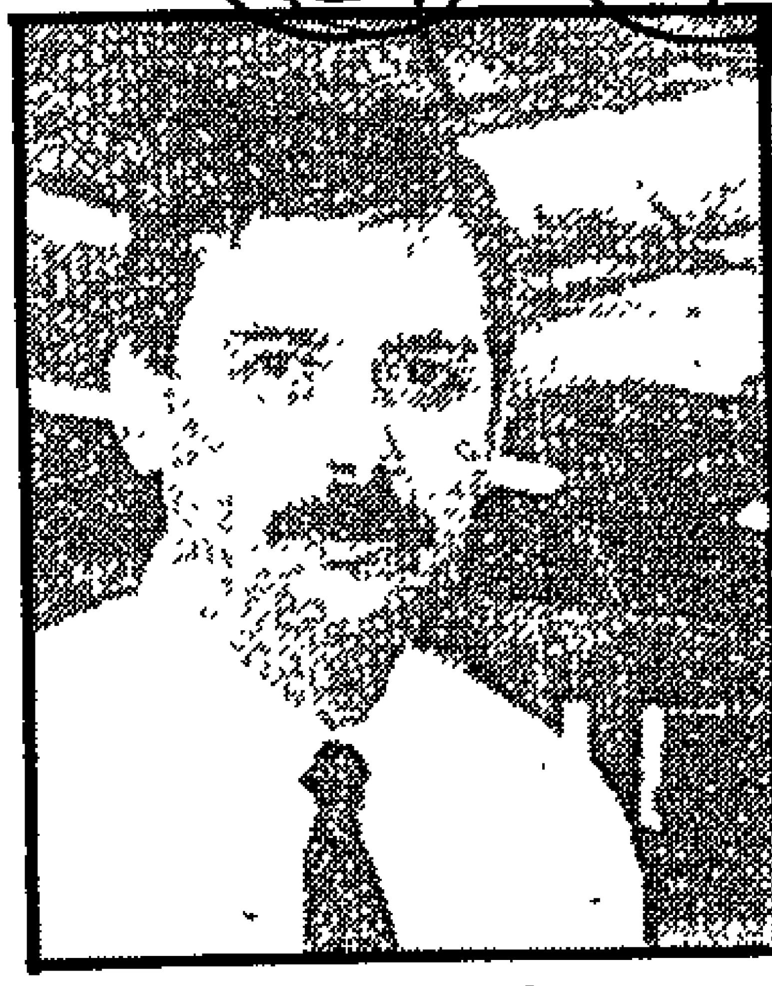
Printers say the high cost of paper is a major reason for the 15% decline in employment in the paper and packaging industry over the last year.

Sappi and Mondi say they enjoy "abysmally low" returns on capital of around 2% although they operate internationally competitive plants.

Both companies have had to endure high inflation and interest rates in a competitive world market.

Accusations of price collusion have also been made against the paper producers.

The paper giants, along with other large exporters, have been warned that their overseas competitors are scrutinising SA companies for dumping violations now that SA trade has opened up.



CHRIS SYKES

Sappi and Mondi have been hit by Brazilian and Canadian paper producers who are being investigated for alleged dumping by the Board on Tariffs and Trade (BoTT). Brazilian papers are being sold in SA at 30% to 40% below the price of locally produced papers.

Imports

Mondi spokesman David Hathorne says the group sometimes exports at a loss, but export sales are necessary to keep plants running at capacity.

The high cost of locally produced paper is blamed for the sharp increase in imports, estimated to be worth 25% of the SA market compared to just 5% in the late '80s.

BoTT is also criticised for levying import tariffs on papers which are not manufactured locally.

"Computer paper can be imported from Korea and Singapore at 10% below local raw material costs," says Chris Sykes, executive director of the Printing Industries Federation. "If local printers had easier access to imported papers they could compete with overseas firms."

Pulp exports qualify for an average 2% benefit and paper 7% under the General Export Incentive Scheme (Geis). But printers say the price difference between local and overseas prices is often as much as 20%.

Some claims by the printing industry are backed by the Cosatu-sponsored Industrial Strategy Project, which refutes Finance Minister Derek Keys' assertion that Sappi and Mondi "compete the hell out of each other".

"Our research findings do not, in general, support this assertion. On the contrary they confirm the rather more orthodox view that suggests that in SA manufacturing a highly concentrated market is conducive to collusive rather than competitive conduct.

"Sappi and Mondi — in common with oligopolies in other markets — do produce some competing products, but, equally, major pulp and paper products are the exclusive preserve of one or other of these companies."

Sappi and Mondi deny charges of price collusion despite identical pricing in a wide variety of products.

Mr Ibertson says such pricing similarities are not uncommon where there are only two producers.

"If there were more producers I am sure the price differences would be greater."

Mr Hathorne says prices paid by customers rarely conform to the price lists because discounts and terms of payment differ.

The government's Normative Economic Model says the paper and pulp industry enjoys "effective protection" of 22%, after protection on inputs and outputs have been factored in. The average ad valorem duty on paper is 10%, 15% for carbonless paper and 25% for labels. Protection on uncoated paper was recently increased from zero to 10% and lowered from 15% to 10% for coated paper.

Mr Hathorne says this protection is lower than in many competing countries.

"The rising level of imports as a result of low tariffs is having a detrimental effect on the economy, not only in the paper and pulp industry, due to domestic production having to be curtailed and, as a result, employees being laid off."

EXPORT OPPORTUNITIES

Japanese seek a wide variety of foodstuffs

BIOM 10/5/93 (746)

TODAY's list of export offers is dominated by foodstuff inquiries, a large proportion of which originate in Japan.

There are inquiries from Mauritius for SA beef and, amusingly, SA crustaceans. One would expect an island nation to have generous supplies of those.

Two queries for fruit juice in powdered form can be pursued via the SA trade consulate on Mauritius, and so can a request for fibre filling for quilts.

There are also interesting queries from nearby Malawi. Okhai Ltd, for example, seeks plant equipment to make instant coffee using the freeze-dried process, while Truck Car Ltd wants machinery ~~to retread~~ tyres, as well as carbon black rubber, presumably for the same process.

There are other seemingly rewarding opportunities in the machinery and equipment category. An inquiry for screws, zinc-plated nuts and washers, and automotive parts from Finland, for instance, holds promise. The enquirer Koivunen Oi is one of the largest importers and distributors of automotive parts, spares and accessories in that country.

Italian company Wimed, which seeks a variety of medical equipment, is also large and well connected. It distributes products through a network of 1 300 retailers.

FOODSTUFFS

02.08.90.
Ostrich meat — Germany. C Guenther. Tel: 0949-711-765-7788; fax: 0949-711-657716.

02.01.10; 02.01.20; 03.06.11; 03.06.12.
Chilled beef and crustaceans — Mauritius. Mascareigne Agro Products, Noel Bhoobun. Tel: 09230-454-6740; fax: 09230-208-8774.

02.07; 02.01; 02.03; 02.04.
Frozen chicken, beef, pork and lamb — Spain. M J Petroquimica, Michael Cohen. Tel: 0934-52-86-3727; fax: 0934-52-86-3972.

03.03.78.00; 03.06.12.00.40; 03.03.79.40.90.
Whiting, lobster, kingklip — US. Seachase Foods Inc, Mel Jones. Tel: 091-708-206-0800; fax: 091-708-798-0168.

03.01; 03.02; 03.04; 03.06; 03.07.
Fish and crustaceans, molluscs and other aquatic invertebrates — France. Crust Import, B K Alibakir. Tel: 0933-94-24-0064; fax: 0933-94-24-9626.

03.04.90.
Frozen fish fillets — US. Basic Food International, John Bauer. Tel: 091-305-467-1700; fax: 091-305-764-5110.

03.03.
Frozen fish — Italy. Mondo Mare SRL, A Mariani. Tel: 0939-584-38-0413; fax: 0939-584-38-0386.

08.13.40.
Dried raisins — France. Forchy, Monique Fouly. Tel: 0933-35-95-0602; fax: 0933-35-96-5749.

08.00; 07.00; 21.00.
Fresh fruit and vegetables — US. Ashok Chotai. Tel: 091-215-752-8140; fax: 091-215-752-1310.

09.02; 09.01.
Tea and instant coffee — US. International Innovations, Richard Gonda. Tel and fax: 091-212-371-0102.

16.05.90.
Canned abalone — Japan. Gima Honten, H Uechi. Tel: 0981-98-875-3883; fax: 0981-98-875-5026.

20.08.11.110; 22.04.21.000.
Peanut butter; wine in containers — Japan. Daimon Shoji Co, J Higamon. Tel: 0981-98-887-2950; fax: 0981-98-886-2703.

19.05; 90.312.
Cookies and biscuits — Japan. Kiraku Hanashiro, S Hanashiro. Tel: 0981-98-877-7533; fax: 0981-98-877-8513.

20.09.
Fruit juice in powder form — Mauritius. c/o SA Trade Consulate, Ariane Constantin. Tel: 09230-212-6925; fax: 09230-212-9346.

20.09.
Pineapple juice, straight or concentrated — Japan. Fuji Trading Co, Mr Ukai. Tel: 0981-3-3851-0231; fax: 0981-3-3851-0434.

20.09.
Fruit juice in powder form — Mauritius. Gamma Construction Co, Bruce Ross. Tel: 09230-454-1993; fax: 09230-454-1592.

20.09.90; 08.13; 08.12.90.
[illegible] Impex, Patel; tel: 091-908-906 6637, fax: 091-908-906 0855.

39.01.
Polyethylene stretch film — Italy. Darin, Carlo Gasparini; tel: 0939-2-5830 4357, fax: 0939-2-5830 3697.

39.23.
Plastic bottles — UK. M Gilbert (Greenford), Richard Gilbert; tel: 0944-81-864 6566, fax: 0944-81-864 1881.

ORGANIC PRODUCTS

41.07.29; 41.07.90; 44.20.10.
Crocodile leather, ostrich leather and handcrafted items of wood — Japan. Yamauchi Sangyo, Masato Yamauchi; tel: 0981-98-862 7474, fax: 0981-98-868 7433.

44.09.10.90.
Multilayered beechwood and eucalyptus wood — Italy. Ondaflex Spa, purchasing director; tel: 0939-6-908 5092, fax: 0939-6-908 5398.

TEXTILES

52.08. — 52.12.
Cotton textiles — UK. Ringhart (UK), Chabil Tejura; tel: 0944-81-646 0181, fax: 094-81-646 1522.

53.11.00.90.
Sisal fabric for polishing and grinding accessories — Germany. Capco Handels, Karsten Jasperson; tel: 0949-40-893 079, fax: 0949-40-890 1474.

56.01.22.1.
Fibre filling for quilts — Mauritius. c/o SA Trade Consulate, Arianne Constantin; tel: 09230-212 6925, fax: 09230-212 9346.

Chapter 62
Woven apparel — UK. Dunmow Trading, A Choda; tel and fax:0944-71-247 6259.

GLASS, STONES

70.10.90.00.
Glass bottles for perfume — Malawi. International Trade Contact, A Osman; tel: 09265-644 105, fax: 09265-643 389.

METALS

72.03.10.00; 76.01.10.60.
Permanent mould cast iron; permanent mould aluminium — US. Ray Hodge & Assoc, Ray Hodge tel: [illegible]

RMP

RAND MINES PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 68/01239/06)
("RMP")

BARPROP

Barlow Rand Properties Limited

(Incorporated in the Republic of South Africa)
(Registration number 05/09815/06)
("Barprop")

[C]onsolidation of Barlow Rand's property interests

– the passing by RMP ordinary shareholders in general meeting of the necessary resolutions to approve and implement the acquisition of Barlow Rand's ordinary shareholding in Barprop.

Barlow Rand's investment in its property interests

The structure of Barlow Rand's property interests before and after the consolidation is as follows:

Before consolidation:

BARLOW RAND*

56%

78% (80%)*

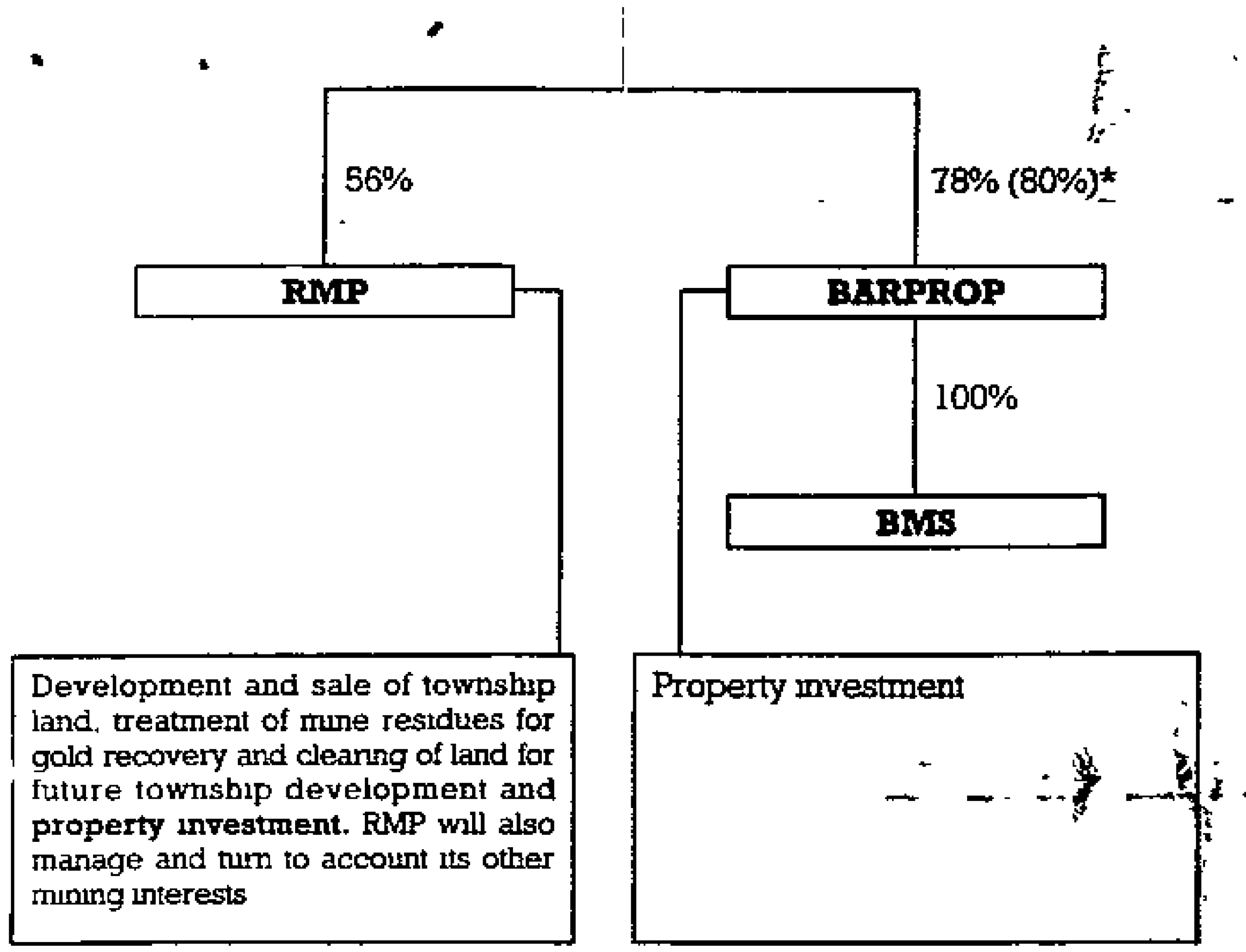
RMP

The effects of the proposed consolidation of Barlow Rand's property interests on an RMP shareholder are as follows:

RMP shareholder	Earnings per RMP share for the year ended 30 Sept 1992	Earnings per RMP share for the year ended 31 March 1993	Net tangible asset value per RMP share at 30 Sept 1992	Net tangible asset value per RMP share at 31 March 1993
Before (cents)[1]	104,33	67,96	1 091,1	1 082,3
After (cents)	101,68	74,43	1 086,3	1 079,3
% Increase/ (decrease)	(2,54)[2]	9,51[3]	(0,44)	(0,28)

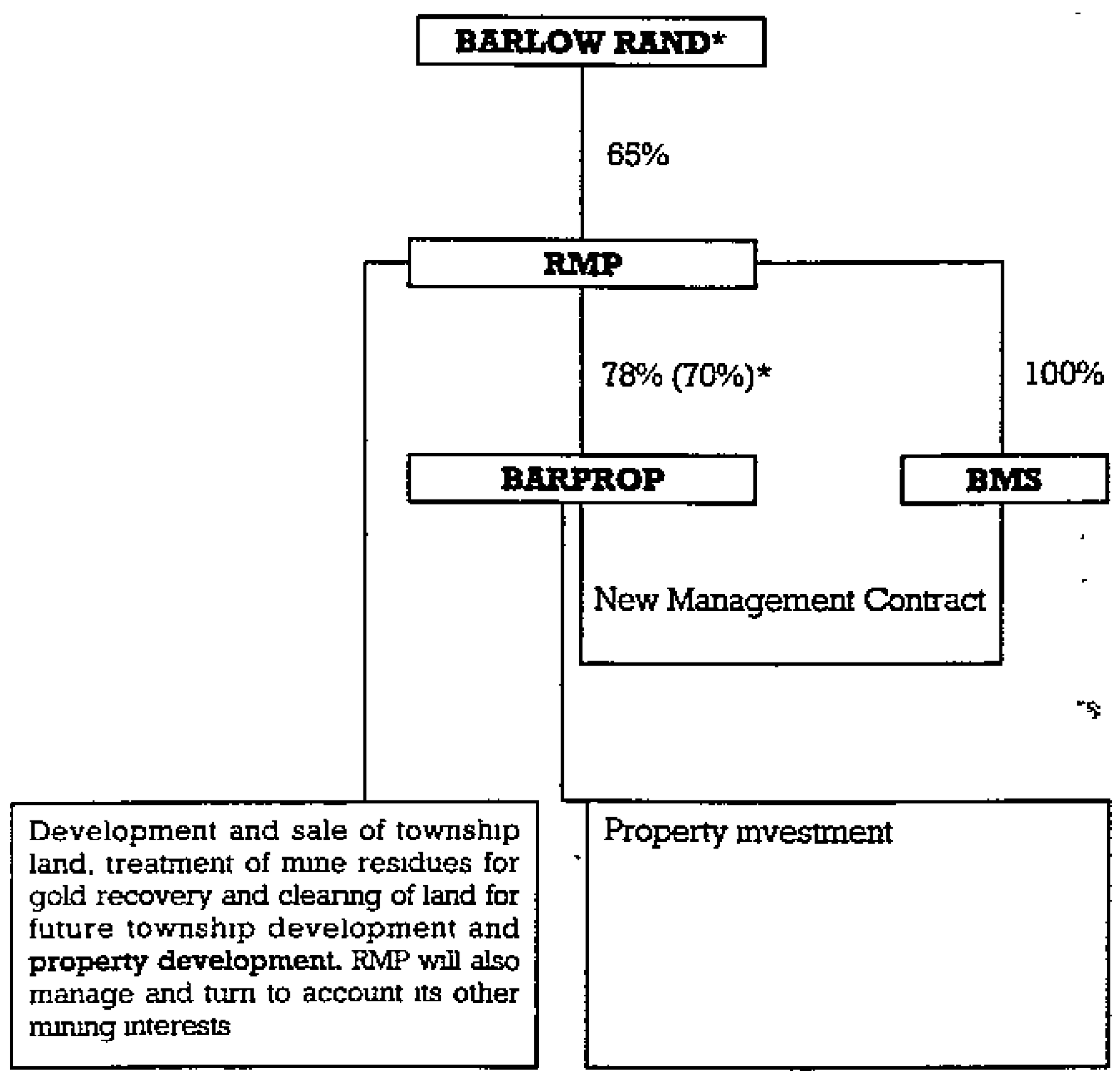
Notes:

1. *Taking into account the sale of the R26 million of investment properties to third parties.*
2. *Assuming the consolidation had been effective for the entire financial year ended 30 September 1992.*
3. *Assuming the consolidation had been effective for the 12 months from 1 April 1992 to 31 March 1993.*



Barlow Rand holds 8 925 519 deferred shares in Barprop, which when converted would result in its interest being 80%.

After consolidation and before the offer to RMP outside shareholders:



**Barlow Rand will retain its holding of deferred shares in Barprop. These deferred ordinary shares do not entitle the holder to any dividends and are convertible into the same number of ordinary shares as and when the land reserves relating to such shares are developed, utilised for commercial or industrial purposes, or sold.*

properties to third parties.

2. Assuming the consolidation had been effective for the entire financial year ended 30 September 1992.

3. Assuming the consolidation had been effective for the 12 months from 1 April 1992 to 31 March 1993.

BARPROP

Earnings per Barprop share will not be affected and there will be no effect on the net tangible asset value per Barprop share.

BARLOW RAND

Barlow Rand's earnings per share and net tangible asset value will not be affected by the proposed consolidation.

Fair and reasonable

FirstCorp has considered the terms and conditions of the proposed consolidation and is of the opinion that they are fair and reasonable to the outside shareholders of RMP

Barprop outside shareholders and loan stockholders

The Securities Regulation Panel has ruled that no offer need be made to the Barprop outside shareholders on the basis that this consolidation does not constitute an affected transaction in terms of the Securities Regulations Code on Takeovers and Mergers ("the Code"). However, should there be any change in control of RMP in the future, a comparable offer must be made to the Barprop outside shareholders at that time in terms of rule 6(3) of the Code.

UAL Merchant Bank Limited, the trustee of the Barprop loan stockholders has confirmed that, in its opinion, the rights of the loan stockholders are not affected by the proposed consolidation.

Offer to RMP outside shareholders

Subject to the approval of the consolidation of the property interests by RMP shareholders in general meeting, Barlow Rand intends to make an offer by way of a renunciation to RMP outside shareholders to enable them to substantially maintain their percentage shareholdings in RMP prior to the consolidation. This offer to acquire RMP shares will be at a price of 775 cents per RMP share and will be in the ratio of 25 shares in RMP for every 100 RMP shares held.

If the RMP outside shareholders accept the offer in full, Barlow Rand's percentage shareholding in RMP will remain at approximately its present level of 56%.

If the consolidation is approved, an offer document will be sent to RMP shareholders following the general meeting of RMP

Transfer of listing

As a result of this consolidation, the primary focus of the enlarged RMP Group will be the development and sale of township land, property development, property investment and the treatment of mine residues for the recovery of gold and clearing of land for future township establishment. An application will be made to the JSE, subject to the approval by the RMP shareholders of RMP's acquisition of Barlow Rand's ordinary shareholding in Barprop, to transfer the listing of RMP's ordinary shares from the Financial – "Mining Holding" sector of the list to the Financial – "Property" sector.

Due to the limited volume of trading and the costs associated with maintaining the listing on the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the LSE"), application will be made to the LSE to cancel this listing with effect from 31 May 1993.

Documentation

— [illegible] Gamma Construction Co, Bruce Ross. Tel: 09230-454-1993; fax: 09230-454-1592.

20.09.90; 08.13; 08.12.90.
Concentrated fruit juice; Dried fruit, nuts; frozen tropical fruit pulp or puree — Japan. Taira Trading Co, Koyu Kinjo. Tel: 0981-98-858-0078; 0981-98-858-0198.

22.02.90-(100); 22.05.60-(011).
Canned asparagus — Japan. Wakugawa Shokai, Z Wakugawa. Tel: 0981-98-866-9183; fax: 0981-98-866-9219.

CHEMICALS, MINERALS, PLASTICS

28.23.00; 28.22.00.
Titanium dioxide, food grade, cobalt hydroxide, standard grade — Romania. Concept Ltd, Edward Manole. Tel: 0940-1-312-3921; fax: 0940-1-312-2018.

Chapter 28-38; Chapter 30.
Chemicals, pharmaceuticals — UK. Chemical and Pharmaceutical Technology, Anthony Beaumont. Tel: 071-490-3633; fax: 071-490-3733.

Chapter 30; 33.05-33.07; 17.04.
Pharmaceuticals; toilet preparations; sugar confectionary — UK. Global Trading Enterprises, Marek Lorys. Tel: 0944-296-662-074; fax: 0944-296-662-409.

Chapter 30.
Pharmaceuticals and veterinary supplies — Malawi. Salfer Pharmacy, F A Mussa. Tel: 09265-740-499/741; fax: 09265-742-325/743.

30.02.
Lactic ferments — France. Laboratoires Standa, G Legrand. Tel: 0933-31-74-5232; fax: 0933-31-73-1357.

Chapter 33
Oils and resin, oils perfumery; cosmetic or toilet preparations — France. Phusis, Y Vincent. Tel and fax: 0933-94-32-4949.

33.04.00.00.
Cosmetics — US. Don Johnson. Tel: 091-612-222-3038; fax: 091-612-644-0412.

34.04; 21.03 20.09.
Wax from sugarcane; tomato paste; concentrated fruit juices — Japan. Amajin Co, Mr Maruyama. Tel: 0981-3-3666-6131; fax: 0981-3-5640-2717.

38.23.
Chemicals (micro crystalline cellulose) — US. Elite

72.03.10.00; 76.01.10.60.
Permanent mould cast iron; permanent mould aluminium — US. Ray Hodge & Assoc, Ray Hodge; tel: 091-313-641 7659, fax: 091-313-641 0657.

73.01.
Spin cast iron or steel rolls, chilled cast iron or steel rolls — US. Metal Products International, Ernest Trescher; tel: 091-203-622-8569, fax: 091-203-661 4397.

73.02.
Railway track, spikes, bolt, plate, seats — Chile. Sigsig Ltda, Fernando Plominsky; tel. 0956-2-698 8862, fax: 0956-2-696 1985.

MACHINERY, EQUIPMENT

73.18.
Screws (DIN 933/931-8), zinc-plated nuts (DIN 934/985-8) and steel washers (DIN 125,2021), automotive spare parts and accessories — Finland. Koivunen Oy, Jari Piipo or U Joki; tel: 09358-0-35011, fax: 09358-0-350 1200.

76.14.10.
Aluminium distribution cable — UK. Drafix Services, S Howard; tel: 0944-892-784 277, fax. 0944-892-784 138.

84.15.82.90.
Air conditioning for cars — France. Energaz Carburation, J Pelino; tel: 0933-9309-2703, fax: 0933-9309-2704.

84.38.80.00.
Plant equipment to make instant coffee — Malawi. Okhai Ltd, Maria Giannakis; tel: 09265-644 822, fax: 09265-643 446.

84.77.50.00; 40.05.10.00.
Machinery to retread tyres, carbon black rubber — Malawi. Truck Car Ltd, Mohammed Dosani; tel and fax: 09265-652 548.

90.18; 90.18.1; 90.18.11; 90.18.19; 90.18.3; 90.18.31; 90.19.
Medical and surgical instruments; electro-diagnostic apparatus, electro-cardiographs; syringes, catheters and the like; artificial respiration apparatus — Italy. Wimed SPA, Enrico Bassani; tel: 09392-2-506 2151, fax: 0939-2-506 2467.

90.21.
X-ray machines, physical therapy and rehabilitation apparatus — US. Biodex, Charles Remsburg; tel: 091-516-924 9000 (x205), fax: 091-516-924 9620.

Probe into Durban firms' export activities

DURBAN — The export activities of two Durban companies were under investigation by the Office for Serious Economic Offences, office assistant director Chris van Vuuren said. BIDAY 11/5/93.

The probe into garment manufacturer Two Way Clothing began in December and would continue for some time, Van Vuuren said, adding that his office recently began investigating another Durban firm, the 88 Group of Companies.

The 88 Group of Companies CE Rodney Brett said yesterday the company was not associated with Two Way Clothing. Companies in the group included Cashop, Southern African Retailers' Corporation and Hondring Manufacturers. 74G

Van Vuuren said the allegations against the companies involved export incentives, but he refused to give further information.

The Office for Serious Economic Offences said recently that offences involving about R2bn were being investigated, including cases involving nearly R400m in the clothing industry. — Reuter.

Heightened competition helps reduce cargo rates

BDay 12/5/93 (74F)

IMPORTERS and exporters are enjoying lower cargo freight rates as freight forwarders and airlines become more competitive and strive to improve profitability.

International and domestic traders can expect to ride the crest of the wave for a while as freight services shave costs to offset profit margins under pressure until global economies improve.

These developments are deduced from an update on industry developments by SA Association of Freight Forwarders president Peter Krafft and SAAFF executive director Alan Cowell.

Noting that 1992 might have been the nadir in the forwarding industry, Cowell says 1993 may begin to show slightly improved profitability.

"Every forwarding organisation is looking at all methods to improve efficiency and profitability and there are an increasing number of container groupage operators entering this highly competitive field.

"This has been fostered by the growing number of smaller shipments in consequence of the adoption of the just-in-time (JIT) inventory system by international traders."

He says JIT limits the holding of stocks to a minimum through ordering of more frequent but smaller quantities of supplies. These smaller shipments lend themselves ideally to groupage operations.

Krafft says airfreight is becoming more competitive, with importers and exporters benefiting from the entry into the domestic market of competitors to SAA.

Expected results are greater efficiency, better attention to detail and a small measure of reduction in costs.

ALAN COWELL

However, one area of concern to forwarders in the domestic arena is the consistent refusal by SAA to issue cargo manifests indicating what cargo is being carried flight by flight between points in SA.

"We regard these as essential as evidence that cargo offered for a particular flight was actually conveyed thereon. We hope that competition will motivate SAA to provide this facility."

Krafft says the arrival of so many new foreign carriers at SA airports has substantially increased competition for international airfreight and softened rates on many air routes. While this benefits importers and exporters, it also reduces the commission of many IATA-approved forwarders, who must thus sharpen their efficiency and improve their services.

Henneways Freight Services MD and former SAAFF president Pat Henegan says another benefit is that imports and exports are no longer subject to the advanced booking arrangements required by the five main airlines.

On the recent trend to integrated carriers, Krafft says they appear to be quite successful in certain highly industrialised areas of the world. In the SA context, however, they tend to fall by the wayside.

"This is because the volumes of airfreight in absolute terms do not justify the mechanism."

On the maritime front, Cowell says the "flagging out" of ships to registers of convenience, where taxation and wage levels for crews are not so onerous, is becoming increasingly apparent.

It is believed that even Safmarine is considering adopting this policy because of the intensity of competition in the seaborne trades.

However, he says the implications of this could be serious for SA citizens, particularly with current unemployment levels. An effort is being made to counter this by improving the training of deckhands, seamen and officers.

Again, these problems are increasing the price war in the seaborne trades.

"It is, however, not clear whether the consequences of these factors in the long term may lead to a deterioration in the quality of service offered or even result in higher risks of loss of, or damage to, cargo, which in turn could lead to an increase in insurance premium rates."

Cowell says that despite couriers being highly competitive, the value of their services has been recognised over the years.

"The courier business is complementary to the broader forwarding business and is in a steady upward trend in respect of which there seems little reason to see any ceiling during the coming year."

GATT-acceptable industrial policy needed

BDM 12/5/93 74G

A MODEST increase of about 2% expected in the growth rates of major industrialised economies bodes well for exporters and forwarders, says Credit Guarantee economist Luke Doig.

He expects maximum advantage to accrue provided SA can introduce a coherent, GATT-acceptable industrial policy.

Although world growth rates are looking up, the recovery is still patchy.

The lack of synchronisation is aggravating the current lethargy within global economic activity.

"The US, Canada and Turkey are showing robust signs of recovery, while Australia and New Zealand should begin to grow substantially later this year and into 1994.

"The vast Pacific Rim countries are still showing real growths of more than 5%, while the Chinese economy is expected to grow by a real 10% this year.

"Even a few Latin American countries — Chile, Colombia, Mexico and Venezuela — are showing vibrant signs of growth."

However, Doig says SA must get its industrial policy in order if it is to benefit fully from these developments.

"The absence of a co-ordinated, realistic and GATT-acceptable industrial policy within SA will handicap its potential as an exporting nation, and the formulation of such a policy remains urgent."

The philosophy underlying GATT is the elimination of import tariffs and export subsidies in order to expand unilateral trade. SA's import tariffs and EMA and GEIS regulations fly in the face of this and should be reduced or removed.

In particular, subsidies resulting in export prices that are lower than domestic prices are totally at variance with free trade principles.

He says local business can no longer rely on protection from Pretoria, which has sheltered them from the harsh realities of an openly competitive world economy.

However, the absence of a coherent and GATT-acceptable economic policy should not deter exporters from exploiting the many lucrative niche markets that currently exist or are developing abroad, says Doig.

Importers, exporters urged to take advantage of incentives

B/DAY 12/5/93 (746)

IMPORTERS and exporters should work closely with clearing agents to ensure they receive maximum benefit in terms of new opportunities and incentives for two-way trade.

It is vital to exploit the rapid expansion of trading opportunities as SA regains credibility internationally, says Deloitte & Touche senior manager (customs & international trade consultancy) John Clifton.

"Importers should be aware of the increasing number of trade agreements between the SA government and foreign governments that provide for preferential rates of duties on each others' goods on a reciprocal basis."

They should also obtain, where possible, relief of duty offered by industrial and general rebates of duty in terms of the amended Customs & Excise Act.

He says that to be fully cost-effective and competitive, importers should examine their tariff classifications critically and verify they are paying the correct rates of duties.

The customs tariff is extensive and its interpretation complex.

An error in classification could lead to overpayments in duties to the disadvantage of product competitiveness.

Equally important is to ensure the classification is correct to avoid the Customs Department having to call underpayment of duties and possibly impose penalties.

Defer

Bonded warehouses should also be used as they enable importers to defer payment of customs revenue and VAT until goods are removed from the warehouse.

Clifton says the exporter should be aware of and take advantage of the various incentive schemes such as GEIS, Section 37E of the Income Tax Act, the Regional Industrial Development Programme and at least five other incentive programmes.

"In addition, the Customs & Excise Act 91 of 1964 as amended allows for various rebates, refunds and drawbacks of customs duties."

Government's plans for the establishment of export processing zones will give rise to a wide range of financial and other incentives for users.

Among them will be exemption from import duties, excise duties and surcharge payments on plant, equipment, components and raw materials. VAT is also exempt payment, whether the items are sourced overseas or domestically.

There is unrestricted transfer of dividends, royalties and interest in commercial rand in accordance with Reserve Bank regulations and applicable tax provisions, says Clifton.

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ALAN COWELL

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SA wines top Chile, NZ in UK

From CHRIS BATEMAN

LONDON. — South African wine producers expect to sell one million cases in Britain this year — a full year ahead of the target date they set themselves on entering this market two years ago.

Dr Jannie Retief, chairman of the South African Wine and Spirits Exporters Association, said at the third annual Wines of SA tasting in London yesterday that South African producers had outstripped Chile and New Zealand in exports to the United Kingdom.

They had used the wine-tasting expo to increase exports from 320 000 cases in 1991 to more than 680 000 cases last year.

Dr Retief predicted that the the one-million-case barrier would be broken by the end of this year.

Asked about South African producers who had begun exporting wine in bulk to bottle it in Britain and gain market advantage, Dr Retief said the monopoly held by Consol Glass in South Africa was "a problem".

"We're against bulk because we have a responsibility to employ people — about 300 000 — and this could put them out of jobs," he said.

CT 14/5/93

GENERAL NOTICES

NOTICE 399 OF 1993

DEPARTMENT OF TRADE AND INDUSTRY

MERCHANDISE MARKS ACT, 1941
(ACT No. 17 OF 1941)

PROHIBITION OF THE USE OF A CERTAIN NAME, ABBREVIATION AND EMBLEM

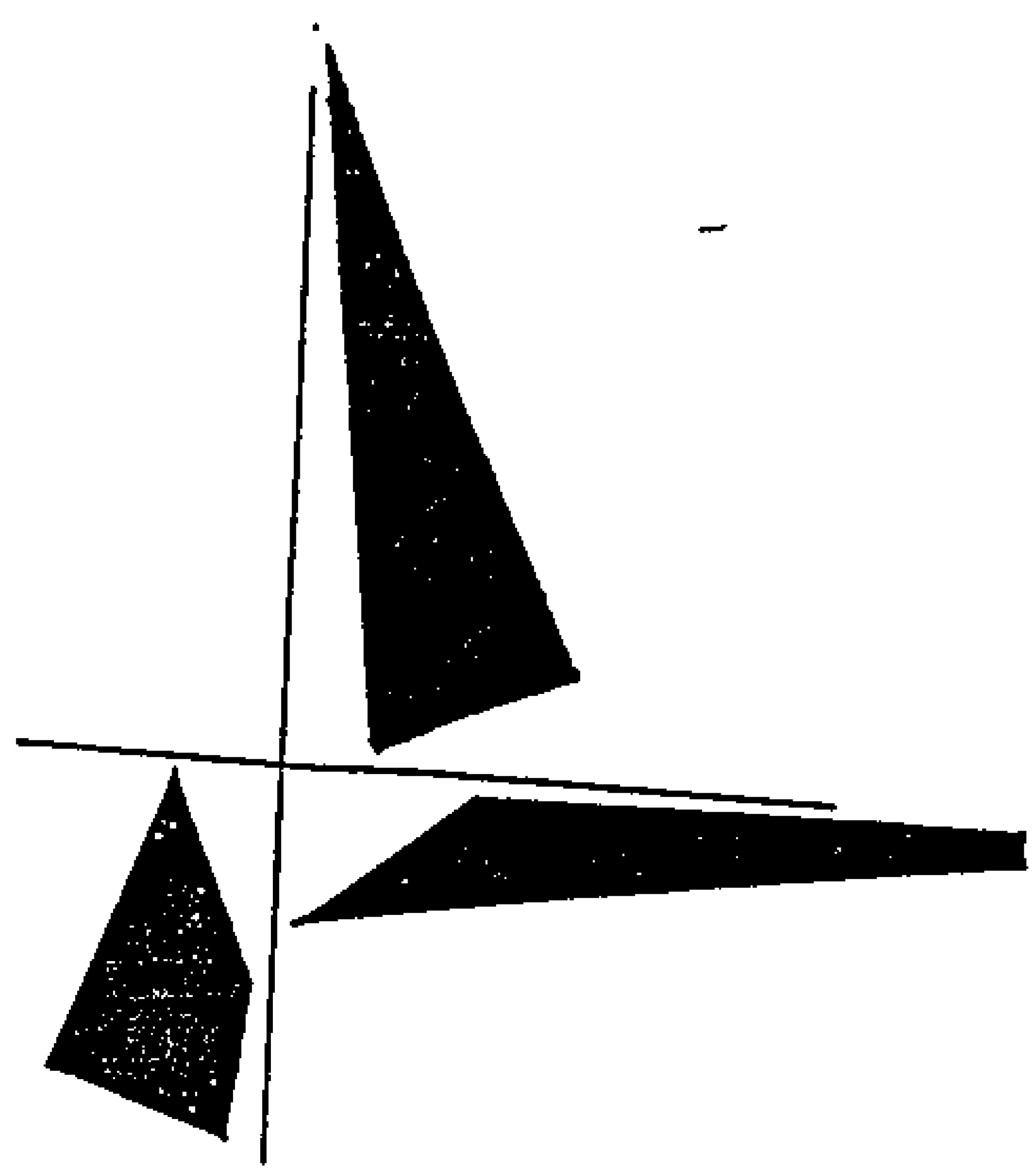
I, David de Villiers Graaff, Deputy Minister of Trade and Industry, acting on behalf and by direction of the Minister of Finance and of Trade and Industry, hereby prohibit under section 15 (1) of the Merchandise Marks Act, 1941 (Act No. 17 of 1941), the use of the name, abbreviation and emblem of the Benelux Trade Mark Office, only in so far as the words and letters are used together with the emblem, in connection with any trade, business, profession or occupation or in connection with a trade mark, mark or trade description applied to goods, other than the use thereof by the said office or its mandatories.

BENELUX-MERKENBUREAU

BUREAU BENELUX DES MARQUES

BMB = Belelux-Merkenbureau

BBM = Bureau Benelux des Marques



The above-mentioned mark was available for inspection at the office of the Registrar of Trade Marks pursuant to Notice 227 of 1993.

(14 May 1993)

NOTICE 400 OF 1993

CENTRAL STATISTICAL SERVICE

THE HEAD: CENTRAL STATISTICAL SERVICE notifies for general information that the Consumer Price Index is as follows:

Consumer Price Index, all items (Base 1990 = 100)

March 1993 = 139,6.

(14 May 1993)

ALGEMENE KENNISGEWINGS

KENNISGEWING 399 VAN 1993

DEPARTEMENT VAN HANDEL EN NYWERHEID

HANDELSWAREMERKE-WET, 1941
(WET No. 17 VAN 1941)

VERBOD OP DIE GEBRUIK VAN 'N SEKERE NAAM, AFKORTING EN EMBLEEM

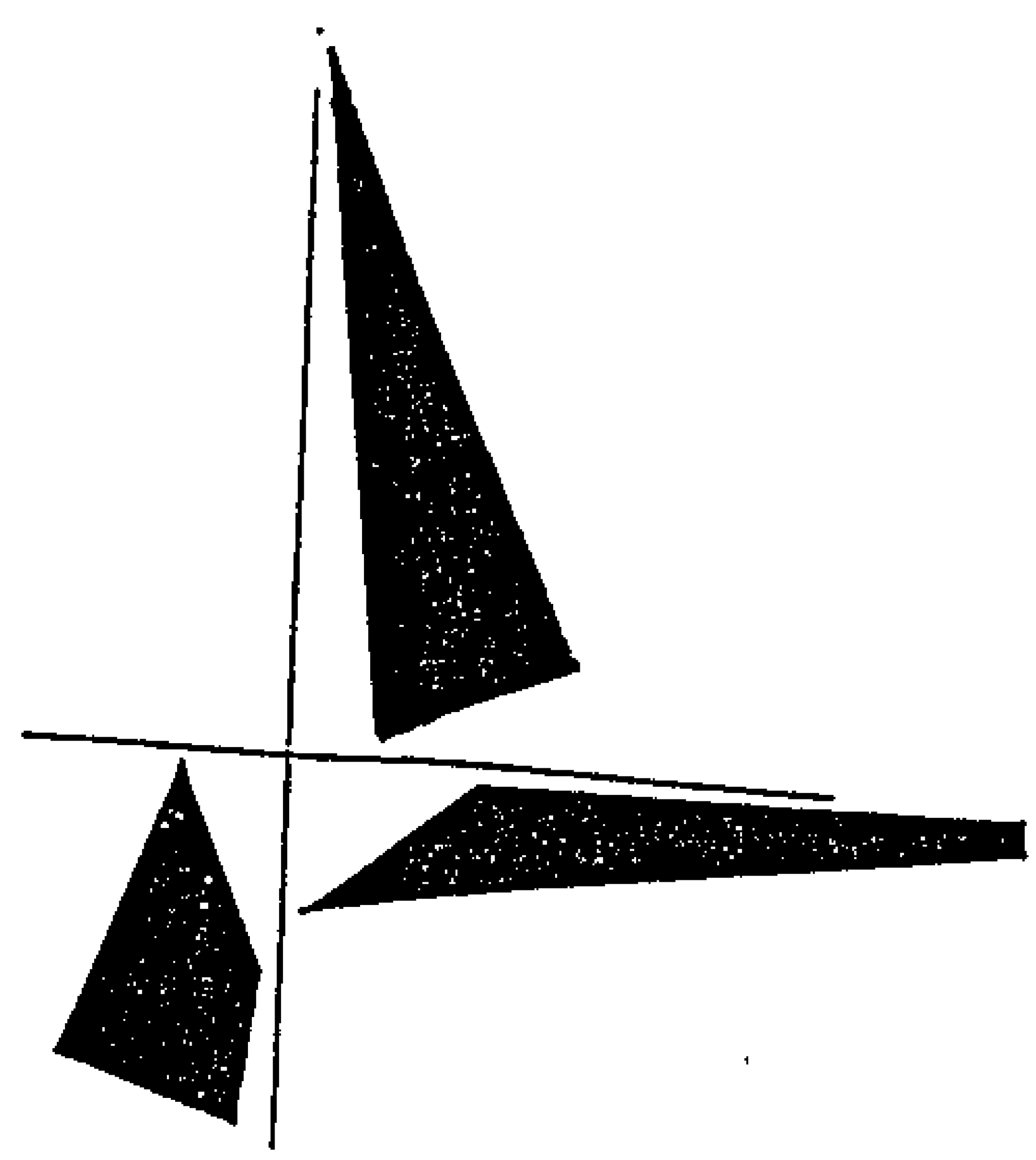
Ek, Dawid de Villiers Graaff, Adjunkminister van Handel en Nywerheid, handelende namens en in opdrag van die Minister van Finansies en van Handel en Nywerheid, verbied hierby ingevolge artikel 15 (1) van die Handelswaremerke-Wet, 1941 (Wet No. 17 van 1941), die gebruik van die naam, afkorting en embleem van die Benelux Handelsmerkekantoor, slegs in so verre as wat die naam en afkorting saam met die embleem gebruik word, in verband met enige handel, besigheid, beroep of bedryf in verband met 'n handelsmerk, merk of handelsomskrywing wat op ware aangebring is, uitgesonderd die gebruik daarvan deur die bogenoemde kantoor of sy gevolmagtigdes.

BENELUX-MERKENBUREAU

BUREAU BENELUX DES MARQUES

BMB = Belelux-Merkenbureau

BBM = Bureau Benelux des Marques



Bogemelde merk het ingevolge Kennisgewing 227 van 1993 ter insae gelê by die kantoor van die Registrateur van Handelsmerke.

(14 Mei 1993)

KENNISGEWING 400 VAN 1993

SENTRALE STATISTIEKDIENS

DIE HOOF: SENTRALE STATISTIEKDIENS maak vir algemene inligting bekend dat die Verbruikersprysindeks soos volg is:

Verbruikersprysindeks, alle items (Basis 1990= 100)

Maart 1993=139,6.

(14 Mei 1993)

(746)

NOTICE 401 OF 1993 • KENNISGEWING 401 VAN 1993

PRELIMINARY STATEMENT OF TRADE STATISTICS OF THE REPUBLIC OF SOUTH AFRICA RELEASED BY THE COMMISSIONER FOR CUSTOMS AND EXCISE

VOORLOPIGE OPGAWE VAN HANDELSTATISTIEK VAN DIE REPUBLIEK VAN SUID-AFRIKA VRYGESTEL DEUR DIE KOMMISSARIS VAN DOEANE EN AKSYNS

Remark: The import and export figures reflected in this statement have been adjusted largely to bring them into line with the requirements for the compilation of the balance of payments.

The undermentioned data entails the total foreign trade statistics of the common customs area of the Republic of South Africa, Botswana, Lesotho, Swaziland, Namibia as well as Transkei, Bophuthatswana, Venda and Ciskei.

N.B.: The change-over to the Harmonized Tariff System with effect from 1 January 1988, altered the classification of certain commodities. When comparing the section totals for 1988 and later years with those of previous years the possible differences due to the change-over should therefore be taken into consideration.

Opmerking: Die in- en uitvoersyfers wat in hierdie opgawe verskyn is grootliks aangepas om dit in ooreenstemming te bring met die vereistes wat gestel word vir die opstel van die betalingsbalans.

Die ondervermelde syfers omsluit die totale buitelandse handelstatistiek van die gemeenskaplike doeanegebied van die Republiek van Suid-Afrika, Botswana, Lesotho, Swaziland, Namibië asook van Transkei, Bophuthatswana, Venda en Ciskei.

L.W.: Die oorskakeling na die Geharmonieerde Tariefstelsel met ingang van 1 Januarie 1988 het die indeling van sekere kommoditeite verander. Wanneer die afdelingstotale vir 1988 en later jare dus met dié van vorige jare vergelyk word, moet die moontlike verskille as gevolg van die oorskakeling nie uit die oog verloor word nie.

PERIOD/TYDPERK: JANUARY TO MARCH/JANUARIE TOT MAART 1993

TABLE A: TOTALS IN MILLIONS OF RAND ACCORDING TO WORLD ZONES AND SHIPS' AND AIRCRAFT STORES
TABEL A: TOTALE IN MILJOENE RAND VOLGENS WÊRELDSTREKE EN SKEEPS- EN VLIEGTUIGVOORRADE

World zones—Wêreldstreke	Imports—Invoere		Exports—Uitvoere	
	1993	1992	1993	1992
Africa—Afrika	414,9	330,5	1 384,9	1 426,5
Europe—Europa	5 831,9	5 544,7	4 958,3	5 869,5
America—Amerika	2 206,3	1 770,2	1 413,4	1 214,2
Asia—Asië	3 354,5	2 826,6	3 134,9	2 900,3
Oceania—Oseanië	168,4	122,0	103,0	67,0
Other unclassified goods and balance of payments adjustments Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings	1 521,4	1 384,8	5 374,9	4 848,5
Ships'/Aircraft Stores—Skeeps-/Vliegtuigvoorrade	—	—	173,8	159,4
Grand total—Groottotaal	13 597,4	11 988,8	16 543,2	16 485,4

TABLE B: TOTALS IN MILLIONS OF RAND ACCORDING TO SECTIONS OF THE HARMONIZED SYSTEM
TABEL B: TOTALE IN MILJOEN RAND VOLGENS AFDELINGS VAN DIE GEHARMONIEERDE STELSEL

Sections—Afdelings	Imports—Invoere		Exports—Uitvoere	
	1993	1992	1993	1992
I. Live animals; animal products Lewende diere; dierlike produkte	99,2	77,0	216,9	195,3
II. Vegetable products Plantaardige produkte	644,7	220,2	346,5	589,4
III. Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes Dierlike of plantaardige vette en olies en splitsprodukte; voorbereide spysvette; dierlike en plantaardige wasse	108,3	104,4	34,7	34,4
IV. Prepared foodstuffs; beverages, spiritus and vinegar; tobacco and manufactured tobacco substitutes Voorbereide voedsel; dranke, spiritus en asyn; tabak en vervaardigde tabaksurrogate	205,2	294,6	335,0	463,6
V. Mineral products Mineraalprodukte	146,8	128,9	2 013,3	1 599,3
VI. Products of the chemical or allied industries Produkte van die chemiese of verwante nywerhede	1 476,7	1 321,0	599,7	715,0

Sections—Afdelings	Imports—Invoere		Exports—Uitvoere	
	1993	1992	1993	1992
VII. Plastics and articles thereof; rubber and articles thereof Plastieke en artikels daarvan; rubber en artikels daarvan	604,5	526,7	152,0	165,7
VIII. Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods handbags and similar containers; articles of animal gut (other than silk-worm gut) Ongelooide huide en velle, leer, pelsvelle en artikels daarvan; saal- en tuiemakersware; reisartikels, handsakke en dergelike houers; artikels van dierederm (uitgesonderd sywurmsnaar)	58,5	49,3	97,0	91,9
IX. Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw; of esparto or of other plaiting materials; basketware and wickerwork Hout en artikels van hout; houtskool; kurk en artikels van kurk; fabrikate van strooi, van esparto of van ander vlegwerkstowwe; mandjiewerk en vlegwerk	117,6	100,1	99,6	85,5
X. Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard; paper and paperboard of paper or paperboard; paper and paperboard and articles thereof Pulp van hout of van ander veselagtige sellulosiese stof; afval en oorskiet van papier of papierbord; papier en papierbord en artikels daarvan	387,6	340,0	379,8	461,0
XI. Textiles and textile articles Tekstiele en tekstielartikels	640,6	645,6	459,1	488,1
XII. Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair Skoeisel, hoofdeksels, sambrele, sonsambrele, wandelstokke, sitstokke, swepe, karwatse en onderdele daarvan; bereide vere en artikels daarvan gemaak; kunsblomme; artikels van mensehaar	85,6	67,3	8,7	10,2
XIII. Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware Artikels van klip, gips, sement, asbes, mika of dergelike stowwe; keramiese produkte; glas en glasware	170,5	156,8	86,1	75,7
XIV. Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewellery; coin Natuurlike of gekweekte pêrels, edel- of halfedelstene, edelmetale, metale met edelmetale bedek, en artikels daarvan; nagemaakte juweliersware, muntstukke	355,6	92,0	1 649,0	2 330,8
XV. Base metals and articles of base metal Onedelmetale en artikels van onedelmetaal	623,4	560,5	2 072,9	2 111,9
XVI. Machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles Masjinerie en meganiese toestelle; elektriese toerusting; onderdele daarvan; klankopnemers en -weergewers; televisie- beeld- en klankopnemers en -weergewers, en onderdele en bybehoorsels van sodanige artikels	3 800,7	3 698,8	503,9	411,4
XVII. Vehicles, aircraft, vessels and associated transport equipment Voertuie, lugvaartuie, vaartuie en verwante vervoertoerusting	1 740,3	1 555,8	649,0	436,1
XVIII. Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments; parts and accessories thereof Optiese, fotografiese, kinematografiese, meet-, kontroleer-, presisie-, mediese en chirurgiese instrumente en apparate; uurwerke en horlosies; musiekinstrumente; onderdele en bybehoorsels daarvan	579,8	525,4	46,6	38,9
XX. Miscellaneous manufactured articles Diverse vervaardigde artikels	128,3	129,6	69,3	57,3
XXI. Works of art, collectors' pieces and antiques Kunswerke, versamelaarsstukke, en antieke	11,9	8,6	2,7	4,0
Other unclassified goods and balance of payments adjustments Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings	1 611,7	1 386,2	6 721,4	6 119,9
Grand total—Groottotaal	13 597,4	11 988,8	16 543,2	16 485,4

(14 May 1993)/(14 Mei 1993)

corresponding to — With a black-controlled board — nonetheless existed.

Star 14/5/93

Boland Bank lifts profit

(58)

CAPE TOWN — Boland Bank has shown a 12 percent increase in profit, despite a rise in bad debts.

The group returned a profit of R24,1 million after tax and provision for doubtful debt (R21,5 million in 1992).

MD Gert Liebenberg says the economic environment showed a further weakening, resulting in limited asset growth for the bank.

"On the other hand, owing to declining interest rates and a decrease in compulsory investments in liquid assets, net interest income showed satisfactory improvement.

"However, the increase in bad and doubtful debt arising from a sharp increase in liquidations and insolvencies continued to put pressure on profits," Liebenberg says.

He adds that the rights issue in March had strengthened the capital ratio to eight percent of risk-weighted assets.

The total dividend has been lifted from 52c to 56c. — Sapa.

Star 14/5/93

Langeberg breaks ice of US boycott

(186) (74G)

By Stephen Cranston

Canned fruit producer Langeberg had received its first orders from the US in eight years, MD Ray Brown said last night.

Speaking to a meeting of the Investment Analysts Society, Brown said that Langeberg had sold 75 percent of its crop, whereas at this time of year it had normally sold 90 percent.

Orders from America, and others from Scandinavia, however, promised to be the first of many.

Since the beginning of sanctions in the mid-Eighties, Langeberg had built up its market in the Far East from almost nothing to 29 percent of deciduous fruit, sales.

In rand terms sales to Japan increased in value in the six months to March.

The European market, however, accounted for 59 percent of Langeberg's deciduous fruit exports.

Greece had a bumper season and so export prices were down.

Brown said that Langeberg was supporting its exports with brand-building advertising in selected markets because South Africa "is no longer a dirty word".

Langeberg's next aim is to produce tomato products which compete with the best internationally.

It launched a canned Italian tomato product on the local market which was so popular that it was out of stock within three months.

A new tomato and other vegetable plant will be commissioned in Messina on Monday, which will offer better yields and lower expenses.

The pineapple division continues to make losses, but Langeberg plans to reduce this by reducing costs, improving quality and yields and by minimising production of concentrates where margins are negligible.

Exporters' fraud fiasco

ARG 15/5/93

74G

■ An incentive scheme for exporters has been shown to be less than fraud-proof.

MASSIVE fraud involving export incentives has been uncovered by the Department of Trade and Industry, as well as plans to defraud hundreds of millions of rands more.

This was revealed in parliament by the Minister of Trade and Industry, Mr Derek Keys, when he introduced his department's budget vote.

Mr Keys said yesterday the General Import Incentive Scheme (GEIS) had given rise to many attempts at fraud, 51 cases of which were still being investigated by the Office for Serious Economic Malpractices, the commercial branch of the SAP and his department.

On the advice of the department's director-general, Dr Stef Naudé, a firm of chartered accountants was appointed to investigate alleged malpractices perpetrated under Phase VI of the GEIS scheme.

One of the cases of fraud was allegedly perpetrated by the German/Swiss company Contrax Eurobolt Technoseth (CET).

The accountants had reported that "it was due to the diligent efforts of Dr Stef Naudé and the Department of Trade and Industry that the massive CET fraud, as well as the significant, related and other fraudulent rebate claims, were uncovered and terminated", Mr Keys said. Further acts of fraud had also been prevented.

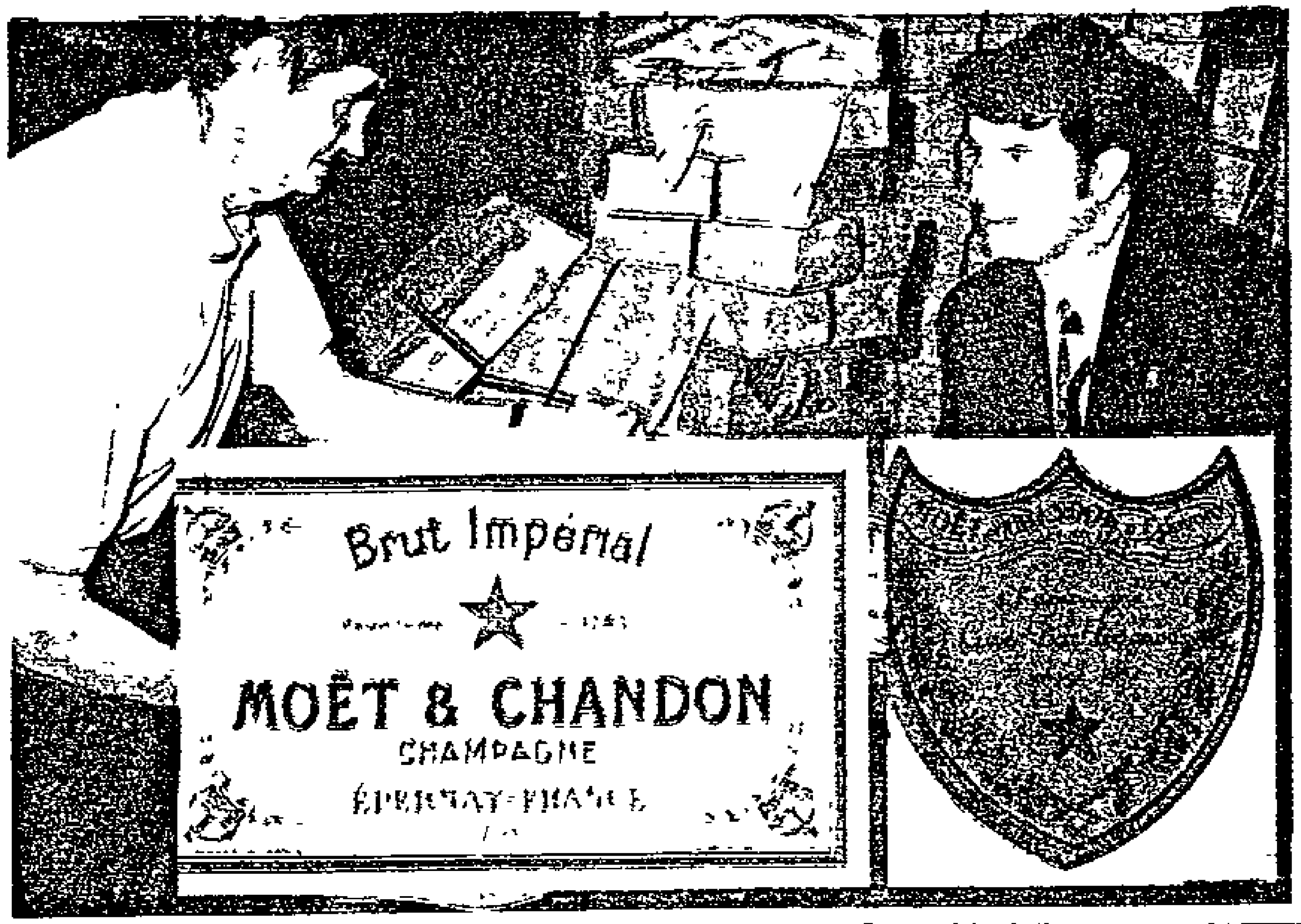
The chartered accountants were instructed to investigate the double claims, over-invoicing and foreign currency irregularities by CET and others.

One of the defects they had found in the Phase VI rebate scheme was that it had been conceived by an autonomous statutory body — the former Board on Trade and Industry — which had no obligation or responsibility for its decisions and advice.

Furthermore, Customs and Excise carried sole responsibility in terms of the Excise Act for the quarterly excise accounts while the Department of Trade and Industry had neither right nor access to Customs and Excise's classified records. — Sapa.

Police to quizz wine exporters over champagne labels scam

CT 18/6/93 (14G)



NOT THE REAL THING . . . Police have uncovered a South African link in the marketing of bogus French champagne under the Moet et Chandon label. Here is part of the 1,5-ton haul of fake labels. **INSET**: Fake copies of the Brut Imperial and Dom Perignon labels. Picture STEWART COLMAN

By DAN SIMON

POLICE are to quizz bulk wine exporters to determine if their products were used in an international fraud syndicate which has been making millions by selling fake French champagne under the famous brand name of "Moet et Chandon".

This was disclosed yesterday by a member of the Cape Town SAP's Commercial Branch, who said police had exposed the South African link to the scam after seizing 1.5 tons of forged labels and packaging materials in a warehouse at D F Malan Airport last Thursday

This followed allegations that South African wine, among others, was used for this purpose

The labels and packaging materials, bearing the Moët et Chandon logo for Brut Imperial and Cuvee Dom Perignon, were destined for either Brazil or Panama, where they would be placed on bottles containing inferior quality wines.

The product would have then been exported worldwide and sold as genuine French champagne. It is understood that the find has saved the champagne producer about R47 million in lost profits.

The investigating officer, Detective Warrant Officer Craig Wynne, said the raid on May 13 followed a tip-off from French police. Members of the security services of Moët et Chandon accompanied police officers to the warehouse, he said.

He said the tip-off followed in-depth investigations by the French police to pinpoint the source of the labels, following the confiscation of 40 000 bottles of fake Moët et Chandon champagne in the Netherlands and Germany in 1991

However, WO Wynne said both the French and SA Police were uncertain whether they had stumbled on the activities of a new syndicate, or whether the find was a continuation of the exposed scam.

WO Wynne said the forged labels and packaging materials were of extremely high quality. Police also knew which "Western Cape" printing firm was responsible for the forgeries.

He said police would be questioning the owner of the company soon

Cheaper rand crucial, say analysts

BIDAY 17/5/93

EDWARD WEST

DEVALUATION of the rand would be a key factor in an export-led economic recovery in SA, economists said last week.

Exporters were struggling to compete overseas because the rand was overvalued against other currencies, said Board of Executors economist Rob Lee.

Previously, economic growth had been propelled by mineral exports. Now a new pattern of economic growth, including industrial development and exports of manufactured goods, was needed for SA to compete internationally, said Afrikaanse Handelsinstituut economist Nick Barnardt.

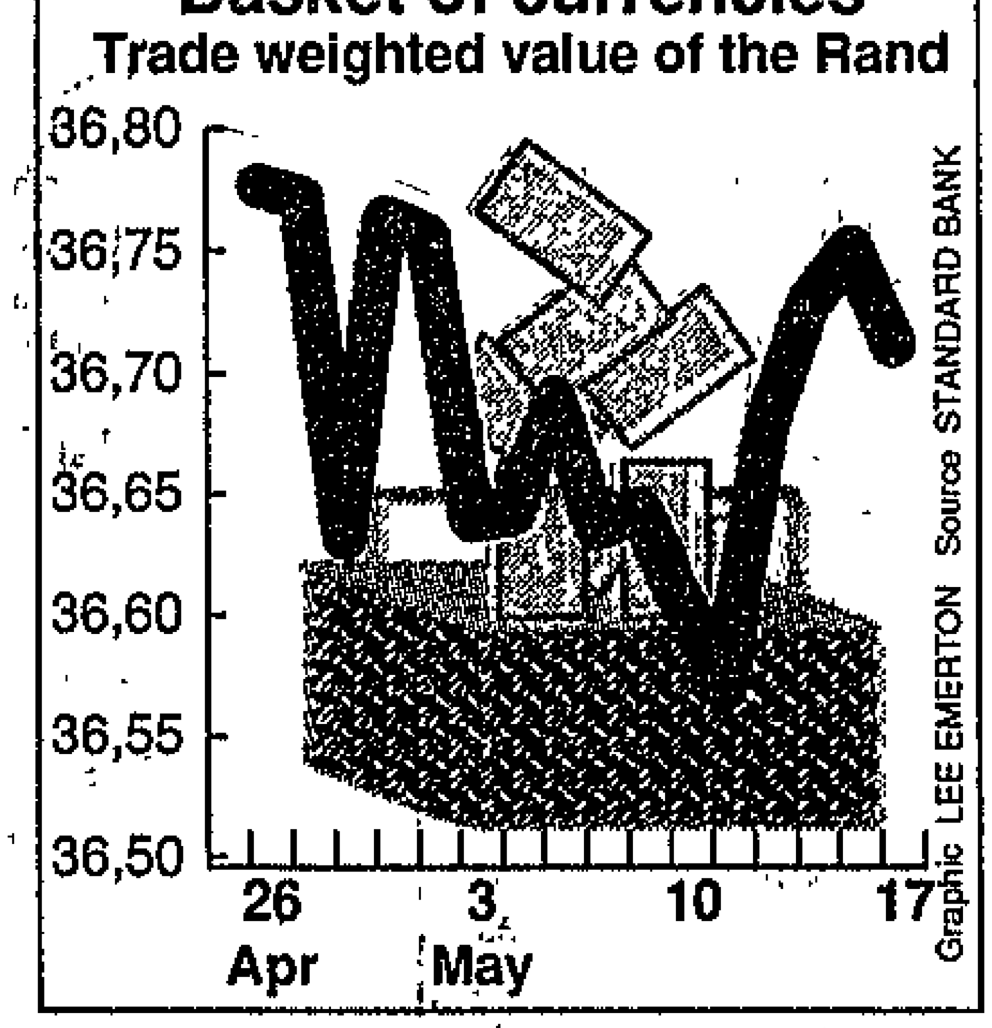
(49) M4G

This view was supported by the SA Foreign Trade Organisation's (Safto) latest survey identifying major impediments to export growth in the first quarter of 1993.

The importance of the rand exchange rate had increased considerably to third place from the previous quarter, behind uncompetitive prices and slack demand. This indicated that the rand was not adequately offsetting high inflation, said Safto economist Bruce Donald.

Nedcor Bank economist Edward Osborn agreed the rand value had a negative effect on export growth. He said the extent of the current recession was due to the relative stability of the rand from 1988 to 1990 and weak metal and commodity prices.

Basket of currencies



Export activities help steady rand

TIM MARSLAND 746

THE rand gained about 7% against the trade-weighted basket of currencies in the past five trading days as a result of export-related activity, dealers said yesterday.

The rand had benefited from the dollar's rise against major global currencies during the past few weeks, while maintaining its own strength against the US unit because of the surplus of dollars in the market from export-related activity.

Another dealer said the rand's strength was of an artificial and temporary nature.

The rand ended at R3,1733 to the dollar yesterday from Friday's R3,1806 close, and at R4,8661 to the pound from R4,8800.

Dealers said the dollar's rise was attributable to better prospects for the US economy. BDM 18/5/93.

The finrand was back on an even keel after its recent gyrations, ending the day at R4,6775 from Friday's R4,7200.

South 15/5 - 19/5/93

Go for the gap, exporters told

(74G)

WHAT products or services should South Africa be concentrating on as it launches its bid to ensure export-led growth?

There is no doubt that 'traditional' exports such as gold and other minerals and metals are no longer the reliable dollar-earners that they used to be, the recent rise in the gold price notwithstanding. There is no reason to expect this trend to change drastically in the near future.

Delegates at the IDASA/Aspen Institute conference heard from several speakers that although there had been an improvement in the performance of manufactured exports, many of these were, in fact, little more than processed raw materials. These include basic iron and steel, basic chemicals and wood pulp products.

But South Africa seems to have missed out on several major export opportunities, particularly in high fashion clothing and footwear. Instead, it is trying to provide clothing and footwear for a weak domestic market—and complaining like hell about "dumped" goods from Far Eastern exporters who can make cheap but good clothing better than anyone else in the world.

Economists say that South Africa has to face the facts—it cannot compete with the Far Eastern manufacturers and should consider the development of new "niche" exports such as high-fashion wear, capital goods, processed foods and the service sectors, including construction.

"Niche" has become a vogue word used to describe areas where manufacturers find a product they can make really well and sell at prices that will be attractive to export markets.

But Overseas Development Institute economist Ms Sheila Page, obviously weary of the cliché, pleaded for people to stop using it. She said there was a very real danger that once people found their "niche", they would get stuck in a rut, churning out their "niche" products endlessly without further research and development to constantly update and expand product ranges.

This approach will be particularly important given the complicated balance that is now taking place worldwide. On the one hand, states are trying to liberalise international trade, particularly through the General Agreement on Tariffs and Trade (GATT). On the other hand, steps are being taken to form regional trade blocs, which have a degree of protectionism, mainly non-tariff barriers.

South Africa should ensure that it is not going to be isolated from these various markets as probably the most important aspect of trade today is for it to have access to as many markets as possible with the minimum number of barriers.

"We are living in the most competitive decade of this century for international trade and while export markets are going to become more and more difficult to enter, we are going to face increasing competition from imported products and it is important that we address a balance between these two aspects", said one economist.

There is some controversy, however, as to whether increased exports automatically lead to growth in productivity. Some economists say the mere fact that firms are exposed to export markets make them more aware of costs, quality and the need to improve productivity. Others say firms might be aware of the need for better productivity, but do not motivate their workers enough to ensure that this is achieved.

Police and journalists showed up at Johannesburg's Library Gardens for a march yesterday — by pupils pr[illegible] matric examination fees — which failed to materialise.

Picture: GARTH LUMLEY

Food sector suffers sales slump

BDOM 19/5/93. 1645 130

MARCIA KLEIN

LESS than a quarter of all food products managed to show growth over the past year as activity in the food sector slumped to the lowest level in years, industry sources said.

Recently released figures from some major food companies reflected the severe pressure caused by significantly reduced consumer demand, oversupply of protein products and other drought and recession-related problems.

Food manufacturers said not only had there been little or no volume growth, but prices — and subsequently margins — were under severe pressure.

Ibis marketing information services figures showed that 46 out of 64 food markets reported declining sales in the last quarter of 1992.

Ibis's Judy Gordon said that in the markets where there had been activity, there had been growth, and strong marketing had been a major factor behind increased sales.

There had also been growth in those brands where cheaper brands could be substituted. Food sectors which relied heavily on black consumption, like soya-based products, had remained strong, Gordon said.

Another area of growth was where there had been competitive pricing, like in margarine.

Gordon said she could not disclose food sectors which had fared particularly badly.

Many of the major food companies said basic protein products had been in oversupply and margins were placed under severe pressure. The drought had necessitated importation of maize which had led to cost increases and consumer resistance.

According to Gordon, the top performers were dry sauces and wrap pack cheeses, where there had been increased marketing. Frozen fish had shown good growth, largely due to increased supply, while pasta benefited from some substitution and a move towards health products.

A study by Ibis showed that from 1988 to 1991, grocery, toiletry and confectionery products grew by an average 12,1% in retail outlets and by an average 10,7% in smaller stores. But in 1992 the growth rate dropped to below 10%.

Perry and Associates' Mike Perry said conditions in the food sector had worsened in the past few months. In April there was a loss of production due to holidays and political events. The violence meant that suppliers were sometimes unable to deliver.

Markets in decline were subject to cyclical changes, like the economic cycle. But they were also subject to fundamental structural changes in the economy, including the increase of the urban population and the redistribution of income, Perry said,

According to Perry, the return of economic growth would see fast growth in wholesale chains supplying spaza stores and other informal sector outlets. Wholesale chains would increase their market share relative to the grocery retail chains.

Perry said manufacturers "supplying real value basic foodstuffs that offer quality" — like beer, fruit juices, carbonated soft drinks, bread and pasta — to urbanised mass consumers would also show fast growth.

Shares on the [illegible] caution in their dealings
The FSB's two-week in- with the company".

Ethiopian flights to SA carry export potential

BDOM 19/5/93. 746 129

STEPHANE BOTHMA

ETHIOPIAN Airlines' decision to start a regular service between Addis Ababa and Johannesburg would significantly increase SA's export potential to that country, an airline spokesman said yesterday.

The carrier, one of Africa's oldest and most consistently profitable, will start a twice-weekly service on June 1. A Boeing 757, which can carry 151 passengers and 51m³ of cargo, will operate on the route.

"SA's high level of industrialisation presents opportunities for Ethiopian companies to import many goods from SA instead of from Europe or the East," Ethiopian Airlines regional director for Africa Melakou Yoseph said.

He said he believed that a significant potential existed for business, diplomatic and passenger traffic between the two countries. The carrier opened a cargo division in Johannesburg this week.

Yoseph said the carrier's comprehensive network in Africa would prove extremely useful for SA businessmen and diplomats.

Flights, costing R2 343, will arrive in Johannesburg via Harare on Tuesdays and Saturdays and depart for Addis Ababa via Harare on Wednesdays and Sundays.

SAA spokesman Leon Els said although SAA had obtained landing rights in Addis Ababa, the carrier had no immediate plans to fly to Ethiopia.

Star 19/5/93

Manufactured exports down sharply

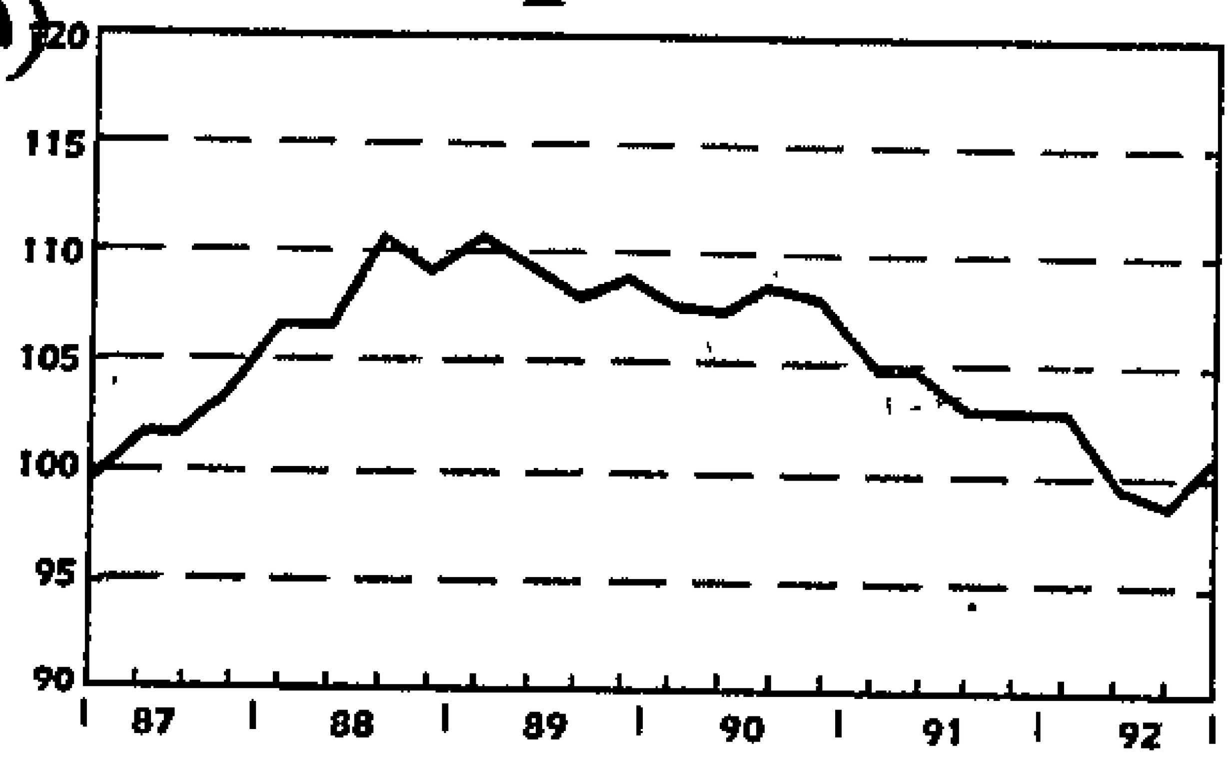
By Sven Lünsche 74G

Exports of manufactured goods showed a surprisingly large decline in the first quarter of this year after reporting strong growth in 1992.

The Industrial Development Corporation (IDC) says in its quarterly report on economic conditions in the manufacturing industry that exports decreased by 17 percent, compared with the preceding three months.

Last year, manufactured exports, supported by the General Export Incentive Scheme, showed growth rates ranging from 20 to 33 percent.

At the same time, imports continued their recent steady rise, with a five percent quarterly increase in the first quarter.



Manufacturing production volume (Index, 1985=100)

The decline in exports, a reflection of the recession still affecting SA's major trading partners, comes at a time when local manufacturers should "take advantage of opportunities in export markets" to offset poor domestic conditions".

"It remains unlikely that growth in local demand will pick up significantly over a broad front for some time to come," the IDC says.

"In the light of the major increases in fully manufactured export products that were achieved last year, this aspect of the economy holds potential for making short-term gains with positive balance of payments consequences."

The quarterly decline in exports was led by chemical, non-metallic mineral and basic metal products.

Other sectors — textiles, pulp and paper, processed foods and tobacco — continued to boost exports, and thus production volumes.

Manufacturing production increased by three percent in the first three months of the year after falling by the same percentage in calender 1992. (see graph)

Capacity utilisation subsequently rose to 81 percent from the seven-year low of 77 percent reported in the preceding quarter.

The IDC says employment levels are at their lowest since 1979.

Cape Town seeks first export zone

S/Times (Buss) 23/5/93

By CIARAN RYAN

NINE exporters and several institutions are backing plans for SA's first export processing zone (EPZ) in Cape Town.

Gateway Park, a management company specialising in EPZs, expects it to be operational in a year.

Marketing director Frans Badenhorst says that once the EPZ is successful, the company will look at similar ventures in Durban, Richards Bay, Port Elizabeth and Kempton Park.

The combined estimated turnover of the nine companies, which include Rainbow Chickens and several small entrepreneurs, is R285-million. More than 1 000 jobs could be provided from the processing of wood, meat and fish.

EPZs are areas where exporters are allowed duty-free imports and in many cases tax holidays and investment incentives.

Recent Government proposals recommended private EPZs. But other than duty-free imports, VAT exemption, the general export incentive scheme (Geis) and regional industrial development programme (Ridp), there are few incentives for investors.

Little

746

They would pay the prevailing corporate tax rate of 40% and submit to local-authority and trade-union rules. Foreign EPZs offer 10-year tax holidays and a deregulated business environment.

Mr Badenhorst says the Government is reviewing its refusal to allow tax holidays and other incentives.

"We have little choice but to offer incentives if we hope to attract foreign investors to SA rather than, say Sri Lanka. We must be able to compete with overseas EPZs.

"It costs the country nothing to offer a new investor a tax holiday. He invests capital and creates jobs which we would not have if he did not come."

Managing director of Gateway is Neels de Villiers, son of former Cabinet Minister, the late Wim de Villiers.

Dr Neels de Villiers is a founder of the SA Special Economic Zones Association (SA-SEZA). Two foreign experts, Peter Ryan and Dick Bolin, will advise Gateway. Both have been involved in setting up more than 40 EPZs.

Dr de Villiers says Gateway Park's plans are based on Mexican and South Korean models.

Mr Badenhorst says Geis benefits could be converted to tax holidays and so conform with the General Agreement on Tariffs and Trade.

Intervention has a role to play as trade is liberalised

BDAY 24/5/93 746

RASHAD CASSIM and ALAN HIRSCH

IT IS now part of the conventional wisdom that import liberalisation is a key mechanism for enhancing firms' efficiency and export capacity. In SA, where several inefficient industries are among those most heavily protected, some see liberalisation as a quick fix.

This is a simplistic view. However, there is less disagreement on the view that protected economies are likely to benefit from *some* import liberalisation, than there is over the extent, the sequencing and the pace of such a process.

The main issues are whether import liberalisation precedes or succeeds export success, whether such a process should be swift or gradual, and whether it should occur at a time of macroeconomic stabilisation.

The classical argument in favour of protection is the infant industry which allows domestic industries to be established and grow until they become efficient. But it often leads to inefficiency with a wide disparity between domestic and international prices. Protectionism can protect jobs by preventing a flood of imports, but it can be a burden to consumers and it can direct investment to inappropriate industries.

The World Bank distinguishes import liberalisation from trade liberalisation. Trade liberalisation includes devaluation and direct export promotion measures in addition to import liberalisation.

The liberalisation orthodoxy of the '80s advocated the earliest and fullest possible import liberalisation, beginning with the replacement of quantitative restrictions by tariffs. The second step was to move rapidly towards a more uniform tariff structure, and the final step was to lower the remaining uniform tariffs towards complete free trade. Trade liberalisation was part of overall economic liberalisation.

The orthodox view suffered from various inadequacies. Firstly, it advocated wholesale liberalisation and precluded selective policies, for example, tariff liberalisation of one sector in conjunction with continued protection for others. Secondly, it saw little scope for reformed interventionist policies to, for example, enhance the provision of strategic inputs. For the orthodoxy, the less state intervention, the more successful the liberalisation programme.

Most importantly, the orthodoxy saw no distinction between trade policy and industrial policy. Industrial policies — for example assistance for restructuring industrial sectors which evolved under import substitution, help for export promotion through selective liberalisation of imported inputs, or protecting a domestic market as a reward for exporting — were not given much consideration.

Evidence suggests that liberalising output, employment and the balance of payments is often negative in times of macroeconomic instability, especially in developing countries.

The argument that import liberalisation leads to export promotion is particularly weak. Recent studies have shown virtually no evidence of a direct link between import liberalisation and manufactured export performance.

Successful attempts to reduce the anti-export bias in the '70s and '80s in countries such as India, Turkey and Mexico were based on export promotion measures rather than on the liberalisation of imports. Import liberalisation usually came after manufactured export success.

The transition to manufacturing for exports has taken a variety of forms. In Colombia, Mexico and Turkey, for example, exports grew from protected and import-substituting industries. Previously import-substituting production provided the base of experience and learning that eventually made exporting possible.

Recent studies of the exporting success of Korea and Taiwan show trade liberalisation was a very gradual process. In certain sectors it was implemented in conjunction with selective import controls and protection of other sectors.

The substantial role of government institutions in Korea and Taiwan in designing industrial and trade policy is no longer disputed.

In Chile, which is considered a classic prototype of full and speedy liberalisation, the results are mixed. Even there, liberalisation took five years. The reforms' success also had to be questioned since they led to increasing imports and unemployment, and a relative weakening of the manufacturing sector.

In Australia, tariff liberalisation did not have the anticipated effects. In 1975 the government implemented a 25% across-the-board tariff cut which had a severe impact on labour intensive industries such as textiles, clothing and footwear.

The Australian experience holds important lessons. Firstly, a loss in supply capacity where imports undermine the market share of companies with high fixed capital requirements is hard to reverse. Secondly, tariff liberalisation as a strategy to restructure industry is risky and assumes that export markets are open to new entrants — a bold assumption. Thirdly, the removal of tariff protection has not resulted in a substantial growth in manufactured exports.

The performance of SA's manufactured exports, with the decline of traditional exports, has given urgency to the debate on the role of trade liberalisation. SA's relatively poor performance is attributable to inappropriate trade and macroeconomic policies which resulted in an anti-export bias, leaving few incentives for manufactured firms to export.

On this basis, a 1990 IDC report commissioned by government recommended a fairly radical programme of import liberalisation, culminating, after five years, in maximum tariffs of 15% for capital and intermediate goods, and 30% for consumer goods. This recommendation apparently formed the basis of SA's offer to the Uruguay Round of GATT which, we understand, is being reconsidered.

According to a recent World Bank study the real problem with SA's trade regime is not so much over-protection, which is moderate by middle-income developing-country standards, but the complexity and fluidity of protection.

Also, SA still suffers from an anti-export bias which expresses itself in two ways. Firstly, profit margins in the domestic markets are higher than in external markets. Secondly, input costs are above world prices.

The World Bank paper agrees, implicitly, with critics of the "SA orthodoxy" that the immediate reduction of tariffs would have adverse effects on an already stagnating economy. The paper suggests alternative ways in which the anti-export bias could be addressed. Immediate attention should be given to input costs by creating a free trade regime for exporters, possibly through improving the duty rebate system for inputs into exports. In addition, the tariff system should be rationalised. Gradual liberalisation should follow improvements in exports.

While the World Bank paper provides valuable support for a more considered trade reform strategy, it says little about industrial policies that might strengthen potential export sectors. Our policy investigations aim at combining trade policy reform with industrial strategies designed to improve competitiveness.

□ The authors are attached to the Trade Policy Monitoring Project at UCT which is sponsored by the ANC-linked Macroeconomic Research Group. This is an edited version of an article in the latest edition of Trade Monitor.

LETTERS

out for the day leaving all the doors

EXPORT OPPORTUNITIES

Supplies wanted for Cahora Bassa project

BIDAY 24/5/93.

746

Business Day Reporter

MATERIAL evidence that something is being done about restoring Cahora Bassa power links to grids in Zimbabwe and Mozambique comes in today's list of export opportunities.

Italian firm Mazzalai Costruzioni Generali, based in Trento, is looking for suppliers of conductors, insulators and other hardware for the powerlines project.

Mazzalai wants quotes for the supply of ACSR-Bison conductors (cross section 431,3mm²; stranding 54 x 3 aluminium and 7 x 3 steel) for transmission lines stretching 1 190km in Mozambique and 2 040km in Zimbabwe. There is no mention of lines in SA, but SA companies are likely to be very competitive, given their geographical advantage. The offer closes on June 17.

The Trade and Industry Department said manufacturers should deal directly with Mazzalai executive director Marco Tomasi (tender document No 3 — 400kv transmission lines).

In the foodstuffs/beverage category, two queries stand out. One is from a Malaysian company, Parineh Holdings, which wants 65 000 tons of crude soya bean oil. This is the first inquiry from Malaysia.

The other interesting offer comes from Madrid-based Tusapesca, which requires about 10 (20ft) container loads of canned beer for delivery in Luanda every 15 days.

In the chemicals/minerals category, there is a request from Austria's Neuber GmbH for up to 2 000 tons of calcium phosphate, 1 000 tons of sodium triphosphate, and 400 tons of silicon per annum.

There is also a catch-all inquiry for waterproofing, gypsum boards, glasswool and false ceilings from Greek company Polychem. No quantities are specified. Polychem acts as distributor for Dow Chemicals, Goodyear, Akzo and others in Greece.

An unusual inquiry comes from Graf-GET Computer Technic in Hungary. It wants obsolete IBM compatible computers (AT 286s) at competitive prices.

☐ To advertise on this page, call Janet Jadrijevich on (011) 497 2543.

INFORMATION in this feature supplied by the Export Centre of the Department of Trade and Industry.

Inquiries:
Manufacturers should contact the foreign company direct. Where possible a contact person has been named. If there are any problems, communicate with the Department's Export Centre, tel: (012) 310-9791. Fax: (012) 320-8157.

How to use:
The items on this page are listed by number according to the harmonised tariff code system issued by the Department of Customs and Excise. The code gives specific details of the listed item.

Export services:
For general advice on exports and export incentives, contact the department or its regional representatives in Durban, Port Elizabeth or Cape Town. It is strongly recommended that manufacturers new to the world of exports get in touch with the local office.

Warning:
SA firms should be aware that restrictions on the export of these products might be applied by the authorities. While every effort is made to maintain the accuracy of information in this list, the Department of Trade and Industry assumes no responsibility for any incorrect data. Nor will the Department and its officers assume responsibility for any transactions undertaken with the firms or individuals listed.

FOODSTUFFS AND BEVERAGES

03.03.78.00; 03.06.12.00.40; 03.03.79.40.90.
Whiting, lobster and kingklip — US. Seachase Foods Inc, Mel Jones. Tel: 091-703-206-0800; fax: 091-708-798-0168.

03.04.90.
Frozen fish fillets — US. Basic Food International, John Baurer. Tel: 091-305-467-1700; fax: 091-305-764-5110.

04.02.
Ice cream, all flavours — Malaysia. Jing Bee Sdn Bhd, Mason Yap. Fax: 0960-88-42-0935.

08.02.50.20.
Pistachio nuts — US. Sicon Trading, Caroline Tsay. Tel: 091-909-861-6138; fax: 091-909-861-5326.

15.07.10.
Soya bean oil — Malaysia. Parineh Holdings, K S Nair. Tel: 0960-3-298-2912; fax: 0960-3-298-9510.

18.06.10; 17.04.10.00.005.
Candy and food preparations containing cocoa; chewing gum — US. Intercon Trading Corp, Abraham Fromson. Tel: 091-407-640-8402; fax: 091-407-640-0392.

20.08.99.10; 20.09.19.
Canned white grapes in syrup; yellow peach juice concentrate — Japan. Itochu Corp, T Nikaido. Tel: 0981-3-3497-6243; fax: 0981-3-3497-6247.

20.09.00.
Fruit juice concentrates — US. Directus USA, Bert Agar. Tel: 091-714-852-8833; fax: 091-714-852-1956.

20.09; 22.04; 03.03; 16.04; 23.09; Chapter 100/1.
Fruit juices; wine; frozen fish; canned fish; animal feed; food products — Italy. Perla SAS, Sara Calabrese. Tel: 0939-2-498-2290; fax: 0939-2-4801-8799.

22.03.
Canned beer — Spain (destination Luanda). Tusapesca SS, Albino Campos. Tel: 0934-86-42-0913; fax: 0934-86-41-4920.

22.08.20; 22.08.30; 22.03; 22.04.
Brandy, whisky, beer and wine — Taiwan. Yi Tai Haing Hang Co, Po Hsiung Chou. Tel: 09886-2-592-9911; fax: 09886-2-597-9503.

MINERALS, CHEMICALS, PLASTICS

25.20.10; 25.20.20; 70.19; 70.06; 6806
Waterproofing membranes; gypsum boards; glasswool; rockwool; false ceilings — Greece. Polykem SA, Alexis Roussis. Tel: 0930-1-816-1878/9; fax: 0930-1-816-1131.

28.04.69; 28.23.00; 28.35.26; 28.35.31.
Silicon; titanium oxide; calcium phosphate, sodium triphosphate. — Austria. Neuber GmbH, S Schnaufert. Tel: 0943-1-59-9950; fax: 0943-1-597-0200.

29.05; 17.03.
Ethanol; molasses — Finland. Oy Alko Ab, Esko Reivinen. Tel: 09358-0-133-2532; fax: 09358-0-133-2638.

30.00; 50.00.
Pharmaceutical products; cloth of various fibres — Switzerland. Pan Electronics Corp, Roger Duenki. Tel: 0941-1-382-2616; fax: 0941-1-382-0223.

33.01; 33.02; 33.03; 33.04; 33.07.
Perfumes, face creams and body lotions — Switzerland. Praesidial Service AG, Z Levin. Tel: 0941-1-252-6530; fax: 0941-1-252-7296.

360-4743; fax: 091-813-367-5820.

44.01.21.00; 44.03.10.90.
Wood in chips or parts; wood in logs — Taiwan. Sunjust Corp, Y M Cheng. Tel: 09886-5-268-6811; fax: 09886-5-268-6818.

Aluminum and steel window frames and safes - Poland. Ampex SP. Z.O.O. Tel: 0948-12-670-780; fax: 0948-12-670-674.

82.00.
Diamond circular blades — US. Northeast Enterprises, Dominick DeMichele. Tel: 091-201-622-5050; fax: 091-201-622-4734.

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33.01.11; 33.01.90.
Natural essential oils — Canada. Niels M Nielsen. Tel: 091-416-884-6738; fax: 091-416-844-1537.

38.19.00.00.90.
Brake fluid — US. Kerbel World Trade Inc, Lee Kerbel. 091-305-538-1277; fax: 091-305-531-3216.

39.20.69.00.
Polyester flat and corrugated sheets — Greece. N Karanos, G Zahariades. Tel: 0930-31-72-2488; fax: 0930-31-72-2734.

39.23.21.00; 63.05.
Plastic bags; cotton bags and sacks — US. Hi-Plains Bag and Bagging Co, Louis Rachman. Tel: 091-806-747-3318; fax: 091-806-762-4211.

ORGANIC PRODUCTS, WOOD

41.01.
Leather hides — Greece. S Lambrianos. Fax: 273-35018.

42.02.19.00; 62.16.00; 95.05.10.
Handbags; gloves, coated or covered with plastic or rubber; decorations — US. Mountcastle International, Anna Dotson. Tel: 091-813-

44.03.20.90; 44.07.10.90.
Pine wood in logs (50 000m3 a month) and timbers — Taiwan. Green Wise Co, C M Huang. Tel: 09886-7-701-0397; fax: 09886-7-702-0166.

44.03.10.90; 44.07.10.90.
Pine wood in logs and timbers — Taiwan. Arki Corp, Gino Chang. Tel: 09886-4-561-1000; fax: 09886-4-527-4326.

44.07; 44.08.
Sawn pine — Taiwan. Mazuma Enterprise Corp, Ruey-Chin Chu. Tel: 09886-2-586-5556; fax: 09886-2-586-6201.

48.09.10; 48.16.10.
Copying paper — Greece. Lionas K Lambros. Fax: 0930-1-823-4548.

TEXTILES

61.15.20.
Women's hosiery — Greece. Ericoussa Navigation Co, S Grammenos. Telex: 241075 SMOL GR.

62.04.00.
Clothing — US. Atlas Intertrade, Emery Udvardy. Tel: 091-805-274-1328; fax: 091-805-947-7641.

CERAMICS, GLASS, DIAMOND

68.02.91.
Marble tiles — Canada. Bady In-Ex International, Yvon Richard. Tel: 091-514-257-8500; fax: 091-514-257-8501.

68.03.00.10.
Roofing slate — Germany. Dachdecker Einkauf Wuerttemberg, Mr Knorr. Tel: 0949-7141-750-2122; fax: 0949-7141-75021.

70.13; 01.06.
Glass aquariums; tropical fish — Greece. Eleftheria Loukidou. Tel: 0930-1-598-6391 (does not speak English); Fax: 0930-1-531-1110.

70.13.21; 69.11.10.
Glassware; porcelain ware — Greece. International Polytrade, Jamil Bouri. Tel: 0930-1-921-6805; fax: 0930-1-921-8756.

71.05.10.10.
Dust and powder of industrial diamonds — Taiwan. Safe R Us Inc, Jimmy Lin. Tel: 09886-3-425-8286; fax: 09886-3-425-7690.

METALS

72.05.29.
Iron ore, pulverised (for Asia) — Italy. PHW SRL, Mr Wan. Tel: 0939-2-8912-3970; fax: 0939-2-8912-3973.

72.28.10; 72.27.10.
Steel bars and rods — US. Timo Trading International, Paul Segal. Tel: 091-310-212-3191; fax: 091-310-212-5590.

74.03.11; 74.02.00; 74.07.
Copper cathodes; electrolyptic copper; copper rod continuously cast — Greece. E Baganis Technical Agency. Tel: 091-1-941-4393; fax: 091-1-942-3032.

EQUIPMENT AND MACHINERY

76.10.10; 73.08.30; 73.10.

84.71.91
Obselete IBM compatible computers — Hungary. Graf-Get Computer-Technic, Istvan Csepiga. Tel and fax: 0936-96-29373.

85.44
Conductors, insulators and hardware for Cahora Bassa linkage in Zimbabwe/Mozambique — Italy. Mazzalai Costruzioni Generali, Marco Tomasi (director). Tel: 0939-461-982-240; fax: 0939-461-981-182.

90.01.30; 90.01.40.10; 90.01.50.90; 90.30.11.
Contact lenses and spectacle lenses; plastic frames - Israel. Classic Vision Imports, Sam Carmieli. tel: 09972-604-940 0123, fax: 09972-604-263 2274.

US weighs up import duties against SA steel

EDWARD WEST

146

THE US was considering imposing import duties against SA steel makers because of alleged subsidisation of the local industry, Iscor MD Willem van Wyk said yesterday.

Thirteen US companies had given Iscor and Highveld Steel notice that they intended applying for duties against SA's steel exports.

The extent of the sanctions would depend on an investigation over the next three months into the alleged subsidisation, Van Wyk said.

He denied the local industry was being subsidised and he welcomed the investigation as a means to prove it. BDM 25/5/93.

He believed the move could be an attempt by US steel makers to protect their markets from imports in a tough world steel market characterised by falling demand and low prices.

The only import protection enjoyed by local producers was a 5% ad valorem duty which was low when compared with up to 20% ad valorem duties charged by other steel-producing countries, he said.

Iscor's US exports — which Van Wyk refused to quantify — were not subject to incentives such as railage discounts, the general export incentive scheme, loan assistance and Section 37E accelerated tax write-offs, he said.

Steel and Engineering Industries Federation of SA (Seifsa) economist Michael MacDonald said the investigation was unfounded as local steel makers had already approached US producers when steel sanctions were lifted in 1991 to reach agreement on an orderly re-entry into the US market.

Speculating on the motive for the investigation, he said that while SA exports were small compared with US and local output, the US companies could be tightening protection measures in the event of a long-term increase in imports from SA.

Furthermore, President Bill Clinton's new Democratic administration was more prone to impose protection measures than the previous Republican government.

Although total imports comprised a relatively small percentage of US GDP, the imposition of import protection measures in the face of a sluggish economy could be seen as an easily won political point, he said.

In January the US government imposed temporary duties of up to 109% on foreign steel imports after it claimed shipments from 19 countries were being "dumped" on US markets at less than fair prices. SA producers were not among these.

April exports highest for 18 months

Star 25/5/93

By Sven Lünsche

146

The balance of payments crisis has been temporarily relieved by April exports, which surged to their highest level in 18 months.

Customs and Excise figures show that April's trade surplus powered to R2,19 billion from R777 million in March.

The surplus was achieved on the back of a 12 percent fall in imports to R4,68 billion (March: R5,29 billion) and a R800 million recovery in exports to R6,87 billion.

The April performance has improved the overall trade picture.

Export growth in the first three months was virtually static. But, including April, exports at R23,41 billion were eight percent up on last year.

However, with imports 13 percent above 1992 levels, the cumulative trade surplus for the first four months at R5,9 billion was eight percent down on last year.

The April fillip came from improved performances of metal and mineral exports.

Exports of mineral products for the first four months were 29 percent up at R2,86 billion, jewellery and precious stones two percent at R2,53 billion and base metals three percent at R3,05 billion.

Unclassified

Safto economist Bruce Donald says the 12 percent growth of the unclassified category reflects gold price gains in April.

Some manufactured categories continued their exceptional long-term growth trend, including transport equipment, up 41 percent to R823 million, and machinery, up 25 percent to R717 million.

However, exports of chemicals dropped six percent and plastics 10 percent after average annual growth of more than 20 percent in the previous four years.

The monthly drop in imports was most noticeable in agricultural categories. While still high at 88 percent in April, imports of vegetable products showed193 percent growth in the first quarter.

Donald warns, however, that imports are likely to remain buoyant.

Strong growth occurred in a number of industrial and manufacturing categories — plastics 15 percent up at R834 million, chemicals 12 percent higher at R2,01 billion, machinery seven percent up at R5,23 billion and transport 25 percent higher at R2,44 billion.

Export breaks for small business

74G

CT 25/5/93

Deputy Business Editor

SOUTH AFRICA's export and small business organisations are joining forces for the first time to promote export opportunities for small businesses through the establishment of a South African Market in Singapore.

The market is to be launched to coincide with the first SA trade, tourism and business fair in South East Asia later this year.

David Graham, GM of SA Foreign Trade Organisation (Safto) international division said the South African Market would showcase the wares of small producers to create export opportunities for them.

A group of 30 stalls displaying SA handicrafts and products, based on a market concept, will take place from August 31 to September 3 in the atrium of the multi-level Raffles City Convention Centre, near the Singapore exhibition hall where SA business will participate in SA's trade fair A New Link: South Africa and South East Asia.

Among organisations supporting the small business promotion organised by Safto in conjunction with the Department of Trade and Industry and Department of Foreign Affairs are Operation Hunger, the SBDC and the SA Import and Export Association.

"With the valuable role which small business has to play, it is vital that we support these emerging entrepreneurs and that we provide them with international opportunities in exciting new markets," said Graham. He said 60% of exhibitors in the SA trade fair had already confirmed.

BUSINESS

ARG 27/5/93

SA exports soar to record R6,9 billion

(749)

DEREK TOMMEY

JOHANNESBURG. — The silent devaluation is beginning to work.

Exports in April rose 30 percent to a record R6,9 billion in the teeth of poor economic conditions overseas.

This should make economy-watchers much happier because higher export earnings should impact favourably on local economic activity.

Nothing has ever been said officially about a rand devaluation.

But soon after Derek Keys become Minister of Finance last year the rand began sliding against the currencies of main trading partners.

Whether this was planned or just happened is still a moot point.

But the rand is now 8,9 percent lower against the dollar than it was a year ago, 12,4 percent lower against the mark and 22,6 percent lower against the Japanese yen.

However, as most South African exports to Japan are priced in dollars, the gain there is not as great as it might seem. In contrast, the rand is about 2 percent higher against the pound.

Economists say the cheaper rand must help exporters. Where products are priced in dollars, it should boost their local incomes.

And it should lead to higher export volumes and revenue in the case of products priced in rands.

Part of the reason for the huge increase in exports in April was a jump in precious stone (diamond) sales to R884,1 million from R157 million in April last year.

As the monthly diamond sales figures tend to be erratic, one must accept that the April figures were distorted to some degree.

Nonetheless, after excluding diamond sales, the balance of April exports was R6 billion -- still a useful 17 percent above last year's figure.

This rise significantly exceeds the price advantage arising from the rand's devaluation, suggesting that export volumes are increasing along with export receipts.

One of the highlights of the April export figures was the 74 percent jump to R58,1 million in receipts from sales of timber products.

A number of manufacturers have been trying to break into European and US markets with pine furniture and it is possible this figure reflects their efforts.

Another surprising figure was the 44 percent increase in textile sales to R192,9 million — probably as a result of increased sales by SANS and Saiccor.

Exporters of mineral products (mainly coal) had a good April, with earnings rising 35 percent to R848,6 million.

Rivalling them were exporters of machinery and electronic equipment who earned R212,6 million — 31 percent more than a year ago.

This is a comparatively new export area for South African firms and shows that they can really compete.

Animal exports rose 20 percent to R72,6 million, chemical exports were 19,4 percent higher at R320 million, while exports of "other" items, which includes gold, uranium and probably platinum, were 17 percent up at R2,517 billion.

Vehicle exports were 16 percent higher at R173,9 million and base metal exports 15,5 percent higher at R975,6 million.

Silent devaluation begins to bring in substantial benefit

Star 27/5/93

By Derek Tommey

The silent devaluation is beginning to work. Exports in April rose 30 percent to a record R6,9 billion in the teeth of poor economic conditions overseas.

This should make economy-watchers much happier because higher export earnings should impact favourably on local economic activity.

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But soon after Derek Keys become Minister of Finance last year the rand began sliding against the currencies of SA's main trading partners.

Whether this was planned or just happened is still a moot point. But the rand is now 8,9 percent lower against the dollar than it was a year ago, 12,4 percent lower against the mark and 22,6 percent lower against the Japanese yen.

However, as most SA exports to Japan are priced in dollars, the gain there is not as great as it might seem. In contrast, the rand is about 2 percent higher against the pound.

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Rivalling them were exporters of machinery and electronic equipment who earned R212,6 million — 31 percent more than a year ago.

This is a comparatively new export area for SA firms and shows that they can really compete.

Exporters of scientific equipment also scored with a 23 percent rise in sales to R19,5 million.

Animal exports rose 20 percent to R72,6 million, chemical exports were 19,4 percent higher at R320 million, while exports of "other" items, which include gold, uranium and probably platinum, were 17 percent up at R2,52 billion.

Vehicle exports were 16 percent higher at R173,9 million and base metal exports 15,5 percent higher at R975,6 million.

Exporters of most other products had a poor April.

Export spotlight on sub-Saharan Africa

By MAGGIE ROWLEY
Deputy Business Editor

SUB-SAHARAN Africa was offering untapped and increasing export opportunities to South African companies, particularly for branded products.

This if the finding of an extensive report on the region compiled by New Products Laboratory (NPL).

NPL director, Anthony van der Schyf said the countries which appear to offer the brightest prospects are Botswana, Cameroon, Gabon, Kenya, Mauritius, Mozambique and Namibia.

Extensive export opportunities to Zimbabwe and Angola would be forthcoming in the medium term, he said.

He said recent political initiatives in SA had created the opportunity for an intensive and extensive export or investment strategy in sub-Saharan Africa. This presented attractive opportunities to those SA companies with a strategic vision and global orientation particularly those intent on regional dominance.

Traditionally, for political reasons, South African businessmen have avoided these export opportunities. This situation had been further aggravated by major concerns relating to payment.

"NPL contends that despite severe foreign exchange constraints, countries in sub-Saharan Africa have somehow been able to effect payment for imports which were sustained at levels of more than $30bn a year throughout the 1980s.

"While the opportunity is still largely unexploited this situation is likely to change soon and therefore South African companies should urgently develop a marketing strategy for exploiting this potential.

"A fundamental requirement will obviously be to adopt a selective approach where the focus should be on those countries capable of generating foreign exchange."

According to the NPL report, growth of less than 1% a year during the 1980s will accelerate to 4% a year during the 1990s with the pace tending to gain momentum in the latter half of the decade. CT 27/5/93

Real income per individual will show a marked improvement from the stagnation of the 1970s and the 2,8% annual decline in living standards during the 1980s.

Tourist potential in the region is considered enormous and the countries of sub-Saharan Africa will earn more foreign exchange from services in the 1990s, acording to the report

However, sub-Saharan Africa will nevertheless continue to be the region where developmental problems remain the most severe and challenging. This will require substantial aid which will continue to be directed into the region and will continue to create attractive trade and investment opportunities

"The nature of foreign aid and investment will however change from hand-outs to self help and this is seen as a positive development which should provide sustainable longer-term benefits to the region.

"This will in the medium term increase demand for branded consumer products, an opportunity which SA companies are well positioned to exploit."

The report provides an analysis of the economies, imports and exports of most of the countries in the region supporting the argument for demand for branded products.

● Copies of the report "An overview of Export and/or Investment Opportunities in Sub-Saharan Africa" are available from NPL, Box 55304, Sandton.

SA tariffs 'jeopardising co-operation'

Star 27/5/93

By Bruce Cameron

CAPE TOWN — South Africa is jeopardising future co-operation with Zimbabwe by maintaining tariff barriers against Zimbabwean textiles, the governor of the Zimbabwe central bank, Dr K J Moyana, has warned. 7(4F)

In an interview Dr Moyana, who is attending a conference of southern African bankers in Somerset West, said Zimbabwe had invested heavily in the textile and travel goods industries and now that the investment was starting to pay off South Africa had closed the door.

"Now we are told, no. This is difficult as over the past two years South Africa has become the major supplier to Zimbabwe.

"We have shifted away from Europe and Japan. Now we are being given a slap in the face. This is jeopardising future co-operation in other areas."

Dr Moyana said Zimbabwe was prepared to sit down and resolve the problems. South Africans should remember the strength of the Eurupean community came not from trade with other areas but from trade between the member states.

In a speech earlier to the conference, Finance Minister Derek Keys said he was aware the countries such as Zimbabwe saw South Africa as a threat.

Exports up a gutsy 30pc

7 4 G

The Argus Correspondent

JOHANNESBURG. — Exports in April rose 30 percent to a record R6,9 billion in the teeth of poor economic conditions overseas.

Part of the reason for the huge increase in exports in April was a jump in precious stone (diamond) sales to R884,1 million from R157 million in April last year.

ARG 27/5/93

But disregarding that, even the remainder was R6 billion (17 percent) up on last year's figure.

● Full report, page 21.

WINE EXPORTS
FM 28/5/93.
74G

Sailing into rougher seas

SA exported 2,3m cases of wine last year, 124% more than in 1991, and shipments are expected to soar again this year. This is despite the smaller crop that's expected — around 9m h*l*, or 10% less than the record 10m h*l* crop harvested last year.

The crop also is expected to be high quality and relatively disease free, according to the KWV. "Its sugar:acid ratio and the pH of the juice are particularly favourable. Both white and red wines promise excellent potential for development."

The UK is the biggest market for SA wines but the scope for expansion is still enormous. Last month the SA Wine & Spirit Exporters' Association hosted a tasting in London's Hyde Park Hotel, with 32 producers presenting 260 wines to 400 selected trade and media guests. The event was a precursor to the London Trade Wine Fair, held at the Kensington Fair Grounds last week, where only 20 local producers — those fortunate enough to have booked space early — presented their wines.

Though exports continue to rise, the competition is stiffening because more local producers are trying their hand at exporting and the European crop last year was huge — some French winemakers reduced their prices by 40%. This has forced some exporters to cut prices, much to the chagrin of KWV, which wants prices maintained.

The KWV has identified £2,99 (R13,75) a bottle as the price most Brits regard as good-value-for-money wine. That works out to R165/case, which after the deduction of R24,75 profit for the retailer, R21,05 for the wholesaler, customs duty of R55,20, transport costs of R15 and insurance of R3,45, leaves R45,55 for the cellar, or exporter. But when prices are cut, that cut often comes out of the exporters' share. For example, the Golden Valley Cellar of Citrusdal collected R45/case on its export wine last year but is getting only R31/case now.

While competition is forcing down prices, the high cost of local packaging materials limits how much producers can cut prices. Jannie Retief, who is in charge of KWV's export drive, says a good glass bottle costs 38c in France. Here it is 80c. Cartons and dividers are up to three times more expensive in SA and a good cork costs nearly 80c here, which is almost as much as it costs to bottle and label wine in Europe.

Consol, which is protected by a 60% surcharge on imported bottles and thus controls the lion's share of the wine bottle market, acknowledges that wine bottles cost more in SA than they do in Europe, where it says a price war is forcing down prices. It claims that the economies of scale of the larger European market enables manufacturers to produce cheaper wine bottles. "More than 400m 750 ml green claret bottles are made every year in Europe, compared to about 18m in SA." ■

TAKING A BREAK

Tony Koenderman is on leave. His Advertising & Marketing column will resume next week.

FM 28/5/93
74G

EXPORT ZONES FM 28/5/93 (74G

Finding the right bait

Government's tentative steps towards export-processing zones are stirring new interest in the private sector. But there is still concern that the proposed incentive package published this year by the Department of Trade

FM 28/5/93 (74G

& Industry falls far short of what is needed to attract foreign investment.

In Cape Town this month the SA Special Economic Zones Association was launched to help entrepreneurs setting up in export zones. CE Neels de Villiers, who also heads Gateway Park, a Cape-based management company focused on special economic zones, believes that the first zone could open within a year and that it's therefore essential to agree on a strategy to channel foreign investment into export-led industrial development.

Cape Town, Durban and East London are considered the most appropriate locations for the first zones. The department says they must be within 50 km of an international port or airport, which opens the way for a zone in the PWV region as well.

The department does not favour export-processing units. Though more difficult to administer, export units provide more flexibility for manufacturers and reduce start-up costs. A conventional export zone requires land to be set aside and fenced. Manufacturers must relocate or establish new plants in the zone. Access is strictly controlled. The costs of land, preparation, administration and relocation can be considerable.

Export units operate from existing premises but proper control by the authorities over raw-material-and-component imports and finished products can be difficult. The department believes that zones should be restricted to new companies, with relocations considered on merit. The entire production must be exported.

Proposed concessions include duty- and surcharge-free imports, certain tax breaks, unrestricted transfer of dividends, royalties and interest in commercial rands, Regional Industrial Development Programme and General Export Incentive Scheme benefits, and the relaxation of certain legal provisions. The final package is expected to be approved by Cabinet this year.

The SA Chamber of Business believes that the plan lacks important ingredients, including tax holidays that have proved a major attraction for investors in successful zones in other parts of the world. It also wants a provision for export units. The chamber's comments are echoed in part by the Free Market Foundation, which says the department's proposals provide no international competitive edge for local zones. It also questions the need to force manufacturers to export 100% of production.

De Villiers argues in favour of special economic zones, which combine the advantages of export zones and export units. The structure is controlled through a computerised barcode system. Similar systems operate successfully in Mexico and the US. He says export zones aim to attract manufacturers serving global markets from SA while export units tend to serve manufacturers who want to export.

Investors in export zones tend to create more jobs and inject more capital into a country than manufacturers in export units. For example, he says in the past 25 years

(74G)

Mexico's export zones have attracted 2 000 foreign firms, created 500 000 jobs in export manufacturing, and exported US$12bn worth of goods.

Cape Chamber of Industries deputy director Colin Boyes believes that a distinct "export culture" already exists in the region's manufacturing sector, which positions it well for an export zone.

The establishment of an export zone, however, should not be seen as a magic formula to boost economic growth and must not be allowed to cloud the issue of the support that local exporters need to enable them to compete on world markets against highly organised export economies.

He says there are many disparities that undermine SA's export competitiveness, not least of which is the tax structure. The success of export zones will also depend on an understanding with trade unions. They will have to be shown that the intention of the system is not to exploit workers.

Stellenbosch University economics professor and export-zone authority Colin McCarthy says that while zones are a relevant concept for an economy such as SA's, expectations of a huge inflow of "footloose foreign capital" after zones are set up are unfounded. The real beneficiaries will be local manufacturers. ■

Small exporters get bigger chance

MARC HASENFUSS
Business Staff

749
ARG 29/5/93

A SPECIAL award recognising the efforts of small exporters in the Western Cape will be made at the Weekend Argus/Cape Chamber of Industries' Exporter of the the Year dinner.

The Safmarine Trophy for Outstanding Achievement in Exporting will be given annually to a company whose total turnover does not exceed R10 million.

Judging in the has traditionally been based on the best effort in relation to the size of the company to ensure that all exporters stand the same chance of winning the competition.

■ The Exporter of the Year will be announced at a banquet at the Mount Nelson Hotel on Thursday July 22.

The five finalists are Consani Engineering, Libra Sales, Louvreflex Agencies, Macadams Manufacturing and Petrel Engineering.

VW seals another export deal with the Far East

(749)

MARC HASENFUSS
Business Staff

ARG 09/5/93

VOLKSWAGEN of South Africa (VWSA) has sealed another major export deal — worth R500 million — with the Far East.

The Uitenhage-based motor manufacturer will export 17 000 left-hand drive Jettas to China. The deal follows last week's visit by the Board of directors of Volkswagen China to the Uitenhage plant.

About a year ago VWSA shipped the first consignment of vehicles to China. To date, 10 000 Jettas have been shipped.

VWSA managing director Peter Searle said the increased order protected about 700 jobs at the assembly plant and "many more in the component industry".

He said a crucial factor in fulfilling the order was the uninterrupted supply of vehicles to the required quality standards.

Further business opportunities are expected with Volkswagen China as the group's new Changchun factory is still in a start-up phase.

Zambia buys fuel from SA

Star 29/5/93

LUSAKA — Zambia has started importing all its petroleum products from South Africa. The decision to import fuels from South Africa was precipitated by the temporary closure of Zambia's only refinery, Indeni Oil Refinery, in Ndola on the copperbelt, for reconditioning. — Sapa

(714) (388)

New Chinese VW order saves 700 from lay-off

SI Times (Buss)

30/5/93

(74G)

By DON ROBERTSON

VOLKSWAGEN SA will supply a further 17 000 left-hand drive Jettas to China, preventing retrenchment of about 700 workers.

The order, worth more than R500-million, follows one signed last year for 12 500 second-generation Jettas for FAW-Volkswagen (FAW-VW), a venture between Volkswagen of Germany and the Chinese Government.

The first shipment of this R400-million consignment was made in May last year and 10 000 cars have been delivered. It is expected that deliveries for the new semi-knocked down order will begin next year at a rate of about 1 200 a month.

Trade between China and SA has been in favour of the Chinese. Last year, SA imported goods worth R709-million from China and exported R489-million, most of which was Jettas.

Chairman and managing director Peter Searle says: "We believe exports to be of crucial importance to the present economic situation in the country. The increased order also protects about 700 jobs at VWSA and many more in the component industry."

Because of the stagnant motor industry, VWSA recently held negotiations with unions about possible forced retrenchment of between 500 and 1 000 workers. A voluntary retrenchment and early retirement programme is still in operation.

Lin Ganwei, president of FAW-Volkswagen, and his board visited the Uitenhage plant and announced the contract.

He says: "We are pleased to be able to continue our relationship with VWSA and see further opportunities for business as the Chinese economy is developing fast and we require this volume to support us through the start-up phase of our factory in Chang Chung."

The deal will go a long way to restoring VWSA's profitability. In its report for the year to December, Volkswagen AG said VWSA suffered a small loss.

Engen going for a London listing

SI Times (Buss)

30/5/93

By ZILLA EFRAT

ENGEN plans a London Stock Exchange listing, possibly before the yearend, to boost its international expansion.

Engen investor relations manager Abbas Gani says the main aims of the listing are to raise the company's international profile and to have structures in place when it needs to raise capital.

"Opportunities knock on our door frequently and we want to have everything in place so that we can take advantage of them quickly."

But the proposed listing is not linked to any specific project or acquisition at this stage, he says.

Engen is believed to be evaluating acquisition options involving oil in West Africa. Its evaluation includes funding its growing exploration in the area.

Engen boss Rob Angel was in London two weeks ago introducing the group to the press, investment analysts and institutions. The group expanded its London office by moving part of its logistics division there a fortnight ago.

Mr Gani says the listing is in line with Engen's wish to be involved in the exploration and production of half of its crude throughput.

"To do this will involve major capital."

One advantage of a London listing is that it could help to overcome the increasing foreign-exchange difficulties that SA companies face when making acquisitions abroad.

Mr Gani says Engen will be listed in London only when the political climate in South Africa is conducive.

He says Gencor's proposed unbundling is regarded favourably by British investors because it will improve the tradeability of Engen shares.

Once Gencor and Genbel release their 70% stake, the number of Engen shares in public hands will jump from 28,2% to 64,6%.

Sanlam is likely to be the largest shareholder with 22%, followed by Rembrandt Group and Old Mutual.

Gencor's unbundling may also result in its selling its 5,8% stake in the Alba and Britannia oilfields in the North Sea because they do not fit in with its core mining business. Engen holds a 2,2% stake in the venture.

Mr Gani says Engen might be interested in buying these interests "if the price is right". It will depend on prospects for crude-oil prices.

Alfa takes on the biggies

SI Times (Buss)

30/5/93

By JEREMY WOODS

AS covers were whipped off imported Alfa Romeos in showrooms round the country this week, Brian Taylor, managing director of Alfa Romeo Concessionaires, said: "We are out to nail sales of BMW and Mercedes."

Alfa Romeo has returned with a range of cars not seen in South Africa before.

Mr Taylor says: "If our prices are comparable — and in some cases more competitive — we believe the discerning buyer will prefer a fully imported European-built car to one built here."

Franchises to sell Alfa Romeos are "being snapped up at a frantic rate" both for SA and other African countries.

BUSINESS BRIEFS

Russian gold forecast

RUSSIA lifted its veil of secrecy over gold production and exports, forecasting a steady 1993 production and promising a "balanced and moderate approach" to selling gold on world markets.

Yevgeny Bychkov, chairman of the precious metals committee, told a rare news conference that Russia had produced 146 tons of gold in 1992 and expected to produce the same in 1993.

Exports totalled 98 tons in 1992 and the country, a major producer, had sold 21 tons of gold abroad so far this year.

"I do not think sales of gold will change substantially," Bychkov said. "The government has a balanced and moderate approach to the matter."

Figures for gold production, exports and reserves were for long a closely guarded secret in the Soviet Union.

Eskom to help Cahora Bassa

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THE Government has accepted a proposal by Eskom to help finance rehabilitation of the Cahora Bassa hydro-electric scheme in Mozambique, says Mineral and Energy Affairs Minister George Bartlett.

The scheme on the Zambezi River was financed by South Africa, Mozambique and Portugal in 1969, but has worked for only a few weeks.

Zambia buying SA petroleum

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ZAMBIA has started importing all its petroleum products from SA after the temporary closure of its only refinery.

Indeni Oil Refinery in Ndola is being reconditioned. Zambia Deputy Energy Minister Colonel Patrick Kafumukache says supplies from SA have already started arriving in Zambia, which intends changing some of its petroleum product suppliers to SA.

Nigeria at SA exhibition

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A MAJOR promotional drive is under way in Africa and the Middle East to attract high-level businessmen to South Africa's largest technology show ever, The Africa Initiative.

Nigeria, which still has sanctions against South Africa, is expected to send the largest delegation to this five-day business olympiad to be held at Johannesburg's National Exhibition Centre at the end of August.

SAA heads back to Angola

SAA, in association with Angolan carrier TAAG, will resume weekly flights to Luanda from next Monday. Flights started between Johannesburg and Luanda in April 1992 but were suspended in October due to the unrest in Angola. SAA said the new flights would leave Johannesburg at 9:15am on Mondays arriving in Luanda at 11:50 am.

Racy under investigation

A TRADE AND INDUSTRY inspector has been appointed to investigate the affairs of Racy, which sold its assets to three directors at a discount to net asset value earlier this year. The inspection follows the legal recourse offered disgruntled minority shareholders.

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(14G)

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SA-UK TRADE

Britain opens the way to the Continent

STimes [Buss] 30/5/93

M4G

A Business Times SURVEY

THE UK has become home for most international companies exporting to Europe, says Safto senior manager, international division, Mike Veysie.

Total foreign investment in the UK is valued at about $100-billion, representing more than a third of American investment in the EEC and a third of Japanese investment.

SA investment in the UK, always one of their favourites, amounts to R35-billion, far exceeding its stake in any other EEC country.

Lack

The EEC has always been a primary market for SA trade, accounting for 50% of exports, says the Department of Trade and Industry. But SA's share of EEC imports has fallen consistently.

In 1988, SA was ranked 26th in EEC imports compared with ninth in 1986. Overall, SA accounts for about 2% of EEC imports, highlighting the potential for growth.

Mr Veysie is surprised that SA companies have not been more vigorous in expanding in the EEC, which has more than 340-million consumers and a market, based on gross national product, of about $4,2-trillion a year.

He ascribes this largely to the lack of competitiveness of SA exports.

However, logistical problems of exporting over long distances, language and cultural barriers deter SA business from doing business with Europe. Europe's single market has made it a "trade fortress", also a stumbling block for SA.

Several UK concerns wish to market and distribute SA products in the EEC.

Mr Veysie says the UK offers many benefits to SA companies looking for a stepping stone to the EEC. Besides the cultural and language advantages, SA business practices are largely based on those of the UK system.

A company operating from the UK also benefits from the tariff-free structure of the single market.

The strong interest shown by business in the UK has lead to a novel concept of a SA International Trade and Export Centre (Intec) being formed in Dover by TMC and the Kent Chamber of Commerce. The project is endorsed by Safto.

The Intec concept works along the lines of timeshare, says Mr Veysie. The centre provides SA exporters with infrastructure, including office space, communication links, administrative and marketing facilities, showrooms and storage, all of which they can rent.

"The savings on start-up costs can be enormous."

Mr Veysie says the centre is also ideally located for travelling to London and provides easy access to the Continent.

Safto highlights some of the advantages in using the UK as an export base:

- Its government and economy have been consistently stable over the years compared with some of its European counterparts.
- It is a low-tax-rate country and offers generous capital allowances.
- It is one of the top five exporting nations in the world. Roughly 25% to 30% of the country's gross domestic product comes from exports.
- Freight costs between the UK and the Continent are low because of the high level of commercial traffic.
- The cost of skilled labour is low compared with many other European countries and the number of labour disputes has dropped sharply.
- The UK, through development of its export industry, offers important worldwide marketing and trade links.
- Tariff-free access to the European market.
- A common language and lifestyle.

Volkswagen gets second Chinese order

Star 11/6/93

MHG

Finance Staff

DURBAN — Volkswagen has secured an order for a further 17 000 Jettas to be exported to China — saving 700 jobs which were in jeopardy and boosting the Eastern Cape economy.

The order comes on top of another for 12 500 Jettas shipped to China some time ago. It is expected to realise R500 million in turnover.

Chairman Peter Searle said at the weekend the order for 17 000 vehicles would not only benefit 700 VW workers, but also a further 1 400 within the total supply industry.

Components sourced from local industry, which stands to make R156 million from the deal, include engine blocks, tyres, glass, interior trim material, brakes, suspension, exhausts, wheels and body pressings and electrical components.

"Our quality standards have to be in line with Volkswagen's worldwide quality standards and the Chinese have reserved the right to review the order in the event that supply is interrupted for whatever reason.

"They do not want their production lines brought to a halt by any problem in South Africa. This has important implications for labour relations and our unions."

The vehicle market in China is the fastest growing in the world and VW has a dominant share of the market.

It is expected that 400 000 cars will be produced and sold in China this year alone.

Star 11/6/93

Zimbabwe likely to buy more SA power

HARARE — Zimbabwe can expect to import more electricity from South Africa by year-end, Eskom chief executive Ian McRae said in Victoria Falls at the weekend.

Addressing delegates at the 54th congress of Zimbabwe's Chamber of Mines, McRae said the survey for the construction of the 400 megaWatt line using the Matimba-Bulawayo link had reached an advanced stage.

Zimbabwe already imports a small amount of electricity from South Africa following its severe energy crisis last year when hyrdo-electric generation was scaled back because of the drought and problems were experienced at its thermal power stations.

"However, you should not be reliant on anything that comes from outside because you have the ability to generate enough power to meet your own needs," McRae said.

He said there were considerable primary energy resources in Southern African which could be used for economic development individually and collectively, Ziana news agency reports.

He said all countries in the region should work towards establishing common grids to help each other with power deficits.

South Africa, by far the largest and most industrialised economy in the region, is expected to have exhausted its current power supplies by the turn of the century.

Eskom has led the formation of a Southern African power grid, which should enable SA to import power from its potentially energy-rich neighbours. — Sapa.

The Star Wednesday June 2 1993

Russian cement imports planned

Star 2/6/93

By David Canning

DURBAN — A consortium of disgruntled Natal cement users and merchants is hoping to import cement from Russia in a bid to bypass the sole local producer, Natal Portland Cement (NPC).

Behind the move is the Singh family of Singh's Hardware and Electrical in Stanger. The family have interests in a number of businesses, including the Tambotiwood furniture operation and in building materials.

However, Raymond Weber, managing director of NPC, said he was not concerned about the possible competition as he did not think the project was economically viable.

It is understood the plan for imported cement was discussed at a recent meeting of builders and merchants upset about NPC's "closed shop attitudes and higher coastal prices, compared with inland prices."

They said there had also been problems in getting supplies on time.

The Singh family was reluctant to talk about their plans but promised to give details in due course.

Weber said he believed the move could be traced back to a disagreement between Praven Singh and NPC, but he was unwilling to give details.

According to Weber, rumours of possible importation have been around for six to eight months.

He said the consortium would have to capture a fairly large slice of the local market of 50 000 to 60 000 tons a month because a shipload could average around 15 000 tons.

746

R5 a bag

NPC itself had been offered supplies of foreign cement and had investigated the possibilities. It believed continuity and delivery would be a problem.

NPC theoretically had been offered cement around R5 a bag — well below the local and foreign cost of production. Local merchants sell cement at around R13 a bag.

There are no barriers to importation of cement, except for the low buying value of the rand and extremely high transportation costs.

Weber said NPC's coastal prices were affected by transportation costs. Clinker from the South Coast travels 120 km to Durban while slag from the Transvaal comes 350 km.

A major price war erupted in Natal in the mid-80s when Spanish cement was imported. At the time the rand weakened and the importers ran out of steam.

Weber said NPC had not been affected by the recession.

SA to revise offer on GATT tariffs

Buss. day 3/6/93

SA WAS about to make a new provisional offer to GATT on the country's tariff policy, Trade and Industry director-general Stef Naude told a meeting of the world body's trade council in Geneva this week.

Naude and other government officials yesterday completed two days of evaluation of SA's trade policies by 40 member countries. He said SA had reviewed its policy and the new offer would bring SA into line with the objectives of the Uruguay Round of negotiations.

Naude said SA's new provisional GATT offer would bind 55% of its tariff lines to GATT agreements.

Previously, less than one-fifth of SA's tariff was bound in GATT. In terms of SA's latest offer, the simple average tariff for imported industrial products would decline by a third and the percentage of duty-free tariff lines would rise from less than 20% at present to more than 25%.

Naude said that since the offer was made, it had been found that SA's existing industrial tariff offer "does not provide an adequate base for fundamentally rationalising the present tariff structure".

"A revised offer that would also aim at meeting the Uruguay Round objectives is therefore under consideration. The proposed revised offer would require some tolerance from our trading partners in view of the transitional process in SA."

The general export incentive scheme (GEIS) was considered essential to overcome the anti-export bias, a view which Naude said was supported by an unpublished World Bank report.

Despite facing questions from 28 countries, the SA delegates apparently elicited widespread understanding for the transition the country was undergoing politically and the need to concentrate resources in socially desirable projects.

PETER DELMAR

In a report published yesterday GATT said SA's trade regime had undergone "welcome changes in the past decade".

"Tariffs have been lowered and the extent of import controls has declined considerably. However, the tariff structure and the review mechanism underlying it are far from stable or transparent."

It said SA's potential as a market, supplier and host for new investment, given political stability was "considerable".

Experience in other countries at a similar level of development to SA which had undertaken trade liberalisation showed that autonomous liberalisation could bring "notable and sustained economic growth and development".

The report urged that reform be more rapid, but it "recognised that the SA economy was subject to many constraints. With sanctions largely dismantled, SA, as a country undergoing significant transformation, should make every effort to align its economy fully with the multilateral trading system."

Sapa-AP reports that the report said sanctions had cost SA about R40bn between 1985 and 1989, the equivalent of 13% of GDP. Since 1989, 1-million South Africans had lost their jobs in the country's longest recession. About 40% of the labour force was without proper employment.

This was partly due to previous drives to promote domestic production and cut reliance on imported goods.

The report said that between 1980 and 1991 SA's rank among world exporters fell from 16th to 30th and its rating among importers slumped from 25th to 36th.

A fall in the gold price cut gold's share in merchandise exports from 50% in 1983 to less than 30% in 1991.

NEW VENTURES . . . Cape Town-based electronics company Rhomberg-Bräsler Holdings has a factory in Santiago to serve the South American market, and the consul general of Chile, Eugenio Parada (left), was among guests at the formal opening of its new R4m headquarters and factory in Retreat. Others at the function were, from left, Balantina Parada, Gabriella Bieber, Rhomberg-Bräsler MD Peter Bräsler and Rhomberg-Bräsler chairman Peter Bieber.

Rhomberg beefs up world export plan

CT 3/6/93

(749)

Business Editor

CAPE Town-based Rhomberg-Bräsler has successfully carried out Phase 1 of its campaign to penetrate European markets, concentrating on the smaller national economies, and is now preparing to move into Britain, Germany, France, Italy and the US.

MD Peter Bräsler said yesterday that its corporate mission was to become a world player in the industrial process control markets.

Its Slimline range of 11-pin plug-in modules for industrial automation control already has more than 50% of the SA market, between 50% and 60% of this market in Chile and about 45% in Argentina "where we have been selling for only two years."

Rhomberg-Bräsler is also the leader in the SA proximity sensor market with its locally designed and made Detechtor range.

The company exports more than 45% of its present production worldwide, to 20 countries and has an international co-ordinating sales force based in Zurich.

To meet the demand for its products, it moved its head office, new product development department and factory to new 4 000 square metre premises in Retreat earlier this year. Bräsler said it had bought adjoining land to allow for further expansion.

Discussing plans for expansion into new markets he said: "At this stage it is envisaged that trading operations in each targeted country will be established either through joint-venture partnership companies with well established industrial trading organisations or through the formation of wholly owned trading subsidiaries."

Bräsler said company products were designed and developed through in-house know-how and technology.

Exports boost buoyant Metcash earnings

By AUDREY D'ANGELO
Business Editor

74G
CT 3/6/93

METRO Cash & Carry almost doubled attributable income to R55,9m in the year to April compared with R28,5m in the previous 10 months.

This was achieved on a rise of more than R1bn in turnover, to R5,2bn (R4bn). Operating income was R73,2bn (R45,8bn) and net interest received R14,7bn (R844 000).

Earnings at share level rose to 34,03c (17,32c) and the final dividend is 8c (6c), making a total pay-out for the year of 14c (6c).

The net asset value has risen to 149,3c (136,2c) a share.

An extraordinary loss of R6,6m (R5,5m) was made up of additional tax on investments made in 1988 and 1989 and a net loss on the disposal of investments and properties.

The higher tax bill of R28,9m (R14,8m) includes the new STC tax on profits paid out as dividends.

Net cash resources were R270m at the end of the financial year. There was no interest bill.

MD Carlos dos Santos — who took over in 1991 at a time the group was making heavy losses and returned it to profitability later the same year — said he was happy with these results, achieved in difficult trading conditions. But, he said, the group still had a long way to go to match historic earnings.

Santos said the reporting period included the unrest following the assassination of Chris Hani, which had obviously affected results. They had been below budget for that month, although they were ahead of budget for the year.

The latest outbreak of unrest had affected the group "in pockets", but overall results so far in the current year were reasonably good. They were ahead of budget.

The group was achieving "substantial" turnover from exports of groceries to other parts of Africa, including Central and North Africa, and to the Far East.

It already had trading operations in Malawi and there were "exciting possibilities" in other countries.

Discussing the continuing effects of the recession, Dos Santos said it was fortunate that the country was recovering from the effects of the drought. "We have had a good maize crop and hopefully we shall see the benefits in a few months."

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ST Times (Buss) 6/6/93

SA wins Hong Kong order

FORM-SCAFF, the W&A scaffolding subsidiary, has beaten international competition by winning a R4-million contract for the girder, shoring and support system at Hong Kong's new Check Lap Kok airport.

The system, containing 1 000 tons of steel, was designed and made in SA by Form-Scaff. The consignment will be shipped in 38 containers from the middle of this month.

746

SA's subsidies 'could fall foul of EC'

Buss. Day 7/6/93

PETER DELMAR

THERE was a strong likelihood that SA's high tariffs and export subsidies could attract unwanted attention from the EC, a leading European trade lawyer said last week.

Keith Hendry, a partner of Brussels-based Clifford Chance, told a Johannesburg conference organised by attorneys Werksmans that these measures might increase the likelihood of certain EC policy instruments, particularly anti-dumping and anti-subsidy measures, being directed at SA exporters.

To date, SA exporters had been affected little by EC anti-dumping proceedings.

"However, it is likely that as SA exports to the EC grow, exporters of particular products will become subject to proceedings.

"Certain sectors will be more vulnerable, for example iron and steel products. This is borne out by recent investigations into ferro silicon and manganese steel wear-parts, both of which were started in July 1992.

"It should also be realised that the fact that SA has traditionally protected its industries through relatively high customs tariffs may increase the likelihood that certain exports are found to be dumped. (SOA)

"Such protection may have allowed producers to charge inflated prices on the SA market, though this may be counteracted by SA exchange rate policy." (14G)

Hendry said the EC had traditionally been reluctant to use its anti-subsidy powers, possibly because its member states made wide use of subsidies themselves, particularly in the coal, steel and agricultural sectors.

Although Europe accounted for half of SA's exports, the country was still outside the EC's system of preferential trade which applied to about 60% of its imports.

"The principal beneficiaries are the Favoured Trading Nation countries, certain GSP countries (for example, Brazil and China), the Mediterranean and Lome countries and various eastern European countries.

"SA needs to consider its position. A possible way forward would be to negotiate a trade agreement with the EC. Joining Lome is a possibility, but its limitations must be understood."

Face harsh reality on trade barriers, industry leaders told

Star 8/6/93

(74G)

By Des Parker

DURBAN — South Africa's proposal to dismantle its import barriers more quickly and world trade body Gatt's urging of Pretoria to do much more to liberalise its trade policies will have done little for the peace of mind of hard-pressed industry bosses at home.

Leaders in sectors such as tyre manufacturing and textile production are seeking more — not less — tariff protection from what they perceive as disruptive levels of imports.

However, Trade and Industry Department director-general Stef Naude has told industrialists to face up to harsh realities.

"South Africa's own future and the international comunity responsible for multilateral trade rules demand from South Africa that we face realities that are impossible to avoid," he said.

"Our economy simply has to be reintegrated into the world economy. We cannot delay."

Gatt called for more uniform tariffs, phasing out of surcharges and a review of the rebate system. It said South Africa's export-orientation needed re-examination and the "fundamental lack of competitiveness" required attention.

Industry chiefs in capital-intensive sectors, such as textiles and tyre-manufacturing, would probably demur.

They contend that they cannot compete in their own backyard while their market is being eroded by cheaper imports, particularly from countries in the Far East which blatantly subsidise export businesses, and their production costs are being added to by duties levelled on materials and machinery they have to import.

In this environment, they argue, tariffs to protect their products are necessary just for survival and to maintain existing jobs. They dare not invest without it.

BTR Dunlop of Durban is baulking at a three-year R100 million programme pending the outcome of a SA Tyre Manufacturers' Conference application to the Board of Trade and Industry for a rise in new and second-hand tyre tariffs and an overhaul of duties on raw materials.

Incentives

The shrunken Frame textile giant, also based in Durban, has hinted that it might cease to exist as an entity if a last-ditch attempt to resolve a long-lived imbroglio over tariffs in the clothing and fabric sector does not succeed.

On the other side of the coin are the incentives for exporters — such as Geis and the Tax Act's Section 37E tax credits system for major capital projects.

Without them, ventures such as Alusaf's new R7,2 billion smelter (the country's biggest private project) and the Columbia stainless steel project, probably would not have seen the light of day.

Geis is being phased out and Section 37E is not expected to remain on the statute book much longer, in line with sentiment in Gatt and the World Bank.

Gatt, which celebrated its 45th birthday on January 1, evolved from initiatives at the end of World War 2 to undo much of the trade protectionism spawned during the six years of conflict.

South Africa was one of the original 23 signatories to the accord, which today has 105 member governments, as well as having de facto application in another 30 countries.

About 90 percent of world trade is between countries applying its dictums.

'Foreign' purchases sold locally

Millions lost in huge food exports scam

B/Day 10/6/93

(14G)

TIM MARSLAND

MAJOR food manufacturers and government have lost what may amount to hundreds of millions of rands in a scam which abuses the R1,6bn General Export Incentive Scheme (GEIS).

Although industry is aware of the fiddle, there is little it can do and police have a tough time securing convictions because of the difficulty of obtaining proof.

The scheme involves syndicates which buy goods for export — purchasing them free of VAT and with an export discount from manufacturers who will receive a GEIS rebate — and then sell them locally on the black market.

The taxpayer loses through the payment of export incentives — designed to stimulate foreign exchange earnings — to manufacturers who mistakenly believe the orders have been exported. The manufacturers in turn find themselves competing with their own discounted goods locally.

The scheme relies on fraudulent proof of currency transaction and of export or receipt in a foreign country, mostly neighbouring states. Manufacturers say the documentation is either forged, sometimes with the help of officials in other countries, or obtained through bribes.

Not only do the syndicates benefit from the GEIS discount (19% on raw goods that are fully processed before export), they also do not pay VAT on goods for export. The total advantage is about 35%.

Manufacturers say Mozambique has been a major problem with many of the "exports" to that country turning up on the local market. There are apparently also a number of unpoliced exit points along SA's borders which the syndicates can use.

One source said less than 10% of exports were checked by Customs and Excise.

SAP commercial branch Capt Danie Kriel confirmed police were investigating a number of these schemes, but declined further comment.

Most of the goods are sold on the black market in Johannesburg, although the problem is believed to be countrywide.

Bakers Biscuits operations director Robin Kitchin said Bakers now only allowed shipments to Mozambique that went by ship and had its agents check the shipment in Mozambique. Bakers had tried marking boxes that were to be exported, but these also arrived on the local market. He said the scam had harmed Bakers' reputation on the local market and damaged its legitimate export business.

Nestlé financial director Jose Mendes said his company had first encountered the problem about two years ago and had printed special labels for its export produce, but these had still found their way onto the local market. Nestlé had handed

☐ To Page 2

Exports

(14G)

☐ From Page 1

evidence to the police, the Trade and Industry Department and Customs and Excise for investigation. "It is taxpayers' money that is being stolen. It is also harming our business because at the end of the day, we are competing against our own products on the local market."

Tongaat-Hulett group MD Cedric Savage said he was aware his company's sugar and edible oil products were used in the scam. The Trade and Industry Department (which administers GEIS) had been approached and was investigating, he said. It was also considering reducing tariff protection on certain goods such as edible oils, which Savage said would help reduce the temptation to commit the fraud.

Beacon Sweets vice-chairman Eddie Berkovitz said his company had encountered similar problems. To limit the damage Beacon now supplied goods only to exporters that it believed were legitimate.

Sources say there is little police can do to stop the fraud. Even if a shipment were placed under surveillance, prosecution could involve only that shipment, and the fine for conviction would be minimal. Customs and Excise is powerless to act since the goods do not leave SA.

11 JUN 1993

Cape Times

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Millions lost through exports racket

Own Correspondent 74CT CT 10/6/93

JOHANNESBURG. — Major food manufacturers and the government have lost what may amount to hundreds of millions of rands in a scam that abuses the R1,6-billion General Export Incentive Scheme (GEIS).

Although industry is aware of the scam, there is little it can do and police have a tough time getting convictions owing to the difficulty of obtaining proof.

The scam involves syndicates that buy goods for export — free of VAT and with an export discount from manufacturers, who receive a GEIS rebate — and then sell them locally on the black market.

The taxpayer loses through the payment of export incentives to manufacturers, who in turn find themselves competing with their own discounted goods on the domestic market.

Manufacturers say the documentation is either forged, sometimes with the help of officials in other countries, or obtained through bribes.

The syndicates gain about 35% in GEIS discount and exemption from VAT.

Manufacturers say many "exports" to Mozambique turn up on the local market.

SAP commercial branch's Captain Danie Kriel confirmed police were investigating a number of these schemes.

Bakers Biscuits operations director Mr Robin Kitchin said Bakers now only allowed shipments to Mozambique that went by ship, and employed agents to check shipments on arrival there.

Nestle financial director Mr Jose Mendes said his company had tried printing special export labels, but these had still found their way on to the local market.

Nestle had handed evidence to the police and departments of Trade and Industry and Customs and Excise.

Tongaat-Hulett group managing director Mr Cedric Savage said he knew the company's products were being abused.

Beacon Sweets vice-chairman Mr Eddie Berkovitz said his company now supplied goods only to exporters whom it believed were legitimate.

Sources say there is little police can do to stop the fraud, while Customs and Excise is unable to act because the goods do not actually leave South Africa.

SA trade, industry scoops SITEF pavilion

746

Business Editor

THE Department of Trade and Industry will have a national pavilion at the SITEF international technological fair in Toulouse, France, for the first time this year.

The fair, from October 19 to 23, is held every two years and in 1991 750 companies from 120 countries took part. Their stands were seen by 60 000 visitors.

Forum

Urging local companies in the fields of computers, robotics, electronics, micro-electronics, energy, transport, civil engineering, bio-technology, telecommunications and the environment to take part, the department says: "SITEF is regarded as an excellent forum for establishing contacts in the fields of high technology and for keeping abreast with the latest trends in research and development."

It says that Toulouse is "the heart of the French aerospace industry and boasts 400 research laboratories employing 10 000 people."

Companies interested in taking part can contact W du Plessis at Tel 012 310 9398.

CT 10/6/93

Better deal

The department says in its newsletter "Global Trade" that it has negotiated a better deal with the Reserve Bank for SA exporters taking part in overseas exhibitions.

They can now spend up to R25 000 on overseas advertising and exhibitions through the commercial banks, and take trade samples worth up to R5 000 without obtaining Reserve Bank approval.

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gin to tractive option to investors ... Metropolitan Life's 17 875m² Metlife Centre on Cape
start of with "lucrative" long-term Town's foreshore.
benefits, he says.

Export processing zones on the horizon, says analyst

B/Day 14/6/93

IT is expected that government and trade unions will soon pave the way for the establishment of export processing zones (EPZs), Herbert Penny MD Peter Penny says.

(146)

Last month the SA Special Export Zones Association was formed and once government and the unions approve the establishment of EPZs, the task will be to find international businesses that will see SA as an attractive base from which to manufacture.

"EPZs are usually allowed to assemble imported products for immediate re-export duty free. Factories are established to do this and value is added to the product.

"However, the processed goods are not allowed to be sold within the host economy and therefore do not compete with established, protected industries," he says.

This would have a positive effect on the property market market as it could result in foreign investment and generate new factories, warehouses and distribution centres.

EPZs have been established throughout in the world in countries that have protected industries.

PETER PENNY

There is general acceptance that industry protection is only justified where an infant industry is being nurtured until it can withstand international competition.

"It is also recognised that to remove protection overnight from industries that have grown up under its cloak may prove disastrous to an economy. EPZs represent an interim phase to move an economy towards becoming outwardly focussed and internationally competitive," Penny says.

Some EPZs have been highly successful and others have met with no success at all. The achievement of an individual EPZ will depend on its relative locational advantages such as accessibility to international markets, government reaction and labour conditions.

"Most of the industries setting up within EPZs will be foreign, although the factories are likely to be provided on a lease basis by local property developers," Penny says.

Foreign industrialists are attracted to EPZs by stable labour conditions where labour is available at a lower cost than in the home country of the foreign enterprise.

"If foreign industrialists encounter serious labour problems in an EPZ, they will simply pack up and go home. It is of extreme importance to obtain prior understanding with labour unions that labour costs must be competitive and labour conditions must be stable," he says.

Even if foreign industrialists withdraw in due course from an EPZ, they will leave behind a more sophisticated economy and a labour force with improved skills and upward mobility, Penny says.

Duiker wins big coal export deal

B/1504 19/6/93

MATTHEW CURTIN

DUIKER Exploration, the Lonrho-owned coal producer, has won multimillion-rand export coal contracts with Taiwan Power Company which are set to run until 1998.

The supply contracts, which will nearly double the size of Duiker's steam coal exports, were valued at more than R500m for the supply of 4,4-million tons of steam coal over five years.

Duiker's export ambitions are at odds with its small allocation at the 49-million ton a year Richards Bay export terminal, and have led the group to back the construction of controversial new facilities, condemned by SA's leading exporters.

Amcoal, Randcoal and Trans-Natal, which export more than 30-million tons a year between them, have warned that an export drive by smaller producers will add to already-strong downward pressure on prices caused by the worldwide recession and fierce competition in the export coal trade.

The new project, the Coal Export Joint Venture, investigating a new 12-million ton a year facility, involves Anglovaal, Gold Fields, Sasol, Iscor, Agipcoal, MacPhail and Duiker. (14G)

A company spokesman said yesterday the contracts provided for the export of 800 000 tons of coal during the next three years, and 1-million tons a year over the following two years.

Technical director Hugh Stoyell said in a statement the value of the contracts was "expected to exceed R500m at the FOB vessel level" at 1993 prices.

The group, the owner of collieries near Witbank and Vryheid, sold only 1,4-million tons of coal abroad in 1992, compared with 1,1-million tons the year before.

Stoyell said the contract price was satisfactory, adding: "In the light of the present oversupply situation in the world steam coal markets, the award of these contracts represents quite a coup."

Export zones meet obstacles

B/Day 15/6/93

MATTHEW CURTIN

THE private sector and Trade and Industry Department push for the establishment of potentially lucrative export processing zones (EPZs) is slowing down in the face of administrative, legislative, and political obstacles.

(14G)

Departmental confidence that revised proposals would be ready for Cabinet approval last month has evaporated as the complexities of the scheme have emerged.

Instead, a department report on EPZs, including submissions from Sacob and the Reserve Bank, has been tabled at the National Economic Forum and will be on the agenda at this Friday's meeting of the forum's short-term working group.

A department spokesman reiterated government confidence that private sector support for EPZs was strong, but the forum's input on the subject was vital for the plans to proceed.

Sacob international trade official Bess Robertson said business was broadly in favour of the zones and the discussion process had gone smoothly to date. "EPZs are a method of promoting export-oriented business providing there is a right mix of incentives to encourage investors."

Their establishment would require special legislation likely to be passed in the next parliamentary session at the earliest.

Important issues still had to be settled, such as the sort of incentives government would offer. Sacob favoured tax holidays

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Export zones

(14G) B/Day 15/6/93

☐ From Page 1

rather than export incentive schemes such as GEIS. Robertson said how the zones would be brought under the umbrella of exchange and monetary controls and how labour would be treated in the zones were key aspects requiring further discussion.

It is understood the Reserve Bank's reaction to the creation of EPZs has been cool. The Bank is concerned at the number of measures which would have to be introduced to monitor economic activity within them and to ensure they would not compromise exchange control regulations, monetary and banking policy in general.

A Bank source said: "SA is not like Mauritius which has been turned into one big EPZ. The business of setting up zones here is a minefield when one has to consider how and where they operate side-by-side with existing laws and infrastructure."

Govt looking at export controls

EDWARD WEST

GOVERNMENT was investigating scrapping export controls on ferrous and non-ferrous scrap metals, the Trade and Industry Department said yesterday.

Export controls, introduced three years ago to promote raw materials beneficiation, gave local buyers of scrap metals first option to buy the intended exports.

Local buyers were also granted a 15% discount on the LME price for non-ferrous scrap and a 7,5% discount on the free-on-board price of ferrous scrap. (414G)

The metals concerned included waste and scrap steel, iron, refined copper and copper alloys, nickle, aluminium and zinc.

Copalcor MD Piet Malan believed abolishing export controls would be detrimental to industry as the controls had been set up to prevent scrap metal from leaving SA.

He said abolishing the controls could push local scrap prices up.

The department said the investigation into lifting export controls would be completed in about two months, after interested parties had made submissions. BDFM 16/6/98

No boost in business confidence — BER

B/Day 16/6/93

DUMA GQUBULE

THE current low level of business confidence was unlikely to receive a significant boost from the local economy this year, Stellenbosch University's Bureau for Economic Research said yesterday.

Its nationwide survey conducted during May 1993 among 21 sectors of the economy showed the manufacturing sector continued to experience adverse business conditions.

Exports were picking up, but an improvement in the manufacturing cycle was unlikely to occur this year.

Adverse political developments, in the wake of the Chris Hani assassination and the March Budget, had knocked improving business confidence detected in the first quarter survey and affected consumer demand.

A majority of respondents said second-quarter business conditions were likely to be worse than those of the previous year and were expected to stay so in the third quarter.

Second quarter domestic sales had not lived up to expectations expressed in the bureau's first-quarter survey.

There had been a relatively sharp fall in the volume of local orders, but the outlook for the third quarter was considerably better.

Most respondents had reduced production, because of slack domestic demand, but they expected to increase production during the third quarter, the bureau said.

It appeared the higher production was largely the result of an increase in exports.

Encouraging news was that foreign demand for manufactured products had surpassed expectations and was expected to be keener during the third quarter.

More goods were produced for export than a year ago and most respondents expected a further acceleration during 1993.

The indication that fixed investment was slightly higher during the second quarter and that the deteriorating trend in real investment may be bottoming out over the next year, were other positive factors, the bureau said.

Exports soften blow to SA manufacturers

Z (749)
CT 16/6/93

By AUDREY D'ANGELO
Business Editor

RISING exports are helping to cushion manufacturers against the effects of the continuing recession, the latest survey carried out by the Stellenbosch Bureau for Economic Research (BER) shows.

But domestic sales in the second quarter are not showing a hoped-for improvement, and most respondents expect this situation to continue in the third quarter.

Many report they will have to retrench workers, in spite of the number of jobs which have already been lost.

BER director Ockie Stuart points out:"The extent to which jobs are being lost is a cause for alarm. It could aggravate the violence and crime spiral and intensify the economic ills of the country."

In spite of these continuing retrenchments some industries report a shortage of skilled workers, which is expected to intensify when the upturn comes.

Most respondents say the general political climate is hurting their business — only 4% said this was not the case.

Summing up, the BER economists say:"As a result of the slack business conditions, aggravated by an adverse political climate, our respondents do not plan to increase their productive capacity over the next 12 months.

"Business confidence is at an extremely low level and domestic demand is unlikely to boost it in any significant manner during 1993.

"Exports are picking up — but a turn for the better in the manufacturing cycle is unlikely to come to the fore during the current calendar year."

The survey was carried out among firms all over the country, in 21 manufacturing sectors. The report says domestic sales did not come up to expectations. But there were indications that the decline in sales was bottoming out.

And "foreign demand for manufactured products actually outstripped previously held expectations and is anticipated to become more keen during the third quarter.

"More goods than a year ago were produced for the foreign sector and a small net majority of our respondents expect a further acceleration during 1993."

In spite of this, the report continues:"It was disturbing to note that 46% of the participants had to retrench workers during the second quarter. It is even more disturbing to report that 42% intend doing so during the third quarter."

In addition to the lay-offs, more people worked short time during the second quarter. The report says this situation "is expected to improve somewhat during the third quarter".

Weaker demand meant that stocks of raw materials increased. "Finished goods in relation to domestic demand also tended to accumulate, but a keener foreign demand increased this ratio relative to exports."

Discussing the labour situation, the report says that 39% of respondents said there was a shortage of skilled labour. "It would appear as if even a mild upturn in the economy could cause problems on the labour front which will undoubtedly be reflected in higher wages."

The report says only 28% of respondents are not worried "by the relatively high short term interest rates".

Industry chiefs fire broadside at concept of export processing zone

Star 17/6/93

(14G)

By Des Parker

DURBAN — Two top textile industry men have fired a broadside at the concept of export processing zones (EPZs) for SA.

Mervyn King, executive chairman of Frame and new president of the Textile Federation, and Textile Federation head Brian Brink say the proposed zones — geographic areas where export manufacturers receive substantial tax and import tariff benefits — are likely to place an intolerable burden on Customs officials.

Legislation is expected to be enacted in the not too distant future to enable zones to be set up.

The recently formed Special Economic Zones Association has earmarked ports such as Durban and Richards Bay and those of the Western and Eastern Cape, as well as areas of the PWV, as potential EPZ sites.

The association, comprising business people, politicians and regional and local authority representatives, has said special customs and excise arrangements would need to be in place to "regularise and police" zones.

Mervyn King, executive chairman of Frame

Brink, however, reckons EPZ protagonists are a "self-seeking lobby" and the concept just one more in a series of misguided export incentives that have had a woeful performance "at huge cost to the fiscus".

He claims adequate policing of SA's extensive borders and coastline to ensure products made in EPZs for export did not re-enter SA would be "nigh on impossible".

"Existing exporters located outside such processing zones will be disadvantaged and prejudiced, having to purchase higher-priced inputs, pay higher taxes and other fiscal commitments.

"They are also generally farther from ports of entry and will therefore be subject to higher transport costs — all of which would lend fuel to the sometimes acrimonious regionalism debate."

Smuggling and corruption would flourish, placing an intolerable strain on already overstrained officialdom.

In addition, new fixed investment would be disrupted with existing exporting businesses being forced to move to EPZs.

Brink suggests the Government would be better advised to address the anti-export bias in existing duty-free provisions for imports used to manufacture goods for export, at the same time as awarding incentives for new investment in production and technology.

Star 18/6/93

French banks to provide bulk of Alusaf's export credit finance

(74G)

French banks would provide the bulk of export credit finance for the giant aluminium project Alusaf, finance director Paul Snyman said yesterday.

Alusaf has appointed three French foreign lead banks from which to source the major portion of export credit finance of R2 billion for imported technology and equipment.

Other lead banks in Germany, Britain and Japan were also involved in providing export credits to cover potential suppliers to the R7,2 billion Alusaf smelter expansion project, he said.

A consortium of the four major South African banks had agreed to provide guarantees for the R2 billion in foreign loans as well as approximately R700 million in local loan finance.

Although this would be one of the largest private sector facilities offered in South Africa, the facility had not yet been finalised, he said.

He pointed out that the foreign and local loan finance amounting to R2,7 billion was complementary to the R3,8 billion equity and shareholder loan backing which had been secured from Gencor, the Industrial Development Corporation (IDC), Eskom and various institutional investors.

Snyman said there would be scope in the future for creative financing arrangements as Alusaf's qualification for Section 37 (E) would ensure the project received the cash equivalent of tax deductions for capital expenditure as it took place. — Sapa.

ADE scoops India on R110m export contract

27/6/93

(749)

Business Staff

ATLANTIS Diesel Engines — in the face of stiff competition from India — has won a R110m contract to supply unmachined engine block castings to a major South Korean manufacturer.

The blocks are for Mercedes-Benz diesel and petrol engines, and will be supplied to SsangYong, the fourth largest vehicle manufacturer in South Korea, over five years.

Fritz Körte, MD of ADE, said he believed this was the largest order ever secured by a South African company from South Korea.

It resulted from ADE's continual, worldwide search for potential business.

"SsangYong is investing R7,7m in tooling for ADE, which is clearly an indication of long-term involvement.

"ADE is already exporting some 30 different types of components, worth R50m a year, to countries as diverse as Argentina, Germany, France, England and Brazil."

Star 21/6/93

(74G)

'Trade walls must go'

South Africa is emerging from isolation and sanctions to encounter new pressure: the demand to dismantle walls of protection around local businesses in line with the rules of fair play in world trade, reports MICHAEL CHESTER.

THE END of political isolation and the chance to return to the bustle of normal world trade was greeted with champagne parties in the boardrooms of most South African companies. Now come the headaches.

The first shock is that renewed access to export markets does not mean a flood of overseas orders. Exporters are finding the old price edge they used to enjoy over many rivals has vanished — labour and production costs have rocketed because of political reform and inflation — and new rivals have encamped themselves in our traditional markets.

Even worse, the removal of sanctions has exposed the thick entanglement of trade barriers that protect numerous local industries from international competition. And in exchange for letting South Africa re-enter overseas markets, global trade partners are demanding the opportunity to trade on level playing fields in South Africa.

Pressure to comply with the rules of global competition is coming from the General Agreement on Tariffs and Trade, (Gatt) a powerful secretariat that acts as a world trade policeman. All now hinges on how long Gatt gives South Africa to adjust to its rules — given the special circumstances of dramatic political and economic reform.

A South African Government negotiating team travelled to Geneva recently to start discussions. Department of Trade and Industry director-general Stef Naude found Gatt was fully aware of the damage caused by sanctions — the Gatt secretariat assessed the damage at no less than R40 billion — counting the combined losses caused by the shrinkage in export earnings, financial sanctions and disinvestment.

Even so, Gatt remained highly critical of South Africa's tariff structures. It was true, a special report admitted, that South Africa had made a start on the removal of direct import controls. Out of a mountain of 12 600 tariff items, the number covered by controls had been trimmed down from 23 percent in 1985 to about 15 percent.

But tariff walls were still far too high. The average level of protection over the industrial sector was no less than 27 percent — soaring over 60 percent in some pockets of manufacturing and a staggering 90 percent or more in textiles and leather.

Also viewed with a stern eye were the shelters around the motor and chemical industries and the tobacco trade. All in all, less than one-fifth of South African tariffs were bound by Gatt rules.

The Government was now volunteering to increase the number to a shade more than one-half. Also, South Africa was offering to lift the number of duty-free items in its tariff list from under 20 percent to more than 25 percent. Still on the agenda, however, was South Africa's system of "import licensing" that protected the agricultural, forestry and fisheries sectors.

Next under review came the issue of how the State Tender Board handled government procurement contracts, where individual department were able to award contracts up to R500 000 for construction and engineering projects. The Gatt report said tenders were invited normally only from firms based inside South Africa — and preferences granted to domestic suppliers were estimated to create a margin of some 30 to 40 percent in favour of locally produced goods.

The Government was well aware of the way various protection measures increased the overall costs of manufacturers. It had compensated them by offering export subsidies that averaged about 20 percent of actual export value.

Under pressure, South Africa had now agreed to phase out its general export incentive scheme in 1995.

South Africa has also pledged to axe import quotas on non-food products within a year and remove licensing requirements on agricultural imports as fast as possible. Gatt wants a written commitment on the table within the next month.

Naude emerged from the talks warning local industrialists they need to face a batch of harsh moments of truth. "SA's own future, and the international community responsible for multilateral trade rules, demand from SA to face realities that are impossible to avoid. Our economy simply has to be reintegrated into the world economy."

The Gatt secretariat argues that South Africa will be far better off in the end if it toes the line. "The immediate challenge is to regenerate growth in the context of policies aimed at social upliftment," says its report.

Rejoining the international trade circle involved would result in more international confidence in the economy, more investment and more jobs.

Seasoned economists have no argument with the longer-term scenario.

But there are reservations about the speed of trade reforms. "Pulling away all the layers of tariff protection could be traumatic for many industries," says one observer. What has to be weighed is the impact on employment. The loss of more jobs could ignite the fuse of political dynamite.

"Finance Minister Derek Keys has also promised the gradual withdrawal of trade protection as a longer term objective while new strategies are ironed out to restructure the entire economy.

"But we need time. The socio-political climate is far too sensitive to stand the shock of major trade upheavals.". □

R300m export deal for Laser

CT 21/6/93

(149)

Own Correspondent

JOHANNESBURG. — Laser Optronic Technologies had secured a R300m order to supply locally developed and manufactured laser diamond cutting systems to China, Laser MD John Bond said at the weekend.

The venture was originally funded by a R4m grant from the Industrial Development Corporation in 1991 and a R29m technology transfer from Baasel Lasertech in Germany.

Bond said the system could earn SA billions of rands by adding value to rough diamonds. For example, SA exported 886 000 carats of unpolished stones and 12,7-million carats of rough diamonds to India, which had no diamond deposits. The country employed about one million people in its gem polishing industry and added value of about R2bn to imported stones.

Fraud leads to VAT losses

B/Day 21/6/93

TIM MARSLAND

GOVERNMENT is losing hundreds of millions of rands in VAT every year due to fake claims of exports of tobacco and other produce to neighbouring states.

The news comes hard on the heels of details of massive abuses of government's General Export Incentive Scheme (GEIS).

Industry sources said at the weekend syndicates in Johannesburg were purchasing tobacco products from wholesalers for export to countries in the Southern African Customs Union. They then forged the documentation required as proof of export and claimed the VAT back from the wholesaler, who by law had to refund it directly to the exporter before reclaiming it from Inland Revenue. The tobacco products were then resold on the local market cheaper than the wholesale price.

Lost turnover to Johannesburg retailers in a Lesotho-linked scam was estimated at R600m a year and the lost VAT at about R200m. (74G)

However, Transatlantic Tobacco Company executive chairman Jacques Kruger said the loss to the fiscus could be much bigger, because the same scam was being applied to other consumer products.

His company was investigating the Lesotho issue "to assist our franchised wholesalers". But there was no proof of "a definite syndicate".

Inland Revenue chief director Mike Du

To Page 2

VAT

B/Day 21/6/93

From Page 1

Toit admitted there was a problem with VAT claims on goods being exported to Lesotho because there were not proper custom controls at that point.

"We do not do our own VAT policing; we rely on customs to do this for us."

He said that while he was not aware of the current scheme, the department investigated all claims of VAT fraud. (74G)

Inland Revenue was looking into several cases and would be making "examples" of those found guilty.

A tobacco industry spokesman said manufacturers supplied directly to the wholesale trade (top clients received a 7% discount), who then sold the products to retailers. Some retailers were being offered products at far bigger discounts than wholesalers received.

"The only conclusion that can possibly be drawn from the situation is that products are obtained from illegal channels."

He said the fraud had been made easier by a change to the VAT rules. Previously, proof had to be provided that goods were delivered to a country in the Customs Union. Now the seller was not obliged to ensure delivery.

Meanwhile, Trade and Industry said it was aware of allegations of malpractices regarding GEIS as reported earlier by Business Day.

"Everything possible is being done to avoid paying out fraudulent claims under GEIS," a spokesman said.

Exports continue their upward trend

Star 22/6/93

By Derek Tommey

Exports continued at a high level in May. (14G)

Figures issued by the Department of Customs and Excise show they amounted to R6,49 billion — the second-highest figure on record.

Although last month's exports were R380 million below the peak April figure of R6,87 billion, they were R1,25 billion, or 24 percent, higher than in April last year.

This reflects a strong performance by exporters, seeing that prices overseas of many of the company's traditional metal and mineral exports are depressed.

Imports last month amounted to R4,61 billion, which was slightly lower than April's R4,68 billion. This resulted in a trade surplus last month of R1,87 billion, against R2,19 billion in April.

While this is a most encouraging development for the balance of payments, it must be remembered that the figures are in somewhat depreciated rands.

Exports in the first five months of this year amounted to R29,9 billion (R27,4 billion in the same period last year).

Imports to the end of May were R22,9 billion (R20,1 billion a year ago).

The cumulative surplus for this year was R7 billion, which was 4 percent down on last year.

Safto Marketing Services says rising export growth in May was largely attributable to the improved performance of unclassified exports and a big jump in jewellery and precious stones exports.

The improvement of the unclassified category no doubt reflects recent positive trends in the gold price.

Growth of exports to Europe rose 5 percent for January to May 1993. The improvement could be related to better economic conditions in the UK.

Exports to America grew by 9 percent and imports from America by 25 percent.

Export hopes 'are misplaced'

B/Day 22/6/93

EDWARD WEST

EXPORTING was not a realistic way to stimulate the economy, Eskom commercial manager Dennis Cook told the Sapics manufacturing conference in Johannesburg yesterday.

Even if manufactured product exports tripled, the impact on GDP would be slight, he said. South Africans needed to invest in SA and replace old technology and machinery.

Cook cited Japan, which exported 9% and imported 5% of GDP, as an example of a country that had adopted an inward-looking strategy to stimulate local demand. SA exported 23% of GDP, mainly in the form of primary products. (74G)

He said the promotion of small business had become an economic necessity. In the UK government support of small businesses had led to the formation of 30 000 small enterprises between 1980 and 1991 and to the employment of 310 000 people. Fledgling formal sector businesses should be promoted.

Official SA unemployment figures indicated that between 6- and 7-million people were unemployed. A consumer society should be created.

The way to create jobs was through manufacture, as growth in available labour was exponential and the job market was dwindling. Large companies should adopt a small supplier for non-critical items to help small firms become competitive.

The key to this strategy was giving purchasing departments the latitude to negotiate contracts with small businesses. Large companies could apportion a small share of budget to [illegible] into these programmes.

Sliding commercial rand 'good news for exports'

By ARI JACOBSON

THE commercial rand, currently trading at all-time lows, is forecast to fall further against the dollar, losing at least another 3% or 11c to R3,40/$ by year-end, according to a leading bank forecast.

This forecast is part of an as yet unpublished report on the trend for the rand till year-end.

The SA currency has been steadily declining since March 1982 when one rand bought one dollar. In January 1985 two rands equalled a dollar and in November 1992 the R3 per dollar benchmark was breached.

However SA Foreign Trade Organisation's (Safto) GM Ann Moore was quick to point out yesterday that "part of SA's salvation is through export-led growth and this requires a weaker rand."

She said that a weaker rand "would give us the edge" in the export market, making SA commodities and manufactured goods "more competitive".

74G

Talking about a current strategy, a banking analyst said that "in simple terms the further weakening of the rand in the next six months means that importers should not hang out before buying dollars to pay for purchases, while exporters should feel comfortable about not covering positions."

The rand is trading at all time lows against the dollar closing out yesterday at R3,29 to the dollar.

The fall in the rand has been triggered mostly by dollar strength and importer panic as major currencies collapsed this week.

CT 23/6/93

The DM is suffering the fate of the German economy — with predictions of the worst economic slump this year, since World War II. Helping the flight into dollars has been the political turmoil in Japan this week, impacting on the yen.

But a currency dealer said yesterday that "the yen is forecast to strengthen in the final quarter of 1993 and that includes against the rand. Add to that a stronger pound against the rand and a rand running flatter against the DM, then exports have the potential to be bolstered across all borders".

Moore added that such weakness against a basket of currencies would tend to delay imports or speed up purchases "only by necessity".

An economist said that such a situation could easily trigger a faster recovery in the SA economy, by helping to lift the balance of payments and foreign exchange reserves.

SA exports to Africa thought to top R10-bn

Star 23|6|93

(74G)

Busines Staff

The real value of South Africa's exports to Africa probably exceeds R10 billion — and is rising.

Paul Runge, the South African Foreign Trade Organisation's (Safto) senior manager for Africa, predicts that the visible value of exports to the continent will soon approach R6 billion — double the 1989 figure.

But that's conservative, given that disguised trade with the last of the boycott markets is not reflected

Nor are "invisible" exports such as training, technology transfer and tourism.

Hence the estimated R10 billion statistic, much of it from beneficiated products such as chemicals, building materials and vehicle parts.

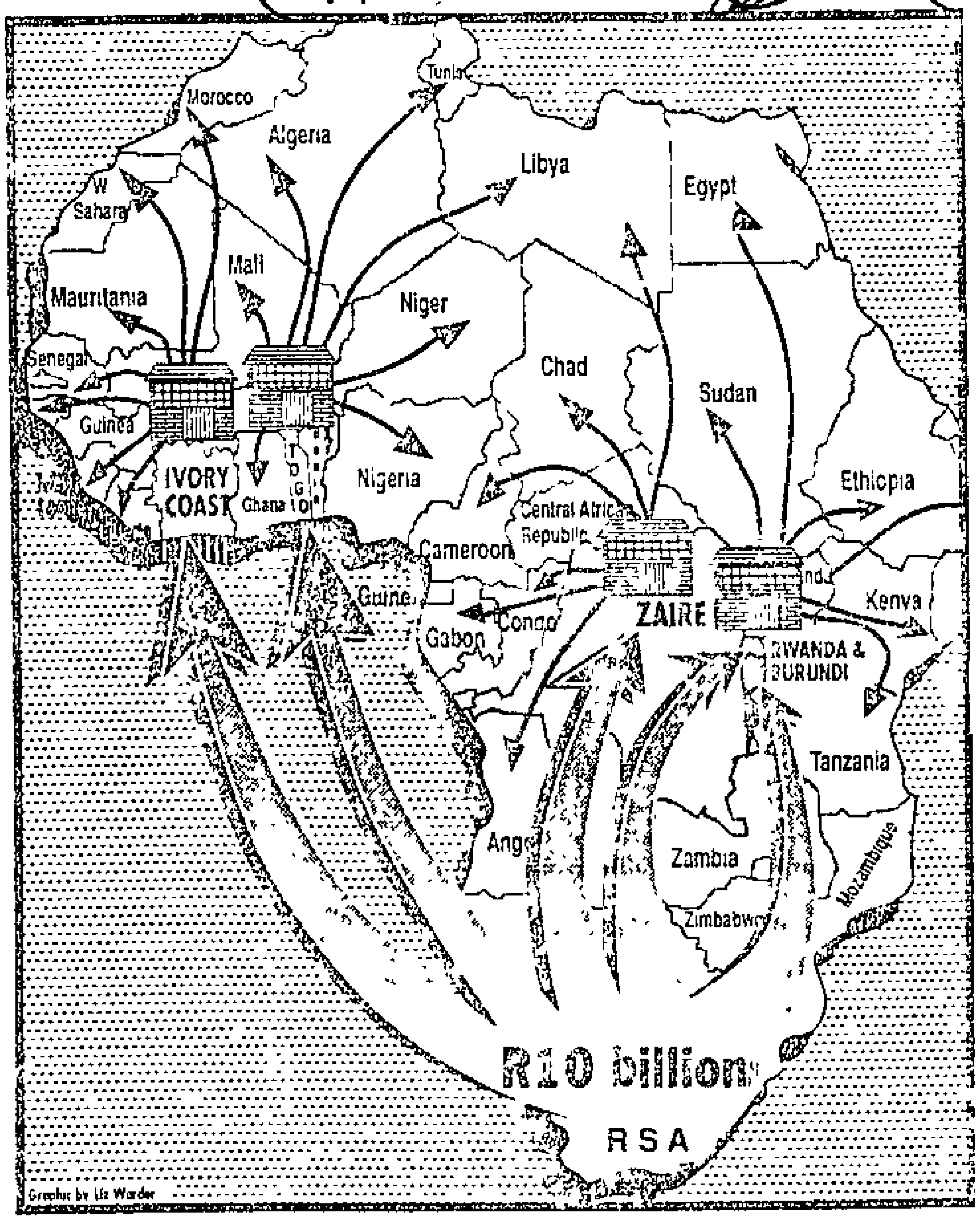
Runge regards the rapidly growing trade with Africa as remarkable, since, with very few exceptions, sub-Saharan countries are bankrupt

"As they often lack the foreign exchange to pay for imports, payment is often far from secure, no matter how badly they want our products and services, or how advantageous are our weak rand, our proximity and our Africa-adapted goods."

He suggests that securing of payment is bedevilled by the low level of imports from Africa, which have remained at R750 million since 1989.

"Thus, while Africa's economic integration with the developed world has been declining, SA's unique position has given rise to our data going against the negative trend.

"As new markets open and African countries switch sourcing from Europe to SA (such as the flood of SA beer and fruit juice into Luanda that replaced European imports), so we are assured of a continued rise in our exports."



He says more SA companies are exploiting the advantages SA has in trading in Africa. They now increasingly seek joint venture partners instead of weaker agency agreements.

Yet, Runge cautions, behind this optimistic scenario lies a negative — SA's record in accessing aid funds to Africa.

As Africa's economic situation continues to decline, so the World Bank, EC and UN agencies continue to allocate huge funds for Africa. In the case of the World Bank the figure is about R4 billion a year

Last year, SA reportedly accessed only about 0.8 percent of these funds, worth $71 million.

In 1991, SA's formal subscription to the World Bank stood at $1.6 billion, giving it a voting power of 1.15 percent. Yet in the same year SA accessed only $100 million in project work related to the bank.

Runge believes that although the World Bank still doesn't allocate funds directly to projects in SA, we can clearly do much more in the way of accessing cross-border projects in Africa.

"Formal business transactions in Africa have a ceiling because of the serious shortage of foreign exchange in the markets themselves.

"Aid money is in foreign exchange and is reasonably secure. The rules of the aid game must be learned fast.

"In the past three years Safto has been increasingly drawn into this game at the insistence of our clients and also because we predicted this need This has led to increased interaction with the major donor agencies and a far better knowledge of how they work."

But there's yet another major gap to be filled — private sector commercial aid projects not covered by the World Bank, ADB (African Developmwnt Bank) and UN agencies, which deal with governments and thus infrastrucural and social upliftment projects.

Runge says the major agencies have realised that working with governments as implementing agencies for their projects yields a limited project success rate.

Hence the emphasis is shifting towards promotion of commercially viable projects in African countries via the private sector arm of the World Bank and the ADB's private sector development unit.

"These private sector promotion bodies have proved to be efficient and quick and their success rate has led to a deeper look at the whole question of private-sector promotion.

"In tune with the IMF's policy of boosting Africa's business ethic, the World Bank, the ADB and the UN Development Programme have pooled their resources to create the Africa Project Development Facility, which identifies projects for medium and small enterprises valued at up to about $5 million and then uses the muscle of its three powerful patrons in securing finance for approved projects.

"Given SA companies' good but limited human resources and insufficient finance, this concentration on smaller commercial projects holds much potential, especially in the agro-industry and small manufacturing sectors."

Samancor in French deal

Business Staff

SAMANCOR and Societe du Ferromanganese de Paris-Outreau (SFPO) have agreed to co-operate in producing 40 000 to 80 000 tons of medium-carbon ferromanganese a year at Boulogne in France from manganese ore supplied by Samancor.

The parties have also announced that Samancor will acquire a 5% shareholding in SFPO.

Samancor will supply between 80 000 and 160 000 tons of its high-grade ore per year to SFPO, who will convert this into low-phosphorous high-carbon ferromanganese using its existing blast furnaces in France.

This alloy will be refined into medium-carbon ferromanganese.

Trials of the equipment required for the refining process are well advanced and small-scale production and sales will start shortly.

Rand report

LOCAL exporters have pointed out that the report on the rand (Wednesday 23 June) was incorrect in saying "exporters should feel comfortable about not covering positions".

SA's foreign exchange controls requires exporters to cover positions seven days after shipment. (14CT)

CT 24/6/93

SAB discloses foreign interests

CT 24/6/93

From MARCIA KLEIN

JOHANNESBURG. — SA Breweries (SAB) has for the first time disclosed details of its foreign beverage interests, whose turnover totalled close to R1bn in the year to end-March.

In his 1993 annual review, executive chairman Meyer Kahn, said favourable changes in international attitudes towards political developments in SA allowed for more comprehensive reporting on the group's foreign beverage interests housed in Westgate Worldwide.

The group said Westgate's attributable earnings grew by 18% to R79m (R67m) in the year to end-March, while turnover rose by 17% to R949,4m (R813,7m).

SAB's total beverage interests reported turnover of R7,7bn, with the beer division's turnover totalling R5,2bn.

Westgate's 12% growth in total assets to R962,2m included capex of about R80m.

Westgate, established to handle beverage-related investments and activities outside SA, had seven breweries and three bottling plants.

Beer brands included Dorada, St Louis and Chibuku (sorghum), and soft drink brands included the Coca-Cola, Sparletta and Schweppes ranges and Appletise and Pinalito Spring water.

Kahn said Westgate operated largely in sub-Saharan Africa through Netherlands-based subsidiary Indol International BV, which was "well established in Botswana, Lesotho and Swaziland".

Westgate also had "significant strategic holdings in the dominant beverage operations in Zimbabwe and the Seychelles", and was looking at other sub-Saharan beverage markets.

Westgate had also started to acquire and develop beverage interests in and around Europe. Compania Cervecera da Canarias, the largest brewer in the Canary Islands, was a Westgate subsidiary.

In the UK, Appletise was distributed under licence from Westgate subsidiary Niagara International BV.

Export markets and franchises were being established in Europe and the brand rights for SAB's brands had been registered in markets worldwide. Westgate also owned the Carling Black Label brand for southern Africa.

Kahn said the volume of lager beer sold in Westgate's markets declined marginally in the year, but Chibuku sorghum benefited from changed consumption patterns.

Indol's southern African subsidiaries, the major bottlers of Coca-Cola, reported virtually unchanged sales. Appletise retained its dominant market share in the UK and elsewhere.

The annual report made no mention of a recent announcement by Hungary's State Property Agency that SAB had won the right to buy a majority stake in Hungary's largest brewer, Kobanyai Sorgyar.

Kahn said SAB expected little or no growth in the European and southern African economies in the coming year.

But Westgate was committed to achieving reasonable improvement of profit each year, and had budgeted for a further improvement in the 1994 financial year.

Exports major growth area for Macadams

CT 24/6/93 (749)

By MAGGIE ROWLEY
Deputy Business Editor

EXPORTS continue to be the major growth areas for Cape-based Macadams, manufacturers and suppliers of industrial bakery and catering equipment, and should account for 50% of manufactured goods during the current financial year, according to financial director Kevin McEvoy.

In an interview McEvoy said exports, which rose by 112% last year, currently accounted for 40% of manufactured goods but were steadily growing and expected to grow by a further 50% to R12m during the current year.

Increased exports, he said, had helped offset the drop in local demand due to the recession.

Among the greatest areas of growth in the export market were African countries previously closed to the company due to sanctions.

Political developments in Malawi, which had previously being their largest African market, had resulted in a drop-off in exports to that country.

However, the Congo was emerging as an extremely lucrative market.

McEvoy said the medium to long term prospects for the domestic market were also good.

However, in spite of the depressed trading conditions, Macadams was budgeting for a 22% increase in turnover to R46m during the current year ending February 28.

DTI lifts veil on exports

THE Trade and Industry department lifted a corner of their veil on SA's export trade yesterday, presenting the Cape Chamber of Commerce with details of exporters in the region.

Trade and Industry Director General Stef Naude, who made the presentation yesterday, said the details were being provided to assist the chambers efforts in export promotion which was of crucial concern.

Naude said it was the first time that the department had provided details of SA's exporters.

The chambers immediate past president Herbert Hirsch said the information would assist the organisation's efforts to create a comprehensive data base. (749) CT 24/6/93

Cold Storage gears up for expansion of Namibian fish quotas

CT 24/6/93

By MAGGIE ROWLEY
Deputy Business Editor

THE cold storage capacity of Walvis Bay Cold Storage (Pty) Ltd is to be more than doubled at a cost of R15m to take advantage of huge growth prospects in the Namibian fishing industry.

The expansion, being financed by shareholders Commercial Cold Storage, in which the Oceana Fishing Group has a 76% stake and First National Development Corporation of Namibia holds 24%, will increase cold storage capacity by 9 000 tons to 14 000 tons.

Commercial Cold Storage MD Willem Visagie said recent research by the Namibian Department of Sea Fisheries indicated that current hake quotas of 120 000 tons a year could virtually triple to 350 000 tons by the year 2000.

"Other quotas are also likely to be increased so we will be providing much needed storage capacity for the Namibian fishing industry."

The present facility, he said, provided full time employment for 30 workers but this would more than double to 70 on completion of the project.

Construction of the extensions, which will include installation of sophisticated technology, fully computerised stock systems and the latest in refridgeration design, is due to start next month with completion scheduled for March next year.

The existing facility will continue to operate during building operations.

He said that a R1m ship-to-shore conveyor system to handle the offloading of up to 30 tons of fish an hour was currently being installed.

Meanwhile Sapa reports that Namibian guidelines on the allocation of fishing rights and quotas for 1994 were announced yesterday with strong emphasis on Namibian control and development.

Fisheries and Marine Resources Minister Helmut Angula said the new guidelines aimed to secure increasing benefits for Namibia, especially through onshore development of factories and processing plants.

Existing fishing rights and quotas expire on December 31 this year, effectively terminating pre-independence contracts inherited by the Namibian government.

Mr Angula said government would prevent monopolisation of the industry and ensure equitable distribution of fish resources, with preferential treatment offered to companies which could show they had "Namibianised".

Applicants for fishing rights were required to show there would be investment in vessels within three years of the rights becoming valid.

Ten year rights would be granted for the first time, Mr Angula said. This had become imperative in order to plan properly and attract solid investment to the industry.

After suffering systematic depletion by foreign fishing vessels before independence, Namibian fish resources had shown good recovery with current productivity three times higher than predicted, Angula said.

JSE broker

EL Port to lose R2m

EAST LONDON. — The East London Port will lose up to R2m in revenue over the next two years following a decision by Zambia Consolidated Copper Mines (ZCCM) to re-route its copper exports to Durban. 749

The Durban port manager, Rudi Basson, confirmed yesterday that ZCCM had approached the port and that a trial shipment had been received.

CT 24/6/93

Huge capital outflow drain on the BoP

CT 25/6/93 (74G)

From GRETA STEYN

JOHANNESBURG. — SA experienced a massive R3,7bn capital outflow in the first quarter of this year — the highest level since the fourth quarter of 1991, the Reserve Bank said in its latest Quarterly Bulletin.

It noted political and social uncertainty joined forces with economic factors to raise the drain on the capital account of the balance of payments (BoP) to roughly more than twice the quarterly average outflow of R1,6bn recorded during 1992. The total net outflow in the six months to March this year exceeded R7bn.

Economists said the figures confirmed the capital account remained the Achilles heel of the SA economy, standing in the way of an easing of monetary policy in spite of favourable inflation trends. BoP problems meant SA could not afford an economic stimulus even though 300 000 new job seekers entered the labour market every year and 1,5-million people had been unable to find employment since the beginning of the recession.

The Bank noted that virtually the entire outflow was in the form of short-term capital. Bankers said this reflected the fact that most of the foreign capital committed to SA was short term because it could easily be withdrawn.

The Bank said unfavourable "leads and lags" in foreign payments and receipts — when importers rush payment and exporters delay receipts — had fuelled the outflow of short-term funds. Other factors were the switch to domestic finance from foreign sources because of the relatively low cost of borrowing and local banks' readiness to lend, as well as "ongoing political and social uncertainty".

Included in the short-term outflows are unrecorded transactions, a figure widely regarded as indicating the trend of capital flight, or illegal exporting of capital out of the country. Although recent breakdowns are not yet available, SA's consistently high unrecorded transactions in the past have led to speculation that substantial capital flight is taking place.

The capital drain was the main reason for a R3,3bn fall in the country's net foreign exchange reserves in the first quarter. However, a weak current account surplus added to the BoP woes as only R406m was left from the trade balance after net payments for services. The paltry current account would have been even worse had it not been for lower expenditure by South Africans travelling abroad and higher dividend income from foreign investments.

The Bank noted the weak current account surplus was partly attributable to "exceptional circumstances" related to a decline in international oil prices, which encouraged a substantial increase in oil imports. However, the surplus was also affected by a sharp decrease in merchandise exports (gold exports rose).

There was little BoP pressure from long-term capital outflows, in spite of the repayment of R550m in standstill debt and R600m in bearer bonds and notes. Valued at the exchange rate prevailing on August 31 1985, SA's foreign debt has been reduced from $23,7bn at the beginning of the standstill arrangements to $15,8bn at the end of last year.

NO SILVER LINING

JOHANNESBURG. — SA, mired in its longest recession this century, still faces obstacles to economic revival, the Reserve Bank said yesterday.

It said the economy had been shrinking for over four years. And although real GDP had fallen more sharply in some previous downturns than the 4% registered between the first quarters of 1989 and 1993, the latest slide had followed a long period of low growth.

Poor investor confidence, soaring unemployment and low consumer demand would continue to embattle the economy, the Bank said.

Export trade magazine group for SA

(74) CT 28/6/93

Deputy Business Editor

THE world's largest export trade magazine company, the Asian Sources Media Group (ASM) has opened offices in South Africa and is reaping benefits for the country's exporters, says Cape representative Barbara Spencer.

ASM, which publishes eight monthly export trade magazines each with a subscriber base of about 30 000 in 24 different countries, has opened offices in Johannesburg and Cape Town.

"The response from SA companies in the export field has been very heartwarming with more than 50 large concerns taking out advertisements and many of these already reaping their first orders," she said.

She said ASM had recently published a book on importing from SA which covered all the regulations.

"In addition we have bought out the first of what will be an annual magazine on SA exporters in which all those who have advertised get a free mention," she said.

The eight trade magazine in the ASM stable include Electronic Components, Gifts & Home Products, Hardwares, Timepieces, Fashion Accessories and Telecom Sources.

ASM is a US company based in Hong Kong.

Clothing exports soar to R460m

BiDay 29/6/93

CAPE TOWN — Clothing exports have boomed to such an extent that the industry had a positive trade balance last year for the first time, says the latest issue of the National Clothing Federation newsletter.

Exports of clothing amounting to R460m last year represented 10% of the total value of clothing production, with 61% of the exports going to the UK (R105m), Hong Kong (R71m), Germany (R64m), US (R24m) and the Netherlands (R17m). Clothing valued at R238m was imported, with 62% coming from China (R96m), Taiwan (R43m), Zimbabwe (R40m), Hong Kong (R36m) and India (R23m).

Federation economist Arnold Werbeloff said that despite the favourable business conditions emerging, employment in the formal clothing industry in urban areas was declining.

(7 4 G)

Employment in the major urban concentrations of clothing manufacture fell by 13 000 to 93 000 workers in the first four months of this year. Natal experienced the largest job

LINDA ENSOR

losses (7 000 workers), while Transvaal suffered the largest percentage loss (15%). Between January and April, 91 factories were closed, 36 of them in the western Cape.

"The decline in urban employment has occurred despite a steady 4% real growth in retail sales of clothing in 1992. The implication is that retail chains and other formal clothing retailers are not channelling this demand to their traditional suppliers of clothing, but rather to the competitive suppliers locally and abroad.

"Destocking of goods from the urban clothing manufacturing sector has taken place at retail level and price competition is extremely tight," the newsletter said.

Clothing production output fell 7% last year while textile production declined by 10%. Clothing inflation at producer level averaged 9%, while that of textiles was 5%. These figures showed that the downturn in textile activity was more severe than in the clothing sector, in terms of output and producer margins.

Star 30/6/93

Metro opening shops in Israel, Russia

(14G) (26)

By Stephen Cranston

Metro is planning to set up two cash and carry stores in Israel and another two in Russia by mid-1994, says MD Carlos dos Santos.

In a presentation yesterday to the Investment Analysts Society, he said Metro had sent a senior operational executive, Andrew Reitzer, to run the offshore operation.

In Israel, Metro's partner will be Koor Industries, the country's largest industrial conglomerate, which also has a controlling interest in the Co-op retail chain.

In Russia, Metro's partners will be a steel mill, which is in a position to help with imports, and a bank to enable the group to convert roubles into hard currency at a favourable rate.

Wherever possible, Metro will export SA goods to its stores.

Dos Santos said he expected the stores to be profitable within a year of opening.

Metro already has a 40 percent interest in PTC in Malawi, which owns 23 cash and carries and 65 retail stores.

It also has two cash and carries in Lisbon and a sourcing and trading operation in Hong Kong.

Its export division, Metro International, trades mainly with African countries, but also sells to the Far East, Middle East and Russia, as well as providing an operation for miners in Mozambique, which enables them to buy goods in SA and receive them in Mozambique.

The expansion of global operations will be an important source of Metro's growth.

Internally, the group hopes to improve profitability by increasing the proportion of non-foods and perishables in its stores.

It recently introduced fruit and vegetables and fresh and frozen meat into its stores.

UK broker forecasts SA export-led recovery

Star 30/6/93

746

By Neil Behrmann

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

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

Contraction

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

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

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

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

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

Assuming negotiations remain on course, Warburg forecasts:

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

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

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

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

Bonds recommended for the overseas investor are Eskom E158, E168 and E169, Govt RSA 150 and Transnet T004.

Warburg is concerned about the poor marketability of SA equities.

Capitalisation

The total market capitalisation of 70 mining and mining financials is only $39 billion, and $55 billion for the 70 leading industrials and financials.

Only Anglo American and De Beers have a market capitalisation over $5 billion.

Four companies led by Richemont, followed by SA Breweries, Gencor and Liberty Life trade on market capitalisation of $3 billion or more.

The majority of companies have capitalisations of well under $1 billion. These are tiny amounts in the huge international capital market.

Since a large proportion of the shares are tightly held, the market liquidity of these companies is a disincentive for foreign institutions.

The financial rand market, through which the securities must be bought, is also very narrow.

The total finrand pool — total value of foreign holdings in South Africa — is estimated at a mere $15 billion to $20 billion.

Warburg contends that gold shares are less attractive following the remarkable run this year and that the industrial sector appears fully valued and "remains vulnerable to short term correction".

Financials in the banking and insurance sector, however have the attraction of "solid earnings growth prospects and good relative value".

The brokers recommend purchases of Amgold, Freegold, Vaal Reefs, Randfontein, Barlow Rand, Kersaf and Liberty Life.

SA trounces US wine exports to Britain

182 140

CT 30/6/93

From CHRIS BATEMAN

LONDON. — South Africa has become the fourth largest non-European Community country exporting wine to Britain, outstripping the United States for the first time this year, it emerged yesterday.

The country's phenomenal increase in wine exports to Britain — from 190 715 cases in 1990 to 604 355 last year — saw her outstrip long-established wine exporters to the UK, like Chile and New Zealand, by last year.

Figures released yesterday by Britain's Central Statistical Office (CSO) reveal that SA exported 151 456 cases of wine in the first three months of this year, compared to the United States' 139 900, overtaking the predominantly Californian wine exports for the first time.

The top non-EC wine exporter to Britain is Australia, (545 967 cases), followed by Bulgaria and Hungary.

● The CSO began recording monthly figures of SA wine exports from last June when the country began featuring among the top seven non-EC wine exporters to the UK.

Exhaustive export order

449

Business Staff

STEN Products — the third largest exhaust manufacturer in SA — has broken into the US market. It has sent a first shipment of stainless steel exhausts worth about R250m to a US manufacturer.

CT 30/6/93

Sten sales director Pieter Rossouw said his company was approached to send batches of stainless steel exhausts and components "as it is not cost-effective for the US company to manufacture these less popular exhaust ranges on its fully automated lines."

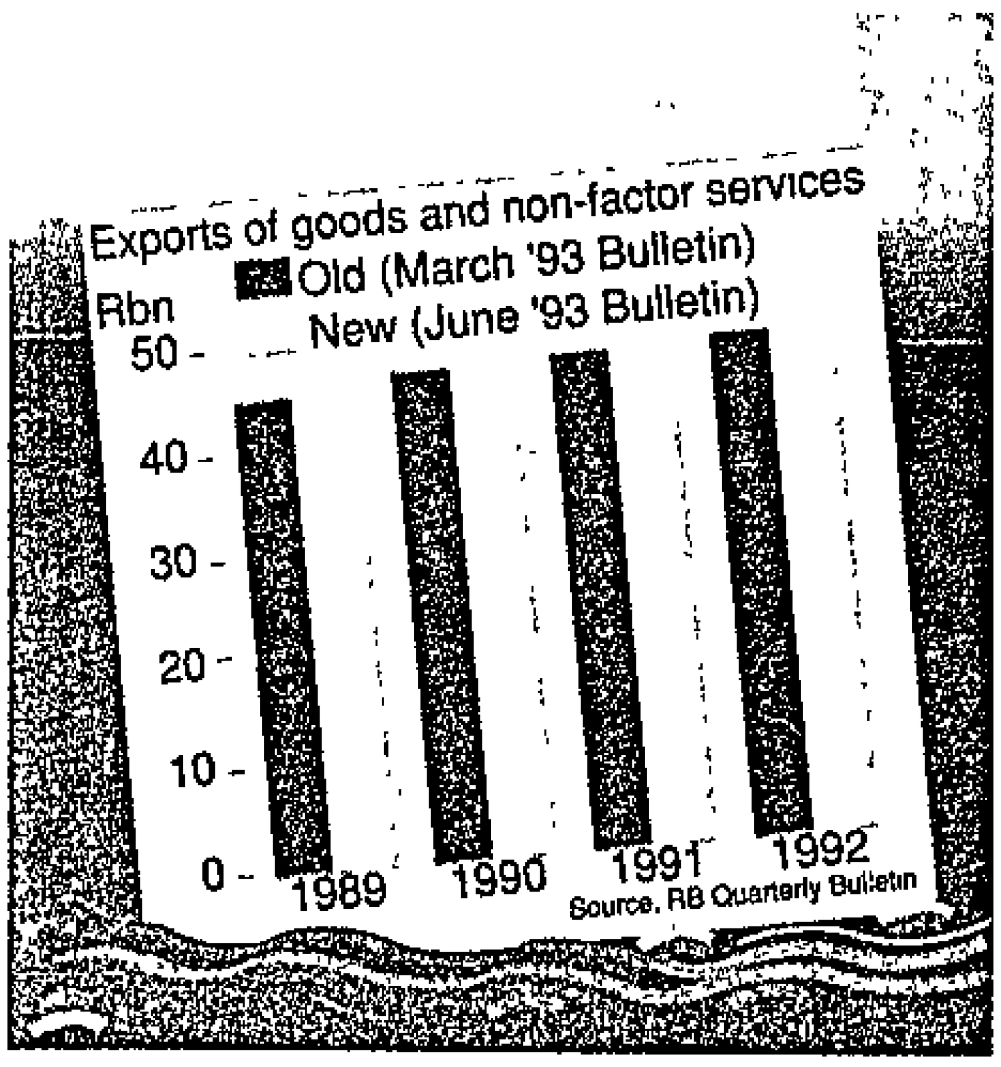
Sten currently exports to countries in Europe, and to Canada and Australia. Rossouw said the US order could result in "a significant increase in export volumes over time."

NATIONAL ACCOUNTS CHANGE

FM 2/7/93

(746)

Export figures published in the national accounts have been revised substantially downwards in the latest Reserve Bank *Quarterly Bulletin*. This follows revisions to trade figures, as from 1946, and the results of a census of foreign transactions, liabilities and assets which the Bank undertook in 1989.



The largest revisions are in the period from 1980.

As a result, there has been a change in the residual item — the amount subtracted from gross domestic expenditure to bring it in line with gross domestic product by income/output, published by the Central Statistical Service. This item is a source of anguish for analysts of national accounts. The size of the item, and the large revisions often made to it, highlight the difficulties of measuring GDP.

Other national accounts statistics are to be revised next year to bring them in line with Central Stats data. And a change in the base year, for calculation of constant prices, from 1985 to 1990, is also due soon.

High costs loom as sanctions go

~~363~~ 749

ARG 3/7/93

MARC HASENFUSS, Business Staff

EXPORT-PROCESSING zones will cost up to R800 million to set up, Gateway Park chief executive Dr Neels de Villiers told a meeting of the South African Special Economics Zone Association (Saseza) in Cape Town.

The high cost of establishing export zones would preclude the formation of more than seven special economic zones (SEZ) in South Africa, he said.

The cost he attributed to the major input required from civil the engineering industry, the transport sector and customs and excise.

However, the cost of establishment must be seen in the light of the role of SEZ's in facilitating job-creation when sanctions were lifted. Estimates show that SEZs can create 20 000 to 30 000 jobs internally and up to 60 000 more externally.

Dr De Villiers said that SEZ's had already been favourably discussed by the National Economic Forum (NEF). "Of the 14 papers presented to the forum only one was negative," he said.

■ Opening the gates for imports and exports is expensive but must be seen as vital in the wake of sanctions.

Saseza unveiled its proposed fiscal packages at the meeting. These include:-

■ Duty free importing and exporting.
■ A tax holiday for 10 years.
■ A 15-percent corporate tax after the tax holiday period.
■ VAT zero rating on goods purchased.
■ Exemption from RSC levies.
■ Exemption from property rates.

Dr De Villiers said the association had until July 27 to submit its incentive proposals to the NEF. Saseza would lobby for the passing of the necessary legislation in September.

Other proposals were for the implementation of a computerised bar-coding system in SEZ's to prevent millions of rands being lost through export rackets

This would require the integration of the mainframes of Portnet/Customs and Excise with the Department of Trade and Industry to co-ordinate access/security levels

The formation of a technical committee on job-creation, labour relations and skills development was also proposed.

Dr De Villiers noted that the only bodies not represented at the meeting were the labour unions. "We have talked to the trade unions ... but we need a technical committee to liaise with these bodies as regards the role of SEZ's".

He said labour costs — about R2,20 an hour — were competitive with Mexico, Malaysia, Taiwan and Vietnam.

■ The following were nominated as council/founding members of Saseza: Dr De Villiers, Dr David Bridgman (Wesgro), Mr Errol Spring (Border Chamber of Commerce), Mr Chris Procter (RDAC Natal), Mr Ben Moolman (MV3 Architects) and Mr Terry Markman (OVE Arrup).

Edited by JEREMY WOODS

Fresh hake from Cape for Spain

S/Times [C Metro] 4/7/93

(74G)

BY LEW ELIAS

FRESH Hake exports from Cape Town are set to take off after almost all the available air cargo space to Europe last week was taken by one of the largest consignments of wet fish ever to leave South Africa.

And this is just the start of what could turn into a complete cargo jumbo-load a week winging its way to the fish markets of Spain, if all goes well with a new scheme started by Spanish fishing entrepreur, Pedro Erizalde.

Mr Erizalde, whose family has strong roots in the fishing industry in Spain, moved to Cape Town recently to start the business.

The project, which started at the beginning of the year, gives a welcome boost to the local fishing industry with between 50 and 70 tons of fresh hake a week being sent to Spain.

The fish is caught and shipped by Cape-based Marpro, in a joint venture with Mr Erizalde.

Hake is something of a speciality fish in Europe, and not as plentiful as in the Cape waters.

One of the advantages is that the export hake is sold with its head on — increasing the weight of each fish by about 30-percent.

Logistics

"It was difficult to find a supplier who had fish of sufficiently high quality to supply the quantity of fresh fish — and the logistics in getting the product to the markets within 24-hours were also horrific," Mr Erizalde said.

Getting cargo space on carriers from Cape Town was also difficult as the venture was new and experiments had to be carried out to see in what condition the fish arrived in Europe.

The fish is being flown out by Dutch carrier KLM, the French airline UTA and Portugal's TAP.

The company is gearing itself up to fly out 120 tons of fish a week which would alow it to use a cargo carrying jumbo jet — but the difficulty is getting a load from Europe to South Africa to make the trip cost-effective.

"We are looking at the possibility of filling planes carrying aid to places like Mozambique to return to Spain with our fish," Mr Erizalde said.

Export Venture

S/Times (Buss) 4/7/93

THE popularity of the SA-developed Toyota Venture has encouraged the company to seek export markets.

Certain proposals are being settled, including the export of diesel-engined and left-hand-drive Ventures, says Toyota Marketing managing director Brand Pretorius.

The success of the station-wagon type Venture in SA has created a high level of interest in other markets, particularly those in other African countries.

"It is quite clear there is an export market for the Venture and Toyota SA is moving towards satisfying this area of demand," says Mr Pretorius.

Toyota spent R56-million to tool up and promote the Venture. In March it became the biggest seller in the so-called minibus sector. (~~493~~) (74G)

Winemakers waging fierce export war

S/Times CC (Metro) 4/7/93

(14G)

By PATRICK McDOWELL

NOT so long ago, making and selling wine was a game for gentlemen who talked about bouquet, not shelf space in a supermarket.

No longer.

From California and France to Australia, Chile and South Africa, winemakers are waging a fierce export war to win over a dwindling number of drinkers with changing tastes and recession-pinched wallets.

Quality still counts, but the new game is about marketing. Producers say survival in the next decade will go to those who understand pricing, packaging and public demand

"My advise to the industry is to produce wine based on the need of the consumer, not on their wine cellars," said Timothy Wallace, a partner in California's Glen Ellen Winery "Wine is a package product, like a car or stereo."

Buyers

Glen Ellen was one of 2 000 exhibitors from 42 countries in Bordeaux recently for the biennial Vinexpo, the world's largest professional wine and spirits show They wooed buyers, sized up competitors, and took sober stock of an industry in crisis

At 24,6 billion litres in 1990, wine consumption worldwide has fallen 4,5 billion litres), about 20 percent, in a decade.

Fewer people drink wine with meals, more abstain due to health concerns, and governments everywhere are raising taxes Bountiful harvests have led to overstocked cellars and diving prices

Throughout the 1980s, the industry opened new markets in Asia, especially Japan, to counter falling demand at home But many Japanese put a cork in the wine fad when their economy stalled.

To stay alive, producers are elbowing into each other's turf Long-time exporters France, Italy and Spain, who still dominate, are getting stiffer competition from places that once drank all they made.

California's exports soared 25 percent a year for the past six years, while Australia's climbed 1 000 percent in 20 years. Chile has done even better.

"I think a lot of our winemakers are finally realising that if they want to play ball, they have to get into the international market," said Paul Molleman, international marketing director for the San Francisco-based Wine Institute

If winemakers have it tough, wine drinkers can bask in prices that have fallen 40 percent for champagne, and choices from a bewildering array of producers.

Who are they? Take Romania. Though the Romans planted vines there 2 000 years ago, vineyards suffered neglect after 1945 by Communist planners more interested in heavy industry.

The country has rediscovered wine as an export earner. Basil Zarnoveanu, director of a Bucharest-based trading company, Vinexport, hopes to carve out a special niche the same way Chile, Bulgaria and South Africa did

First, he plans to target countries that are open-minded about odd-sounding labels. Most exporters cite Britain, Germany, Scandinavia, Japan, Canada and the United States

Cash flow

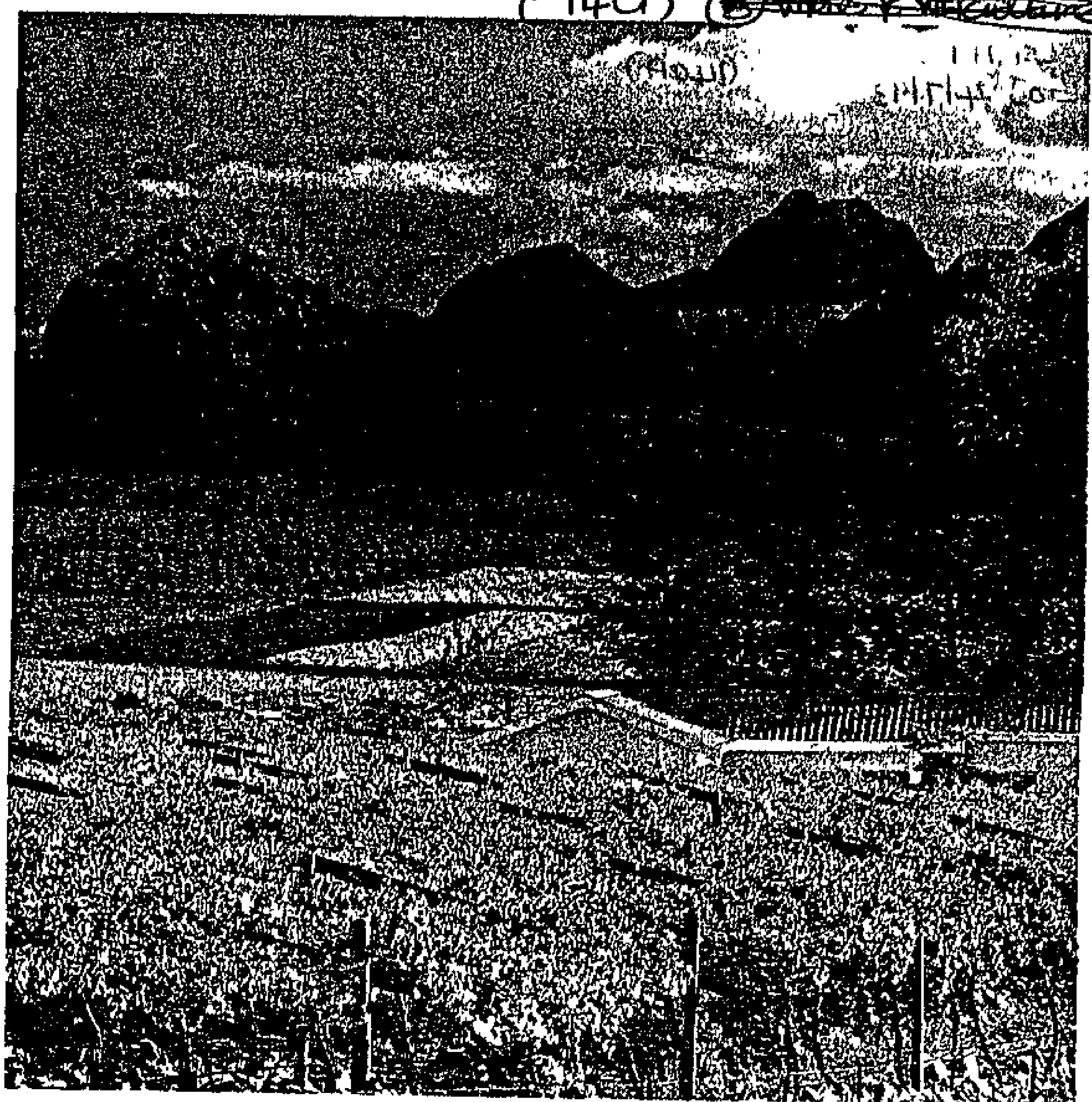
Then, Romania will try to beat prices Zarnoveanu figures Romania's unknown bottles could tempt buyers at £3 (about R15) in Britain, under the £5 (about 25) better-established competitors can fetch

Cash flow should lead to better wine, more exports, decent market share and eventually higher prices, Zarnoveanu hopes

Cultivating an image as the ordinary man's good wine, Glen Ellen pokes fun at snobs with a wine-appreciation book whose cover shows a couple sipping a glass of red through straws

Others try snob appeal. Moldova, a tiny former Soviet republic, stresses its history as winemaker to Russia's czars.

"It helps identify the country," said Karin van Son, a sales agent for the republic. "Let's face it, most people don't even know where Moldova is "



THE WINE SIDE . . . The Hex River Valley's wine route offers much more than good prices. Visitors will experience good food, panoramic views and a different way of life

Picture: MARK VAN AARDT

Winelands offer more than good wine

The Cape winelands have much more to offer than the advantage of buying wine at a good price.

Many of the estates and wine farms offer cellar tours offering visitors an opportunity to see the wine-making process Others have built up complementary industries like cheese-making, while some have beautiful gardens and historical exhibits where non-wine enthusiasts can wander around

Several estates have excellent restaurants which offer a variety of fare from traditional Cape to sophisticated gourmet meals. In summer many offer light "alfresco" lunches.

While Constantia, Durbanville, Stellenbosch, Hermanus, Paarl and Franschhoek are the closest to Cape Town, you'll find excellent routes further afield at the Swartland, Tulbagh, Robertson, Worcester and Olifants River routes

Rememember, though, that each area offers a different wine, depending on the area's temperature, soil types and climate.

Major wine routes are well signposted with ample information available at central information points.

Several offer an opportunity to taste before you buy and varied scenery en route

Central wine route information centres are given where available.

Swartland

Swartland Wine route information (0224) 21134

Allesverloren, Mamreweg, Porterville, Riebeeck, Swartland, Winkelshoek

Tulbagh

Tulbagh Wine Route (0236) 301 001

Tulbagh, Twee Jongegezellen, Theunlskraal, Drostdy, Oude Drostdy, Paddagang, Kloofzicht, Lemberg, Montpellier.

Stellenbosch

Stellenbosch Wine route information (02231) 4310

Alto, Avontuur, Bergkelder, Bertrams, Beyerskloof, Blaauwklippen Bodega, Bonfoi, Bottelary, Clos de Ciel, Clos Malverne, De Heldeberg, Delaire, Delheim, Eersterivierva|lei, Eikendal, Goedehoop, Hartenberg, Hazendal Jacobsdal, Jordan, Kaapzicht, Kanonkop, Koelenhof, Koopmanskloof Le Bonheur, Uevland Louuisvale, Meerlust, Middelvlei, Morgenhof, Mulderbosch, Muratie, Neethlingshof, Oude Nektar Overgaauw, Rozendal, Rust en Vrede, Rustenburg Saxenburg, SFW, Simonsig, Stellenzicht, Spier, Thelema, Uiterwyk, Vergenoegd, Vlottenburg, Vredenheim, Vriesenhof, Warwick, Welmoed, Zevenwacht

Robertson

Robertson Wine trust (02351) 3167

Agterkliphoogte, Ashton, Bon Courage, Bonnievale, Clairvaux, De Wetshof, Excelsior, Jonkheer, Langverwacht, Graham Beck, McGregor, Merwespont Mon Don Nordale Rietvallei, Robertson, Roodezant, Rooiberg, Van Loveren, Weltevrede, Zandvliet

Wellington

Wellington Wine Route Information (02211) 34604

Bo-vlei, Onverwacht, Rustenburg/Clarldge, Union Wine, Wamakersvallei, Wellington Wynboere, Welvanpas

Paarl

Parrl Wine Route Information (02211) 23 605

Backsberg, Belcher, Bolandse, De leuwen Jacht, Fairview, Glen Carlou, KWV, Laborie, Landskroon, Nederburg, Perdeburo Rhebokskloof, Simondium, Simonsvlei, Veenwouden, Villiera, Welgemeend, Windmeul, Zendwijk

Franschhoek

Vignerond de Franschhoek (02212) 3062

Bellingham, Boschendal, Chamonix, Clos Cabriere, Dieu Donne, Franschhoek, Vineyards, Haute Provence L'Ormarins, La Bourgogne La Bri, La Cotte, La Couronne, La Motte, La Provence Mountain Blush Mouton Excelsior, Moreson

Hermanus/Walker Bay

Hermanus Wine Route information (0283) 23595

Hamilton Russell Bouchard Finlayson,

Constantia

Constantia wine route information 794 5128

Buitenverwachting Groot Constantia Klein Constantia

Durbanville

Durbanville Wine Route 913 1288

Meerendal, Diemersdal, Bloemendal, Altydgedacht De Oude Welgemoed

Olifants River

Wine Trust (0271) 28710

Cederberg, Gouevallei, Klawer, Kulzville, Spruitdrif, Trawal, Vleermuiskip Vredendal

Worcester

Worcester Wine Route Information centre (0231) 28710

Aan-de-doorns, Aufwaerts, Badsberg Bergsig, Botha, Brandvlei, Breeland De Doorns, De Wet, Ou Toitskloof, Goudini, Groot Eiland, Lategenskop Lebensraum, Louwshoek, Merwida, Nuwehoop, Nuy Opstal, Overhex, Romansrivier, Rondebosch, Slanghoek, Stettyn, Villiersdorp, Waboomsrivier

Studies on zones to process exports

BIDay 8/7/93

(714G)

LINDA ENSOR

CAPE TOWN — The countdown to the introduction of export-processing zones has begun, underpinned by broad consensus on their merits and countrywide initiatives to determine which industries in each region are most suited for inclusion in the zones.

Municipalities all over SA were participating in feasibility studies to determine the best way to establish the zones, SA Special Economic Zones Association founder member Neels de Villiers said yesterday. The association had already received 14 requests by entrepreneurs in Cape Town alone who wished to set up businesses in such zones.

Urgency had been given to the issue as it was necessary to have channels for foreign investment in place once remaining sanctions were lifted.

De Villiers sits on the National Economic Forum's export-processing zones committee as a representative of Sapoa. De Villiers said the zones subcommittee would submit its report to the forum for discussion on July 27.

Once the forum had approved final proposals, legislation would hopefully be submitted to Parliament during its September sitting. By July 27, the association hoped to submit its zone tax-incentive structure and draft legislation to the forum and its labour relations committee would by then hopefully have established contact with trade unions.

By end-August the technical committee's report on Custom and Excise control and barcoding systems should be finalised.

Badenhorst said a crucial issue to be finalised was to identify which industries were most suitable on a regional basis for inclusion in export-processing zonesand the association had established a special technical committee to look into this.

A 400ha piece of land around Vereeniging Airport had been acquired, by the municipalities of Vereeniging, Sasolburg, Meyerton and Vanderbijlpark, for a zone concentrating on steel, metal and allied products, plastics, PVCs and polystyrenes.

In the PWV area the East Rand RSC, and the municipalities of Kempton Park, Benoni, Boksburg and Springs, had appointed consultants to investigate the feasibility of a zone around Jan Smuts Airport. Likely products were high-value, low-weight goods such as electronic and high-tech products, De Villiers said.

The East London and Port Elizabeth municipalities had each initiated opportunity studies into the best types of zone industries as had the Midland Chamber of Industries, while in Cape Town various bodies were participating in an investigation. KwaNatal had also launched a study for Durban and Richards Bay.

Feasibility studies were under way for a zone around the Pietersburg airport, with support being given by the Messina, Pietersburg and Tzaneen municipalities and the Lebowa Development Corp.

Chicory industry latest in free market

BIDay 8/7/93

PRETORIA — The chicory industry is to be propelled into the free market on September 30 when the chicory scheme is discontinued, ending 53 years of control.

Agriculture Minister Kraai van Niekerk said yesterday he had approved the discontinuation of the scheme and said it indicated that organised agriculture was keeping pace with changes in the economic circumstances in which it operated.

"Chicory producers envisage having the assets of the Chicory Board taken over by a public company which has to be established and which will compete in a free market," the Minister said in a statement.

The name of the company will be Chicory SA Ltd.

Van Niekerk said most producers had voted in favour of the discontinuation of the chicory scheme and its replacement by a public company.

Chicory is mainly ground in its roasted form and used in blends with coffee. — Sapa.

EXPORTS 746 FM 9/7/93

Doors opening East

The fast-growing markets of mainland China and south-east Asia clearly have a strong appetite for more than just SA's raw and semi-processed products. SA has benefited from China's overseas buying binge, which has sent that huge country's imports soaring by more than 23% in the first half of the year.

In the past few months alone:

☐ Volkswagen SA announced a R500m export deal with China for 17 000 Jettas to be delivered over 15 months (this comes on top of an order for 12 500);

☐ Laser Optronic Technologies signed a R300m deal to export locally developed laser diamond-cutting systems to China over the next five years; and

☐ Atlantis Diesel Engines (ADE) confirmed a R110m export deal over the next five years with SsangYong, South Korea's fourth largest vehicle manufacturer, for unmachined engine block castings.

Stellenbosch Bureau for Economic Research economist Pieter Laubscher says Asia's share of SA's total exports grew from 14,5% in 1985 to about 18% in 1992 and it seems that this percentage will grow further.

VW SA chairman Peter Searle says: "It is part of our strategy to strengthen further our close relationship with the Chinese with a view towards a possible supply of components on a large scale in the latter half of the Nineties, once they commence full assembly and no longer need semi-knockdown units. We are now working on a further major tooling order for that market."

Searle says the Chinese motor-vehicle market is the fastest growing in the world, with about 400 000 cars to be produced and sold in China this year. This is expected to grow to 600 000 by 1996. VW and Audi, which together have about a third of the market and hope to expand their share to 50% by 1996, have opened the door for VW SA to share in the profits. The company already has full-time representatives in China and plans to increase its presence.

Where the VW parent opened the door to China for its SA subsidiary, Mercedes-Benz has done the same for its local licensee, ADE, in South Korea. But ADE's manufacturing licence restricts diesel engine exports to countries approved by Mercedes and the other licence-holder, the UK-based Perkins group.

"Our challenge is to develop new production lines falling outside the restrictions of the licensing agreement," says ADE export & components manager Steyn de Vos. "This would allow us to utilise more fully our 75% surplus production capacity. The significance of the Korean deal is that this will be a

cont

FM 9/7/93.

licensed part built into a nonlicensed vehicle, which can act as a further stepping stone to start moving outside the existing licence."

With this Korean calling card, De Vos adds, ADE will now be in a position to look for more export deals for components falling outside of licensing restrictions. "We intend discussing such options with Japanese vehicle manufacturers and see exciting opportunities to broaden the scope of our component exports to original equipment manufacturers of, for example, cylinder blocks, heads, crankshafts, camshafts and conrods."

He says ADE already exports transmission-housing components to France's Eaton group outside of its main licensing agreement. "This could open the door for similar exports to the US, European and Asian markets."

For its part, Laser Optronic has grown its own market in China and sees great opportunities for global expansion. Its locally manufactured system sells for about US$140 000. Says engineer Chris Moorhouse: "Our laser system provides for enormous cost, time and labour savings because it can handle 15 diamonds at a time and, for example, cut a 10-carat diamond in 36 minutes, compared with more than a day using the traditional system. Low-skilled labour can operate the machines and we see great export prospects in the Far East, especially in India."

India now adds about R2bn a year in value to diamonds imported from SA and Moorhouse believes that much of this could be done locally and create thousands of jobs. ■

BUSINESS

Problems for SA export zones

(749)

AKG 10/7/93

■ Export Processing Zones succeeded in Taiwan and Malaysia — but South Africa presents problems in this form of working concentration.

MARC HASENFUSS
Business Staff

EXPORT Processing Zones (EPZs) — currently on the agenda at the National Economic Forum — can be seriously considered for South Africa if not constructed as a "back door" out of social responsibilities, according to Alan Hirsch, economist at UCT's Development Policy Research Unit.

Mr Hirsch believes EPZs must address the nature and cost of South African labour and the need for active training policies.

"They should also aim at manufacturing niches appropriate to South Africa's competitiveness and address regional development issues and avoid undue market distortion."

The South African Special Economics Zone Association (SASEZA) is to submit its incentive proposals to the NEF later this month.

Mr Hirsch says in the research unit's *Trade Monitor* that talk in regional development circles about setting up zone authorities representing the community, labour and business acknowledges the potential pitfalls of EPZs.

However, he still has some reservations about the viability of the zones in South Africa.

He stresses the tough competition in the EPZ market with well over 100 EPZs currently in operation worldwide.

Mr Hirsch argues that South Africa is not like Taiwan and Malaysia in which EPZs succeeded.

He points out that these countries had low paid, fairly educated workers, stability and were at an early stage of industrialisation.

South Africa, on the other hand, is more developed and has poorly prepared workers.

In addition, he says, countries like the Phillipines and mainland China can offer workers who are paid as little as one-tenth of what South African workers are paid.

"We cannot reduce wages as much because of the high cost of living in South Africa . . . therefore we cannot compete in the classic industries which are attracted to EPZs."

Under conditions where no significant new investment is being attracted to South Africa, EPZs could develop a syndrome similar to that which the decentralisation incentives of the 1980's brought about.

"Existing firms will find some way of moving operations into the new zones to exploit the incentives, but there will be little new investment."

If the government tries to stop this process, Mr Hirsch says existing exporters in the relevant industries will clearly be prejudiced."

The potential distortions introduced by EPZs are another problem, argues Mr Hirsch.

He says existing firms in the export market outside EPZs will object to "unfair competition", especially if EPZs are restricted to foreign investors.

"However, if you allow existing firms in, the movement of existing plant from one end of town will add unproductive costs."

A further reservation is that the EPZ strategy looks like another quick-fix coming out of a government which has no coherent trade or industrial policy.

"An EPZ programme would allow the government to divert attention from the real challenge of broadbased comprehensive reform of trade and industrial policies."

"Equally important is the idea that EPZs in South Africa should exploit mid-tech niches rather than mass production."

BUSINESS BRIEFS

Supplier-retailer price war

S Times (Buss) 11/7/93

SUPPLIERS of personal computers (PCs) appear to be heading for a price war after the link-up between ISM and retailer OfficeMart.

IBM products will be mass marketed for the first time through a retail outlet at reduced prices. To match this challenge, Olivetti and Acer have linked up. Other pairings are expected.

About R450 000 of IBM computers and related products have been sold in the first two weeks of the ISM-OfficeMart partnership.

Olivetti and OfficeMart have objected to Acer's use of advertised prices which exclude VAT. The matter has been reported to the Advertising Standards Authority.

Chinese officials in SA

TWO high ranking Chinese officials join top international businessman Shoul Eisenburg in Johannesburg this week to officially launch the South African- Chinese Exhibition planned for Beijing in March 1994.

Shen Yonglie, president of Consultec, a commercial division of the Ministry of Foreign Trade and Economic Co-operation and Wei Jainguo, deputy director-general of the Foreign Trade Ministry will launch the exhibition which hopes to show goods and services from about 250 South African exhibitors.

VW beats Chinese car ban

CHINESE efforts to halt rising inflation, including a ban on car imports, will have no effect on Volkswagen SA. 11/7/93

In May, Volkswagen won a R500-million order from China for 17 000 left-hand drive Jettas. It followed a similar contract for 12 500 cars last year. S Times (Buss)

The import ban refers to fully built-up (FBU) vehicles. VW marketing director Dave Malherbe says the SA exports will be delivered in semi-knocked down (SKD) form to the FAW-Volkswagen plant, a venture between Volkswagen AG and the Chinese Government.

Three major coal deals finalised

Star 14/7/93

Coal consumers in three countries recently finalised deals with South African coal suppliers, according to the latest weekly newsletter, King's International Coal Trade, published in Tennessee, US. (146)

One deal represents the return of a customer previously lost because of sanctions.

Power utility Hamburgische Electricitats Werke AG, Germany, will buy 60 000 tons of steam coal from Total Exploration and Danish utility Elsam has bought 250 000 tons of steam coal from an unnamed supplier. Both deals were done on the spot market at prices in the range \$23 to \$24 per ton fob Richards Bay.

The Danish government lifted sanctions against South Africa early in 1992. Almost immediately, officials from Elsam and Denmark's other major power utility, Elkraft, opened negotiations with South Arican coal suppliers.

The Transvaal Coal Owner's Association will ship 600 000 tons of steam coal to Israel's National Coal Supply Corporation. The deal was reportedly done in the \$28 ton fob Richards Bay range. — Sapa.

Tariff barriers harming SA

749

BRUCE CAMERON
Business Staff

TOUGHER competition board action and anti-trust laws to break up monopolies were required to make South African companies more competitive both at home and abroad, said Mr Neil Jowell, chairman of Cape-Town based blue chip, Trencor, this week.

At a conference on South Africa's international competitiveness, delegates also strongly criticised the ad hoc protection given to business against international competition wih tariff barriers and undue government interference in market forces.

The conference on South African competitiveness came in a week which saw the margarine price being raised as a result of government intervention, monopoly control and tariff barriers.

The Oilseed Control Board — in itself a monopoly single-channel marketing operation — was allowed by government to raise the price of oilseed by 11 percent to levels significantly above world market prices. The cost of locally produced seed oil is now more than R2 400 a ton against a landed price of R1 500 to R1 600 a ton for imported seed oil.

Simultaneously, the government has refused a request by margarine manufacturers to lower a R590-a-ton tariff on imported seed oil.

At the competiveness conference, delegates argued that protection dulled South African companies and made them uncompetitive on international markets.

Delegates pointed out that there was no method in the setting of tariff barriers against imports.

Tariffs were set on an almost daily basis ranging from zero percent to more than 1 000 percent One delegate said it depended on how much influence a company had in Pretoria.

Mr Jowell agreed with African National Congress economics department chief, Mr Trevor Manuel, that tough action was required to make South African companies more competitive.

Mr Jowell — who firmly supported private ownership — said competitiveness in South African industry had to be improved and tougher competition-board action and anti-trusts laws would be required to compel South African industry to become more competitive.

Mr Manuel said South Africa's conglomerate structure was anti-competition and anti-medium- or small-business. He said protection also had to be given to emerging black business and he issued a tough warning to South African Breweries to keep its hands off the National Sorghum Breweries.

13 000 jobs lost but exports help clothes industry

TOM HOOD and ALIDE DASNOIS
Business Staff

☐ 91 factories close

(74G)
ARG 15/7/93

ALMOST 13 000 clothing workers countrywide have lost their jobs this year, including 3 800 in the Western Cape.

Losses in the industry would have been heavier but for record clothing exports which rose to R460 million last year from R322 million in 1991, reports the National Clothing Federation today.

Most of the exports went to Britain, Germany, Hong Kong, the United States and Holland.

Ninety-one factories closed down — 36 of them in the Western Cape.

The total workforce is now 92 500, down from 105 300 a year ago. Natal is the hardest hit with 7 000 job losses. More than 130 000 workers were employed in 1982, the clothing industry's boom time.

The number of factories is down from 1 171 to 1 080.

Federation president Dr Aaron Searll said today that textile exports amounted to R1,3 billion and imports to R2,1 billion, leaving a negative balance of R800 million.

Clothing imports amounted to R382 million against exports of R460 million, leaving a positive balance of R78 million.

These trends were expected to accelerate for the rest of this decade to the advantage of South Africa, he said.

However, a disturbing trend was the 11 percent increase in imported clothing, which caused loss of business and factory closures.

Retail clothing sales grew by 4 percent last year, indicating that retail chains and other retailers were not channelling their business to local factories, said the federation's economist, Mr Arnold Werbeloff.

Millions of garments were being imported duty-free while rival clothing manufacturers located in rural and homeland areas were using attractive incentive packages.

Prospects for growth of the local clothing industry depended largely on a reduction in the level of violence, lower duties on fabrics, a continuation of the healthy clothing export trend, an upturn in the international and domestic economies and a satisfactory political settlement.

"If these conditions are met, rapid growth in clothing output and employment will result," Mr Werbeloff said. "If not, peformance at the clothing factory level will be less than optimal and there will be little prospect of a return to the boom days of a decade ago."

The crisis in the clothing industry is reflected across the board with retrenchments accelerating throughout the country as the economic recession bites deeper.

A survey by consultants Andrew Levy and Associates found in April that more than 40 percent of companies had retrenched an average of 4 percent of their workforce since the end of 1990.

Weak rand may boost trade surplus

BiDay

ECONOMISTS expect the June trade surplus to hover around recent levels with some improvement in exports and a possible fall in imports as the lower rand begins to take effect. Figures are to be released this week.

In May the net trade surplus eased by R314m to R1,874bn as the fall in exports exceeded the decline in imports. Exports slumped 5,5% to R6,49bn while imports came down by 1,4% to R4,61bn. 19/7/93

Any substantial improvement is likely to come from the export side as imports have remained fairly steady over the past few months.

Safto economist Carlos Teixeira was hopeful of a higher export figure in June. He believed growth would come from the depreciation in the rand and the substantial improvement in gold and platinum metal prices.

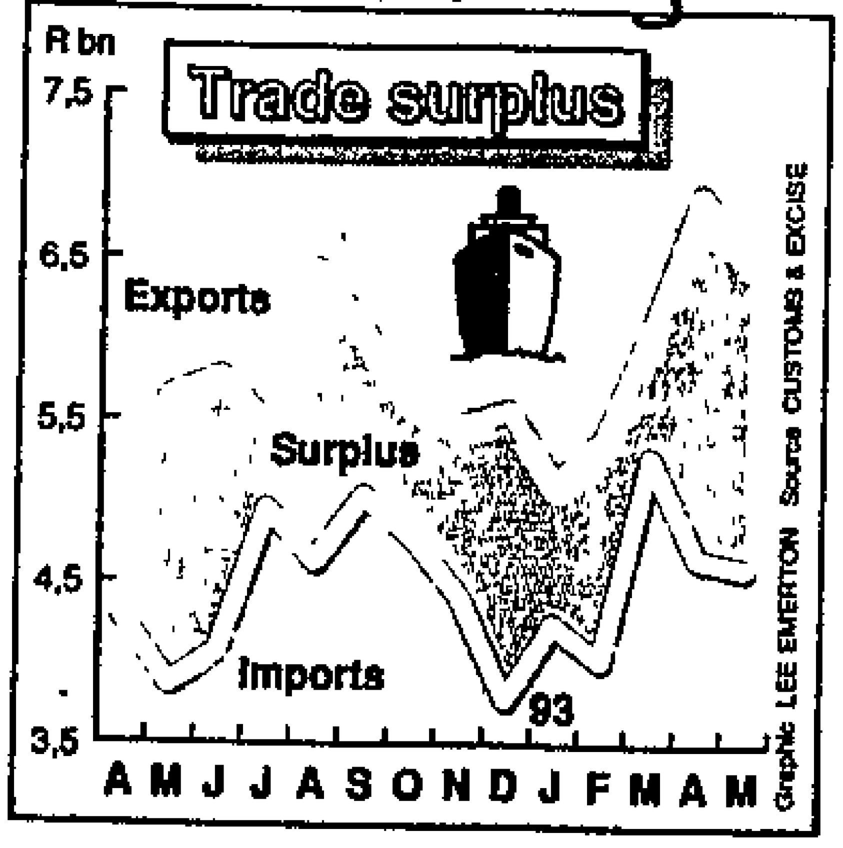
"This should see percentage growth in exports reaching double figures in nominal rand terms for the first six months of this year, compared with the same period last year," he said. (74G)

The recent strong performance in manufacturing categories such as transport, equipment and machinery was also expected to continue.

Teixeira based his predictions on the bullish outlook of exporters as evidenced in the Safto exporters' confidence barometer which rose to its highest level in a year last month. According to the survey, exporters were confident sales in US dollars would be higher in the second quarter than in the first as orders soared.

Analysts said the fall in imports in May could indicate the start of a declining trend as a lower rand placed a heavy burden on the ability of the country to pay for them.

These factors could indicate that the poor trade figures in the first quarter could be a thing of the past. In the first three months the surplus



on the current account deteriorated to R0,7bn. In its quarterly bulletin the Reserve Bank said merchandise imports had increased 5,5% in value terms while merchandise exports were down substantially by 4,5%.

The Bank said the higher import figure appeared to be a result of a significant increase in the volume of oil imports as international oil prices fell. The decline in exports was attributed to the slowdown in the world economy and the international oversupply of metals and minerals.

Economists were confident the longer term trend pointed to a recovery in the trade surplus this year to around R5bn. Although oil prices remained low, oil imports should slacken off as inventory levels reached their peak. Teixeira said exporter confidence suggested real growth in non-gold exports would be about 4% over the next 12 months.

Rand Merchant Bank chief economist Rudolf Gouws said although weakness in the world economies could put downward pressure on exports, some improvement could come from the higher gold price. "Imports should weaken due to the recession in the domestic economy and the effect of the weaker rand."

Gouws predicted a healthy overall trade surplus for the year — much higher than last year's. "The improved surplus together with lower capital outflows in the second half of the year should take a lot of pressure off Reserve Bank Governor Chris Stals."

Sanlam senior economist Pieter Calitz held a similar view. Export volumes should improve as remaining sanctions were dropped, opening new markets for SA goods, he said.

Recent comments by Stals seem to support predictions of an improvement in the surplus. Last week he noted reserves had been increasing, but added it was too early to discern a trend.

US June housing starts are expected tomorrow. The May level was the highest since December's, but recent economic indicators have reinforced the impression that the US economy continued to recover at a snail's pace. Consumer confidence took a dive, which could have affected housing starts. The floods in the midwest should also put a damper on figures.

Preliminary UK second quarter GDP figures come out on Friday. Economic output has been growing at an increasing rate since the middle of last year. In the first quarter of this year GDP was up 0,4% from the fourth quarter of 1992. Economists said this trend should have continued in the second quarter. "Industrial production has been increasing nicely while exports have benefited from the weaker pound," said Mathison & Hollidge economist Tracy Ledger.

UK June retail sales figures are scheduled for release on Wednesday. Economists did not believe the fallback in sales in April and May was a reason for concern. Ledger said the decline appeared to be an adjustment for the unusually high growth that occurred early in the recovery. The annualised trend still indicated an upward movement in sales by between 2,5% and 3% this year.

SA Hosiery 'in position'

BiDay 19/7/93

THE SA Hosiery Company (SAHCO) is positioned to maintain growing export market and its dominant performance in the local hosiery industry, says group MD Allan Falconer.

He added that SAHCO had targeted 35% in total export sales next year.

He said while "sensitive to the responsibility" of its dominant position, competition was welcomed.

Falconer said export initiatives had been restarted in central Europe, along with substantial new capital investment. These included the upgrading of the company's facilities.

In spite of sanctions, the company's Burhose subsidiary had continued to export to Germany, Russia, Holland, Hungary, Poland, the UK, Ireland, the US, Austria and Spain.

Burhose represented 60% of the local hosiery industry and was the biggest supplier of hosiery in Tesco stores in the UK and US.

MZIWAKHE HLANGANI

The company expected to export 10-million pairs of hosiery to another major European retailer in the year ahead. (746)

Other three SAHCO-owned hosiery companies, included Berkshire, Golden Girls, and Arwa.

Through its international associations, the group was determined to maintain its competitive standard as one of the world's lowest cost manufacturers.

Falconer denied media allegations that new hosiery importers had been blocked from obtaining listings within the major chains stores. He also denied SAHCO had attempted to keep the industry a closed market.

He said a variety of imported products from independent distributors were on retail shelves, while three small manufacturers were enjoying success.

Good year for motor group

BiDay 19/7/93

MZIWAKHE HLANGANI

MARTIN Jonker Holdings is well geared to capitalise on any improvement in the economy after ending an "extraordinary" year in a recessionary motor industry, chairman Martin Jonker says in the group's annual review.

The group had shown it could "weather the storms" of a difficult economy and a depressed motor market.

A rights issue of 12-million shares in December 1992 had resulted in a net R4m cash injection. The cash was used to finance increased working capital and reduce debt.

Jonker said the group was aiming for growth in income attributable to ordinary shareholders in excess of inflation.

Turnover for the year to February climbed to R181,66m (R151,69m). Earnings were increased to 6,2c (0,7c) a share.

'Lower tariffs will eliminate anti-export bias'

TC 19/7/93

Own Correspondent

JOHANNESBURG. — The government sees the gradual lowering of import tariffs as the first in a series of steps to eliminate the anti-export bias in SA's industrial structure.

Department of Trade and Industry director-general Stef Naudé said this bias had been built into the structure over decades through the import replacement policy and the imposition of high import barriers relative to developed countries.

Naudé said in an interview that it would be impossible to reintegrate SA's economy into the world economy other than through GATT.

The only reintegration alternative would be membership of an international trading bloc.

None was accessible to SA at present.

To improve SA's international competitiveness in manufacturing, a rebate or draw-back system on imported intermediate production inputs would be introduced in the near future.

The system was currently being devised by consultants and SA trade representatives in Washington.

It would be fraud-proof and allow for automatic payment.

Export processing zones would also promote exports and their introduction was being negotiated at the National Economic Forum.

Such zones had received favourable regional support in SA.

Although the General Export Incentive Scheme ran contrary to GATT, subsidised exports were regarded as essential to remove SA's anti-export bias.

The scheme would be phased out gradually, along with the liberalisation of import tariffs.

To prevent disruptive and unfair import trade, new draft legislation on anti-dumping laws, which fell in line with GATT requirements, was completed and would be submitted to Parliament, Naudé said.

The Board on Tariffs and Trade's powers were recently curtailed to advise on specific tariff applications and anti-dumping matters as a further protective measure.

Naudé said training and retraining of employees, to be implemented in conjunction with the Department of Manpower, was also neccesary to improve SA's competiveness.

Simplification of tariffs was the first step towards improving competitiveness and the proposed revised GATT offer would reduce the number of tariff rates from 10 900 to just over 1 000.

A full 100% of the ceiling rates in the offer would be fixed after the Uruguay Round of tariff reductions, compared with 15% currently.

Because of recession and past policies, certain "sensitive industries" were identified for which the government would try to negotiate with GATT that lower tariffs were phased in over a period of up eight years.

These were the motor, clothing and electronics industries.

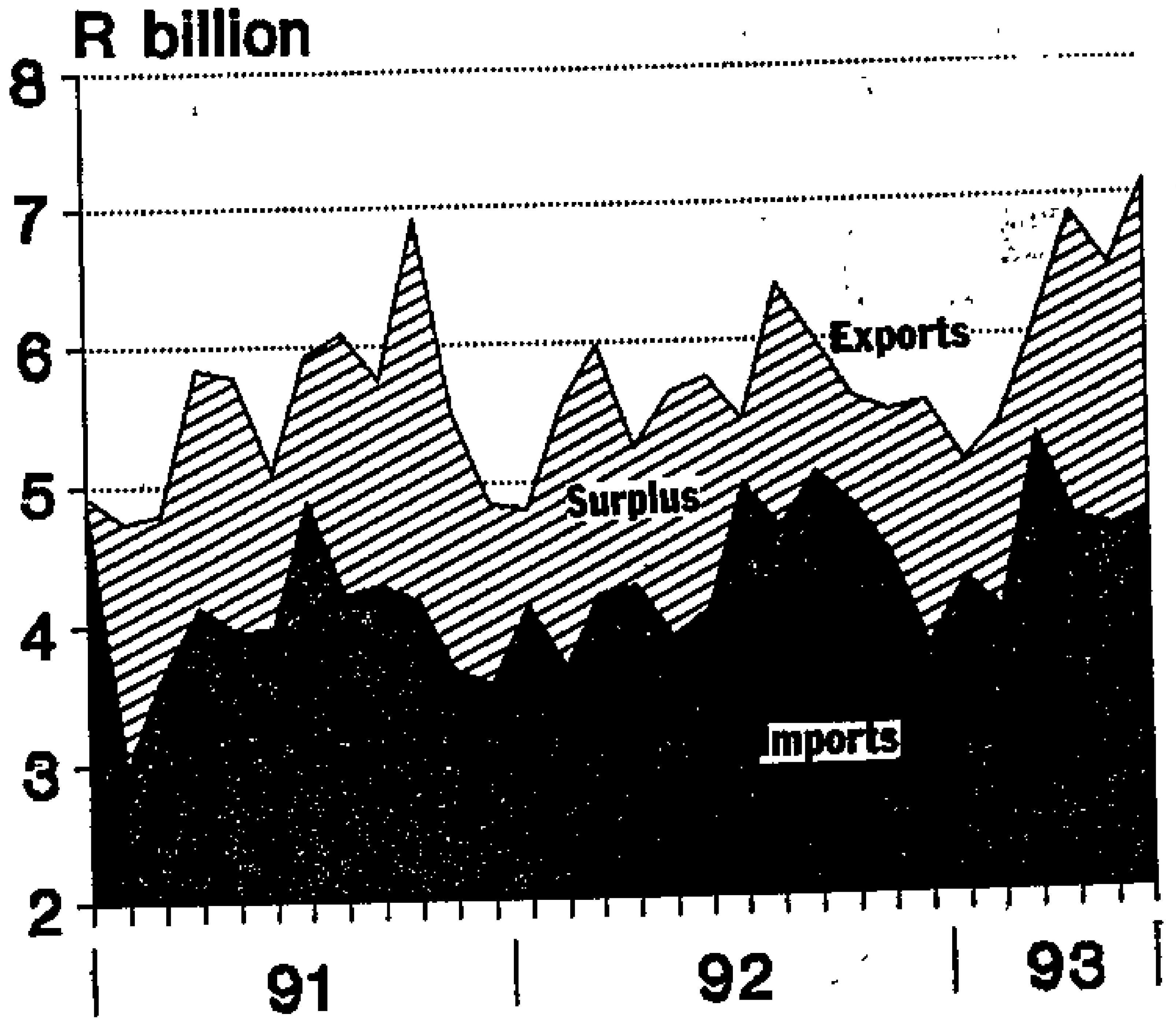
Naudé said task groups had been established to formulate proposals to make these sectors more competitive.

Trade surplus soars 26 percent

Star 20/7/93

746

By Claire Gebhardt



South Africa's monthly trade surplus soared by 26 percent in June to its highest figure yet this year.

Department of Customs and Excise figures show the trade surplus in June was R2,36 billion compared with May's R1,87 billion.

Economists welcomed the figures as yet another positive indicator that the economy was turning after five years of recession.

They were optimistic that the June trade surplus, combined with lower capital outflows in the second half of the year, signalled another cut in Bank Rate in coming months and a substantial surplus on the current account for the second quarter.

Exports were nine percent up at R7,09 billion while imports rose 2,43 percent to R4,72 billion from R4,61 billion in May.

Total exports in the first six months of this year of R3,69 billion were 11 percent higher than the same period a year ago while imports of R2,76 billion were 14 percent up.

Volkskas senior economist Adam Jacobs said that on a seasonally adjusted annual basis, the surplus on the current account for the second quarter could be a substantial R7 billion compared with a very low R0,6 billion in the first quarter.

Economists attributed the improved export performance in June to the depreciation of the rand, the higher dollar price of gold and increased diamond sales.

Exports of precious or semi-precious stones and metals were 40 percent up at R4,78 billion in the first half of 1992 compared to R3,4 billion a year ago.

Growth in the imports of agriculture-related products slowed, following large increases early in the year due to the effects of the drought.

Most import categories registered nominal growth over the equivalent period last year, the figures showed.

Safto economist Carlos Texeira said it was important to note the effect of the depreciation of the rand on the figures and not to attribute everything to increased exports.

"But it does mean a stronger surplus and more room to manoeuvre for the monetary authorities

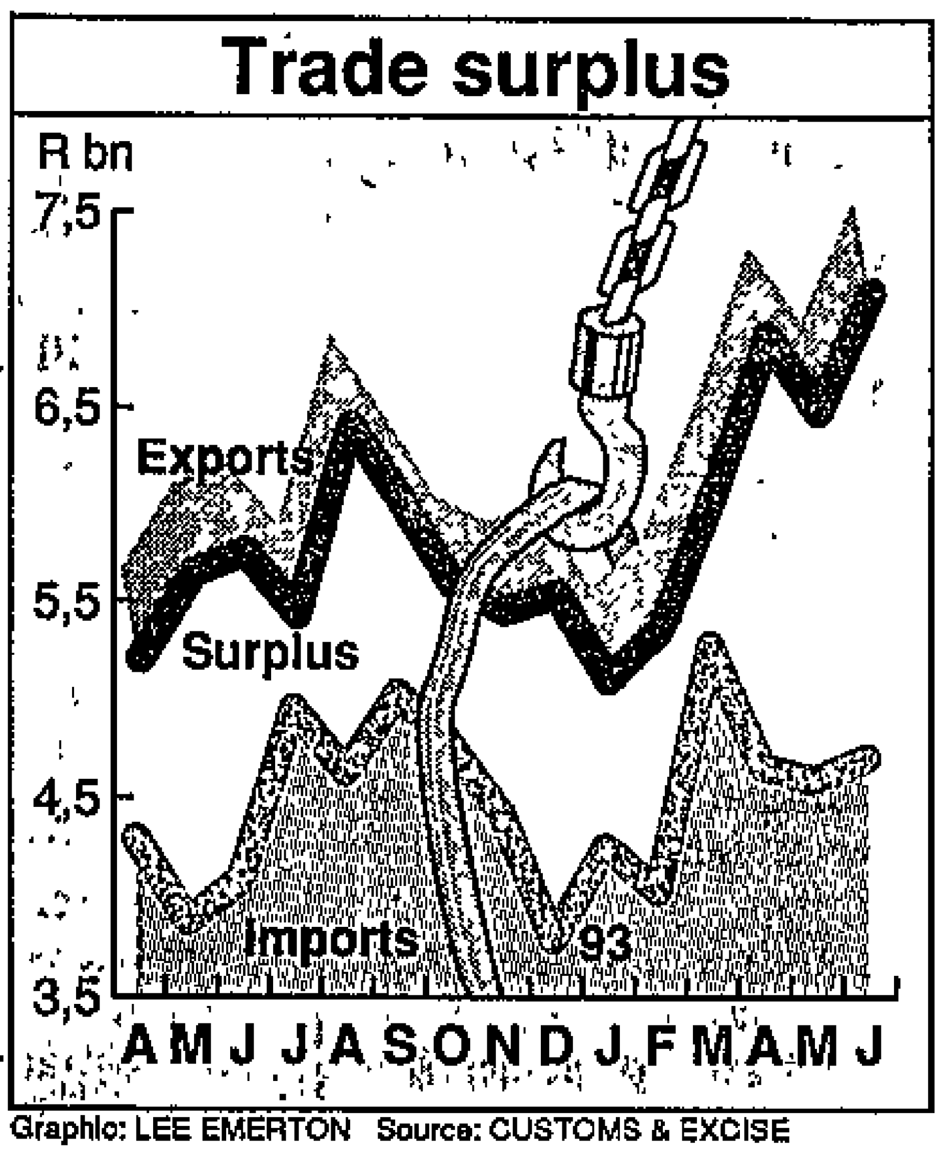
"Our exporters' confidence barometer indicates that exporters perceptions are positive and they base their predictions on orders.

"So this is a very good sign of what will happen over the next 12 months.

"Another bullish indicator is that imports of machinery and transport equipment have continued to show strong growth.

"Transport equipment is up by 32,4 percent and machinery by 30 percent.

"This indicates that companies are starting to invest back into capital equipment and a turnaround in the investment cycle signals a bottoming out of the recession."



Graphic: LEE EMERTON Source: CUSTOMS & EXCISE

Gold export surge lifts trade surplus

KELVIN BROWN

A SURGE in gold exports helped lift SA's trade surplus by R500m in June to R2,37bn, raising hopes that a good trade performance will ease the way for a cut in interest rates. B/Day 20/7/93

Customs and Excise reported exports were up to R7,09bn in June from May's R6,49bn, while imports increased slightly to R4,72bn from R4,614bn. Economists attributed the improvement to the higher gold price and lower rand. Unclassified exports, including gold, posted a substantial gain to R2,5bn from R1,9bn the previous month. (74G)

Exports rose 11,5% in the first six months, while imports increased 14%.

Safto economist Carlos Teixeira said the rate of increase in exports for the first six months was rising compared with the same period last year, while import growth had stabilised. He was optimistic export growth would continue firming. "The improvement in Safto's export confidence barometer suggests a trend towards higher exports for the rest of the year."

Economists said the trade performance pointed to a "significantly higher" current account surplus in the second quarter after the dismal R700m in the first quarter. The current account of the balance of payments (BoP) is the trade surplus less net payments for services.

Economists predicted an overall current account surplus of R6bn for the year, substantially higher than was thought possible

☐ To Page 2

Trade surplus

B/Day 20/7/93

☐ From Page 1

two months ago.

However, Sanlam senior economist Johan Louw said the figures suggested all was not well with the capital account of the BoP. The current account surplus for the second quarter should be about R1,1bn while overall reserves were down R390m. "This points to a substantial outflow of around R1,5bn in the second quarter."

Louw said the figures indicated why Reserve Bank Governor Chris Stals had not yet cut interest rates. But interest rates could be cut by next month, he added.

Absa senior economist Adam Jacobs said it was only natural at this stage of the business cycle for imports to come down and exports to improve. There was also nothing on the horizon pointing to an improvement in domestic demand, which would boost imports. (74G)

On a cumulative basis, unclassified exports grew 17,3% in the first half of the year compared with the corresponding period last year.

The other major category contributing to export growth was precious stones. The June figures indicated that these were up 40% in the first six months.

ago. CT 23/7/93

Export Free Zones 'boost for W Cape'

749

"real hard sweat" would be needed to achieve stable foreign reserves.

"SA needs to have forex covering three months of imports and for that reason I see interest rates staying high, possibly for the rest of the year."

He added that "there are tentative signs that the economy has already ceased contracting".

These signs included the real growth of retail sales and manufacturing production as well as the breaking of the drought, the rebound in new car sales and rising notes and coins in circulation.

Zimbabwe plea for textile concession

B/Day 23/4/93

HARARE — Zimbabwe has lodged a special appeal with the SA government to reduce punitive import tariffs which have cut textile exports to SA by more than Z$20m and are threatening the viability of the industry.

(146)

SA Textile Federation CE Brian Brink said in Johannesburg yesterday that senior Zimbabwean Industry and Commerce Ministry officials had visited SA to make a special appeal for concessions.

(362)

SA placed high tariffs on Zimbabwean textile and clothing exports last year to protect its own industry, which was struggling with low domestic demand and dumped cheap clothing from the Far East.

The high duties, and a drought-induced recession in Zimbabwe, which reduced local textile demand by 35% to 40%, forced the industry to retrench about 7 000 workers and virtually wiped out exports to SA.

Brink said the appeal was heard by a special panel established to solve the problems of SA's textile and clothing sector.

He said: "It was a good appeal by Zimbabwe and I think it was well received.

"The panel is understood to have recommended sending a team to Zimbabwe for a closer look. However, it will be some time before anything concrete is done." — Sapa.

4 SUNDAY TIMES, Business Times, July 25, 1993

SA motor exports bring in the lolly

S Times (Buss)

25/7/93

By DON ROBERTSON

SOUTH Africa's motor industry is expanding its exports and sales in Southern and Central Africa are adding clout to the burgeoning business.

Vehicle and component exports last year, mainly to Europe, earned R1,3-billion. European earnings were only R184-million in 1986. This year, exports are a projected R1,9-billion, reducing the trade imbalance in the industry as domestic sales sag in recession.

(746)

Value

A noteworthy aspect of exports is that a growing portion is made up of completely built-up units (CBUs) or partly assembled vehicles.

Figures from the National Association of Automobile Manufacturers of SA (Naamsa) show that in 1992 about 19 500 CBUs or partly built cars were exported, plus 4 800 trucks and buses.

Their value was R220-million, but the figure was reduced because margins were pared to gain market share.

Exports of these vehicles are expected to earn R510-million this year.

Most of the sales, however, flow from a deal between Volkswagen SA and China for the supply of Jettas. A second order for 17 000 was negotiated recently.

Motor and component makers have taken advantage of the Phase Six export incentive programme and the easing of sanctions. All motor-makers now have dedicated export divisions.

The potential of markets to the north has taken on new importance.

SA manufacturers were prevented from exporting to Africa by their foreign parent or source companies. They kept the business for themselves and were helped by sanctions.

This has now changed and Mercedes-Benz announced this week that in the first half of the year, it negotiated the sale of 176 vehicles worth R320-million to Zimbabwe, Zambia and United Nations forces in Africa.

Toyota is looking northwards and has signed a distributorship agreement in Malawi. It hopes to announce distributorship deals with other countries soon.

Nissan is selling small sedans, light commercial pick-ups and diesel minibuses to Zimbabwe, Zambia, Mozambique and Malawi. It hopes to do business in Kenya, Tanzania and Uganda.

BMW sold between 250 and 300 cars worth about R30-million to sub-Saharan nations last year. BMW topped the list of exporters with sales of R400-million last year, made up mainly of leather seats for the international market.

Samcor, manufacturer of Ford and Mazda, has also entered northern markets.

Figures

Atlantis Diesel Engines (ADE) has almost doubled exports from R37-million in 1991 to an estimated R45-million this year.

Naamsa figures show that in the first five months of this year, Samcor sold 160 cars to African markets, followed by Toyota with 105, Nissan 108, BMW 25, Delta eight and Mercedes-Benz with one. If commercials are included, Toyota was the biggest exporter with 463 units followed by Samcor with 313, Delta 211 and Nissan 249.

SA won't sell uranium to US

PETER FABRICIUS (854) (744)
The Argus Foreign Service

WASHINGTON. — South Africa is refusing to sell nuclear material and technology to the United States until it gets assurances that the material will not be used to make nuclear weapons.

Atomic Energy Corporation chief Dr Waldo Stumpf disclosed this after discussions with the United States government and other parties about nuclear co-operation and possible sales.

He said South Africa had not yet concluded a nuclear co-operation agreement with the US to replace that which fell away in the 1970s.

Dr Stumpf said the AEC was engaged in discussions with the US government to revive the agreement.

He said the AEC was not ready to sell the US the highly-enriched uranium (HEU) from its weapons programme.

The HEU was being used in the Safari Research reactor to produce valuable medical and industrial isotopes for commercial sale. ARG 26/7/93

Dr Stumpf said the HEU itself had little commercial value because the world was flooded with it.

South Africa would get about R15 million for it. But the isotopes which were being made from it in the research reactor could be sold for between R400 million and R500 million.

Portnet handles record exports

JOHANNESBURG. — Portnet handled a record of 9,244 million tons of export cargo during June 1993.

This constituted 84,25% of the total volume of cargo handled by the eight South African ports, and was more than 9,89% up on the same period last year, Portnet said.

The main commodity contributing to the record exports figure was woodchips (187,82% up on last year's figure).

Portnet also handled a record number of 85911 TEUs (six-metre equivalent containers) during June 1993 — 0,37% more than during May 1993 and 20,68% more than during June 1992. (749) CT 28/7/93

The increase in container traffic was due to an upsurge in East African trade which was currently being transhipped in Durban to Europe. Container volumes to the Far East also showed a steady increase owing to an upsurge in trade between SA and the Pacific Rim countries.

The total volume of cargo (10,972 million tons) handled by Portnet during June 1993, was 6,66% up on the figure for May 1993 and 6,33% more than that for June 1992.

Imports (1,403mt), however, fell by 14,14% compared to last year's figure. — Sapa-AP

ERM crisis to spur demand for SA exports

74G
CT 3/8/93

By AUDREY D'ANGELO
Business Editor

THE EFFECTIVE collapse of the European Community's Exchange Rate Mechanism (ERM) — freeing member countries to stimulate their economies by lowering interest rates — is an encouraging development for SA, economists said yesterday.

They pointed out that it would speed up economic recovery in Europe, increasing demand for SA exports and helping to end the recession here.

Personal Trust director Glenn Moore said that, with the possible exception of Germany, most Western countries were now more concerned about bringing down unemployment than keeping tight control over inflation.

"Inflation is a battle that has already been won. Today's battle is the need to create more jobs," Moore explained.

"The philosophy today is very different from that at the end of the Bush-Thatcher era. Most countries are now going for growth.

"This will not be achieved quickly. An economy is a huge thing to turn around. But the US money supply is growing rapidly, Japanese fiscal policy is expansive and there are signs of an improvement in the UK economy.

"The only stick-in-the mud is Germany where the whole psyche is anti-inflation.

"The trend overseas is now to reflate, and we are already seeing some of the implications for SA in the higher gold price.

"Although one reason for the rise in the gold price is its role as a safe haven at times of uncertainty about currencies, some people may already be looking ahead to the time when inflation will rise again.

"This is the way the world is swinging and it should be good for the SA economy, with increased demand for commodities.

"I think we have seen the worst of the recession and are now on the path to recovery. I think we shall see an improvement in the SA economy by Christmas."

Board of Executors portfolio manager Ryk de Klerk said: "European growth can be under way a lot sooner than most people expected now the way is free for France and other countries to lower their interest rates.

"With commodity exports in mind prospects look very good for our economy."

Old Mutual chief economist Dave Mohr said he was glad it had been decided to widen the bands within which member countries of the ERM could fluctuate against each other, rather than have "a repeat performance of last September when countries had to jack up their interest rates even though this meant dampening down signs of recovery."

Mohr pointed out that widening the bands meant that the ERM was unlikely to survive in its present form, since its whole purpose was to narrow the bands in preparation for a single European currency.

● The French franc fell to a historic low against the Deutschemark yesterday despite weekend actions taken to rescue the battered European currency system.

The currency fell to 3,5350 to the mark in morning trading, the lowest in the 14 years of the system and well below its previous floor of 3,43. In later trading the franc improved to 3,5150 to the mark.

Exports soar for Monatic

TOM HOOD
Business Editor

ARGUS 5/8/93

CAPE clothing company House of Monatic has accelerated its penetration of export markets and 35 percent of total production is now exported.

This was disclosed by Lenco Holdings chairman Douglas de Jager at the annual meeting in Cape Town today.

Monatic, which employs 1 000 is the only clothing company not to have retrenched employees, he said.

The factory in Salt River has increased its capacity and is fully booked to the end of December.

Four hundred workers are employed fully on exports.

Lenco's plastic packaging company, Compak, was in negotiations to internationalise the packaging business, either through a joint venture or an acquisition.

Mr De Jager forecast a 15 percent rise in earnings for the six months to August 31, the improved performance coming from an ability to take up slack in the domestic markets with exports.

Sasol Fibres at start of export drive

Star 1/8/93

BY SHIRLEY JONES

A trial consignment of acrylic fibres from Sasol Fibres at Prospecton, near Durban, was shipped to Mombasa, Kenya, yesterday.

The product of a venture started with the shipping to Durban and reassembling at Prospecton of a dismantled French factory, the consignment is expected to initiate export contracts worth R60 million.

Angus Napier, Sasol Fibre's marketing manager, says until the plant opened on June 24, acrylic fibre for the manufacture of knitwear, knitting yarns, blankets, carpets and furnishing fabrics had to be imported by African states. (14G)

Now, the plant, with production in excess of the needs of the home market, will sell two-thirds of its output to local clients and export the remaining third.

Napier says although Sasol Fibres has been producing about half of its range of fibres, the full range will be available by end-August.

Distributing samples on the local market coincides with the Mombasa shipment.

SA exports boost airfreight revival

CT 11/8/93 (74G)

By AUDREY D'ANGELO
Business Editor

A BIG increase in the use of airfreight is due to a rise in exports as well as to lower rates, a wider choice of carriers and routes and more direct and nonstop flights, Cape Town freight forwarders and clearing agents say.

They said new markets were opening up for exporters and — in addition to fruit, seafood, flowers and clothing — a wider range of goods was being sent overseas.

One major airline said cargo from Cape Town had increased by 20% between January and June compared with the same period last year.

SA Foreign Trade Organisation (Safto) GM Anne Moore said SA exports of manufactured goods were rising. "Goods with high added value are often suitable for sending by air."

Colin Boyes, deputy director of Cape Town Chamber of Industries, who will lead a trade mission to Argentina and Chile on September 19, said local companies were becoming "increasingly export-orientated.

"Their interest may have started because the domestic market is so flat but they are starting to find there is a big, wide market out there.

"And sanctions are disappearing. They are vanishing like the morning mist."

Boyes said clothing manufacturers were making more use of air freight, so that high fashion garments could reach overseas markets more quickly.

Sheena O'Connell, sales manager at Renfreight's Cape Town office, said they had noticed a big increase in air freight with no corresponding drop in sea freight.

It was due partly to competition between a growing number of airlines offering direct or nonstop flights from DF Malan airport — which meant that lower rates could be negotiated — and partly to the opening of new markets.

"Now we are busy sending goods by sea and air to the trade fair Safto is organising in Singapore at the end of this month. We expect this will be followed by a rise in trade with the Far East.

"Goods we are sending there now range from marble tiles and rubber dinghies to foodstuffs."

Renfreight's air freight cargo manager in Cape Town, Bobby Louw, said it was currently sending processed ostrich meat to a food fair in Los Angeles.

The exporter hoped that this would build up into a regular demand for between 10 and 20 tons a week.

When the new lobster season opened next month Louw expected to send between 20 and 30 tons a month to Europe.

Other unusual cargoes included live frogs for use in laboratories at European universities. "And we are sending SA Tourism Organisation (Satour) brochures worldwide. We have just sent their 1994 calendars."

Phil Bruton, Cape Town branch manager of Grindrod Air Freight and regional manager of Fast Lane domestic and international air express service, said the company had noticed a significant increase in goods sent by air, including clothing.

He thought it was mainly due to the more attractive rates now available.

Unusual orders had included live frogs sent to France and Italy for eating, and live reptiles including snakes and a leguaan for an Australian reptile park.

Pieter Lloyd, sales director of Burlington Air Express and International Ocean Express, said there was currently excess cargo capacity on some flights from DF Malan Airport. The competition had led to improved service.

Lloyd said he was sure that demand would pick up as world economies improved. It would be a pity if airlines reduced their scheduled services in the meantime.

All the major airlines including British Airways, Lufthansa and Swissair have reported an increase in cargo.

A spokesman for Lufthansa said there had been a 20% rise in cargo from Cape Town between January and June compared with the same six months last year. He expected a shortage of capacity after November 1, when the flower export season started.

Cargoes of perishable foods including fresh fish, which was going mainly to Spain, had picked up a lot after the introduction of direct flights from Cape Town last year — which meant that goods reached Frankfurt in approximately 13 hours.

British Airways, which will introduce a second non-stop flight from Cape Town on October 25, has appointed a Cape Town cargo manager to handle the increase in freight.

BMW puts R100-m into export drive

Star 13/8/93

BY ROY COKAYNE

BMW SA is to spend R100 million — almost all of it at its Rosslyn manufacturing plant — to gear up to world competitive standards as part of a major export drive.

The investment will also boost employment at BMW's Rosslyn plant and among BMW's component suppliers.

This was confirmed by BMW South Africa chief executive Rainer Hagemann, who said approval for the capital expenditure was granted by BMW AG's board in Munich a few weeks ago.

He said BMW AG's board believed BMW SA had to make better use of its manufacturing facilities, which at today's prices would cost about R1 billion to replace.

Hagemann stressed the investment would not be in automated equipment and robots and denied the importation of completely built-up units (CBUs) would result in job losses.

Hagemann said a vital facet to BMW's plans was getting the South African Government to amend Phase VI to allow motor manufacturers to import completely built units (CBUs) duty free, provided they compensated for these imports with additional exports.

Motor manufacturers currently have to pay more than 100 percent in import duties on any CBUs brought in.

Hagemann . . . backed by all but two manufacturers.

Hagemann said the target date for the first export of BMW CBUs was around the end of next year.

"We will start small and build up to bigger volumes".

Hagemann said the government could clearly see the benefits to the country of BMW's ideas, which conformed to the principles for exporting laid down in Minister of Finance Derek Keys' normative economic model.

He admitted there are differences of opinion between the motor manufacturers to this idea but they had now received the backing of all but two manufacturers.

"The government and by far all the major political parties support the concept because it is a win-win for almost everyone. We are hoping to have it in place within the next few months although it will probably only be introduced during next year," he said.

Hagemann said BMW SA had been able to contain price increases more than other manufacturers because of the success of its export programme "which takes the pressure off us when we are not making money out of selling motor cars".

He said BMW South Africa's exports to its Munich parent company were now worth R400 million annually.

"Eighty percent of the leather trim in our cars worldwide is from South Africa. We also export components by granting orders to selective suppliers that meet our quality and reliability standards and have competitive prices, thereby giving them higher volumes," he said.

BMW SA finance controller Clive Else estimated that in direct terms, BMW has increased the size of its workforce in the past eight years by about 30 percent because of its export programme.

"This means about 2 000 jobs in past eight years and, with a ratio of one person supporting eight people, it means putting food in mouths of 16 000 people," he said.

Airfreight cost crisis looms for exporters

CT 5/8/93 (74G)

By AUDREY D'ANGELO
Business Editor

SA exporters are facing the threat of higher freight rates as airlines, whose yields have been eroded by stiff competition, prepare to recover rising costs.

A proposed freight surcharge which IATA (the International Air Transport Association) intended to impose from July 1 — which would have added 48c a kg to the cost of sending goods by air — has been postponed because of opposition from some governments and because the European Commission and US Department of Transport have not yet approved it.

But, apart from this, IATA has recommended higher air freight rates from October 1.

The surcharge is being fought in SA by the Association of Air Freight Forwarders (AFA) whose chairman, Willi Schalk, accused the airlines of making customers pay for the fact that there was now over-capacity in the industry.

Schalk said the surcharge could push up the cost of exporting perishables by 35%. "It would seriously batter the price-competitiveness of SA airfreight exports and have a serious inflationary effect on the price of imports carried by air."

Schalk said the AFA had written to the Minister of Public Enterprises, Dawie de Villiers, and the Minister of Transport, Piet Welgemoed, asking them to reject the surcharge.

John Baard, newly elected chairman of the Cape Clothing Manufacturers Association, said the surcharge must be fought.

Colin Boyes, deputy director of the Cape Chamber of Industries (CCI), pointed out that a lot of perishable produce from the Western Cape was exported by air and higher freight charges would make it less competitive, particularly in the current state of some world economies.

However, a spokeswoman for one major airline said stiff competition between the increased number of airlines now serving SA put customers in a strong position to negotiate rates.

And Ian Morgan, British Airways World Cargo area manager for Southern Africa and the Indian Ocean, said the increased competition had caused rates to be cut so deeply that the surcharge would put them back on the level charged three years ago.

Executives of several major airlines said that although cargo capacity between SA and other parts of the world had increased in the past three years the amount of incoming and outgoing freight had also risen, as new markets opened up.

Some of this cargo, particularly exports from the Cape, is seasonal. Nancy Pronto, Swissair cargo manager for Southern Africa — who also handles cargo for Singapore Airlines — said there were times between October and March last year when she had to refuse cargo because capacity was fully taken up.

She said she had been surprised by the increase in exports from the Cape since Swissair introduced direct flights between DF Malan and Zurich last month. "The purpose of sending goods by air is to have the shortest possible transit time and people prefer not to have them transferred from one airline to another in Johannesburg."

Pronto said there had also been a big increase in trade between SA and the Far East.

Morgan said that cargo capacity on every BA aircraft arriving from London was fully taken up. But there were peaks and troughs in exports from SA. These were high between November and March but varied from day to day between April and October.

KLM cargo manager Ron Goertz said yields were under pressure because of over-capacity and this, combined with rising costs, meant that airlines "really need the surcharge."

But Goertz said that KLM's cargo capacity was "full most of the time." The introduction of a fourth weekly flight between Johannesburg and Amsterdam in November would increase available capacity.

This meant that KLM could make more capacity available to Cape exporters on direct flights during the fruit season.

Door closing on export incentives

B/Day 16/8/93

ANDY DUFFY

NEW applicants for government's general export incentive scheme (GEIS) were running into difficulties in getting approval because of financial strains.

Government warned at the weekend that financial restraints could force it to cut incentives to the export industry.

Although exporters had braced themselves for the phasing out of the scheme, Safto said they remained wary about when and where the axe would fall.

(44 G)

It said new applicants were already having some difficulty gaining GEIS incentives.

Trade and Industry Department director-general Stef Naudé said at the weekend that cost pressures on the R1,7bn-a-year scheme meant that including more sectors was "prohibitive".

The department, faced with opposition to GEIS from SA's international trading partners, was committed to deciding the fate of the controversial scheme by 1995.

But Naudé said the department had already begun studying means to cut GEIS back before that deadline — a move that comes less than a year after GEIS was reshaped as part of a drive to foster export-led economic growth.

"The cost to include more products on any scale in the GEIS is prohibitive," Naudé said. "The GEIS budget is . . . strained to the limit and actions to study a scaling down of the scheme have already been launched. It is conceivable that it might be necessary to withdraw rather than extend GEIS benefits."

A decision on those sectors likely to be affected was still to be made, but Naudé said any cuts would be spread equally between new and current GEIS recipients.

Safto dismissed suggestions that a higher level of exports had increased demands on GEIS. Non-gold exports, which were valued at R64,4bn last year, were expected to rise by less than 4% between April 1993 and March 1994.

"There has been not that great an expansion of the export sector," said Safto economist Carlos Texeira.

"The pressure on GEIS hasn't gone up," he said.

The incentive scheme applies to beneficiated products, offering payouts on a sliding scale to a maximum 19,5% of the export value. The budget for this financial year has been set at R1,7bn, and for 1994/95 at R1,8bn.

The scheme, which was introduced in 1990, had been vaunted as a vital instrument in promoting exports manufacture.

But GEIS contravenes GATT principles. It has also been open to accusations that rather than fostering new exporters, it has merely presented bonus handouts to established exporters.

'Exports will lead upswing'

KELVIN BROWN

EXPORTS will lead the upswing due to the benefits of a weakening rand and the improved outlook for international economies, Syfrets says in its latest issue of Money Matters.

Syfrets expects the recovery to come through in 1994, with growth remaining static this year.

Fixed investment could also show better growth next year, as various projects were in the pipeline which would lift it off a low base.

Consumer spending would take longer to improve as it tended to lag behind any recovery, Syfrets said. "Wage and salary increases are hardly matching the inflation rate and with various indirect tax increases and no relief for fiscal drag, in conjunction with high real interest rates, it is hard to see the man in the street taking on new debt with confidence." B/Day 17/8/93

Syfrets predicted the Reserve Bank would ease monetary policy in the second half of the year with a potential cut in interest rates as reserves looked set to improve.

Large gains in the value of the yen and dollar in recent months were expected to stablise in the rest of the year. The benefits this would hold for the rand would reduce the leads and lags effect that had played a major role in large outflows of short-term capital in recent months, Syfrets said. (14G)

The outlook for inflation over the next 18 months was positive.

European competition for Unifruco

(749) Business Editor

THE deciduous fruit export season will last about a month longer.

And although the soft fruit season was "extremely positive" exporters are battling to sell apples and pears in competition with a big European crop, a spokesman for Unifruco said yesterday. CT 18/8/93

"We are still in the thick of things," he commented. "We did remarkably well with our stone fruits and grapes in the first half of the season.

"But the apple and pear season has not been an easy one. We have had to contend with the recession, the European crop and undisciplined behaviour by competitors from the southern hemisphere who abandoned all efforts to maintain price structures — and are paying heavily for it."

Discussing the new company, Fruit Exporters of Southern Africa (Frusal) which Unifruco has formed with a Johannesburg-based company, Sikisa Trading Corporation to market subtropical fruits overseas, the spokesman said that although this was quite a small operation it had potential for growth.

Rand depreciation provides boost for exports to Japan

B/Day 18/8/93

ROBYN CHALMERS

THE sharp depreciation of the rand against the yen over the past year has boosted SA exports to Japan.

The rand had depreciated 34,3% against the yen since August last year, and preliminary Safto figures showed exports had benefited.

Exports for the last quarter of 1992 totalled R831m against R957m in the first quarter of this year — a 15,1% increase.

Recent Japanese government statements had been upbeat in their forecasts of an economic recovery and this would further aid SA exports.

Safto economist Carlos Teixeira said the biggest export category during the 1993 first quarter was mineral products which showed a 27% increase over the last quarter of 1992.

The weakness of the Japanese economy was evident in the stagnant nature of exports when compared on a year-on-year basis.

In the first four months of 1992, SA exported R1,389bn worth of goods to Japan compared with R1,388bn during the same period this year.

The soaring yen had failed to put a damper on SA's imports, a fact which surprised economists. The 1993 first quarter saw imports 23,2% higher than the last quarter of 1992, at R863m against R700m.

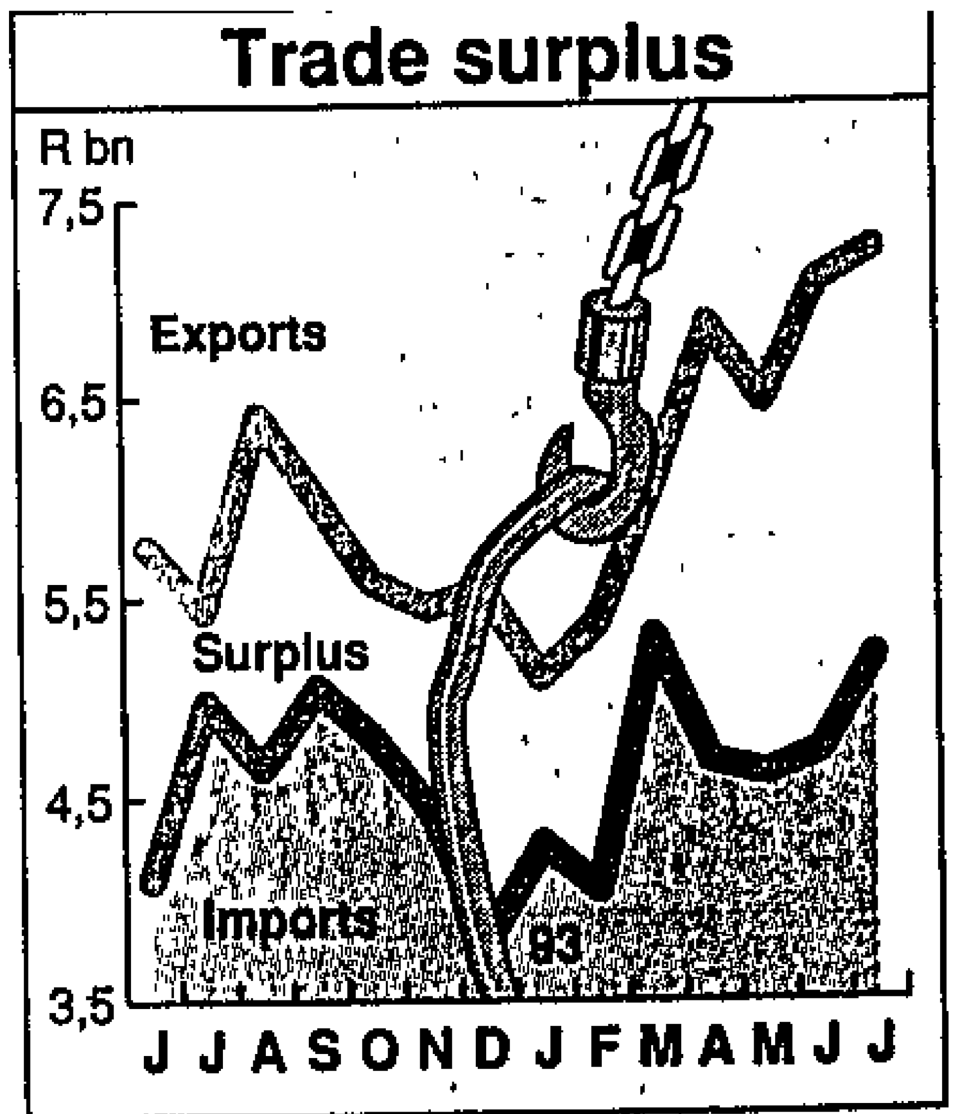
Teixeira said the increase was attributable largely to a 47,5% rise in the import category of vehicles, aircraft, vessels and associated transport equipment, which was SA's largest import sector from Japan. (34S)

"The strong increase in these imports in spite of a weaker rand reflects the relative insensitivity of certain imports, such as vehicle components, to a depreciated rand against the yen." (74G)

On the other hand, economists said the Japanese could be absorbing a certain amount of the cost increases attributable to the rising yen as these increases were not evident in imported price inflation.

The yen's surge — it rose to historic highs on Tuesday when it closed at 29,96 yen to the rand — had been largely on the back of the nation's huge trade surplus.

Economists said the yen would continue to rise against the dollar unless the government acted decisively to cut the surplus. The dollar hit a post-war low of 100,40 yen on Tuesday in spite of intervention by the Bank of Japan.



Graphic: LEE EMERTON Source: CUSTOMS & EXCISE

Trade surplus 'is still healthy'

KELVIN BROWN

SA's trade surplus remains healthy despite July's seasonal decline of just more than R300m to R2,06bn, economists say. B/Day

Customs and Excise figures released yesterday showed that imports were up 9,9% from June to R5,19bn, while exports grew 2,4% to R7,25bn. 19/8/93

There were sharp rises in imports of precious stones and coins, transport equipment and unclassified items, including oil. Exports lagged imports because of a fall in sales of chemicals, mineral products, plastics and base metals. 74G

However, unclassified exports, which includes gold, continued to grow, increasing to R2,8bn from R2,5bn the previous month.

Old Mutual economist Ursula Maritz said a seasonal jump in July's imports was usual. However, the trade surplus was still strong. In the past four months it averaged R2,1bn from R1bn in the first quarter.

Export growth was attributed largely to the rand's devaluation, which had also given the surplus a "technical boost" as it improved the rand value of the trade figures. The firm trade surplus looked set to continue as the overall trend remained healthy. Maritz expected the current account surplus for the year to be signifi-

□ To Page 2

Surplus

B/Day 19/8/93

□ From Page 1

cantly up at about R6,5bn (R3,9bn).

Safto economist Carlos Teixeira said cumulative growth in exports had outpaced import growth for the first time this year. In the first seven months exports grew 14,4%, while imports increased 12,7%.

Unclassified exports grew 20,2% in the first seven months, reflecting the higher gold price and the Reserve Bank's substantial gold sales. Improved mineral product exports was related to higher coal sales caused by the rand's depreciation.

However, growth in imports of capital goods, transport components and equipment, and certain industrial materials remained strong, suggesting an end to destocking and a turnaround in the inventory cycle, Teixeira said. (74G)

Star 19/8/93

Trade surplus slips 13 percent

BY CLAIRE GEBHARDT

The monthly trade surplus shrank by 13 percent in July to R2,1 billion from R2,4 billion in June, Department of Customs and Excise figures show.

Imports soared by nine percent to R5,2 billion, while exports rose marginally by two percent to R7,3 billion. (14G)

For the first seven months of the year, exports were 14,2 percent up at R44,2-billion, compared with R38,7 billion last year.

Imports rose 12,7 percent to R32,8 billion, against R29,1 billion a year ago.

Southern Life economist Mike Daly said yesterday import levels were surprising, given the depth of the recession.

He attributed the higher import figures to perceptions that the rand would depreciate further, making imports more expensive.

"On the export side, the disappointing month-on-month figures indicate the on-going lack of demand and poor pricing of international commodities.

"We are currently looking at less than six weeks of import cover, compared with about ten weeks at the same time last year."

Strong exports key to economic growth

B/Day. 26/8/93

ADRIAN HADLAND

PRETORIA — The gradual dismantling of import tariff structures and the establishment of a strong export culture in SA are essential to the future growth of the economy, according to the Northern Transvaal Chamber of Industries.

In its publication Economic Focus, the chamber said there was bound to be controversy over tariff reductions proposed in government's latest offer to the General Agreement on Tariffs and Trade (GATT).

"The offer, which has to be submitted to GATT in its final form by the end of August, proposed an average cut in all tariffs by a third in equal stages over five years from January 1995.

As a small, open economy, SA had "no alternative but to tailor a tariff offer which is acceptable to the international trading powers", the chamber said.

While the dismantling of tariffs would expose SA to severe foreign competition, it could not afford to be denied access to the world's largest and most prosperous markets.

"The only answer to countering this threat is for SA business to proactively streamline production processes and to reduce unit costs optimally," the chamber stated.

In addition, a strong export culture needed to be established and promoted over the widest spectrum of the SA business community. (74 G)

"Exports to a large extent hold the key for economic prosperity."

SA would gradually be forced into a new era by the international trade fraternity to level the playing field for competition, the chamber said.

"The doors have opened for SA to change course and focus on a more outward-looking trade policy."

Eskom human resources senior GM Dawn Mokhobo was last night named Businesswoman of the Year at a banquet at Johannesburg's Carlton Hotel. Nominees' levels of responsibility, degree of decision-making, track record, innovative management and extra-curricular achievements were taken into account. Mokhobo is also on the boards of Metropolitan Life, the Institute of Personnel Management and Random House Publications.

Need to equip managers for upsurge in tourism

ADRIAN HADLAND

PRETORIA — The tourism industry would face a shortage of qualified managers if the number of tourists visiting SA increased, Pretoria University's hotel and tourism management professor Johan Fourie said on Tuesday. B/Day

Fourie, who recently returned from a trip abroad to universities and institutions specialising in hotel management, said importing trained managers to handle an upsurge in tourism was not viable. 26/8/93

The southern African milieu and culture were quite different to those overseas and required special and varied skills, he said.

Most international institutions focused mainly on practical training with up to 1 000 hours required during a three-year course.

The degree and certificate course in hotel and tourism management at Pretoria University was unique in the world because it emphasised managerial skills and their development and required at least nine weeks, or about 400 hours, of practical training.

More hotel and tourism managers had to be trained in SA in order for the country to cope with an increase in the number of tourists, Fourie said.

LEGAL NOTICES

Special Export Zone law presents no threat

ARG 28/8/93 (149)

MARC HASENFUSS
Business Staff

LOCAL companies and labour unions have nothing to fear if the special Export Processing Zone law is passed later this year, says an international expert on EPZs.

Mr Peter Ryan, of international management consultancy Peter Ryan and Associates, argues that local companies will not lose sales if EPZs are established in South Africa.

"In fact, many (local firms) will become suppliers to the EPZs and obtain benefits of the incentives. They will also need to employ more people to do this."

He points out that zone investors do not sell their products in the local market, except by special request and licence.

Local firms can also form joint ventures with owners of advanced technology, or become suppliers to the EPZ.

"South Africa, with its well developed industrial infrastructure, is well placed to export. But it needs modern technology, skills, and established markets."

Mr Ryan concedes that labour rates in South Africa are high by Third World standards, but stresses that this need not be a problem — providing productivity increases and strikes are avoided.

"National laws apply in all EPZs and labour unions have no concern on this score."

Mr Ryan says zone exporters, with their large existing overseas markets can employ far more people than domestic manufacturers. In addition, he notes that one EPZ job generates two more in the domestic economy.

South Africa will probably only have two main EPZs at major ports Cape Town and Durban and one airport-sited zone.

A detailed study is currently being undertaken through Gateway Park to select optimium sites for EPZs and for sub-zones in the main industrial areas.

No final decision on export assistance

B/Day 30/8/93

JOHN DLUDLU

NO FINAL decision had been taken on the scrapping of the export marketing assistance schemes in preparation for the country's return to world trade, a statement from the Department of Trade and Industry (DTI) said last week.

The statement said no date had been set for the termination of the schemes which were administered by the DTI to assist local exporters in introducing their products to foreign markets.

This followed a statement by Finance Minister Derek Keys that the country had to lower its import tariffs, remove export subsidies and allow truer prices to prevail to participate in world trade.

About R16m was put aside in the current financial year for the export marketing assistance schemes. (74G)

These included R6m for assisting local companies taking part in exhibitions to promote SA's export trade. R6m would be used through the Primary Export Marketing Research partially to compensate registered exporters for costs incurred in developing new markets through personal contact with potential clients in world markets.

About R4m was earmarked to assist outward/inward selling trade missions which facilitated personal contact with trade and government circles. This would assist them to acquire intimate knowledge of trade conditions in the markets being explored and to exploit new or additional trading opportunities.

The marketing assistance schemes are not part of General Export Incentive Schemes

S/Times [Buss] 5/9/93

Nothing to lose but our restraints

(74G)

A review by the World Bank has found that the high number of tariffs in SA helps to make its trade regime biased against exports, reports **KEVIN DAVIE**.

IF import duties and export subsidies were simultaneously eliminated and the exchange rate adjusted appropriately, the balance of payments impact would be zero, but there would be a net efficiency gain for South Africa's economy, says a World Bank report.

Two-thirds of customs revenue from manufactured goods in 1990 was paid in export subsidies, says the just-published South Africa: A Review of Trade Policies.

The review says SA's most urgent task in international trade is to deal with the anti-export bias inherent in its trade policies.

The study backs a Sacob report which found that two-thirds of the disadvantages SA exporters suffered relative to foreign competition stems from the higher prices they pay for manufactured inputs.

"If anything the experience of east Asian exporters suggests that trade policies should be biased in favour of and not against exports," says the World Bank study by Pedro Belli, Michael Finger and Amparo Ballivian.

Their report, which does not reflect World Bank policy on SA, has been circulated as an informal document.

Some of its recommendations have been adopted by the Government in the normative economic model.

The report finds that SA's trade regime, although not overly protective, is far too fluid and complex and is biased against exports. SA has more tariff rates than any other country sampled by the World Bank.

Other major problems are that the tariff system is subject to excessively frequent changes and has too high a dispersal of rates.

The report says these problems need to be tackled quickly, including reducing very high tariffs (one was found to be 1 389 percent) to high or moderate rates. These could be reduced to a maximum of 150 percent.

Anti-export bias arises because sales in the domestic market are more profitable than exports and because protection increases the costs for domestic producers and exporters alike, placing exporters at a disadvantage compared to other countries that have access to inputs at world prices.

Protection on inputs raises costs for the manufacturing sector as a whole by about 12,6 percent compared with a free-trade situation. Higher input costs in the domestic market are offset by higher output prices. These are about 30 percent higher than under hypothetical conditions of free trade.

The report says it is doubtful that SA could sustain the present level of manufactured exports without the general export incentive scheme (GEIS).

"Without GEIS value added in domestic sales would have been 88,6 percent higher than in exports; with GEIS the difference was a negligible 2,5 percent."

Although SA increased exports by seven percent a year in the 1980s, the report says this growth is not sustainable without a change in trade policies.

"In particular, SA will have to ensure that large and small firms alike have easy and automatic access to inputs at the same price and of the same quality as their competitors in the rest of the world."

Incentives to export should also be brought closer in line with incentives to produce for the domestic market.

Options for reducing the anti-export bias include the establishment of free trade zones (FTZ), a free trade regime, bonded warehouses and duty drawback systems.

FTZs would not be the preferred solution for SA because it has a well-developed industrial sector.

A regime where exporters get free trade status for export activities is probably the most advisable option, the authors say.

Although there is a duty exemption-drawback system in SA, it is hardly used and needs revision. These systems either exempt exporters from paying duties on inputs or refund them for import and indirect taxes paid on imports.

GEIS is criticised for being expensive and imprecise.

"Analysis of the impact of GEIS on value added by the industrial sector suggests that GEIS overcompensates for import duties in 55 out of 77 cases and undercompensates in the rest.

"As the SA government is fully aware, GEIS is a countervailable subsidy under the General Agreement on Tariffs and Trade."

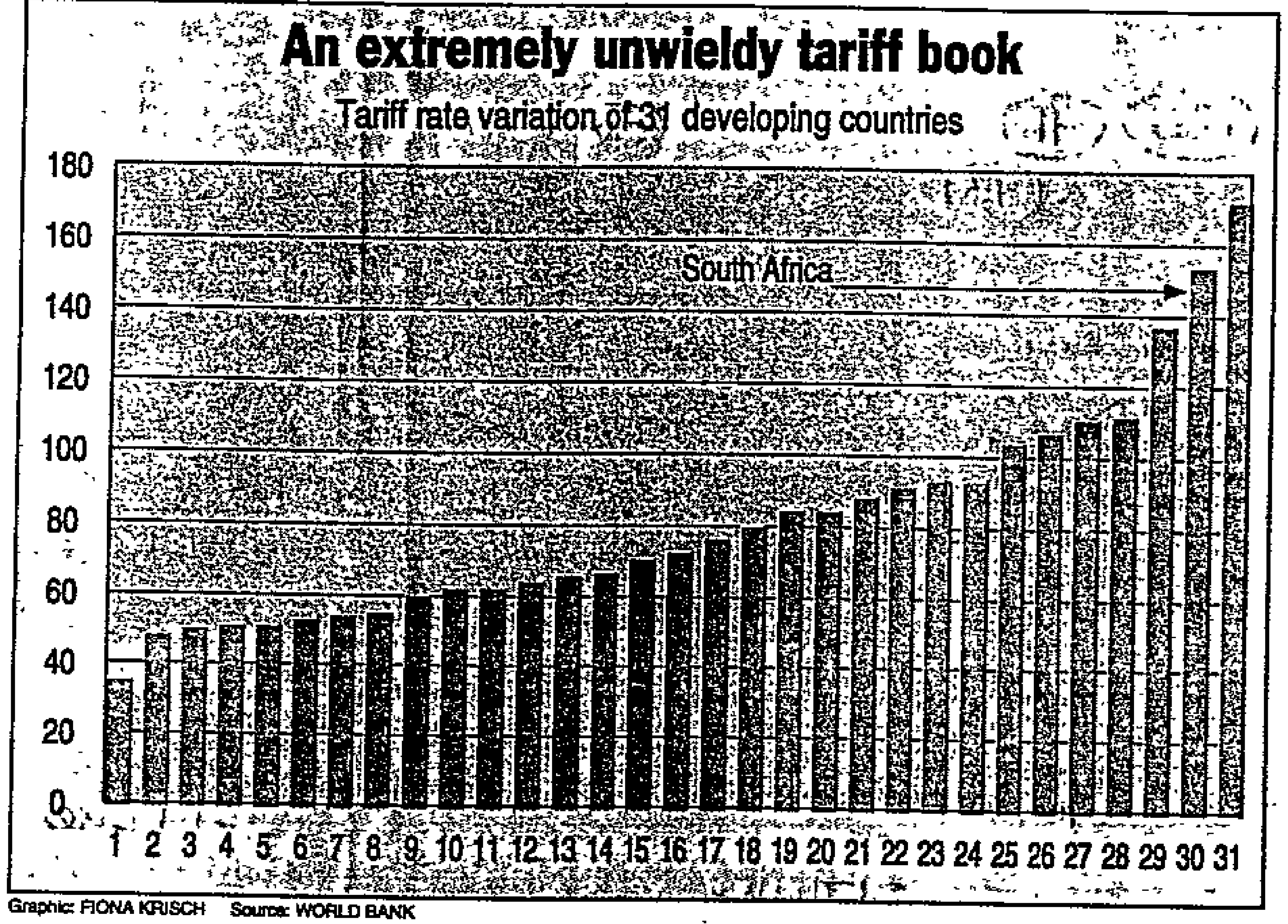
Government support should be linked to export performance. Korea, for example, made tax concessions conditional on export performance.

"As a result, production for the domestic market was a spin-off from production for export, not vice versa."

Countries which first met the lax standards of the protected domestic market and then moved on to export production have been much less successful.

"A plant grown in shade can adjust to living in sun, but in this adjustment it will shed its leaves and grow new ones.

"If the old determined policy, the plant would never leave the shade."



Graphic: FIONA KRISCH Source: WORLD BANK

COMPLEX: SA's tariff structure as compared with 31 developing countries sampled by the World Bank. SA has more tariff rates than any other in the sample, its range of tariffs is the widest and the coefficient of variation is second highest after Nepal, as shown above. Compared with Chile's single rate or Mexico's five, SA's trade regime looks extremely unwieldy, says the World Bank.

Unibank hones its target

S/Times [Buss] 5/9/93

By CHERILYN IRETON

UNIBANK, which prospered on the foundations of the 130-year-old British Kaffrarian Bank, is increasing its capital base by more than 60% in an attempt to become an important niche player in financial services.

Heavyweight shareholders have put

"To be successful, we must have a larger base to carry that added risk."

Unibank's target is a capital base of R100-million in the next three years. It

existing banking infrastructure for things like savings accounts. But in certain areas we are seeking clients who feel comfortable outside the large-bank environment.

"We will be able to serve that client quicker and more effectively than some

Bumper yields for SA from GATT deal

(74G) CT 6/9/93

From ROBYN CHALMERS and TIM MARSLAND

THE liberalisation of world agricultural trade policies envisaged by the General Agreement on Tariffs and Trade (GATT) will increase global agricultural prices by 22%, boosting SA's coffers by hundreds of millions of rands each year in terms of agricultural exports.

A study by Pretoria University's agricultural department showed the rise in world prices would be greatest for dairy products at 65%, followed by sugar prices at 54%, wheat 37%, rice 26%, coarse grains 26% and meat 21%.

"Since the '70s, government intervention in the agricultural sector, such as price and income supports, supply controls and barriers to trade and export incentives, has been pervasive in almost every country, including SA.

"These measures, combined with technological improvements, increased the international trade imbalances so that prices were distorted and various commodities piled up on the international agricultural markets," said the study.

Meanwhile, government announced at the weekend that SA had submitted a revised provisional industrial tariff offer to GATT. It had been submitted in terms of the Uruguay Round of multilateral trade negotiations.

Proposals at the current Uruguay Round call for a 30% downscaling of agricultural support policies over four or five years, with complete liberalisation an ultimate aim. Should the proposals be successful, the spinoffs for SA in terms of higher export revenue would be enormous.

A Boland Bank economist said the agricultural sector's contribution to SA's GDP amounted to about 5% while the sector's exports constituted about 10% of SA's total non-gold exports.

Agricultural exports outstripped imports by R3,1bn in 1991 and by an average of R2,4bn a year during the second half of the '80s. The drought put a dampener on exports during 1992, but they still outdid imports by R1,5bn.

The study said the EC and the US contributed the most to world price changes. Unilateral liberalisation of EC agricultural policies would raise world prices 11%, while sugar and grain prices would rise 23% and 12% respectively, should US support policies be unilaterally eliminated.

High priority

Agriculture was given a high priority in the 1986 GATT meeting in Uruguay, with four objectives drawn up aimed at correcting restrictions to reduce imbalances in world agricultural markets.

These were the improvement of market access through the reduction of import barriers; increased disciplines on the use of all subsidies and other measures affecting agricultural trade; compensation for trading partners for damage incurred as a result of changes in trade barriers, and settlement of trade disputes through negotiations using GATT guidelines.

GATT principles have been less successful in liberalising trade in agriculture than in manufacturing, and the Uruguay Round has placed agricultural trade at the top of its agenda for the first time.

SA needs to comply with GATT's requirements to ensure its goods and services become established in export markets.

Finance Minister Derek Keys said at the weekend that the draft offer to GATT had been debated by a task group of the National Economic Forum, a Customs Union technical group and the task groups of the automotive, textiles and clothing, and electronics industries.

The adjustments consisted mainly of subjecting certain sensitive products to a longer phase-down period and in a limited number of cases, rates were adjusted.

In a few sectors, the rates in the offer were submitted on a provisional basis subject to confirmation by September 15, to allow final checking.

There had been fears that the revised offer would be delayed because of resistance from the textile and motor industries. The textile industry feared large job losses should its tariffs be lowered.

Keys did not provide details of revised tariffs, but said rates in the tariff offer were ceiling or maximum rates. At the end of the implementation period, the rates applicable to the respective tariff lines would be bound against any future increase above these rates.

The new tariffs are expected to be implemented from early next year.

SA's revised offer is expected to result in the number of tariff lines being reduced from more than 12 000 to fewer than 1 000.

Star 7/9/93

Trade with China on rise

BY THABO LESHILO

There has been a marked increase in South Africa's trade with China and the former Soviet Union in the wake of the gradual lifting of sanctions, according to the Foreign Trade Organisation (Safto).

Safto economist Carlos Teixeira said yesterday that South Africa had imported R255 million worth of products from China in the first four months of this year, compared with R159 million worth last year.

The largest import category (R68 million) was textile and textile products.

In turn, South Africa exported goods valued at R223 million to China.

The bulk of these, R91 million worth, were in the vehicle, aircraft and component categories.

"Quite interesting is that we now produce whole cars for export," said Teixeira.

Another important export category to China was mineral products — R83 million worth. (~~[illegible]~~) (74G)

In the same period, imports from the former Soviet Union increased from R12 million to R45 million.

The former Soviets increased their purchases of South African products by R5 million to R186 million.

South Africa bought mainly textile and textile products (R17 million).

Its main exports to the former USSR, R162 million worth, were in the unclassified category (gold and other precious metals).

Arms business could rocket

ARG 8/9/93

The Argus Correspondent

JOHANNESBURG. — There will be jobs for 40 000 people in the export business when the arms embargo is lifted, Minister of Defence Kobie Coetsee predicted.

He told a Pretoria armaments industry audience the value of arms exports could rise from the present R500 million to R2 billion a year, but South Africa would have to compete with "surplus armaments from all over the world".

74G

Export zones 'promising but need focus'

LINDA ENSOR

CAPE TOWN — Prospects for export processing zones (EPZs) in SA were exciting but would require co-ordinated input from many public and private organisations, British economist and EPZ specialist Peter Ryan said yesterday. 8/Day

Ryan had assisted the UN and World Bank to establish EPZs in more than 30 countries, including Bangladesh, Costa Rica, Indonesia, Morocco, Sri Lanka, Egypt, Honduras, Mauritius and Korea.

"SA desperately needs the employment that EPZs bring, as well as the foreign exchange, but many underestimate the difficulty of getting the interest of foreign investors," Ryan said. (74G)

He said SA had much under-utilised industrial space that could be of interest to foreign investors if properly marketed.

With consulting engineers Liebenberg & Stander, he had completed an evaluation of sites in Cape Town, the Vaal Triangle and East London that could be suitable for EPZs, Ryan said. 10/9/93

COMPANIES

Export boost for Tiger Wheels

EDWARD WEST

TIGER Wheels reported significantly improved earnings in the year to end-June from export led turnover growth and lower interest and tax charges, today's published results showed.

Turnover climbed by nearly a fifth to R104,2m (R87,5m), but margins were under pressure and income before interest climbed 5% to R6,9m (R6,5m). CEO Eddie Keizan said turnover growth was mainly from increased exports.

Tiger's local market share grew, but was adversely affected by heavy discounting in the market, oversupply and low demand. Interest paid fell to R1,3m (R2m). The tax charge fell to R300 000 (R745 000) after benefiting from accelerated plant write-offs and export and decentralisation allowances.

Taxed income climbed 37% to R5,2m (R3,8m). Income attributable to ordinary shareholders climbed 44% to R5,4m (R3,8m). Earnings a share climbed 32% to 16,5c (12,5c). An annual dividend of 6c (5c) was declared.

Keizan said the group's alloy wheels were becoming accepted overseas and the expanded manufacturing business had begun to realise its potential.

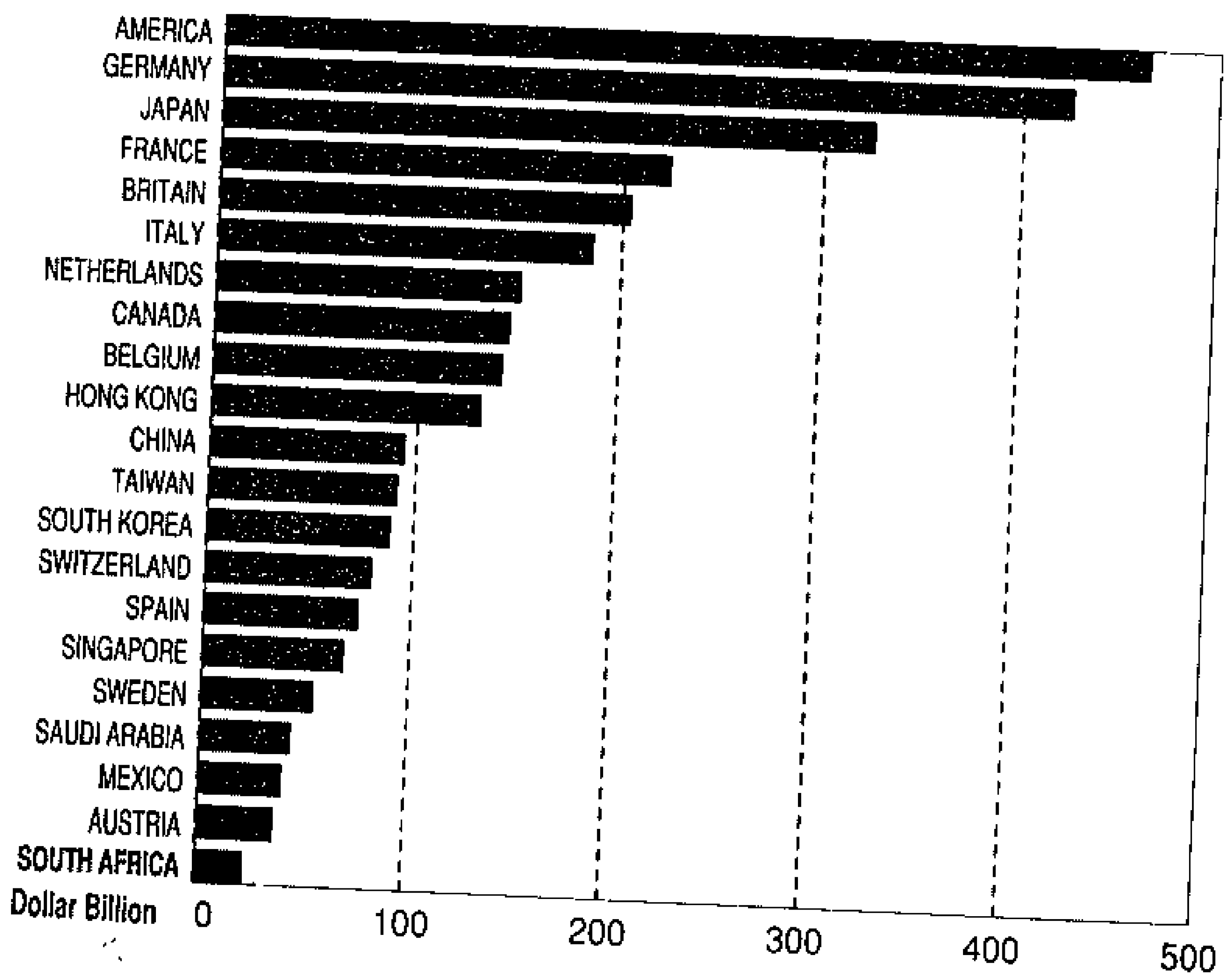
He was cautiously optimistic about future prospects.

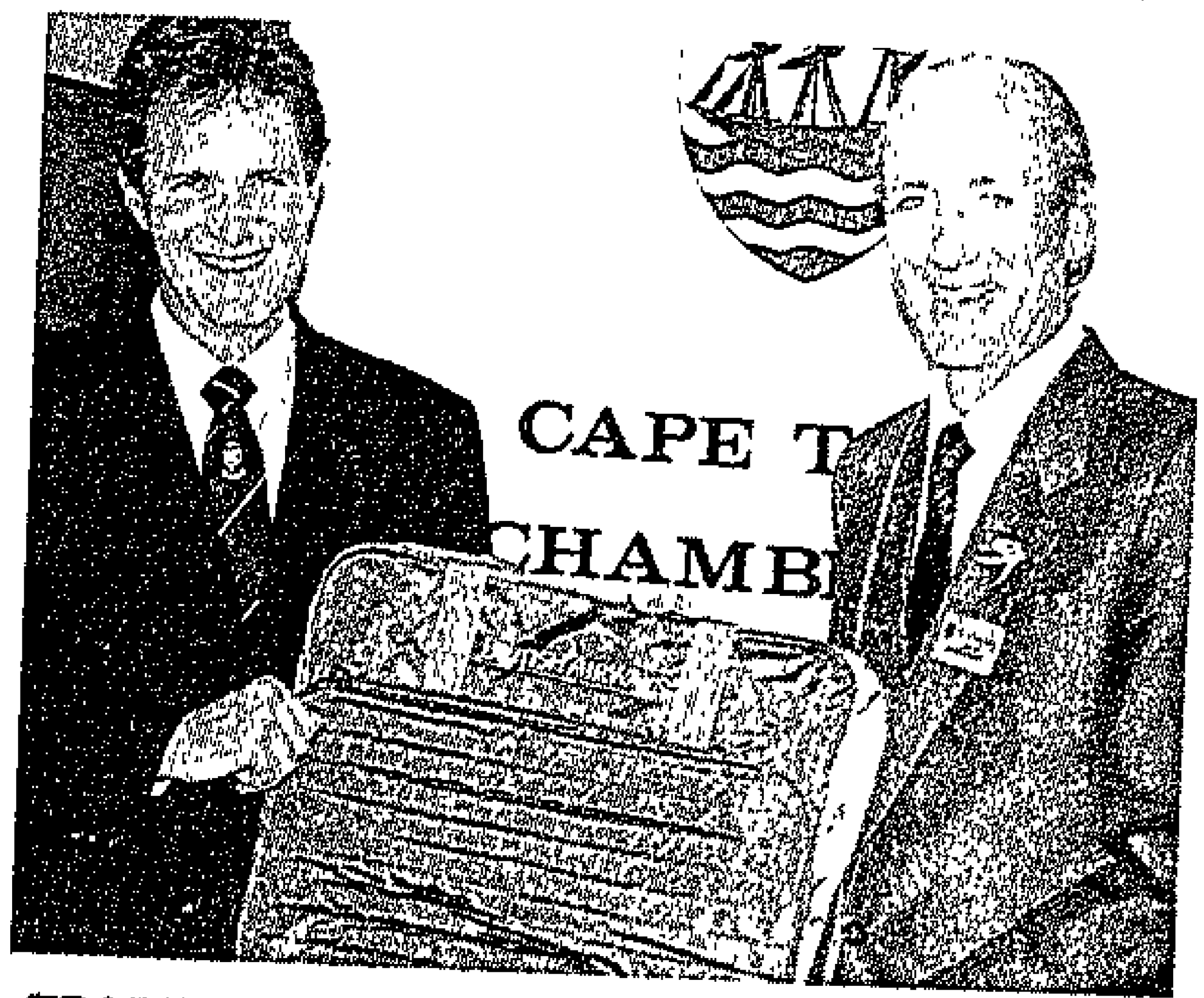
Tiger Wheels Holdings, which holds 80% of Tiger Wheels, earned 13,7c a share and declared a dividend of 4,8c compared with pro-forma earnings of 10c a share and dividends of 4c. (74 G)

SA exports rise 15% but world share falls

CT 16/9/93 (74G)

SOUTH AFRICA'S EXPORTS IN WORLD CONTEXT





TRADE MISSION ... British Airways area manager Ian Petrie (left) presents a travel bag to the President of Cape Town Chamber of Commerce, Roland Hudson-Bennett, at a briefing for the 21 members of the chamber's trade mission to Italy and Belgium.

By **AUDREY D'ANGELO**
Business Editor

EXPORTS from SA rose by 15% in the first seven months of this year. But this country's share of world trade was only 0,65% last year, Boland Bank economists Louis Fourie and Francois Jansen point out in their September Economic Review.

They say that although there has been a sharp rise in exports, seen as the main source of economic growth for this country, world trade has risen even faster so that SA's share of the total has declined (see graph).

But, they say, the hoped-for liberalisation of world trade should open up new opportunities.

Meanwhile, both Cape Town Chamber of Commerce and the Cape Chamber of Industries are preparing to send trade missions overseas on Sunday.

A South African trade exhibition in Singapore ended a few days ago and a spokeswoman for the SA Foreign Trade Organisation (Safto) said it had been "a huge success."

Now exporters are preparing for the Contact West Africa exhibition in Abidjan, capital of the Ivory Coast, in November and the SA Chinese exhibition (SACEX) in Beijing in March.

Fourie and Jansen say in their Economic Review that "exports are regarded as the prime trigger for economic growth in the absence of traditional stimulants such as cheap credit, high government spending and continued rises in real wages and salaries."

World exports amounted to about $3,7 trillion in 1992. SA contributed $23,7bn to this.

Gold and manufactured products each accounted for 27% of SA exports, non-gold mining products 32%, agricultural products 12%, and other products 2%.

Fourie and Jansen point out that SA is "hampered by the typical drawback for developing countries — a great lag in technical labour skills. These skills are a vital ingredient in the process of adding value."

Europe was SA's biggest customer last year, taking 34% of exports compared with 18% sent to Asia, 9% each to North and South America and Africa and 30% to "other" destinations.

● Cape Town Chamber of Commerce has had so many inquiries from would-be exporters that it has produced an import-export handbook, with detailed information, which can be bought at the chamber's headquarters.

Growth in exports slows

By TERRY BETTY

EXPORTS continued to climb in August — even though growth slowed to 13,6%.

The August trade surplus of R1,8-billion was 11% down on July and 22% lower than June's high of R2,36-billion, says SA Foreign Trade Organisation (Safto) economist Carlos Teixeira. S I Times (Buss)

A 2,2% rise in August imports to R5,3-billion cut the surplus. Imports have risen by 12,9% year on year. 19/9/93

Top export earners were precious stones and gold. Exports of precious stones, mostly diamonds, increased by 32% in the first eight months of this year over the same time last year. (74 G)

Mr Teixera says: "This category varies greatly, depending on how many diamonds go to the Central Selling Organisation."

Gold sales rose by 22% in the first eight months.

The increase in exports in the first eight months to R51,4-billion from R45,2-billion in the same time last year came from higher volumes and a lower rand.

Weak international commodities markets resulted in an export increase of only 8,6% in August from July's 18,9%.

Food imports have fallen with the respite from drought's ravages a year ago.

Farm exports are expected to become normal by the end of the year.

Mr Teixera says exports resulting from last season's maize crop will boost trade figures.

In the first eight months of 1993 imports of chemicals, plastics, mechanical, electrical and transport equipment rose appreciably.

"This could be attributed to increased business confidence and expectations of continued depreciation of the rand," says Mr Teixeira.

Safto's export confidence barometer, at its highest since the fourth quarter of 1991, says real export growth, excluding gold of 5%, is expected in the next 12 months.

Exporters' rebates to be overhauled

GRETA STEYN

A MAJOR overhaul of the system of duty rebates for exporters as a first step towards phasing out GEIS is likely after IDC and World Bank recommendations.

It is understood the Trade and Industry Department is reviewing the duty rebate system and that the first changes could soon be made. However, phasing out of export subsidies in terms of GEIS is expected to take years. (74 G)

IDC GM Flip Kotze confirmed at the weekend a first step towards trimming GEIS could be a major overhaul of the duty rebate system to give exporters duty-free access to imported inputs.

Kotze said perceptions were that SA's present rebate system was cumbersome. The "hassle factor" prevented exporters from making extensive use of it. A more "user friendly" approach would enable government to make progress in eliminating GEIS subsidies. GEIS was expensive (at about R2bn a year) and was against the

□ To Page 2

Exporters

BDay 20/9/93

□ From Page 1

provisions of the world trade watchdog, GATT. (74 G)

Kotze said the largescale exemption of exporters from duties on imported materials would eliminate the need for GEIS to compensate for tariffs and other duties on material inputs. The move would have the added advantage of opening the SA economy up to the influence of world prices, forcing domestic suppliers of inputs to bring their prices in line with international conditions. He added, however, that a mechanism would have to be built in to limit duty exemptions to exporters.

Kotze said a major portion of GEIS would have to remain in place for some years, even after an overhaul of the duty rebate system. GATT had given SA three years to get rid of this system of export subsidisation from 1995, when GATT reforms were likely to begin.

GEIS was the main antidote to the anti-export bias inherent in the SA economy. But the planned simplification of existing import protection measures, and the gradual reduction of tariff rates, would reduce the anti-export bias by lowering the cost of inputs.

"But this is essentially a long-term measure," Kotze said. "Protection for local industry will for a long time continue to raise the input costs of exporters above world prices. This can be countered by establishing a free trade regime for exporters."

SA would be able to scrap GEIS completely only once all the elements of sound trade policy were in place, including lower import tariffs, a realistic exchange rate, macroeconomic stability and measures to improve competitiveness, such as training and technological investment.

The World Bank noted GEIS had over-compensated for import duties in most cases, but under-compensated in others. The differences in the treatment of sectors were "enormous", the bank said.

Overhaul of duty rebates 'likely'

749

CT 20/9/93

Own Correspondent

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Encouraging growth in exports, imports

Star 20/9/93

(74G)

SA's monthly trade surplus narrowed slightly in August, but exports and imports this year have showed encouraging growth, according to figures released by the Department of Customs and Excise.

The monthly trade surplus eased 11 percent to R1,8 billion in August from R2 billion in July this year, as exports and imports rose considerably over August last year.

Exports last month at R7,1 billion trailed the previous month's R7,3 billion, while imports increased from R5,2 billion to R5,3 billion in the same period.

Cumulative exports for 1993 at R51,4 billion were significantly higher than January to August last year of R45,2 billion, as imports also climbed to R38,1 billion from R33,7 billion a year earlier.

Imports of agricultural products caused by last year's drought have all but abated and the categories' import levels have levelled off.

The export of mineral products, and precious and semi-precious stones continued to grow strongly this year, and total exports were bolstered by a healthy increase in the export of wood and wood products.

Imports of precious and semi-precious stones, mainly jewellery items, increased considerably.

Trade analysts expect imports to continue to grow as the four-and-a-half year recession bottoms out. They say exports should continue to grow.— Sapa.

Mineral exports expected to rise 14%

SA's total mineral exports are expected to increase by 14,7% in value this year, according to the latest Minerals Bureau review from the Mineral and Energy Affairs Department.

The review said improved income was expected from gold, platinum group metals and diamonds. Platinum group metals and diamond exports would increase largely because of higher mine production. An improvement in uranium oxide was essentially a return to previous levels.

BDay 2/9/93 (74G

Total mineral exports were expected to increase to R38,020bn in 1993 while total non-gold exports would rise 16,9% to R15,910bn. Gold exports would account for 58,2% of total mineral exports. — Sapa.

Malbak export drive to the East

LINDA ENSOR

BANGKOK — Malbak subsidiary Foodcorp has embarked on an export drive in the Middle and Far East, to raise the contribution of exports to total turnover from the current 5% to 10% over the next few years. B/Day

This planned export growth of, in particular, frozen vegetables would offset to some extent the stagnant growth domestically, Foodcorp international marketing director Gert Schoonraad said yesterday. 21/9/93

Schoonraad, who is a member of a Sacob-led delegation of businessmen visiting Thailand, said it was Foodcorp's long-term objective to become an international player spreading its exposure to the business cycle over several countries and benefiting from the rand-hedge advantage of such trade. (186) (149)

Foodcorp, which exports products worth about R150m annually, entered the Middle East market in July this year when it successfully exported more than 100 tons of frozen vegetables under the Table Top brand name to the United Arab Emirates.

Exports to Saudi Arabia were due to start in January next year.

Schoonraad disclosed that Foodcorp planned to start exporting frozen vegetables to Japan next year. With its population of about 130-million people, Japan was the priority Far Eastern country for Foodcorp, Schoonraad said, adding it was also investigating opportunities in Hong Kong, Singapore and Thailand.

SA's mineral exports to increase by 14,7%

(74G)

JOHANNESBURG. — SA's total mineral exports are expected to increase by 14,7% in value this year, according to the Department of Mineral and Energy Affairs' latest Minerals Bureau review.

However, the volume and prices of most commodities were not expected to change markedly from last year's globally depressed levels. CT 21/9/93

"The real rand revenue of export sales is, nevertheless, expected to improve by 4,1%, due mainly to improved income from gold, PGM and diamonds," the review says. The bureau worked on an inflation rate of 10,5 for 1993 in calculating the real rand value. — Sapa

M&R hopes to double non-domestic income

THERE was potential to more than double the current contribution of exports and international activities to 25% of M&R group turnover in the medium term, M&R stakeholders heard at a presentation to coincide with the release of the annual report in Cape Town yesterday.

In the annual report CE Dave Brink said the group was currently exporting goods and services to more than a dozen countries in Africa and more than 20 countries worldwide.

A key challenge in future would be to increase productivity to enhance the group's global competitiveness.

M&R, he said, had achieved a major strategic realignment over the past two years with acquisitions having all become vital components.

The group, he said, had performed well in an economically hostile environment. The fixed investment sector had been hardest hit in the recession with the level of Gross Domestic Fixed Investment showing a continuous decline. In real terms, 1993 fixed investment expenditure was equal to only 60% of the investment achieved in 1982.

746 CT 29/9/93

Returns on assets and capital employed in the group were well below group targets and mainly reflected the low capacity utilisation of many of the group's facilities and resources — in spite of severe cuts and rationalisations which had seen staff numbers down by about 4 000.

However, greater penetration of export markets, together with improved local demand, was expected to absorb slack capacity relatively quickly.

The current year would be one of further consolidation with modest to strong growth being seen for 1995/96.

Centring on exports

CT 30/9/93

(74T)

Business Staff

THE first permanent exhibition venue for trade and industry in the Western Cape was opened by mayor Clive Keegan last night.

The Cape Trade Centre, on the V & A Waterfront, will act as a platform for building export growth.

Keegan called for a duty-free import system which would take into account raw materials and products used as inputs on locally manufactured goods destined for the export market.

"Government needs to create a competitive climate that encourages exports," Keegan said.

"Many of the more successful exporting nations like Japan, South Korea, Singapore and Hong Kong were developed by establishing similar trade centres to provide an export intelligence network."

Mercedes nets R10m export contract

(TUCT X192)
CT 30/9/93

MERCEDES-BENZ of SA (MBSA) has secured a R10m contract to supply the total auto catalyst requirements of the Honda Motor Company subsidiary in Thailand.

The agreement represents the first export of automotive catalytic converters by an SA manufacturer to the east.

Mercedes manufactures Hondas at its East London plant.

The catalysts are manufactured by Autocat in Butterworth, Ciskei and will be airfreighted to Honda Cars Manufacturing Thailand to satisfy just-in-time manufacturing principles.

The contract is to supply 30 000 catalysts a year to the Thai company from April next year.

The Honda Motor Company in Japan has also indicated that it is not limiting its activities to the catalytic converter project, but will look at ways to expand export potential in such a way as to benefit the marketing of its cars locally.

"This deal means that our Japanese partner, Honda Motor Company, has recognised the need for export compensation in order to offset local content costs, especially in the light of the yen exchange rate appreciation," MBSA management board member responsible for finance, Peter Senger, said. — Business Staff, Own Correspondent and Reuter

GDP

Fm 1/10/93

The foreign factor

174G

The economy received a huge boost from foreign trade in the second quarter of 1993. Export volumes of goods and nonfactor services rose 45,4%, according to the latest Reserve Bank *Quarterly Bulletin*, the biggest rise since the 56% jump in the third quarter of 1988 — when the international economy was booming and world trade thriving.

The figures represent quarterly changes, seasonally adjusted and annualised. And they are derived from calculations in constant 1985 rands, which are used to quantify changes in real GDP. So they are not a reflection of higher rand income, after the SA currency's 4,4% fall against the dollar in the period. (The rand effect can be seen in balance-of-payments figures. These show that the value of second quarter merchandise exports was up 18,9% in the second quarter and net gold exports up 5,4%. These figures are seasonally adjusted but not annualised.)

The biggest contribution to export growth came from diamonds, agricultural products and manufactured goods — particularly chemical products, machinery and electrical equipment.

The volume of imports fell 11,1% in the quarter. (The change is seasonally adjusted and annualised, as are all other quarterly changes discussed below.) This was mainly because of a reduction in oil and agricultural imports. The higher export and lower import volumes produced a second quarter rise in foreign trade's contribution to GDP, of 85%.

This more than compensated for the fall of 11,5% in gross domestic expenditure (GDE). The fall was almost entirely due to substantial destocking. Inventories fell by R1,1bn (in constant 1985 rands), after a first quarter increase of R1,3bn. "The substantial rise in the volume of exports and the decline in the volume of imports were probably the most important reasons for the decline — except for agricultural stocks in trade which increased strongly owing to the harvesting of a significant portion of the maize crop."

There was also a swing in the residual item, which reconciles expenditure and output figures, from a positive R536m in the first quarter to a negative R728m.

However, there was little change in the other components of GDE.

Private consumption was up 0,4%, mainly on "semi-durable goods, such as motor-related equipment, as well as on nondurable goods in the category food, beverages & tobacco," says the bulletin.

Government consumption was up 0,1%, as "total real remuneration of employees decreased slightly, while real outlays on intermediate goods and services were only marginally higher." A plus for fiscal 1993-1994.

Gross domestic fixed investment fell only 1,3% — the smallest shrinkage since this component turned negative in the first quarter of 1990. This "was probably related to the start of spending on a number of major capital projects, encouraged by tax concessions on depreciation allowances, a fairly sharp recovery in the gold price, the need for replacement of machinery and equipment and growing expectations of a revival in world economic growth and trade."

Together, the three components constitute final demand which was virtually unchanged (at about R120,5bn in constant 1985 rands) in the second quarter.

The net effect of the spending changes in the domestic and export markets was a 5,1% rise in second quarter GDP. This is the second quarterly rise which, technically, marks the end of the recession. But the figures are difficult to interpret because the drought in the summer of 1991-1992 and the recovery of agriculture this year, produced huge swings in the contribution of this sector. Changes in nonagricultural GDP have been less volatile — and, therefore, don't represent a turnaround.

Agriculture's contribution to GDP should remain high as the rest of the maize crop is harvested. Mining's contribution in the short-term depends on the gold price, as the prices of most other commodities remain depressed. And manufacturing will improve as soon as some stability is achieved in the political situation. Output in this sector contracted almost 0,5% in the second quarter, partly because of the large number of public holidays between March and June. Moreover, the assassination of Chris Hani in April pushed the number of man-days lost on account of strikes and other protest actions to 570 000 from 65 000 in the first.

First quarter manufacturing growth of nearly 2% may be a better indication of the trend in this sector. If work stoppages subside, the upward movement should resume. ■

Surplus boost

Payments on current account, Rbn

Seasonally adjusted annual rates

	1991	1992					1993	
	Year	1st Q	2nd Q	3rdQ	4th Q	Year	1st Q	2nd Q
Merchandise exports	44,7	47,5	49,6	49,5	49,4	49,0	47,2	56,2
Net gold exports	19,6	18,1	16,7	20,4	18,2	18,4	21,1	22,2
Merchandise imports	-47,4	-49,5	-49,2	-55,4	-53,4	-51,9	-56,4	-56,1
Net service and transfer payments	-10,7	-10,9	-11,6	-11,5	-12,2	-11,6	-11,2	-12,2
Balance on current account	**6,2**	**5,2**	**5,5**	**3,0**	**2,0**	**3,9**	**0,7**	**10,1**

Source: RB ANNUAL REPORT

LIFE ASSURANCE

Battle lines drawn

Legal steps have been instituted, apparently aimed at the Rowand brothers, who managed ailing life office Crusader. Those shareholders who brought last week's application for Crusader's liquidation include such notables as Eric Ellerine, Benjamin Rabinowitz and — famous for his role in insider trading — Greg Blank (though recorded in the court papers as Gregory Lex Blanic).

The crux now is to separate the interests of policyholders — who, all parties concur, should be protected — from those of shareholders. If that can be achieved the shareholders who bought shares from the Rowands, directly or indirectly, might be able to use the Companies Act to find out just what went on with shareholder funds.

The signatories to the court application bought Crusader shares in April and May, when the Rowand family trust was unloading. Crusader shares then traded at around 320c. Today they are considered worthless.

Blank, in an affidavit, says he bought 50 000 shares on April 28. Rabinowitz, through Syfrets Nominees, owns 158 405 shares and Ellerine Bros say they bought 50 000 on May 10. They, with other shareholders, have applied to the Witwatersrand Divisional Court for the liquidation of Crusader. That application has been opposed by the curators of the company who are supported by the Financial Services Board.

Subsequently, attorneys for the shareholders owning 2,4% of the total Crusader equity, stated that they were unaware that the terms of the curatorship put a stay on any legal

VW exports cars and parts worth R1bn

8/Day

EDWARD WEST

VOLKSWAGEN SA had exported more than R1bn of components and semi-knocked-down vehicles since the introduction of the Phase VI local content programme in 1989, chairman Peter Searle said yesterday.

As part of a worldwide group, VW had been able to tender for the supply of components to sister companies in Europe and South America as well as cars to China, he said. 1/10/93

The company had exported 12 500 Jettas to China with a further 17 000 still to be delivered, said marketing director Graham Hardy.

VW would export pressed parts worth R85m to various European manufacturing plants this year and 400 000 catalytic converters to Germany and Spain in an export order worth R104m in partnership with Bosal Afrika and Algorax/Degussa. (63)

The company also exported about 27 different motor parts of various types to Mexico, Germany, Belgium and Spain, said Hardy. (74G)

Distillers hikes thrust into export markets

749

ARG 5/10/93

ALIDE DASNOIS
Business Staff

SQUEEZED by heavy taxes and competition, Distillers Corporation is continuing its thrust into export markets, managing director Michiel le Roux said at the annual meeting in Stellenbosch.

He said the group was considering setting up bottling plants in other African countries, which were the biggest potential growth area.

Distillers' products were also doing well on European markets, although brandy exports to the European Community were hit by prohibitive duties.

The lifting of sanctions would boost sales in Norway and Sweden, Mr Le Roux said yesterday.

About 21 percent of the Bergkelder wines were exported.

Distillers had also appointed a marketing director in Singapore to expand sales in the Far East.

The group reported a 9 percent increase in profits to R102 million in the year to end-June, on turnover of R1,082 billion. The current year would be one of consolidation, Mr Le Roux said.

Distillers paid nearly R193 million in excise taxes during the year.

Mr Le Roux said prices of the group's products had generally not kept pace with inflation. Competition from cheaper wine, whisky and white spirits had affected sales.

However the recent exemption of wine for export purposes from price control meant that the group could negotiate directly with the co-operatives, instead of having to buy at a fixed price.

Lower buying prices would be reflected in the current year's results.

■ Furniture group **Ellerine Holdings** put in a strong performance in the year to end August, lifting attributable income 27 percent to R64 million, reports **Marc Hasenfuss.**

The dividend payout was increased proportionately to 29,6c a share, covered 3 times.

Sales soared nearly 30 percent to R758 milion in spite of poor trading conditions in the furniture retail industry. This was achieved on the back of 17 new store openings in the period under review — bringing the number of stores countrywide to 371.

However, the profit gain at pre-tax level was limited to 14 percent due to additional debtors provisions and a more than doubled interest bill of R5,5 million.

Directors stressed that the additional bad debt provision was initiated by higher bad debts, but rather undertaken in light of prevailing high unemployment and political instability.

An extraordinary item, relating to an adjustment to deferred tax provisions in line with the reduction in the tax rate, added R12,2 million after bottom line.

Directors said the focus on asset management was maintained and the balance sheet remained strong. Gearing remained satisfactory in spite of moving up to 23 percent from 17 percent previously as interest bearing debt was increased to R72 million.

They remained bullish about prospects in the year ahead. "Given the proven management team and the strong balance sheet, the company is well placed to face the challenges of the year ahead."

■ **Altron** reported an 11 percent drop in attributable profits to R43 million in the half year to end August.

Exports boost M & R

(74G) (8E)

Business Staff

MURRAY & Roberts has delivered creditable results in the face of 13 successive quarters of substantial and ongoing decline in real fixed investment.

Thus chairman Marinus Daling sums up the group's 9 percent earnings gain (to 531c a share) in the year to June 1993.

In his annual report to shareholders, Mr Daling says M & R's acquisitions and right-sizing processes of the past few years place it in a position to face the uncertain future with confidence.

"Nevertheless, we will have to continue on the premise that the economy is unlikely to help us prosper for a further 12 months, but we must respond to market opportunities whenever and wherever they occur."

Chief executive Dave Brink highlights the group's 7,8 percent operating margin (below 1991-92's 8,6 percent and way short of the 12,5 percent long term objective), which he views as "excellent" in the light of prevailing economic conditions.

He regards the export market as providing promising opportunities "as South Africa emerges from isolation".

M & R is currently exporting goods and services to more than a dozen countries in Africa and more than a score of countries worldwide.

"The group is becoming more export orientated and has secured major long term export orders."

Mr Brink stresses that M & R has a strong focus towards activities which enhance the productive capacity of the economy, infrastructural development and provision of industrial, commercial and residential shelter.

"The time will come soon when these important aspects of South Africa's economy again resume prominence. Whether this will happen to a significant extent in the year ahead is an open question."

M & R is budgeting to increase pre-tax operating earnings but will not enjoy the one-off tax break of 1993.

"This will probably mean a reduction of attributable earnings and consequently of earnings per share."

Given the recessionary climate of the past five years, M & R boasts an outstanding track record.

The 4,4 percent yield and 8,6 price-earnings multiple fall short of recognising this achievement and belie the potential for dramatic improvement when more favourable circumstances return.

■ **Fraser Alexander's** performance for the past three years has not met its own expectations or those of the market, says chairman Peter Flack.

In his annual report for the year to June, Mr Flack suggests that by the standards of these troubled times, it has not, however, been that shabby.

Group businesses were not as immune from recession as he had once fancied, but the core operations remained essentially sound.

Of the loss-makers, coal had returned to profitability — the international coal trading and underground contracting businesses had been sold.

ARG 7/10/93

SA concerns finalise loan deals

JOHANNESBURG. — Alusaf, the Gencor-owned aluminium producer building a R7,2bn smelter in Richards Bay, is three weeks away from finalising a R2,7bn offshore loan package including Canadian export credits brought into play with the lifting of sanctions.

At the same time, Columbus Stainless has announced that it has secured more than 90% of R1,2bn international loan finance for its R3,5bn stainless steel expansion project, with the remaining tranche likely to be settled by end-November.

Alusaf finance GM Frank Ruvers said yesterday that much of "the spade work" had been done in tying up a multimillion-dollar package of export credits from Canada. The credits, which would be backdated, would cover 85% of finance relating to imports from Canada.

CT 7/10/93

Seven out of eight agreements regarding export credits and finance from Europe, in the hands of a consortium of French and other European merchant banks, had been signed, with the full R2bn package likely to be completed by the end of this month.

Columbus said it had drawn down R500m worth of international loans since the project was given the go-ahead last December. Interest payments would be capitalised so it would use project finance to pay back borrowings only six months after the plant was commissioned in 1995.

Export credit loans, making up 85% of the foreign borrowings, would be repaid over eight and a half years, with the remaining offshore borrowings repaid "over periods of two to seven and a half years, beginning in March 1996".

ENGEN FM 8/10/93

Seeking black gold abroad

(74G)

An element of urgency has crept into Engen's ambitions to become a fully integrated oil company, spurred on by the possibility of petrol deregulation and consequently tougher trading conditions. CE Rob Angel promises greater detail — including progress on plans to expand upstream into oil production — with next week's year-end results.

It's already clear offshore expansion is an important element in future plans. So much so that marketing division MD John Roberts is working full-time on offshore acquisitions and how to finance them. Angel says this is necessary because Engen expects minimal support from the Reserve Bank for foreign purchases, even though SA's international economic relations have improved. Options include a listing on the London Stock Exchange "when the time is right politically."

Angel says he is repeatedly asked by UK bankers and analysts why, if Engen has such ambitious plans, gearing is so low (current debt:equity ratio is 8%). While opportunities abroad command serious attention, the main focus remains in SA, as evidenced by capex

FM 8/10/93

of R2,6bn in the past three years.

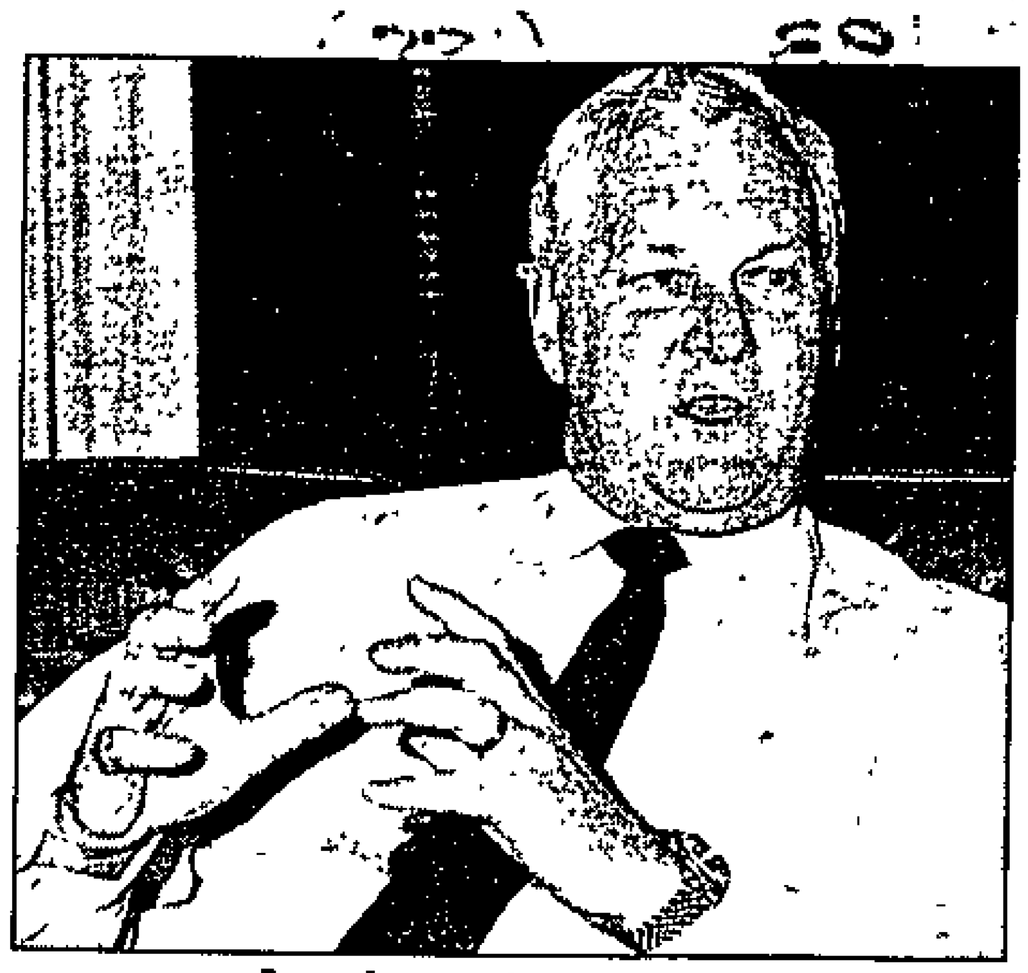
The upgraded Genref Durban refinery — soon to be an operating division rather than a separate company — contributes about 40% of earnings. Refinery production accounts for 55% of domestic sales and all exports.

Phase 1 expansion, completed last year at 4% below budgeted cost of R670m, raised production capacity from 67 000 to 85 000 barrels a day. Phase 2 expansion is under way at a cost of R800m and will increase production to 105 000 barrels a day when completed in March 1995.

Angel says phase 2 is financed from cash generated by the business and rejects suggestions Engen is considering a rights offer to help pay for the project. Genref GM Peter Dent says the most important aspect of phase 2 is that it will allow Engen to refine heavier and cheaper crudes. The recovery of high-earning white products from lower cost crudes is expected to add significantly to bottom line performance.

Engen now exports 18% of the refinery's production to 20 countries, compared with exports to only one country when Mobil's tenure in SA was terminated three years ago. Exports as distant as Pakistan have been established. While not significant in size, they are profitable and that, says Angel, indicates the refinery's cost efficiency.

Exports remain part of Engen's long-term planning — they are not intended merely to



Angel ... *his profits are reasonable*

(74G)

dispose of surplus refining capacity which will be channelled into the local market if the obligation to purchase from the synfuel producers ever falls away. However, Angel concedes he would prefer to sell total production locally and consider other options for serving export markets, such as sourcing product from foreign refineries.

He claims oil industry profits in SA are not excessive. They are in line with industry trends east of Suez as well as profits made by other SA companies — but then, considering Angel's position as CE of a major oil producer, that's an argument it would be unusual for him not to embrace. *Chris Freimond*

New products key to electronics export rise

B/Day 11/10/93

ROBYN CHALMERS

SA's electronics industry could account for up to 4,5% of GDP this year, but exports are expected to make up only 6% of the industry's value compared to imports, which constitute 40%.

This is the finding of a Unisa School of Business Leadership MBL thesis undertaken by Christo Weder. The study shows that a key factor in attaining sustainable international competitiveness involves the successful development of innovative products.

There have been repeated calls from the electronics industry for incentive packages to supplement the Deparatment of Trade and Industry's support programme for industrial innovation and the GEIS scheme for exports.

Weder found that many organisations in SA's industrial electronics sector had increased their spending on research and development, but were spending far less than the 8% internationally regarded as necessary to be competitive.

The study said companies with explicit new product strategies, which defined target markets and technologies to be used, performed well, as did those with fully integrated manufacturing, sales and distribution functions.

The biggest problems facing organisations were shortage of marketing skills, venture capital and experienced engineers which was part and parcel of SA's isolation from the international community.

Weder found the Innovative Support for Electronics programme was proving effective for successful applicants. However, the scheme has been severly criticised within the industry for the low level of funds it has dispensed since its inception.

The programme has made a total of R60,3m available for 123 projects since it was started by the DTI four years ago and major recipients have been the large organisations such as Plessey Telumat and Grinaker Electronics.

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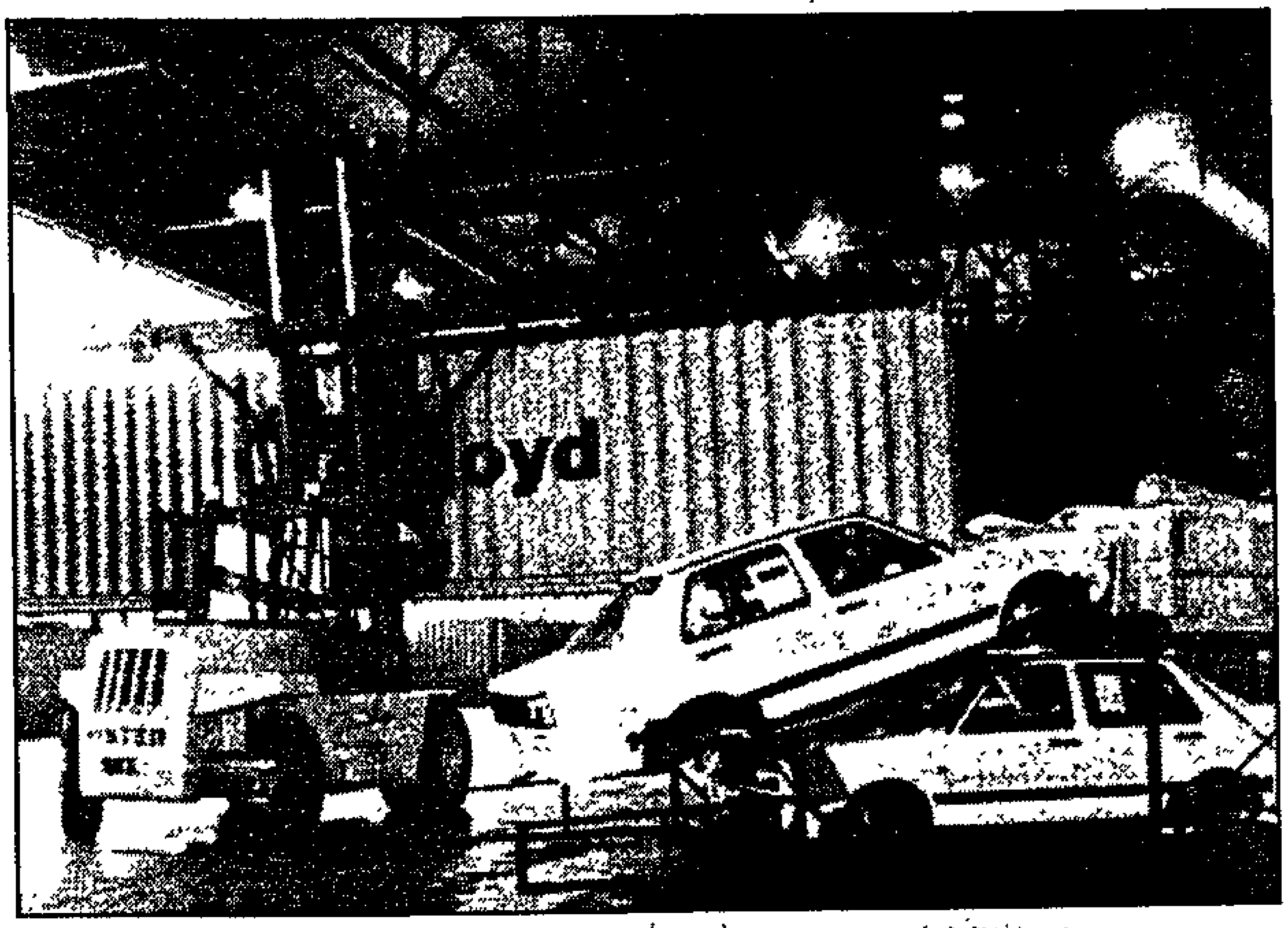


Export boom ... Jettas being loaded for the journey to China

Capital investment deals boost E Cape

30 749 WM8-14/10/98

A spate of big export contracts and development deals have made the business mood in the Eastern Cape much more upbeat, reports **Beverley Garson**

BUSINESS confidence in the Eastern Cape is on the upswing as millions of rands are pumped into the regional economy through export and development deals.

Export deals by Volkswagen are taking the lead, with executive director Peter Searle announcing last week that his company has exported more than R1-billion worth of components as semi-knocked down vehicles to China.

Mercedes-Benz, a major player in the region, has just clinched a R1-million deal to export catalytic converters to Honda in Thailand.

Other development projects being initiated include the Bay Waterfront development in Port Elizabeth, worth R50-million; the three-year contracts won by Autonet for a total of R100-million; Latimers Land Harbour in East London, worth R6-million for the first phase; rebuilding of Karoo roads, worth R26-million; and two export deals by ACS manufacturing and SA Bottling, worth R24-million and R20-million respectively.

This capital investment has raised hopes that there could be an early recovery of the depleted economies of the Border and Eastern Cape regions.

University of Port Elizabeth economics professor Charles Waite said the investments "can only benefit the economy".

The Eastern Cape and Border presently have to cope with the highest unemployment rates in South Africa.

However, despte the high levels of unemployment and poverty in the regions, they have been relatively free of violence. This can be related to the fact that the region is an African National Congress stronghold and that regional political players are working closely on numerous regional development projects.

One of these is the Regional Economic Development Forum. All major political role players, including civics, labour and the business sector form part of the forum.

The forum aims to create a regional "climate" to increase economic activity and employment. Forum co-ordinator Valence Watson believes all the present investment is as a direct result of the forum.

All the developments indicate the growing confidence by the business sector in the region, he said. He feels the region's stability has created this confidence.

Waite believes this new surge of investment is psychologically good for the region. "It creates a positive atmosphere. If people are thinking positive, it is good for business confidence," he said.

Waite said the Volkswagen contract is important to the region and that the Bay Waterfront development, in the short term, will mean further revenue and, in the long term, attract tourists.

Not only will these investments bring revenue to the region, he said, but they will also create much-needed job opportunities and alleviate unemployment.

Watson agreed with this view and said he believed the business commitment to the region was very important. — Ecna

DECIDUOUS FRUIT

Fm 15/10/93

Export setback

(74G)

(3) Fruit

Deciduous fruit exporter Unifruco has hit back at critics of its foreign marketing monopoly with claims that statutory regulation saved local growers from possible financial

BUSINESS

Fm 15/10/93

disaster this year due to an over-supplied and economically depressed European market and a smaller local crop. (74G)

Unifruco points to its main rival, Chile, where the deregulated fruit-export sector took a beating this year when it ran into Europe's protectionist policies. Unifruco argues that, armed with a raft of statutory powers, it was better able to cope with the maze of rules and penalties thrown up by Europe. (3) Fruit (74G)

Foreign earnings for SA fruit dropped from a record R1,7bn last year to R1,37bn this season. Payments to growers were down from R985m to R682m.

Deciduous fruit has been the agricultural sector's star performer for the past decade, in spite of tough trade sanctions. In 1983, export revenue was only R258m and payments to growers totalled just R123m.

But the combination of a small local crop and tough marketing conditions for apples and pears, the two biggest crops by volume, burst the bubble. Total exports were 10% down on last year's 40,3m cartons. Unifruco chairman David Gant says that though growers were expecting a tough season, the important apple and pear markets were even more depressed than expected.

Part of the problem was that local exports were facing a huge stockpile of 97m cartons of European-grown apples, compared with an average of 80m cartons in a normal season. But the recession in Europe, erratic pricing by other southern hemisphere suppliers, protectionism against imported fruit and weaker sterling, which reduced rand earnings, also contributed to SA's misfortune.

Nevertheless, Gant says, SA emerged better off than Chile, where export marketing is deregulated. Attempts by myriad independent Chilean exporters to gain a share of a tight market resulted in price-cutting to levels consistently below the European Community "reference price," which triggers tariff penalties aimed at protecting European growers and is levied on the exporting country rather than individual exporters. The situation became so bad for Chile that the tariffs were eating up all earnings. Eventually, Chilean exporters stopped sending fruit to Europe, but not before the country's penalties reached US$100m.

In contrast, Gant says, Unifruco responded to the situation by replacing its guide-price system, which gives its wholesale distributors more flexibility in the marketplace, with a fixed minimum price and strictly managing weekly sales volumes to avoid falling into the reference-price trap. "The experience of the past season again showed the strength of the industry and its marketing organisation. Though we were battered and bruised, our competitors went down for the full count."

Unifruco CE Louis Kriel says that while the confidence of some producers took a knock this year, growers are being encouraged to continue expanding their orchards in view of SA gaining a greater market share. Current projections show SA increasing exports from this year's 36,2m cartons to 52m cartons by 1997. The main growth area remains Europe, where the market is expected to grow from 30m to 39m cartons. But the percentage of the total crop going to Europe is expected to slip from 82% to 75% as new markets open up in Africa, the Middle East, the Far East and North America. ■

Industex nets R55m deal with Corovin

CT 6/10/93 (74G) (149)

Own Correspondent

PORT ELIZABETH. — In yet another multi-million rand coup for the East Cape region, Port Elizabeth-based manufacturer Industex yesterday announced a R55m joint venture with German company Corovin.

The latest announcement, described as a "great achievement" by MD Francois de Selliers, comes in the wake of several other positive business developments in the region during the past month.

The venture has the potential to create at least 35 jobs in the first phase — but will have a significant effect on job opportunities in related industries.

Export opportunities to south east Asia, Europe and Latin America could also arise from the deal.

Corovin is a world leader in the manufacture of non-woven composite textiles. The combined move makes Industex SA's top technical textile manufacturer and the first company in the country with a major involvement in the manufacturing of spun-bonded roll goods from polypropylene.

The R30m first phase — a highly sophistiacted plant and production line — will be erected in the Port Elizabeth-Uitenhage area.

Local operational and maintenance staff will be trained in Germany for six months and the plant should be on-line by late 1994 with an expected capacity of 2 000 tons annually.

Besides exports, this production line will also represent substantial import replacement.

The second phase of the venture entails a second production line due for completion by early 1996.

Food faces a roasting as trade walls fall

S Times (Buss) 17/10/93

By TEIGUE PAYNE

THE food sector, a potential leader in South Africa's quest to become internationally competitive, will have to act quickly to avoid becoming a loser as trade barriers are lowered, says Tiger Oats executive director Hamish McBain.

Anyone with a job is likely to benefit from increased competition from imports. But Mr McBain fears that jobs will be exported because of unfair competition from imports supplied by nations whose agriculture is highly subsidised.

He told a conference on food processing that pressure on food raw material prices caused by imports would help processors to control costs. But they would also face increased competition from processed food imports.

Mr McBain says competition will intensify if a General Agreement on Tariffs and Trade (Gatt) pact on agriculture is reached. But an agreement is likely to hurt SA's trade. Past Gatt agreements worked because the US dominated the world economy and could hand out concessions.

Now the negotiations are among blocs — the US, Europe and the Pacific Rim — which are swopping concessions. Nations on the sidelines are likely to be disadvantaged, although they cannot afford to be outside of Gatt.

He says Tiger has first-hand experience of the complex, high subsidies for agriculture in the US, where it has a major oilseed business which benefits, and in Europe, to which it exports.

It is also conversant with the myriad health and environment regulations which abet or replace tariff barriers in keeping out imports. (14P)

Mr McBain says SA's commitment to end quantitative import controls, part of its offer to Gatt, would remove a serious impediment for food manufacturers. Imports of food raw materials and processed products would rise immediately even if tariffs were still be applied.

However, he doubts that a Gatt agreement on agriculture will be reached soon or at all. Negotiations have breached five deadlines already.

Even if agreement is not reached, SA's trade will have to be liberalised. Its tariff structure, the second most complex among developing nations, will have to be simplified.

Some reforms will have to be phased in, others done immediately. But officials seem to regard no decision as better than a wrong one. (14G)

He believes certain totally uncompetitive sectors — wheat and soya, for instance — will have to go. But he says SA's core, potentially competitive farm sectors should be given fair protection. Otherwise, efficient farmers will fail and huge numbers of jobs and the basis for a sound food industry will be lost.

Mr McBain says SA farmers are falling behind biotechnological developments — genetic engineering — in other countries. In Europe, intensive biotechnology has upgraded deciduous fruit, closing the quality gap with SA.

SA canned fruit, fruit juices and wines, which comprised 42% of food exports of R1,9-billion in 1992, could be threatened. So could many other sectors, even before they think of exporting.

Mr McBain says agricultural control boards must take much of the blame. 'They have not communicated the desires and complaints of food processors to farmers or encouraged production of hybrids for profitable niche markets. In desperation, Tiger went directly to farmers and found them highly receptive to its approach.

Results of SA agricultural research are also not communicated effectively to farmers. US farmers have close links with universities and are aware of what is going on.

Mr McBain says SA food processors have controlled costs well, but will have to do more. Two relatively high cost factors are power and distribution.

Because SA is thought to have cheap power, companies are much less aware of its cost than their European and American counterparts. Most factories buy power from municipalities at hugely loaded prices. Power in Randfontein costs more than double the Eskom tariff. Kempton Park charges close to double Eskom rate. Eskom rates are flexible, but its hands are tied.

SA's food distribution costs are about twice those in Britain. Food processors are incensed by the long hours their trucks wait before offloading at retailers and wholesalers.

But they have not dealt with many issues of standardisation and rationalisation which could reduce costs.

Food processors have generally kept up with technology in spite of sanctions, but even productivity will have to be raised. A sophisticated machine in the hands of untrained, uneducated workers can lower productivity.

The likely phasing out of the general export incentive scheme (GEIS) from 1995 will end a major source of profit for estabished processed-food exporters.

Although GEIS has been a major factor in raising exports of manufactured goods, two-thirds of customs revenue from imports goes to export subsidies. It was also not foreseen that the system would be much abused.

Importers beckon down Mexico way

S/Times (Buss) 17/10/93

By ZILLA EFRAT

SOUTH Africa's exports to Mexico have risen since the central American country repealed its anti-apartheid sanctions in March last year.

Diplomatic relations between the two countries are expected to be announced before the end of the month.

In 1992, SA sales to Mexico rose by 226,1% to R56,8-million. In the first six months of this year they reached R32,3-million, up on the R4,5-million in the first half of 1992.

The Department of Trade and Industry (DTI) believes there is scope for further growth and is preparing to boost trade.

DTI officials visited Mexico in June to explore opportunities and looked at the feasibility of holding an exhibition there.

An economics office should open in Mexico City soon and the trade show is part of DTI long-term planning.

Mexican Ambassador to Zimbabwe Victor Solano says his country has chosen Southern Africa as a priority market in its plan to diversify trade.

(94G)

The Mexican Government, which has a low presence in Africa, aims to increase business ties with SA and is investigating how this can be achieved.

Many opportunities opening up to SA result from Mexico's far-reaching deregulation and diversification programme which has boosted economic growth.

Mexico, a market of 85-million people, is expected to become a powerful economic force in the 1990s.

It is well situated for entry to Latin American markets and recently signed the North American Free Trade Association agreement with Canada and the United States.

Mr Solano regards its mining and oil sales to SA as worthy of fostering. It also holds good prospects for SA coal.

The DTI says SA's export opportunities lie in minerals and manufactured products. Of special interest are clothing, footwear, parts for trucks and cars and metal-working machinery.

Mr Solano says foreign investment in Mexico after its economic reforms has far exceeded government expectations.

About $24-billion in foreign investment had been forecast for the period between 1988 and 1994; $33-billion has been received so far.

The DTI expects Mexican imports of capital goods to remain high as a result of this investment programme.

Mr Solano says SA and Mexico are competitors in many areas, but there are some where they can complement each other.

The DTI lists agribusiness, chemicals, petrochemicals, construction, electronics, computers, mining, steel, textiles, telecommunications and tourism as some of the areas with potential for joint ventures.

Many South Africans have tasted the Mexican beer and tequilla now available on the market, but the balance of trade is clearly in SA's favour.

In 1992, trade was R71-million with SA exports making up R56,8-million of this amount. SA's imports in the first half of 1993 grew marginally.

Mr Solano says SA is interested in Mexico's successsful economic restructuring programmes, especially those that deal with the resultant socioeconomic proplems.

Several SA groups have visited Mexico to find out what it has been doing. Mr Solano expects Mexico to cooperate with investigators.

Since the lifting of Mexican people-to-people sanctions against SA last year, Mr Solano's work in Harare has soared.

Many SA business people and tourists now wish to visit Mexico.

Safto predicts 5% growth in exports

BJDay 18/10/93

KELVIN BROWN

EXPORTER confidence has risen to its highest level in two years in the wake of the lifting of sactions, according to Safto's third-quarter exporter confidence barometer.

The index — compiled from data received from 450 manufacturing exporters — has risen steadily since it bottomed out in the last 1992 quarter.

Exporters predicted that in the next 12 months sales would rise and the level of unfilled orders would drop because of the removal of trade sanctions and improved world demand next year. (44 GI)

The trade organisation forecast 5% real export growth over the next 12 months on the basis of these trends, said Safto economist Carlos Teixeira.

"We also predict the current account surplus to be about R7bn for 1993, 78% up on last year's surplus," he said.

In the past the link between the survey results and the actual trade figures had been strong.

Preliminary trade statistics indicated the surge in export growth seen in the second quarter of this year had continued into the third quarter, he said.

According to Safto's poll, exporters were confident sales would be still higher in the third quarter.

Teixeira predicted the manufacturing sector would benefit most from the lifting of sanctions as there was a world market oversupply of base metals and mineral products. "We cannot depend on commodity exports, due to poor international demand," he said.

Positive economic forecasts for next year had been made for the major industrialised nations, he said. The US economy was expected to grow 2,8% this year, picking up to 3% in 1994. UK GDP was forecast to rise 1,7% in 1993 and 3% next year.

The poor growth of the Japanese, German, French and Italian economies was expected to turn around next year.

Safto's survey found that the uncompetitive price of SA goods remained the main obstacle to increasing export volumes, but Teixeira said the continued depreciation of the rand could make exports more competitive.

International competitive pressures had increased after the investment boom of the 1980s as many companies had been forced to restructure and rationalise. The trend was likely to intensify as new players entered the market.

'Long haul to build exports'

CT 18/10/93 (74CT)

Business Editor

THE growth of manufacturing in low-cost Asian countries means that it will be a long, slow, business for SA to build up manufactured exports, says Old Mutual chief economist David Mohr.

"Countries such as China want to buy iron ore, some types of steel and coal from SA. But they are less keen to buy our added value products — they want to add the value themselves."

Mohr has just returned from a fact-finding tour of South-East Asia. He was struck by the fierce competition between Asian countries, and the search for those with lower wage and production costs.

New manufacturing areas are emerging to undercut those already achieving success — Burma is among countries likely to show strong growth.

"It is not a question of Asia competing with Europe and the US, but also of competition within South-East Asia itself."

If this continues, world inflation will continue to decline — unless there is a growth of protectionism. Mohr thinks the high structural unemployment in Europe, and to some extent in the US, makes increased protectionism likely.

Meanwhile, he says, growth rates in the region are continuing at high levels although "they have been affected by the recession. But demand is high, particularly in China because of internal growth."

Only in Japan "growth rates are becoming typical of Europe rather than Asia, at 2% or 3%."

Mohr, discovered that the Chinese demand for gold was not a sudden one. 'They have been buying gold for years as incomes improved."

He considers India will be the next market to show major growth, from which SA could benefit.

Stagnant exports to blame

Trade surplus slips to seven-month low

Star 19/10/93

(74G)

BY CLAIRE GEBHARDT

Stagnant exports have pushed the monthly trade surplus to its lowest level in seven months.

Customs and Excise figures show the surplus fell 24 percent in September to R1,38 billion.

Economists say the figures, are no cause for alarm, given the sluggish pick-up in activity of overseas trading partners.

Exports declined 3,7 percent to R6,9 billion from R7,1 billion in August.

Imports were 3,6 percent up month-on-month to R5,5 billion from R5,3 billion on what economists say is an indication of a slight pick-up in business confidence and a depreciated rand.

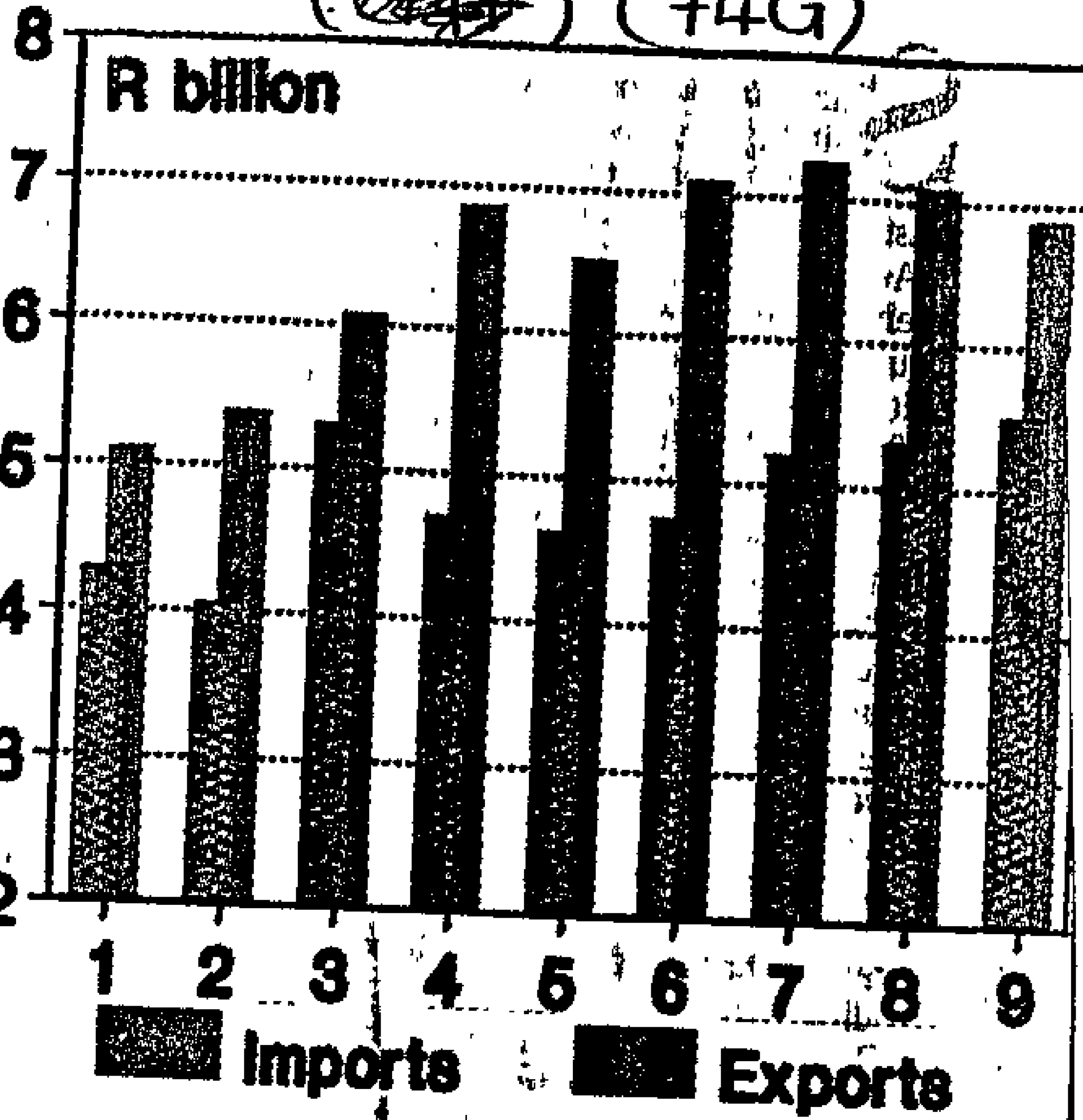
A pick-up in capital investment pushed machinery imports up 12,3 percent, while transport equipment and high-tech equipment were 33,9 percent and 21 percent up respectively.

Old Mutual chief economist Dave Mohr says the higher imports underline that there is little scope for a big rise in domestic spending when the upswing begins.

On a cumulative basis, exports for the nine months to September were R58,3 billion (R51,3 billion a year ago) — 13,6 percent up.

Imports rose to R43,6 billion (R39 billion) — a 12,1 percent increase.

Imports in the third quarter at R15,9 billion (R14 billion) were 14 percent higher than in the second.



South Africa's trade surplus so far this year.

Foreign Trade Organisation (Safto) economist Carlos Teixeira says SA could still end the year with a trade surplus of over R5 billion.

Expectations for the rest of the year have been boosted by the end to sanctions and improved export growth.

Figures show export categories remained subdued in September, apart from a 19 percent uptick in the unclassified category — mainly arms and gold.

Sanlam economist Johann Louw says a decline in unclassified imports of 19 percent could indicate that SA is importing less oil in an attempt to improve foreign reserves.

Travelling light

Well-heeled South Africans, whatever lip-service they may pay to the coming new order, are hedging their bets.

Customs and Excise figures show they are increasingly investing in "portable property".

Imports of cultured pearls, precious and semi-precious stones, precious metals, imitation jewellery and coins have continued to soar every month this year.

In September, imports in this category were 356 percent up year-on-year.

Economists say though the figures are small in monetary value, the trend is indicative of political uncertainty.

SFW sales hit R1-bn as wine exports take off

ARG 20/10/93

TOM HOOD
Business Editor

SUBSTANTIAL orders for South African wines have come from from Canada, New Zealand and Sweden, which recently lifted all trade sanctions, reported Stellenbosch Farmers Winery chairman Frans Davin today.

"The lifting of sanctions by almost all countries has boosted wine exports," he said at the company's annual meeting in Stellenbosch.

The abolition by KWV of the minimum price for quality wine for export was a step in the right direction and was lauded by all exporters.

This meant wine could be exported profitably — previously profits were negligible with the predetermined fixed price for quality wine.

When SFW called for tenders from producers and co-operatives for quality wine destined for export the tenders were oversubscribed tenfold.

Prices varied from 42c to 90c a litre as opposed to the current fixed price of 128c. SFW bought most of its export wine at 90c.

Sales increased by 13 percent to reach R1 billion for the first time.

No SA export boom forecast

LINDA ENSOR

CAPE TOWN — Improvement in SA's external circumstances in the coming year would be modest, and less than that of most other developing countries. 8/DA

Economist Uri Dadush, chief of the World Bank's international economic analysis and prospects division, told the annual Sacob conference yesterday the short-term effect of the lifting of sanctions would be small and the structural adjustment and transition to an open economy would take years to achieve and at great cost.

Export volumes of SA's main commodities should pick up with an increase in world trade, but the forecast trend for key commodity prices was not strong and there could be declines in coal prices because of oil price weakness. 21/10/93

SA's commodity exports were the same as those of the former Soviet Union, which was expected to increase its net commodities exports significantly over the next few years to generate foreign exchange. Another dampening factor was that between 40% to 50% of SA's exports went to Europe, which would show an especially weak recovery in 1994. (74G)

A natural export market for SA manufactured goods was sub-Saharan Africa, which was a net importer of foods. However, sub-Saharan countries were likely to lose their preferential Lome Convention status and could be net losers of $5bn a year as a result of the implementation of the Uruguay Round.

Another restraining factor would be the wait-and-see attitude of foreign investors.

In the longer term the prices of SA's main commodities were forecast by the World Bank to show average real growth of 2%-3% in the next 10 to 15 years.

However, if there was political stability, there were good reasons to be optimistic about SA's long-term growth potential as it had a low level of debt, a good financial sector, a developed infrastructure and a fairly good mix of commodities.

Dadush said the World Bank had scaled down its projections of world growth in GDP to 1,1% this year and 2,5% next year. Developing countries (excluding the former Soviet Union) would achieve high growth, with 4,5% forecast for next year.

Sub-Saharan Africa's 1992 growth rate was below 2% but was expected to rise to between 3% and 3,5% in 1993 and 1994 as the drought receded, commodity prices stabilised, world demand escalated and interest rates dropped.

'Dismal' export performance

B/DAY 22/10/93

LINDA ENSOR

CAPE TOWN — SA lacked an enthusiastic export culture — a fact apparent in the large number of complaints Safto received from foreign businessmen about the slow response of SA companies to their inquiries, Safto CE Len van Zyl said yesterday.

Addressing a Cape Town Chamber of Commerce/Sacob symposium on the National Economic Forum, Van Zyl said too few SA companies were serious about the international market and far too many regarded exports as a way of clearing out temporary surpluses.

He believed the whole business activity of a company — costing, production, planning and marketing — should be based on the international market.

SA had fallen badly behind in the ratings of world exporting nations. Whereas it had occupied 16th place in the world in terms of the size of its exports in 1980, it had fallen to the 30th slot in 1990. The relative contribution of exports to GDP had fallen to 25% from 26% over this period.

Van Zyl noted that a recent survey of more than 600 manufacturers had found that almost 45% produced only for the local market, while 43% exported less than 10% of their production. This meant there were only about 10% of SA manufacturers who exported more than 10% of their production — a dismal performance.

Some success had been achieved as a result of the opening up of new markets. Already about R1bn worth of business had been generated from the Safto-organised trade exhibition by 100 companies in Dubai last year. A trade fair in Singapore in September had also given rise to negotiations for orders worth more than R100m.

(74G)

Van Zyl argued for a lower exchange rate to bolster SA's competitiveness. If there had to be official intervention, this should be aimed at maintaining the rand's stability at a low level rather than propping it up at an unjustifiably high level.

Optimism on motor exports

BDay

EDWARD WEST

MOTOR industry exports were expected to climb 20% this year to R1,8bn from R1,5bn in 1992, said National Association of Automobile Component and Allied Manufacturers executive director Denzyl Vermooten. 22/10/93

About a third was expected to be cars and trucks, a third automotive components exported directly by local manufacturers, and a third automotive components exported through local motor manufacturers by components manufacturers.

Exports were expected to continue growing over the medium term, but long-term growth would depend on the the restructuring of the local content programme and the economy.

Motor industry exports had risen sharply since 1986, when the industry first began exporting. Total exports had been valued at R186m in that year.

Vermooten said exports had grown since then as a result of international trade exhibition participation, the depreciating rand, a sluggish local economy which had forced manufacturers to seek other markets, incentives under the local content progamme, productivity improvements, and the lifting of sanctions. (182)(74G)

Relatively low-volume product sales to niche markets were supporting SA's export drive as major international automotive component manufacturers were not prepared to service these markets.

Samcor was the largest exporter of cars and medium-sized trucks, with annual exports of 1 000 to 1 500 units, most going to southern African countries.

Volkswagen was the largest exporter of cars.

RANDCOAL FM 22/10/93

Export prices worsening

Grim conditions on export markets have impaired Randcoal's earnings and look set to continue. Prospects for the 1994 financial year appear poor, with tough negotiations on foreign supply contracts due to start soon.

CE Allen Cook sums up Randcoal's position: "We're surviving; I just wish we were surviving a bit better." Turnover grew 2% in the year to September but operating profit fell 23% and attributable earnings 35%.

EPS figures are even worse thanks to the 26,5m new shares Randcoal issued to acquire assets from holding company Rand Mines. These included various management contracts, coal rights and the Eskom coal supply agreements for the Kendal and Majuba power stations. Despite the additional income from these assets, EPS slumped 45%. The dividend was chopped by a quarter.

Calendar 1994 could see worse conditions for SA's main coal exporters. Further price cuts on vital export contracts loom. The major groups try to sell most of their coal on contract and put the balance in the spot market because contract prices are usually higher than those ruling on the spot market. Most contract customers will pay a premium for security of supply. (74G) (255)

But spot prices have been so low for so long that the contract prices are in danger of being seriously eroded. The benchmark Enel price in Europe dropped to US$27,85/t for 1993 delivery, from $31,80/t in 1992 as a result of spot prices falling to around $24/t.

DOWNWARD SLIDE

Year to	Sep '92	Sep '93
Coal sales (Mt)	29,3	29,1
Turnover (Rm)	1 620	1 649
Attributable profit (Rm)	172,4	112,4
Earnings (c)	168,0	87,0
Dividends (c)	60,0	45,0

Since January, the spot price has fallen as low as $19/t fob Richards Bay, depending on coal quality. Exports at these price levels cannot be profitable. No company will admit to such sales, but still the coal goes out.

Cook says favourable developments include the long-running strike affecting parts of the US coal industry and the flood of coal from the Commonwealth of Independent

FM 22/10/93

States being stemmed as their ludicrously low railage rates have increased. "I believe spot prices will pick up next year but it will come too late to help us during the contract negotiations for 1994 delivery," Cook says.

Rationalisation and restructuring which has taken place at Randcoal over the past year will continue. Last year saw the closure of the loss-making anthracite section of Welgedacht, which has resulted in an extraordinary charge of R20,4m.

Cook says the Douglas section of Douglas Colliery will be rationalised and will no longer be separate. The open-cast operation will be tucked under the Wolwekrans mine, while the underground workings will be run by Van Dyk's Drift. Also, this year should see agreement on the plan to merge the operations of the Middelburg export colliery with the Duvha colliery, which is tied to Eskom's power station. (74G) (255)

Cook expects sharply higher sales in 1994 from Khutala colliery to Eskom's Kendal power station. Eskom has requested higher production but he won't provide figures.

Financing costs have been slashed because of lower borrowings and interest rates as well as benefits from the restructuring of Rand Mines. That added up to a 40% fall in interest paid to R29,5m (1992: R48,8m). Future capital commitments have dropped to R1,48bn, from the previous year's R2,1bn, following the closure of Majuba.

It all helps, as does the rand's depreciation, but the outlook still seems to be for a further fall in earnings in 1994. *Brendan Ryan* ort

Clothing exporters use GEIS to compete

CT 26/10/93 (14G)

Business Editor

SA clothing exporters build the General Export Incentive Scheme (GEIS) benefits into their prices in markets such as Germany, and could not compete without them, Aaron Searll, chairman of the Seardel Investment Corporation, explained at the AGM yesterday.

He and joint MD Bernard Richards said uncertainty about how long the scheme would continue made it impossible to plan ahead.

Searll told shareholders that there had been "a modest growth" in group turnover in the first three months of the current year.

It had grown to R299m compared with R281m in the same period last year.

Clothing exports had risen by nearly 10% last year to R77m.

Discussing export incentives and tariff protection, he said that although protective duties would be phased out in accordance with the General Agreement of Tariffs and Trade (GATT), this could not be done overnight. It would be phased in gradually over eight years.

Searll said a recommendation from the clothing and textile panel that the duty credit certificate scheme would be extended to March, 1995, had not yet been confirmed by the Department of Trade and Industry.

This was "very worrying and unacceptable. Because exports require long term forward planning it is absolutely imperative that this matter be confirmed as soon as possible so that commerce and industry be given ther comfort of certainty in future years."

Discussing the Frame group, Searll said: "The group's input, together with that of our partner Gregory Knitting Mills, into the business operations of Frame Group Holdings has had a positive effect and the unacceptable losses that were incurred by Frame in 1992 have been drastically curtailed.

"We are hopeful that in this financial year the company will show a break even position or even a small profit."

Conlog wins R50-m order for immobilisers

Star 26/10/93

BY STEPHEN CRANSTON

Amic subsidiary Conlog has been awarded an export order worth more than R50 million in the first year to export immobilisers to Volkswagen in Germany.

To meet this and other export demands, Conlog is expanding its manufacturing facility in Durban and creating 100 new jobs.

Paul Lambert, director of Conlog's automotive electronics division, says: "The immobiliser is a local design based on know-how and expertise which Conlog has developed over the past six years in the South African vehicle security market.

"The device is patented worldwide and employs a highly sophisticated non-repeating encrypted code which prevents illegal scanning."

The contract was won against European competition.

Car theft is on the increase worldwide — 130 000 vehicles were reported stolen in Germay alone last year and the fitment of immobilisers is likely to become a standard feature of most European vehicles.

(746)

Potential

The European immobiliser market could be worth R3,5 billion.

"In 1990 we recognised the potential of these markets and with an edge in technology and experience over most European manufacturers, we began an export drive by exhibiting technology at various international exhibitions."

Conlog has invested R36 million in manufacturing plant and capacity expansion to meet export orders.

This year 25 percent of its sales will be into Europe, rising to 75 percent next year and 85 percent in 1995.

Conlog immobilisers are now being fitted to imported cars such as Mazda, Mitsubishi and Honda in Germany as an insurance-approved accessory.

Its immobiliser products, known locally as Scimitar, have been successfully launched in the UK market and total European sales are now running at 70 000 a month.

COMPANIES

Constraints on foreign trade feared

BDay 27/10/93

NANCY KEATS

PROTECTIONISM, political uncertainty and violence could offset the benefits of SA's regained international acceptability and keep foreign trade from booming, analysts say.

SA's exports have increased as the country has moved towards democracy and sanctions have been lifted, growing 14% in the past eight months from a year earlier.

Economists say a large part of that growth can be attributed to increased contacts in the form of trade missions and trade fairs. A case in point is the startling 71 428,0% increase in the country's exports to Dubai in the first six months of 1993.

But trade is also affected by political uncertainty and violence, economists say. Uncertainty about a new government's trade policies and loss of production due to nationwide strikes are keeping a more durable expansion on hold.

"Trade depends on our ability to be a reliable supplier," says SA Foreign Trade Organisation (Safto) economist Carlos Teixeira. Safto forecasts trade will grow a relatively modest 5% this year.

(74 G)

Also hampering trade is the country's high level of protection. This discourages trading partners from lowering barriers for SA exports and reduces the quality of SA products and thus their international competitiveness.

Exporters are also hindered by reluctance both at home and abroad to classify SA as a developing country to gain special treatment for exports, slow world economic growth and a perception that the rand is overvalued.

More than 10 000 black South Africans have been killed in political violence over the past three years, and many people fear the number will increase as rivalry grows ahead of the country's first multiracial elections. The violence, in turn, has led to strikes.

The ANC, largely expected to win the elections next April, has been inconsistent in its trade policy stance. The party endorsed free trade in its unofficial investment code, published in 1992. But ANC leaders have said on several occasions that local industry must be protected to maintain jobs.

SA's import barriers were built up over several decades. Concern about sanctions in the mid-'80s led Pretoria to reinforce its efforts toward self-sufficiency, maintaining high tariffs when many countries were opening up. As a result, SA has some of the world's highest tariffs, examples being clothes at 239%, plastics at 215% and paint at 49%.

The Trade and Industry Department says it has submitted proposals to its trading partners in GATT that will reduce tariffs in line with GATT's target of a 33% reduction.

"SA has made fairly substantial offers for the first time," says Braam Roodt, spokesman for the SA trade mission to Geneva.

But Roodt declines to specify the proposed average reduction in protection, saying it has not been calculated.

Even if the proposals are accepted by GATT, there is a possibility they will not be honoured by a new government more concerned with creating and maintaining jobs than with relaxing import restrictions.

Reluctance among some GATT members to reclassify SA as a developing country has also hampered the country in receiving easier trade conditions.

To receive preferential treatment from GATT, which could include protection of infant industries as well as balance of payments protection measures, the country would have to get approval for reclassification from its trading partners.

Trade and Industry Department officials say several of the country's trading partners are not keen to see SA reclassified because they compete in the same product areas. The officials refuse to name these countries, but analysts have suggested they could include Australia, Canada, the US and New Zealand.

"The US has indicated it would not look kindly at a SA application for reclassification as a developing country in GATT," says Roodt.

There is also resistance to reclassification within SA among business executives and government officials who do not want the country to be perceived as a developing country, partly because of pride but also because, they say, it would lower the country's creditworthiness in international capital markets.

An alternative to developing country status and membership of the Lome convention, an agreement which gives certain countries duty-free access to the EC for some commodities, is to get SA regarded as an "economy in transition", like many former Soviet bloc countries, trade department officials say. While not recognised in GATT as a specific category, economies in transition receive softer treatment, such as longer periods to phase out subsidies, they say.

"There is a certain amount of sympathy and understanding that SA cannot accept all the obligations of a developed country," says Roodt.

More than half of SA's exports are primary commodities, such as gold, diamonds and base metals. Other large volume areas include prepared foodstuffs, machinery, vegetable products and chemicals. — AP-DJ.

Exports muddle stymies Rex True

ARG 27/10/93

184

74G

ALIDE DASNOIS
Business Staff

UNCERTAINTY about export incentives is holding back sales, Rex Trueform chairman Stewart Shub said at the annual meeting in Cape Town today.

He said though the government was sympathetic to the need to keep incentives in place for the moment — and South Africa's status as an economy in transition in the GATT would allow this — no decision had yet been announced.

"We still don't know what the situation will be after April next year. This makes it very difficult to take orders from importers: we don't know what price to quote."

He said it would take five to eight years for the country to "join the real world" after decades of sanctions and high protective barriers.

Mr Shub said Rex Trueform was looking at ways of improving efficiency .

Exporting's 'the way to profitability'

S/Times C[Metro] 7/11/93

(14G)

By JEREMY WOODS

WESTERN CAPE manufacturers face the risk of going under if they don't start exporting their products before South African trade tariffs are dismantled.

This is the view of Mr Nick Mitchell, executive director of the United Kingdom's South Africa Business Association.

"There are enormous opportunities for Cape firms to export into Europe. Given the value of the rand and the substantial incentives available through the South African government's export programme, exporters here have a wonderful chance to be extremely competitive."

"But," he added, "we just don't see enough of the medium-sized manufacturing companies".

Mr Mitchell said there was a sad lack of evidence that smaller firms in the traditional export areas like leather, paper, chemicals, and clothing manufacturers, were prioritising exports.

"There's always scope for clothing if you have designs that catch on."

Mr Mitchell, who brings British manufacturers to South Africa three times a year, believes the lack of exporting initiative by small and medium sized manufacturers is as a result of the protected domestic market that many local manufacturers have previously enjoyed.

Importers

"The high tariff barriers of recent years have meant that foreign importers have been trading at a disadvantage," he said.

The dismantling of SA's high tariff barriers is set to change all that.

"As tariffs are dismantled in South Africa, local manufacturers will have to become more competitive. Unless they do, profits will be squeezed when overseas manufacturers start coming in here. The reality is, they will have to export or face going under."

Mr Mitchell advised said the first step for exporters is market research.

BUS

IMF loan hits a new snag

□ Repeal Bill would also lift tariffs on SA exports to US

ARCT 8/11/93

JOHANNESBURG. — South Africa's controversial $850 million International Monetary Fund loan has hit another snag — this time in the United States.

While South Africa's Economic Technical Committee is still battling to get the consent of all the political parties in order to beat the IMF's December 31 deadline — reports from Washington indicate legislation to lift the last of US federal sanctions against South Africa has run into difficulties.

This implies that approval of the loan, vital to South Africa's reserves in order to allow it to meet its foreign debt obligations, might be delayed until next year.

The South African Democratic Transition Support Bill, which repeals all remaining federal sanctions against South Africa, including the Gramm Amendment, which denies South African access to IMF loans, has become bogged down in the House of Representatives.

There is a chance the Bill might now be sent back to the Senate to begin the whole process again, according to Dan O'Flaherty, head of the US/SA Business Council — an affiliate of the National Foreign Trade Council.

Mr O'Flaherty said that under the US Constitution, only the House of Representatives could introduce a revenue bill.

Because the South African b was technically a reven measure — it lifts the ban the US giving South Afri preferential trade status, wh could mean a loss in tariffs the US — the powerful Wa and Means Committee in House of Representatives contemplating rejecting bill.

A new loan could in the be negotiated, but would most certainly be for a smaller amount.

Macadams gets export boost

BDay 18/11/93

LINDA ENSOR

CAPE TOWN — Bakery and confectionery equipment manufacturer and supplier Macadams generated an 83% increase in earnings to 5,7c (3,1c) a share in the six months to end-August. No interim dividend was declared in view of the company's commitment to conservative growth and to reducing interest-bearing debt.

Exports boosted turnover, which rose 41% to R22,6m (R16m). MD Raimund Pouliart said that developing markets in eastern Europe and the Americas and a rapidly growing African market had resulted in an 84% rise in exports. (86) (AG)

Local sales increased 28%.

"There is still heavy demand for bakeries in rural areas and townships and once the political situation stabilises, the company is ideally positioned to take advantage of these opportunities," Pouliart said.

New markets were opening up in the Ukraine, Mexico and Canada and the company expected to maintain earnings at current levels.

Exports spur 80% rise in Macadams earnings

CT 10/11/93

By AUDREY D'ANGELO
Business Editor

AN 84% rise in exports helped Macadams Bakery Supplies Holdings to lift earnings by more than 80% in the six months to August.

MD Raimund Pouliart said exports now accounted for 40% of factory production and 30% of turnover.

"They have kept us in full production and at times we have worked overtime in spite of the recession. We have increased our labour force and invested in more manufacturing machinery."

Turnover rose by 41% to R22,6m (R16m) and operating profit to R1,5m (R1,2m). The interest bill was reduced by 22% to R589 000 (R753 000).

Net income rose to R947 000 (R522 000) and earnings at share level to 5,7c (3,1c). Net asset value rose to 62c (53,3c).

The directors say that in line with their commitment to conservative growth, and to reduce interest-bearing debt, no interim dividend will be declared. The company's financial year end has been changed to December 31.

Pouliart said that although trading conditions were tough Macadams had increased sales in the local market by 28%.

"There is still heavy demand for bakeries in rural areas and townships in SA. Once the political situation stabilises the company is ideally positioned to take advantage of these opportunities."

Discussing the export market, he said margins were under pressure, particularly in the North American market where Macadams was in competition with European manufacturers.

"It is such a huge market that the European firms are practically dumping their products in these recessionary times, relying on the volume of sales to make their profits."

But it was worthwhile for Macadams to compete, even in these conditions, in order to keep the factory running and the workforce employed. "We cannot afford to lose our skilled people, because we shall need them when the upturn comes."

Macadams is also exporting to other parts of Africa and to China, through Hong Kong and Taiwan.

"With new markets opening up in the Ukraine, Canada and Mexico we expect earnings to be maintained at current levels for the remainder of the year."

IDC's Foskor gears up for export drive

Own Correspondent

JOHANNESBURG. — Freed of sanctions constraints, IDC-owned phosphates and copper producer Foskor is gearing up for a renewed export drive after the collapse in its export markets in 1993 led to several hundred retrenchments at its Phalaborwa mining complex.

Foskor was eyeing the huge Indian fertiliser market for the first time. Phosphates are the main raw material for most fertilisers and India consumes 45% of world trade in phosphoric acid.

Director Fred Clarke said Foskor had delivered trial shipments to Indian chemical companies which could lead to large orders in six to nine months.

Progress with the R100m pilot study investigating the extraction of minerals from Foskor's waste products was encouraging. Should the green light be given to the scheme in mid-1995, a new R4bn refinery would supply a third of the expanded Alusaf aluminium smelter's alumina requirements and become an important magnesia and potash producer.

The IDC's 1993 report showed Foskor, which has stopped publishing its annual results, suffered a sharp fall in after-tax profit in the year ended June 30 to R18m (R70m). Plummeting demand for phosphate rock and weak copper prices hit turnover which fell to R429m (R517m).

(74G) CT 11/11/93

Foskor gears up for renewed export drive

B/Day 11/11/93.

MATTHEW CURTIN

FREED of sanctions constraints, IDC-owned phosphates and copper producer Foskor is gearing up for a renewed export drive after the collapse in its export markets in 1993 led to several hundred retrenchments at its Phalaborwa mining complex.

Director Fred Clarke said yesterday job losses at the complex reduced the workforce by a third to 1 500, as its mining, refining and management structures were streamlined.

Foskor was eyeing the huge Indian fertiliser market which was open to SA for the first time with the lifting of sanctions this year. Phosphates are the main raw material for most fertilisers and India consumes 45% of world trade in phosphoric acid. (416)

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Clarke said Foskor's markets had been blighted by several factors. Recession in the industrialised world had hit demand for fertilisers, made worse by a flood of supply from the former Soviet Union as domestic consumption declined.

This led to lower Foskor sales and lower fertiliser prices. Although phosphate rock prices had held up, prices for ammonia and sulphuric acid, the other main fertiliser ingredients, had crumbled.

Although fertiliser prices had firmed to about \$150 a ton since June Foskor was hit by the slump in copper prices, at their lowest for many years. Clarke said sales revenue would be static in 1993/94 with improved after-tax profit expected.

Bumper tax breaks in revised EPZ draft proposal

CT 12/11/93

PRETORIA. — Businesses established in Export Processing Zones would pay no company tax for ten years and would be exempt from Value Added Tax, import duties, excise duties and surcharge payments, the Department of Trade and Industry proposed yesterday.

The department's revised draft proposal on the establishments of EPZs in the country, also makes provision for the unrestricted transfer of dividends, royalties and interest through the commercial rand and allows for exporters to hold foreign currency accounts with South African banks.

Non-residents would be allowed to invest through the financial rand.

The draft proposal said recently incorporated companies with new manufacturing capacity could establish in an EPZ. The relocation of existing companies to an EPZ, if they were rationalising or expanding, would be considered on merit.

The entire production of each user in an EPZ would have to be exported to buyers outside the Southern African Customs Union.

Successful EPZs would provide a vehicle for investment in industry, stimulate export and foreign exchange earnings, create jobs and encourage improved productivity, the draft proposal said.

Approval

The establishment of an EPZ would require the approval of the Minister of Finance, Trade and Industry acting on the advice of the EPZ Board.

Applicants to the board must have, among other things, an acceptable business plan, suitable land within 100km of an international port or airport and an arrangement concerning the involvement of the local authority.

Local authorities might also, at their own discretion, provide further benefits in the form of lower rates and taxes. — Sapa

Dept details benefits of export processing zones

B/Day 12/11/93

PRETORIA — Businesses established in export processing zones would pay no company tax for 10 years and would be exempt from VAT, import duties, excise duties and surcharge payments, the Trade and Industry Department proposed yesterday.

Its revised draft proposal on the establishments of export zones also made provision for the unrestricted transfer of dividends, royalties and interest through the commercial rand and allows for exporters to hold foreign currency accounts with SA banks. (+4G)

Non-residents would be allowed to invest through the financial rand.

The draft proposal said recently incorporated companies with new manufacturing capacity could establish in a zone. The relocation of existing companies to a zone, if they were rationalising or expanding, would be considered on merit.

The entire production of each user in an export processing zone would have to be exported to buyers outside the Southern African Customs Union.

The establishment of a zone would require the approval of the Finance and Trade and Industry Ministers acting on advice from the export processing zone board.

An applicant had to have an acceptable business plan and an arrangement concerning the involvement of the local authority. — Sapa.

'10-year tax holiday for firms in export zones'

749 ARG 13/11/93

BUSINESSES established in export processing zones would pay no company tax for 10 years, the Department of Trade and Industry has proposed.

They would also be exempt from VAT, import duties, excise duties and surcharge payments.

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Applicants to the board must have, among other things, an acceptable business plan, suitable land within 100km of an international port or airport and an arrangement concerning the involvement of the local authority — Sapa.

Monthly trade surplus up 23 percent

Better news on the export front

Star 18/11/93

BY CLAIRE GEBHARDT

The monthly trade surplus surged 23 percent to R1,7 billion in October on strong export growth.

Customs and Excise figures released yesterday show exports 10,7 percent up from September at R7,62 billion, while imports were 7,6 percent higher at R5,9 billion.

On a cumulative basis, exports for the ten months to October were 17,3 percent up at R65,87 billion, while imports were 12,8 percent higher at R49,51 billion.

Safto economist Carlos Teixeira said yesterday the latest figures reflected improved local and international trading conditions.

"On the export side every

THE latest figures reflect improved local and international trading conditions

(74G)

category except animal or vegetable fats and oils performed better in the ten months, compared with the nine months.

"Vegetable products, which reflect increased maize exports, were 6,7 percent higher for the ten months to October from 4,6 percent for the nine months to September.

"The unclassified goods category, which includes gold and precious metals, was 21,7 percent up, making a very big contribution to the export numbers," said Teixeira.

"On the import side, all the agricultural categories showed reduced imports, except sugar, which reflects drought conditions in Natal.

"The unclassified category, reflecting the downward trend in international oil prices, was at − 14 percent, compared with − 19 percent up to September."

Teixeira said latest economic growth forecasts for 1993/1994 suggested a strengthening in both imports and exports and a current account surplus for the year of over R5 billion.

UAL economist Dennis Dykes said a 46,7 percent month-on-month rise in the vehicles and transport equipment category suggested some improvement in the fixed-investment cycle.

Record exports boost trade surplus

BIDay 18/11/93

(74G)

KELVIN BROWN

A STRONG turnaround in exports to a record level of R7,6bn last month saw SA's trade surplus bounce back to R1,7bn after falling below R1,4bn in September.

Customs and Excise figures released yesterday showed exports firmed 10,7% from a previous R6,9bn — the first increase in three months. The rise in imports was lower at 7,6% to R5,9bn in October.

The trade surplus had averaged around R1,6bn a month this year from less than R1,3bn in 1992. Economists predicted this would see the surplus on the current account of the balance of payments rocket to more than R7bn from R3,9bn last year.

Economists said the latest recovery in the trade surplus was a result of an improvement in the economies of some of SA's main trading partners, the opening up of new markets and better agricultural conditions in SA.

Safto economist Carlos Teixeira said almost every export category had improved in October. The only category that grew at a slower rate was animal or vegetable fats and oil. Imports fell in all the agricultural categories, except for prepared foodstuffs due to higher imports of sugar as a result of the drought in Natal.

The unclassified import category — which included oil — shrank 14% from a previous decline of 19%.

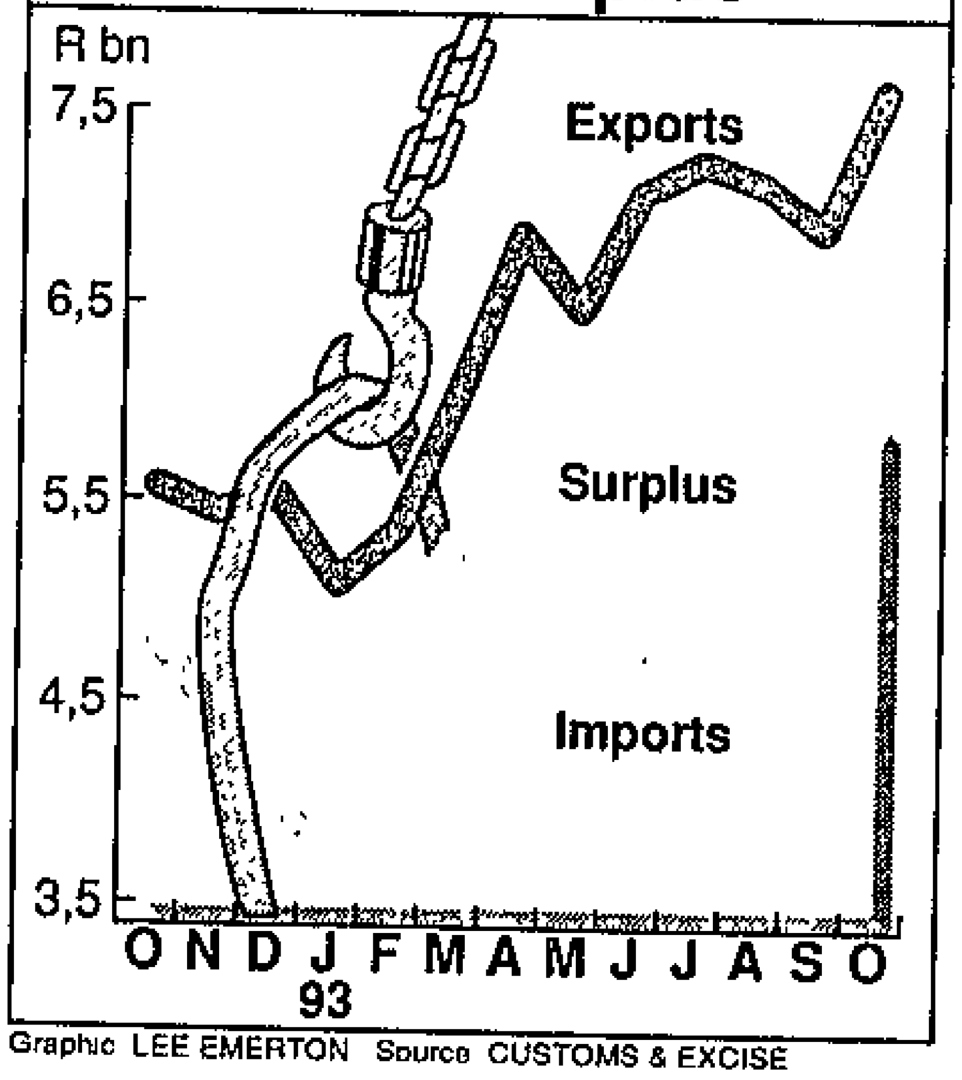
Exports of mineral products and base metals did particularly well considering that international markets for these products remained poor, said Teixeira.

Higher coal sales were behind a rise of 12,2% in mineral product exports in the 10 months to October, while base metal exports improved 5,3% due to better market conditions for semi-finished steel products.

Machinery and mechanical appliances as well as transport equipment maintained their export momentum, growing 30,4% and 10,2% respectively in the 10 months to

□ To Page 2

Trade surplus



Graphic LEE EMERTON Source CUSTOMS & EXCISE

Exports

BIDay 18/11/93

□ From Page 1

(74G)

October, he said.

Teixeira predicted ~~exports~~ would continue growing in the coming months as overseas economies were expected to improve while many new markets had been opened following the lifting of sanctions.

Old Mutual economist Ursula Maritz warned that the surplus could be lower next year as the pickup in the economy would strengthen the rising trend in imports. But the impact on the balance of payments could be limited by the build up in the balance of the current account this year. She said the current account surplus could easily reach R7bn for the year.

"We just need a trade surplus of R1,6bn in the last two months of this year to achieve this figure."

Naude warns on anti-export bias

CT 9/11/93 (74CT)

By BARRY STREEK

THE anti-export bias in South Africa's trade policies had to be addressed to give exporters effective free access to imported inputs and capital goods, the Director-General of Trade and Industry, Stef Naude, said yesterday.

The General Export Incentive Scheme (Geis), a tax-free subsidy to exports based on the value of exports, would also be phased out over a number of years and tariff reform would gradually removed the anti-export bias.

Naude spoke yesterday at The Strand on South Africa's evolving international trade policy at a seminar organised by the Centre of International and Comparative Politics at Stellenbosch University on economic structural adjustment programmes (Esaps) and the role of the IMF.

He also urged caution about South Africa joining regional economic structures and said any moves should be preceded by a thorough and open-minded economic analysis of the implications.

With the normalisation of South Africa's international relations, the country could realise its potential as a market, supplier and host for new investments.

"Growth from outward-looking, export-orientated and increasingly competitive industries is of fundamental importance to the economic and political future of the country.

"Hence a reform of trade policy is essential. It has begun, and is gathering momentum."

Naude said South Africa was determined to be reintegrated into the world trading system, and this had to be refelected in furture trade policy.

Perks cut may slice exports

ARG 20/11/93

Facing reduced incentives, clothing exporters are battling to remain competitive with Asian manufacturers.

TOM HOOD and ALIDE DASNOIS
Business Staff

PRICES of clothing exports could be forced higher and threaten many companies if export perks are taken away.

"Exporters are worried by the uncertainty — they cannot plan ahead and tell overseas buyers what prices will be a few months ahead," say Johann Baard, the new chairman of the Cape Clothing Manufacturers Association.

As much as 10 percent of turnover of major companies is derived from exports, providing a vital cushion against retrenchments.

The Cape lost 2 977 clothing jobs in the 12 months to August and in 10 years the number of employees shrunk from 60 000 to 45 000, said Mr Baard.

Clothing exports grew to R356 million in the first five months of this year compared to R460 million last year — "an expanding and still successful effort," he reported to the association's annual meeting.

The top 10 destinations accounted for 85 percent of the total export value, with Britain and Germany responsible for two-thirds of the total.

However, it was "a sobering experience" to consider that the total South African clothing and textile exports to American and European countries was about $100 million a year against Indonesia's $6,5 billion and Malaysia's $2,5 billion.

Becoming internationally competitive was a sentiment easily bandied about but quite another thing to achieve, said Mr Baard.

Over the next nine years the industry was likely to be faced with an ever-reducing tariff dispensation for the import of garments.

This would likely result in increased quantities of imported garments reaching South Africa.

While import duties on fabrics would at the same time be reducing, it was generally expected that input costs would not match those of overseas manufacturers.

Export opportunities were most likely to predominate in the higher "value-added" products of world clothing markets.

The demise of export assistance schemes would place an added burden on manufacturers, who maintained they were unable to survive and remain competitive without incentives.

"A positive outcome of the current tariff reform programme is manufacturers will have more certainty as to where they stand with regard to tariffs and will be able to plan with greater confidence and predictability," said Baard.

The creation of a trade bloc in North America would step up pressure on South Africa to conform with GATT requirements, SA Foreign Trade Association (SAFTO) general manager Ann Moore has warned.

She said the direct implications for South Africa of the creation of a North American Free Trade Association would be minimal — the country's major exports to the United States, industrial raw materials, would not be affected.

But the strengthening of links between the United States, Canada and Mexico would force South African companies to be more competitive in order to gain access to markets.

"And the formation in North America of what could be a strong trading bloc in the years to come means that we cannot afford to stay out of a global bloc like the GATT."

South Africa was not a member of any other big trading bloc, Ms Moore said. "And even if we were to join the Preferential Trade Association, it doesn't have the same status."

She said there was still room for negotiation with the country's main trading partners, who have rejected South Africa's revised offer to the GATT, asking for further reductions in import tariffs.

"We can probably afford to concede in some areas, such as steel ... this may give us room to manoeuvre on other more sensitive questions such as clothing and textiles, or automobiles."

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on name

JOBS

Export achievements are born of necessity

S Times (Buss) 21/11/93

An award-winning thesis for Unisa's School of Business Leadership argues that manufacturing industry's competitiveness will be better served by training managers to be flexible and innovative than by providing export incentives, reports **TEIGUE PAYNE**.

SA's traditionally competitive industries, which account for about 95% of SA's exports by value, are related to mining, forestry and agricultural commodities. They have classical basic cost advantages of cheap raw materials and labour, and a weak currency.

Despite the current upturn in the gold price, commodity prices are at their lowest relative to other goods in 100 years. Because fewer commodities are being used, any long-term improvement in this position is unlikely. In real terms, for instance, Japan doubled its exports of manufactured goods between 1975 and 1985, but imported no more commodities.

Commodity-related industries cannot form the basis of sustainable prosperity for SA because they are low-cost. Once the low wages or weak currency on which they rely begin to rise, undercutting by even poorer nations occurs. Anyway, these industries have and will be vulnerable to innovations which result in less or different commodities being used.

Richard Lawton, researching an MBL for Unisa's School of Business Leadership, surveyed United Nations trade statistics and found that SA's non-gold exports accounted for only 0,46% of world trade in 1988. This was down from 0,68% in 1980, partly because of the fall in commodity prices relative to manufactured goods.

Mr Lawton's thesis, which won the school's top award, found that in only three value-added manufacturing sectors did SA industry account for more than the 0,46% bench mark of world trade in 1988. And those sectors were all associated with commodities industries — mineral-working machinery, crushing machinery and steam boilers.

Turning away from this discouraging picture, which was probably aggravated by sanctions, Lawton postulated that there were competitive value-added industries in SA which, though small in terms of world trade classifications, could be encouraged to grow. These industries would be competitive at least partly because of innovation or skill.

Mr Lawton's research drew on work on competitiveness by the Harvard Business School business guru, Michael Porter.

Mr Porter says that competitive industries are often found in narrow segments of industry and might even be single companies. Mr Lawton accordingly addressed questionnaires to manufacturers known to have outstanding export records, often winners of the State President's export awards.

Mr Porter said "clusters" of industries form in an economy, where cost synergies created the potential for sustained competitiveness.

Mr Lawton examined export successes so far to see where potential clusters might form in SA and found that the strikingly common feature among the success stories was flexible manufacturing techniques on short production runs. These techniques had often been evolved because the local market was small but required a range of high-quality products.

(4-G)

When companies had reached the limits of the domestic market, they had sought growth in exports. Mr Lawton believes that SA managers should focus on flexible manufacturing techniques in pursuing competitiveness.

Another common feature among the winners was robust product design suitable for African conditions. Mr Lawton believes that innovators should focus in this area rather than, for instance, try to compete in hi-tech areas like consumer electronics with Japanese manufacturers.

Sasol's oil-from-coal process was a striking example of high-technology innovation originating from South Africa's isolation — but it is not competitive. Mr Lawton does not envisage the incentive of isolation to encourage innovation in the future.

In almost all cases, the winning companies had domestic competitors. Mr Porter says companies are rarely internationally competitive where their wits are not sharpened by domestic competition.

Mr Lawton says this gives the lie to companies which argue that their domestic monopolies or oligopolies should be conserved because their size gives them the basis for international competitiveness.

He believes that if SA is to be really committed to export-driven growth, tariff barriers will have to be lowered. This will increase competition from imports and raise the efficiency of resource allocation. It will destroy the artificial profitability of some industries but will lower input costs for others.

Schemes like the general export incentive scheme (GEIS) will also have to go, not only because they are in conflict with the General Agreement on Trade and Tariffs (GATT) but also because they stunt reciprocal trade.

Those manufacturing companies identified by Mr Lawton's study as being substainable, competitive, value-adding and which had achieved great export success were highly diverse:

□ In Maritzburg, Hulett Aluminium Rolled products, a subsidiary of Tongaat-Hulett, and E&C Charcoal.

Hulett was an excellent example of a company which had made a virtue out of weakness. Its plant was small and old compared with its world competitors, but has gained through flexible production and tailoring to individual customer requirements.

E & C Charcoal, the largest manufacturer of charcoal in SA, managed to distinguish its products from overseas competitors through world-beating quality and a sales strategy of friendship.

□ In Durban and on the North Coast, Ferodo Heat Exchangers, a subsidiary of T & N Holdings, and Bell Equipment.

Ferodo, which makes aluminium radiators, had moved fast to capitalise on the expiry of technology patents previously held by a French company. Bell had avoided sophistication of design, making its machines simple to operate and repair.

□ In Port Elizabeth, Automotive Safety Glass, a subsidiary of PGSI, makes laminated windscreens and toughened side and rear glass.

Its short-run manufacture, with low-cost tooling and fast change-overs, had given it an advantage over foreign competitors which baulk at manufacturing the small volumes and broad range needed for niche replacement markets.

□ In Cape Town, Consani, a subsidiary of M & R, manufactures tank containers. It had built a reputation for robustness and good quality, as well as innovativness in product and process design.

Because value-added industries which have successful export records hardly feature in overall trade statistics — they are still in niches — Mr Lawton could not identify clusters in SA with certainty.

He believes clusters will be located near to existing clusters which are competitive on a commodity basis — metal and minerals, petroleum and chemicals, forest products, food and beverages, and possibly textiles and apparel. A new potential competitive cluster is automotive components.

Mr Lawton believes that any government support to encourage competitiveness would probably be best spent in encouraging these clusters.

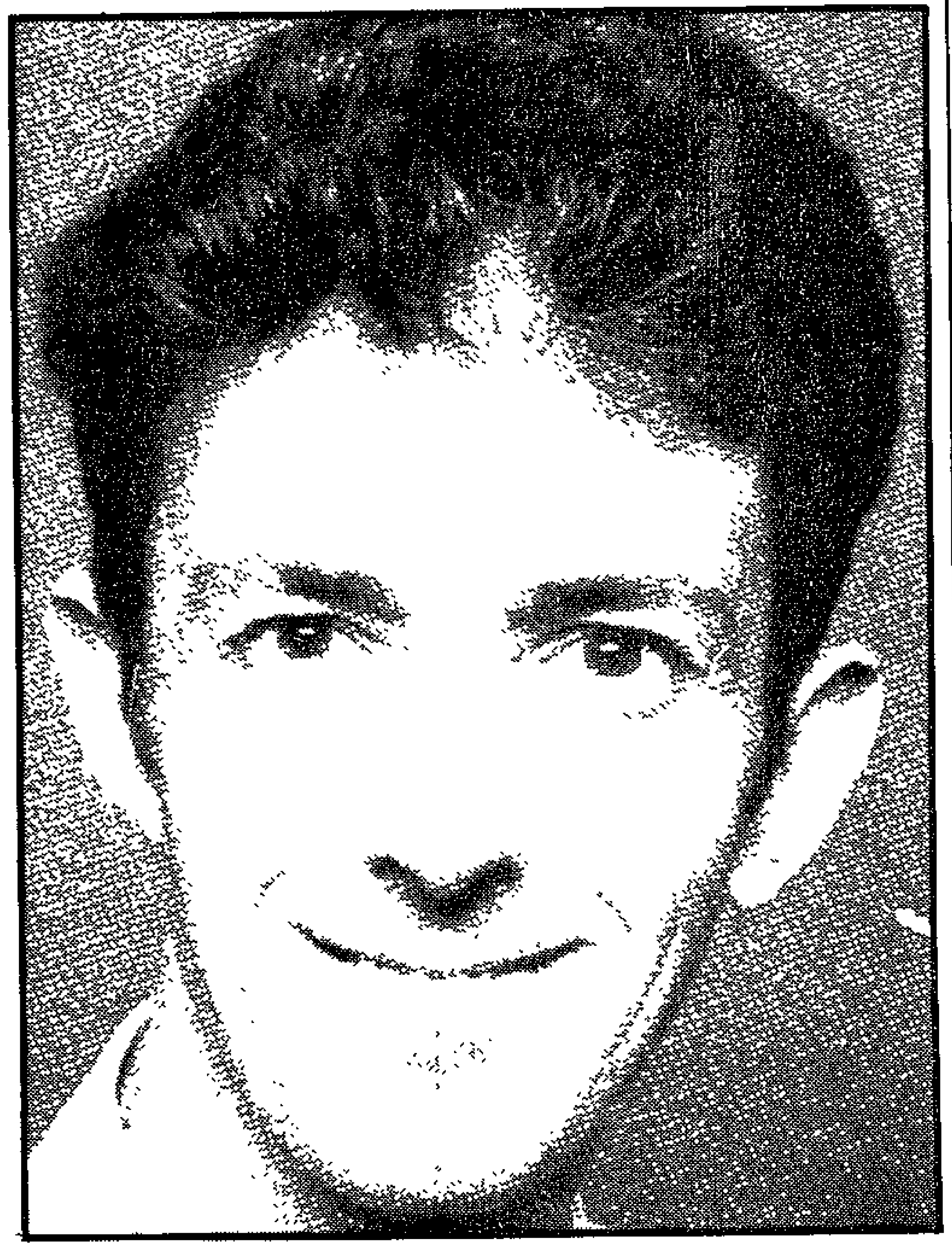
However, he is wary of monetary help for any industries. He believes that the segments of industry which may become competitive are often so narrow, and so dependent on the dynamism or innovativeness of individual managers that government monetary help would generally be off target.

Innovation is a particularly unpredictable process, often depending on local conditions or "discontinuities" unrelated to Government incentives. For instance, the oil price increase of the 1970s provoked innovation in alternative energy technologies; just-in-time (JIT) techniques were developed in Japan because of limited storage space.

Mr Lawton also believes that government help to define segments of industry is prone to imbalance, poor judgment, patronage and corruption.

He believes that the fairest and most cost-efficient help a government could give industry would be to provide infrastructure for training managers in skills which would make their companies more competitive. This might initially be focused on high-potential clusters of industry.

Mr Lawton believes such training, to reinforce existing potential competitiveness, would be far more effective than trying to "incentivise" exports or other aspects of companies' performances.



RICHARD LAWTON . . . wary of government money for industries

IMF team to assist in overhaul of SA customs system

74G From GRETA STEYN

JOHANNESBURG. — An IMF team would arrive in SA in January to help overhaul the country's customs system which was not succeeding in keeping track of all import duties and export subsidies, Finance Minister Derek Keys said yesterday. CT 23/11/93

He told a Johannesburg Chamber of Commerce and Industry luncheon that trade policy initiatives to adjust import tariffs and export subsidies depended "critically" on whether the customs system was working well. "From an organisational point of view, it is the single most important thing I have to put in place," Keys said.

The General Export Incentive Scheme (GEIS) and tariffs on imports required that goods going in and out of the country be subject to fundamental inspection. There was, however, proof that goods were slipping through the net. The National Economic Forum had asked government to improve the customs system and the request was taken seriously.

According to an NEF report, the short-term working group had noted deficiencies in the customs and excise infrastructure. It noted substantial imports of manufactured goods that had escaped the duty net, resulting in a number of jobs being lost in local industries. The leakages had been caused by staffing and infrastructural deficiencies and fraudulent behaviour.

Keys also said SA's success as a trading nation depended on getting three sets of prices right — the rand exchange rate, the prices of imported inputs, and labour. He would not give up "the battle" on wage costs in the NEF, as there were hardly any exceptions to the rule that countries could build economic growth without low labour costs.

He noted one of the key differences between the ANC-aligned Macroeconomic Research Group ((Merg) and government's Normative Economic Model was the emphasis the latter placed on export growth. He warned Merg's advocacy of a demand-stimulus would lead to a balance of payments crisis if exports growth did not keep pace with imports.

He said the NEM's policies would create jobs and provide sustainable growth through investment in human capital, the building of a socio-economic infrastructure and export-orientated industrialisation.

IMF to revamp SA customs

B/Day 23/11/93

GRETA STEYN

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☐ To Page 2

Customs

B/Day 23/11/93

☐ From Page 1

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The Normative Economic Model's policies would create jobs and provide sustainable growth through investment in human capital, the building of a socioeconomic infrastructure and export-orientated industrialisation.

Keys emphasised the need to create an "investor friendly" economy which would attract foreign capital, and expressed confidence that the ANC agreed with this view. SA was about to re-enter international capital markets and would be able to negotiate more favourable interest rates if it succeeded in creating a stable, friendly environment.

Exporters gear up for fight

Govt plans drastic cuts in GEIS budget

B/Day 24/11/93

GRETA STEYN

GOVERNMENT wants to slash the general export incentive scheme (GEIS) budget by hundreds of millions of rands from next year in a move inspired by the need to cut the Budget deficit.

74-G) (...)

Exporters are deeply worried about the plans and intend fighting tooth and nail to hang on to GEIS benefits. They claim government is going back on a commitment to maintain the scheme until March 31 1995.

A spokesman for Trade and Industry director-general Stef Naude yesterday confirmed a proposed reduction in GEIS expenditure was under discussion. The department had briefed representatives from the International Trade Advisory Council (a private sector advisory body consisting mainly of exporters), Sacob and the AHI. He said alternative approaches to reducing the incentives budget had been discussed. It was decided that a joint business viewpoint would be formulated and would be handed to the National Economic Forum foreign trade task group. Government was waiting for a forum response.

The forum said the task force would meet tomorrow, and GEIS was one of the issues on the agenda.

The 1993/94 Budget provided for R1,67bn of spending on GEIS while a further R337m would be spent in terms of the export incentive scheme prevailing before April 1 1990. Industry sources said government intended to cut the subsidies by about a third from the next fiscal year.

The Trade and Industry spokesman said the GEIS budget depended on the availability of funds. "Government is under pressure to keep state expenditure within certain affordable limits. This has certain implications for the level at which export incentives can be pitched in future."

Seifsa economist Michael MacDonald said exporters had not had enough advance warning of government's plans. The move would affect long-term contracts, especially where capital investment was concerned. "GEIS is built into some major projects." He said business had declined to consider any of the proposed alternatives and would oppose the move at the forum.

Safto economist Carlos Teixeira said the organisation's export confidence index showed uncertainty over GEIS was the issue of most concern to exporters.

It is understood that Trade and Industry is under pressure from State Expenditure to cut GEIS spending. Industry representatives told government it was breaking a promise, but Trade and Industry said the commitment to continue with GEIS did not extend to the amount of money allocated.

It is understood that large cuts are in the pipeline for manufactured exports, while all subsidies on beneficiated primary commodities will be removed.

The biggest beneficiaries of GEIS are large corporations in base metals, paper and pulp and food and beverages.

Economists said GEIS was not a cost-efficient way of stimulating exports, and had done little to encourage new exporters of manufactured goods. However, it had underpinned SA's export performance.

Exporters in uproar over GEIS budget proposals

744G CT 24/11/93

From GRETA STEYN

JOHANNESBURG. — Government wants to slash the General Export Incentive Scheme budget by hundreds of millions of rands from next year in a move inspired by the need to cut the Budget deficit.

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The NEF said yesterday the task force would meet tomorrow.

The 1993/94 budget provided for R1,67bn of spending on GEIS while a further R337m will be spent in terms of the export incentive scheme prevailing before April 1, 1990.

The Trade and Industry spokesman said the size of the budgetary allocation to GEIS depended on the availability of funds.

Seifsa economist Michael MacDonald said the move, if implemented, would affect long-term contracts, especially where capital investment was concerned. "GEIS is built into some major projects."

Safto economist Carlos Teixeira said the organisation's export confidence index showed uncertainty over GEIS was the issue of most concern to exporters.

It is understood large cuts are in the pipeline for manufactured exports, while all subsidies on beneficiated primary commodities would be removed.

According to the Department of Trade and Industry's last annual report, manufactured exports were significantly encouraged by GEIS with 52% of all GEIS payments going on these products.

The single biggest beneficiaries of GEIS are large corporations in base metals, paper and pulp and food and beverages. Iscor is believed to be the largest single recipient, while Mondi and Sappi also feature strongly.

GEIS keeping textile, clothing sectors viable

BDay 25/11/93

LINDA ENSOR

CAPE TOWN — The textile and clothing industries were in dire financial straits, with operating losses being converted into pre-tax profits only by the addition of income derived from the general export incentive scheme (GEIS) and structural adjustment programme.

This was said yesterday by Board on Tariffs and Trade chairman Nic Swart at a National Clothing Federation seminar. He said an analysis had shown GEIS income was treated as separate in the income statements of clothing and textile manufacturers.

Costing studies by the National Productivity Institute on behalf of the panel appointed to formulate a long-term strategy for the clothing and textile industries showed that profitability had deteriorated since 1989/90.

The study found that the difference between the operating loss and profit before interest and tax (-1,3% and 3,9%) of clothing companies surveyed was mainly made up of GEIS and structural adjustment programme income. Swart said the interest burden of the two industries was also high, averaging 3,8% of sales for clothing and 4,7% of sales for textiles.

A comparison with the cost structure of UK clothing manufacturers showed their SA counterparts' major problem was the high cost of raw materials. In SA raw materials constituted 51,2% of sales compared with the 33%-45% UK range. Direct labour costs in SA represented 14,3% of clothing sales, as against 18% in the UK, and overhead costs represented 35,8% of sales compared with 30%-38% in the UK.

Swart said the textile industry was hampered by an inability to obtain raw material at world prices landed in-house and to achieve a competitive labour cost/productivity balance for salaries and wages.

He said total new investment needed by the clothing industry for new technology was forecast at R72m, but the industry had invested only R44m in 1992 and R32m in 1993. Huge investments would be needed if the textile industry was to become internationally competitive.

□ Clothing industry employment had recently bottomed out after a year-on-year loss of 10 300 jobs was recorded in the January to September period, National Clothing Federation economist Arnold Werbeloff said in the latest issue of Clothing Industry News.

The industry was estimated to have 90 000 workers, compared with 130 000 in 1984.

Clothing output continued to fall, although retail sales had risen a real 8% in the first seven months of 1993.

Third quarter figures showed that producer price inflation for clothing had increased by 8% and textiles by 4%.

Clothing exports in the first six months of this year amounted to R400m compared with R460m for the whole of 1992, indicating the possibility of total exports of R700m this year.

Court faces funds shortage

B/DAY 25/11/93

ADRIAN HADLAND

PRETORIA — The Industrial Court was facing the imminent burgeoning of its responsibilities, but a lack of funds and accommodation was making its task difficult, court president Adolf Landman said.

While the establishment of a Johannesburg seat was a priority, the court could not secure finances or appropriate office space to open the branch.

"There is little government-owned accommodation available and, what little there is, is unsuitable for our needs."

In the meantime, litigants would have to continue travelling to Pretoria for their cases to be heard, Landman said.

The court was preparing for a considerable increase in litigation emanating from a number of new Bills and Acts.

The Public Service Act of 1993, which came into effect on August 1, conferred about 19 functions on the court. "Unfortunately no additional financial arrangements were made by central government to cover these additional functions," Landman said.

The Education Labour Relations Bill, which was tabled this year, would entitle primary and secondary school teachers to Industrial Court hearings.

Academic staff at universities and technikons would soon be able to approach the court for relief under proposed amendments to the Labour Relations Act of 1956.

An agreement between the Congress of SA Trade Unions and the SA Agricultural Union over an Agricultural Labour Relations Act also envisaged the creation of a small labour court falling under the jurisdiction of the Industrial Court, he said.

The proposed Bill of Rights, equal opportunity legislation in the pipeline and the creation of structures to deal with domestic labour-related disputes would also impact on the responsibilities of the court.

But, without additional financial resources, the court would find it difficult to meet all its obligations timeously.

Some pressure could be taken off the court if parties held proper pre-trial conferences so that the issues and time taken to hear matters could be reduced, he said.

In the case of mass dismissals, it should be possible to hear such matters within two months provided parties prepared their cases expeditiously.

Export incentives being eased out gently — Stef

BIDay 25/11/93

GRETA STEYN

GOVERNMENT would do its utmost to phase out the general export incentive scheme (GEIS) in such a way that as little harm as possible was done to exporters' confidence, Trade and Industry director-general Stef Naude said yesterday. (14G)

At the SA Foreign Trade Organisation's annual meeting, he said a reduction had been "threatened" in next year's Budget, and that publicity given to fraudulent GEIS claims had made politicians reluctant to allocate scarce government funds to these subsidies. "We are experiencing serious problems with dishonesty. We have to adapt the system to get rid of areas where fraud is perpetrated."

GATT's requirements would also have to be taken into account when restructuring the incentives. SA had not yet received clarity on the timetable the world trade watchdog would set for phasing out GEIS.

Turning to SA's integration into Africa, Naude said economic considerations would have to be weighed carefully before decisions were taken. If SA became part of a common market which allowed free movement of labour, there could be serious economic implications. Decisions should not be based on political rhetoric.

Another issue that required attention was SA's anti-dumping legislation, which was still "slightly sinful". GATT would not allow SA to use formula duties to combat dumping. Although the Act had been cleaned up, there was still too much discretion. Sprucing up anti-dumping measures would be vital because trade liberalisation could leave SA vulnerable to dumping, as it was a small market. The issue was a focal point for the Board on Trade and Tariffs.

SA had "no choice" but to play by GATT's rules. The country would be in a "desperate situation" if the Uruguay Round of trade negotiations succeeded and SA was not part of it. Trade partners had been asked not to "nitpick" as SA was offering fundamental reforms, but the EC and US could not accept certain aspects of SA's package. The National Economic Forum would play a vital role in formulating SA's response to their concerns, since trade reform had to be sustainable.

Export perks cut looms

(744) ARG 25/11/93

ALIDE DASNOIS
Business Staff

A CUT in export incentives under the General Export Incentive Scheme (Geis) is on the cards if funds are not allocated in the near future, according to the Department of Trade and Industry.

South Africa is already under pressure from its major trading partners to phase out the scheme in terms of the rules of the General Agreement on Tariffs and Trade (Gatt).

Sapa reports that a spokesman for the Department of Trade and Industry said yesterday a cut in export incentives was inevitable if new funds were not allocated.

"The government on the other hand is constantly under pressure to curtail total state spending.

"In fact, the Minister of Finance and Trade and Industry on various occasions expressed the desire to scale down state spending as a percentage of Gross Domestic Product. This inevitably impacts on the level of benefits applicable to Geis," the Department said.

No date had been set for the implementation of reduced Geis benefits.

"However, if adequate funds are not allocated to the Department a cut in the near future would be inevitable."

The Budget allowance for Geis in the 1993/1994 financial year was R1 654 million.

The clothing industry in particular would be hard hit by a cut in Geis.

Speaking at the Clothing Industries Federation conference in Cape Town yesterday, ANC economics head Trevor Manuel said South Africa should not "just accept" whatever its major trading partners wanted.

If Geis were phased out, he said, new schemes would have to be found to boost clothing exports, possibly through the National Economic Forum.

Mr Manuel said the Gatt rules were applied unevenly. Countries such as the US and Japan were allowed high tariffs — but poorer countries did not have a sufficiently strong lobby to put their case.

Both on tariffs and on export incentives, South Africa should resist pressure from Europe and the United States.

Mr Manuel said the US had chosen to define South Africa as a developed country for Gatt purposes. This was because the average income per head, at $2 970 a year, put the country in the "developed" category.

But black South Africans were earning an average of $670 a year, he said. "This is well below the cut-off point for a developing country."

In the longer term, Mr Manuel said, more creative export incentive schemes would have to be found. Geis did not make up for the anti-export bias in the clothing industry.

"We will have to find ways of getting South African brands into foreign markets, by creating labels which set us apart from the rest."

FOREIGN TRADE
FM 26/11/93

Looking good

In the first few months of the year, export growth was lagging that of imports. Now the pattern has been reversed. In October, total exports for the year reached R65,9bn, which is 17,3% higher than in the first 10 months of

(74G)

Cont → P40

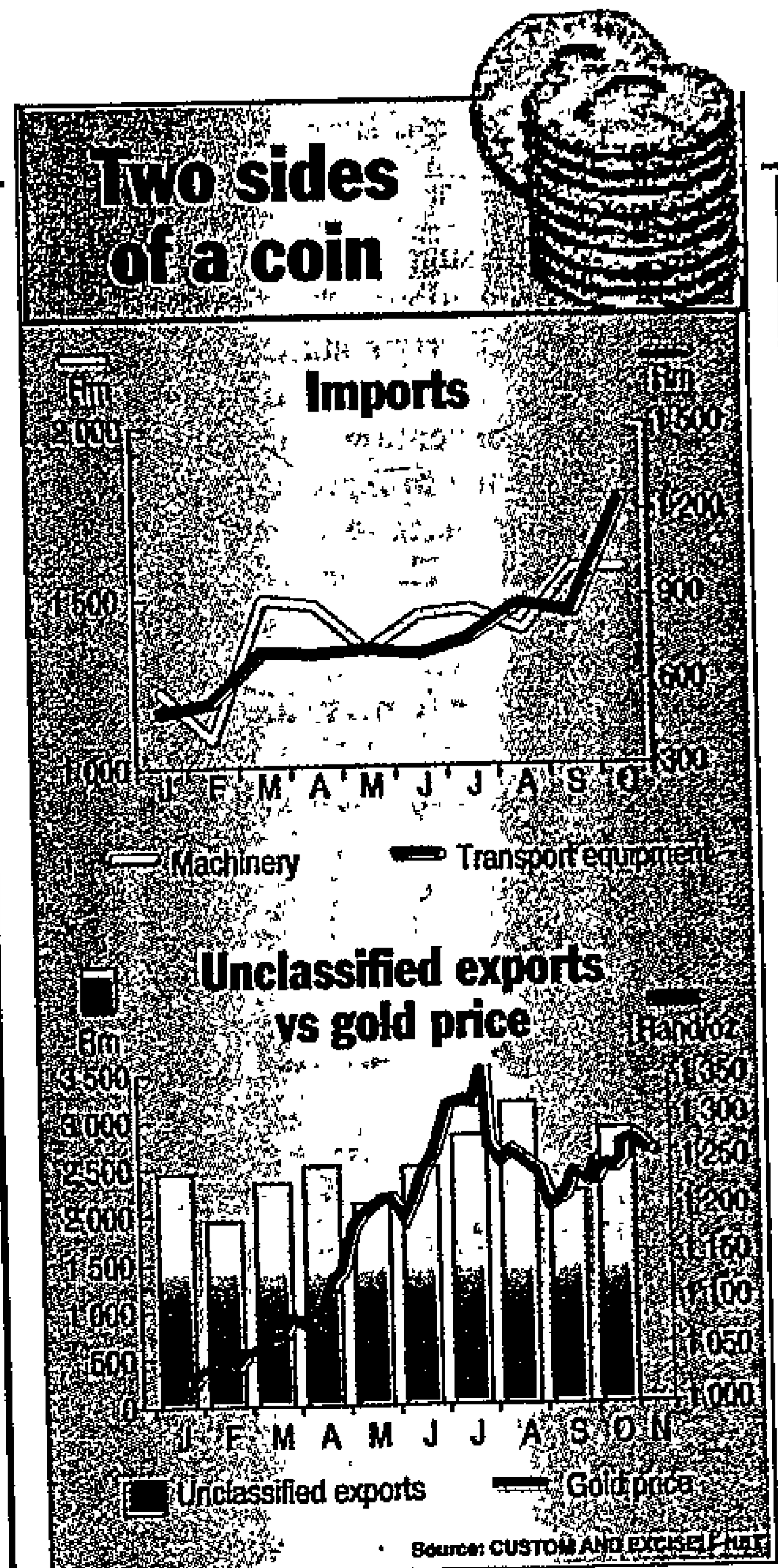
1992. Imports have grown but at a slower rate — by 12,8% to R49,5bn. The surplus of R16,4bn is up more than 33% from the January-October figure for 1992.

In the month, exports totalled R7,6bn, the highest this year and imports R5,9bn, giving a monthly surplus of R1,7bn from R1,4bn in September. FM 26/11/93

The acceleration in export growth occurred in: (74G)

- ☐ The unclassified item, the largest export category, which includes precious metals. This is due largely to improved prices in that period (see graph). The category has now grown to R25bn for the year, up 21,7% over the same period last year;
- ☐ Gems & precious stones (mostly diamonds from Customs Union States Botswana and Namibia), which has stayed above R700m per month since April and which brought in over R1bn in July and September. Its total is now R8,8bn for the year, up 48,4%; and
- ☐ Base metals. This category, which though only 5,3% higher at R8,3bn, has nevertheless recovered from shrinkage of 0,6% over the first six months of the year, compared with the first six months of 1992.

On the other side, a slowing in key import categories has helped boost the trade surplus. The unclassified item, in which oil imports figure prominently, totalled R4,7bn for the year, which is down 14,2% on 1992. This comes after a fall of only 1% in the first six months, over the comparable 1992 period.



This is due to price reductions.

And imports of vegetable products are 13,1% lower at R1,7bn, due to the impact of

FM 26/11/93

good rains on domestic agricultural output.

On the other hand, the economic recovery in recent months has boosted imports in categories such as vehicles & transport equipment (R7,6bn, up 32,1%), machinery (R14,1bn, up 13,7%) and optical & other equipment (R2,2bn, up 19,7%).

Machinery includes various consumer goods such as electrical appliances, hi-fis and television sets. Vehicles & transport equipment includes freight containers and aeroplanes, among other things (the unusually high R1,2bn recorded in this category in October probably reflects a Boeing 747 purchased by SAA that month).

The upturn could place strain on the trade balance in the years ahead. Afrikaanse Handelsinstituut economist Nick Barnardt says the upturn at home should push up imports by about 25% between now and the end of 1995 and a recovery abroad should boost exports by about half that — which would translate into a zero current account surplus by the end of 1995. (74G)

This, says Barnardt, emphasises the need for large capital account inflows in the next few years. Otherwise monetary policy will have to remain tight, hampering fixed investment which is needed to make SA more competitive in manufacturing, in particular.

"The priority in the first 18 months under the interim government must be to follow economic policies which are conducive to attracting foreign investment," he says. ■

Set to sew up profits, jobs

EFARG 27/11/93

TOM HOOD
Business Editor

GARMENT exports could rise in value from R700 million to R3 billion in three years and create up to 30 000 new jobs with the ending of sanctions, says the new president of the National Clothing Federation, Sadek Vahed.

He has just returned from a seven-week trip to Russia, Australia, Britain, the European Community and the United States and said in an interview he was extremely optimistic that if the Department of Trade and Industries could have an urgent re-look at export incentives, there was no limit to what could be achieved in garment exports.

In the new South Africa, the greatest challenge would be job-retention and job-creation, said Mr Vahed. The clothing industry was an ideal vehicle for more labour-intensive employment.

"My principal aim will be to get the national clothing industry to focus strongly on exports," he said after his election as president at the federation's annual meeting in Cape Town

SHAKE ON IT: Sadek Vahed (second right), new president of the National Clothing Federation and chairman of A M Moola group, is congratulated by his predecessor, Aaron Searll, chairman of Seardel. Two vice-presidents elected at the annual meeting in Cape Town are (left) Danny Blignaut of Nadkin Clothing, Port Elizabeth, and Bernard Richards, joint managing director of Seardel.

"With the lifting of sanctions, particularly in the United States, not only at the federal level but very soon at state and city levels, there will be a new market that all of us will have to target strongly.

"Because of sanctions and our isolation we have not really exported to the US. This we are ripe to do because of our quota-free status."

Customers in the US did not talk in terms of single units but in dozens, he said. If a customer in Britain or Europe spoke in terms of 10 000 units, his American counterpart talked about 10 000 dozens.

"Can one imagine that if we succeed in marketing to this region what would happen to the capacity and utilisation within our factories?

"With such large runs per single style, it would gear us into a double-shift situation."

'Exports alternative to gold must be found'

(749) ARGT 29/11/93

Business Staff

ALTERNATIVE exports would have to be found to replace gold, ANC president Nelson Mandela told international oil and minerals experts in Cape Town today.

At a conference on sub-Saharan oil and minerals, Mr Mandela said two-thirds of South Africa's gold reserves had been exploited.

Research commissioned by the ANC showed that at a price of $350 an ounce, gold output would drop from 614 tons in 1992 to 414 tons in 2007.

"This constitutes a loss of about R8 billion or 15 percent of total exports."

Mr Mandela called for a major foreign investment effort in oil and minerals in South Africa and on the whole sub-continent.

Major oil companies had indicated to the ANC that there was a hydrocarbon potential off the West Coast, Mr Mandela said.

"South Africa is renowned for its huge reserves of gold, platinum, chromium and manganese. In addition there is iron, coal, copper, nickel and zinc which are vital to industrial development.

"Unfortunately, this amazing wealth has been exploited almost exclusively for the benefit of a small racial minority."

US special deal on SA exports

CT 3/12/93

(74)

From GRETA STEYN

JOHANNESBURG. — SA and the US have started high level trade talks which could result in certain SA exports to the US being given special tariff treatment, Trade and Industry director-general Stef Naude said yesterday.

Discussions had been initiated with a top finance and investment policy adviser in President Bill Clinton's office, Howard Reed, during US Commerce Secretary Ron Brown's visit.. Urgent dialogue would continue in the run-up to the next session of GATT negotiations, scheduled to end on December 15.

Naude said the US had linked the GATT negotiations to the granting of special tariff treatment for SA exports. The main topic of discussion in the talks with Reed had been a US proposal that SA lower the tariff protection for imports of industrial goods in the Uruguay Round. Linked to that was the possibility of US tariff preferences on a wide range of consumer goods. SA still had to study the goods that could carry tariff preferences in terms of the General System of Preferences, but the system covered 4 300 items.

The system had only recently become available to SA as a result of the lifting of sanctions and SA still had to be informed on how to apply for it.

Sources close to the GATT negotiations said discussions on the preferences system placed an entirely different slant on SA's approach to tariff reform in the Uruguay Round. The US and the EC had complained about SA's high protection for clothing, textiles and the motor industry, and SA had intended to respond by pleading it was a special case. However, the latest call for flexibility in return for preference treatment could mean a change in tactics when negotiations were resumed in Geneva.

It was also possible that a multilateral approach be followed to the preference system, with more than one trading partner granting tariff preferences.

Naude said once all the information on the system had been received, the matter would be discussed at the National Economic Forum.

The forum's trade task force has had a number of meetings to formulate a response to the US and EC's concerns. Labour and industry representatives maintained there was "little fat" built into the reform offer and hoped to persuade SA's trading partners to soften their stance.

Pals to chase exports at quicker pace

ARG 11/12/93 (74)

MARC HASENFUSS
Business Staff

CLOTHING manufacturer Pals Holdings will continue to chase exports in the financial year ahead in a bid to offset tattered domestic trade.

Chairman Selwyn Kagan told shareholders at an annual meeting yesterday that exports would grow to 30 percent of group turnover in the financial year to end June 1994. Last year exports constituted about 20 percent of total sales.

Pals recently signed an order deal with a Liverpool company for a significant clothing consignment.

"Our exports to the UK have shown considerable growth, even though this market experienced severe pressures on its growth in line with the low value of sterling and high unemployment."

However, Mr Kagan warned that the government was still undecided whether to maintain or discontinue export incentives.

Further growth in exports, coupled with a slight improvement in local trading conditions, augured well for the future.

"But our margins are still under extreme pressure from retailers, who see the way ahead through greater turnover at lower prices without — in the main — affecting their margains."

The group's muted enthusiasm is reflected in management's decision to invest heavily in new machinery to cope with the changing requirements of new fabrics

The group bucked the sector trend by staying in the black and reporting botom-line profits of R740 000 last year.

Govt has second thoughts on GEIS

BIDay 13/12/93

GOVERNMENT is to reconsider plans to cut the general export incentive scheme (GEIS) budget next year following a meeting between the National Economic Forum (NEF) foreign trade task group and Trade and Industry Minister Derek Keys at the weekend. (7467)

Last month government proposed reducing the GEIS budget for the new fiscal year in an effort to cut the size of the Budget deficit.

The matter was referred to the NEF for discussion after exporters protested, accusing the government of going back on a commitment to maintain the scheme until March 31 1995.

Keys is to take the issue to the Cabinet for final resolution following the latest report-back by the NEF.

At the weekend meeting, the task force, made up of business and labour, was united in its recommendation that government should give ample notice of any changes to GEIS.

The group told Keys exporters' contracts and investment strategies were being seriously affected by the lack of certainty about the size of future GEIS payouts and the lifespan of the scheme.

KELVIN BROWN

Department of Trade and Industry deputy director-general Gerrie Breyl said that at the weekend meeting, Keys recognised exporters needed guarantees that the scheme would remain unchanged for some time to come.

"The Minister gave his commitment he would take the matter to Cabinet for a final decision as soon as possible."

It is understood the task force proposed there be a year's notice before any alteration to GEIS came into effect. Government should commit itself to maintaining GEIS in some form or another for several more years.

It is likely the problem of GEIS fraud was discussed and certain recommendations made about what could be done to reduce abuse of the scheme.

The Department of Trade and Industry has been reluctant to cut the GEIS budget but has been under pressure to do so from the State Expenditure Department looking for ways to trim the Budget deficit.

The major beneficiaries of GEIS are large producers of base metals, paper and pulp and food and beverages.

Govt reviews cuts to GEIS

CT 13/12/93 (74G)

Own Correspondent

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Keys, NEF in talks at weekend

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COMPANIES

BMW SA export plan goes ahead

JOHN DLUDLU

BMW SA is to go ahead with its R100m expansion plan to beef up its export arm despite a slump in world demand.

Marketing director Chris Moerdyk said modification work had begun at the company's Pretoria plant. B/DAY

He said there was a need to integrate the SA operation into the global market after the lifting of sanctions.

"We want to make the local subsidiary a world supplier," he said. 15/12/93

BMW AG was currently involved in more than 130 countries.

No decision had been taken on which models would be built at the export centre and to which overseas markets the cars would be exported.

Sluggish car sales in major markets would be taken into consideration by the German headquarters in deciding the model to be built at the plant.

An announcement was expected "within the next few months".

"The most important thing now is to get us ready for an export market, by setting up a proper infrastructure. As soon as we have this in place we will also decide whether the models will be left or right-hand drives," Moerdyk said.

It was understood the expansion programme would be financed locally through retained profits.

Production work would begin at the end of 1994. (746)

The decision to invest in the expansion was taken after the appointment of Rainer Hageman as CE for BMW SA this year.

New jobs would be created, but Moerdyk did not expect these to be immediate.

The move was expected to double production from the 15 678 units sold in 1992.

VW resumes R500m export project to China

BiDay 15/12/93

JOHN DLUDLU

CAR producer Volkswagen SA would resume its R500m vehicle export programme to China next month, the company said yesterday.

The decision, which comes six weeks after the exports were halted, follows a weekend meeting between Volkswagen's German parent and its Chinese distributor, FAW/VW Automotive Company.

VWSA chairman Peter Searle said production of left-hand drive VW Jettas for China — which accounted for about one third of total production — would resume next month. China halted the imports in November as part of a bid to cool its economy. Heavy use of foreign exchange, stemming from imports, had been central to the economic overheating.

The company would not say what effect the suspension would have on its earnings. Spokesman George Platt refused to disclose the terms of the deal, although he said developments looked positive.

VWSA was expected to deliver 30 000 vehicles to China by end-1994, producing about 1 000 a month. The Jettas were exported in semi-knocked-down form to FAW/VW, based in Chang Chung.

The suspension had affected the second phase of the programme, sparking fears of retrenchments among VWSA staff. This was averted by transferring employees to the Golf/Fox and Golf/Jetta production lines, which had fuller order books.

Trade pact boost for harbours

Star 17/12/93 (74G)

BY DES PARKER

Durban — The sealing in Geneva of the world's biggest-ever trade pact promises a multi-billion rand prod for the South African economy — particularly the import-export sector.

Bustling quayside activity is in the offing for the country's ports as exports and imports flow increasingly freely in the wake of acceptance by 117 trading nations of the Uruguay round of the General Agreement on Tariffs and Trade (Gatt).

Durban, which receives and dispatches more manufactured goods than any other ocean transit point in Africa, in particular stands to gain.

The capacity of the port is currently being raised to around 40 million tons a year as part of a R1,4 billion upgrading and development programme.

Almost 27 million tons passed through the harbour last year, with 30 million tons expected in 1993.

While watertight figures are not available, because a few outstanding tariff arrangements have still to be settled in bi-lateral talks with trading partners, the Industrial Development Corporation (IDC) reckons economic growth and employment will both be boosted as Gatt effectively cuts trade protection duties worldwide by an average of a third.

Sanctions

With sanctions out of the way, South African trade has picked up markedly.

The latest trade figures show exports up by 18,6 percent to R73,2 billion for the 11 months to November with the trade surplus for the period now at R18,4 billion.

The Government, in the model it proposed earlier this year for the revival of the economy, recommended that exports should be the driving force for growth.

Virtually all sectors of industry stand to export more as the Gatt tariff limits are phased in — most of them over five years from January 1995.

However, some will ship hugely increased volumes of imports.

The IDC estimates clothing imports could rise by 20 percent — a hard blow for the Natal and Western Cape apparel factories.

National Clothing Federation president and Durban clothing doyen Sadek Vahed said this week he believed the industry could survive, provided duties on fabrics were reduced proportionately.

Vehicle imports, too, are expected to rise by about 10 percent as duties are cut from 100 percent to an expected 50 percent.

Both industries are putting great efforts behind sectoral export programmes, but sales abroad are highly unlikely to match import levels.

Education boost: SA calls for zero tariff on books

(74G) ARG 18/12/93

Weekend Argus Reporter

SOUTH AFRICA'S proposal to the General Agreement on Tariffs and Trade (Gatt) talks in Geneva to bind the tariff on imported books at zero percent is good news for education.

It seems the storm over an application by the Printing Industries Federation (Pif) to the Board on Tariffs and Trade to institute a 20 percent import duty on all books has abated.

Charl Nel, spokesman for Deputy Minister of Trade and Industry David Graaf, told Weekend Argus yesterday there was an adaptation period for countries to comply with Gatt. This adaptation period could take up to five to eight years.

"Eventually, when Gatt gets into operation, we will have a zero tariff on books. In the meantime, the status quo stays."

Up to now, most books have had a zero tariff, while certain categories like directories, yearbooks, guidebooks and handbooks relating to South Africa were subject to a 20 percent tariff.

Mr Nel emphasised that the Pif had merely made an application, which had to be investigated by the Board of Tariffs and Trade. After that, the board would make a proposal to Mr Graaf, who would either reject or accept it.

"When considering the proposal, the board will take the Gatt proposal into consideration. South Africa is a signatory to Gatt and has proposed that there be no tariff."

Later, Weekend Argus spoke to Mr Graaff, who said anybody could make an application to the board and that the application by the Pif had to be fairly investigated.

But, he added: "A tax on books is a tax on knowledge and knowledge is the most important commodity in any society."

Publishers Association of South Africa chairman Mike Peacock said "Very rarely has any issue created such an outcry from the public and educationalists."

The reason for the printers' application was that they had to pay a 10 percent import duty on paper, while publishers printing books outside the country could bring the books in with no tariff.

But, the total value of books printed overseas by South African publishers probably did not constitute more than one percent of the total publishing turnover in South Africa, he said.

■ South Africa's offer to Gatt was part of the country's submission to the final meeting of the "Uruguay round" of Gatt talks aimed at reducing tariffs around the world and breaking down trade protectionism.

FM 17/12/93 ~~(74F)~~ (74G)

FOREIGN TRADE FM 17/12/93

Dance of the veils

In 1992, the US replaced Germany as SA's largest trading partner, according to an analysis of trade data by Kevin Lings of Nedbank's Economic Unit. Transactions with the US amounted to R12bn (US$4,2bn). Of this imports amounted to R7,1bn ($2,5bn) and exports R4,9bn ($1,7bn).

Germany dropped to second place with R11,6bn ($4,1bn). Imports were valued at R8,6bn ($3bn) and exports at R3bn ($1,1bn). Germany is the largest source of SA imports. ~~(74F)~~ (74G)

Lings' analysis is probably the first to be published since the veil of secrecy, placed over trade with specific countries between 1987 and 1991, was lifted.

Previously statistics had to be obtained from the trade commissions and embassies of the countries concerned, but are now available from the Commissioner for Customs & Excise.

A breakdown of trade balances by country, shows that SA runs a deficit with many of the larger industrial countries, the markets for most of our goods (see graph).

The largest surplus is run with Switzerland, which is the destination for the biggest proportion of exports, R5,4bn ($1,9bn). But this is simply because diamond exports are routed through the Lucerne-based De Beers' operation. The figure is further inflated by diamond exports originating in Botswana and Namibia, members of the Southern African Customs Union.

Also high on the list of surpluses are Zambia and Zimbabwe. These countries source the bulk of their imports through SA ports and they are then re-exported.

Lings' country analysis breaks down trade by category. Germany heads the lists of the major import items:

- Machinery and electrical equipment at R3,3bn ($1,2bn); and
- Chemical products at R1,1bn ($391m).

Japan tops the list for vehicles and equipment, at R2,5bn ($866m), with Germany next at R1,9bn ($669m).

The US heads the list for SA imports of vegetable products at R1,1bn ($393m), probably because of large quantities of maize brought in from there as a result of the 1992 drought.

Switzerland receives the largest exports of jewels and precious stones, at R5bn ($1,7bn).

The biggest purchaser of exports of unclassified items (where these are allocated by country) is the US, at R2bn ($704m). This includes exports of precious metals.

Japan is the biggest buyer of mineral products, at R1,2bn ($426m), and Taiwan of base metals R1,2bn ($433m).

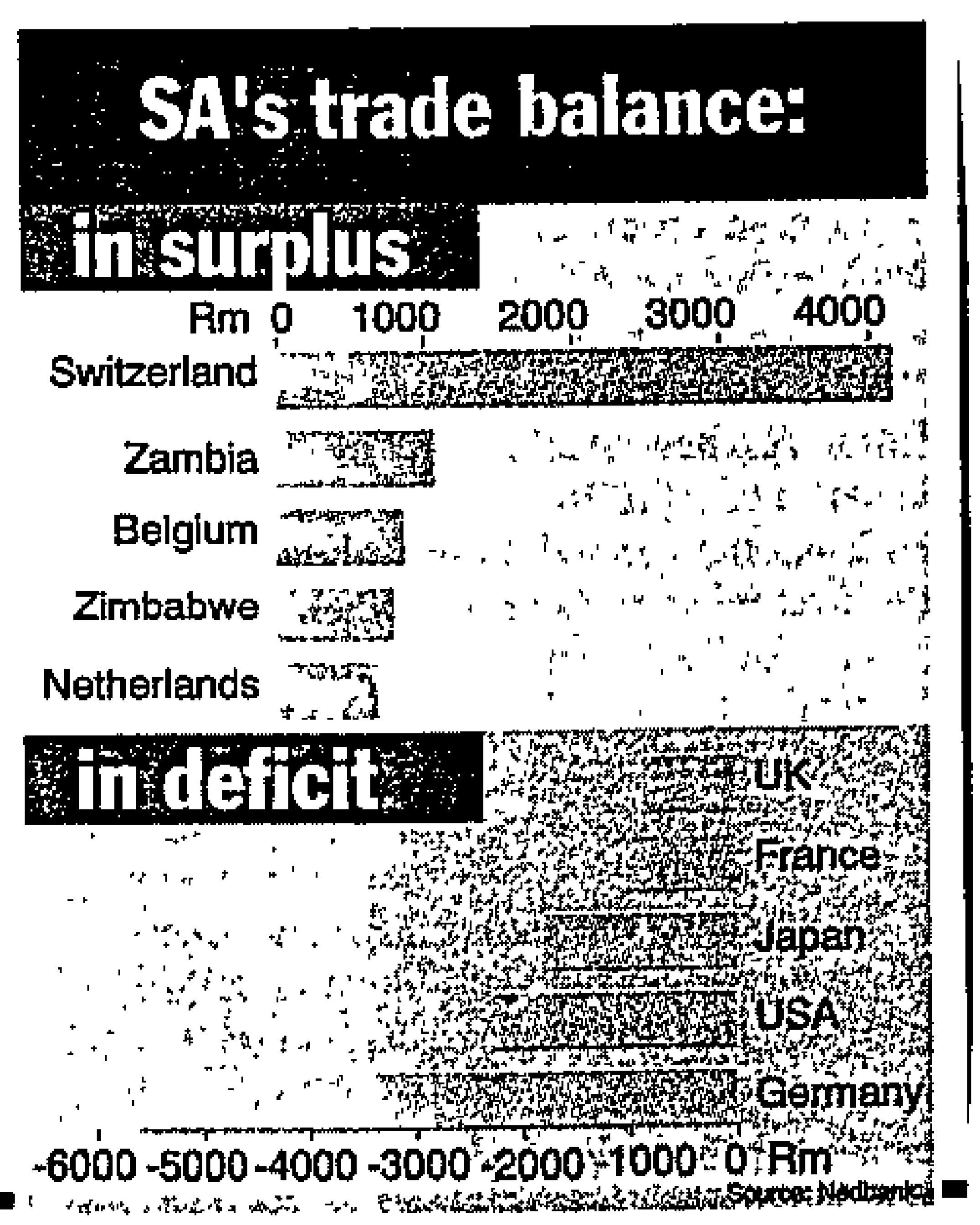
However, much trade-related information remains under the veil. No figures are available for the years 1987-1991, for instance, so it's impossible to discern trends in trading patterns.

More important, the unclassified category, which includes imports of oil, exports of precious metals and sales of arms and military equipment, is still shrouded in secrecy. Movements by country in this category are only revealed at the authorities' discretion: otherwise they are listed as "unallocated." About R19bn ($6,6bn) worth of exports is reported as unallocated out of unclassified exports of R25bn ($8,8bn); and R6,2bn ($2,2bn) out of unclassified imports of R6,5bn ($2,3bn).

This distorts country figures, particularly on the export side. Were gold, for instance, included, it would probably change the order of SA's leading trade partners. It could also, conceivably, turn some of the trade deficits to surpluses.

Gold exports should at least be disclosed as a separate entry by country.

As with all international trade statistics, SA's figures often don't give the final destination of goods. The figure for diamonds through Switzerland is a case in point, as are the export figures for Zambia and Zimbabwe: SA is merely a thoroughfare for goods to these countries from overseas. ■



Keys extends Cape export perks to '95

742

TOM HOOD, Business Editor

EXPORT incentives which help Cape garment exporters to boost sales and provide hundreds of jobs will continue until March 31, 1995.

The current General Export Incentive Scheme (GEIS) benefit levels would continue until then, Finance Minister Derek Keys said in a statement yesterday.

However, due to fraudulent claims under the export promotion scheme certain products and transactions could be excluded in future.

These possible products and transactions still have to be specified.

Mr Keys said the Department of Trade and Industry (DTI) had been requested to introduce whatever measures were necessary to ensure the sound administration of GEIS as well as to reduce or eliminate abuses.

The government had considered terminating the export subsidy payments under GEIS ahead of schedule because of its substantial drain on State resources.

However, Mr Keys said following a meeting with the National Economic Forum (NEF) task force on foreign trade it was agreed that potentially disruptive changes should be avoided at this time. ARG 21/12/93

"Government realises that a drastic cut in GEIS benefit levels may turn out to be counter productive and could negatively affect exporter confidence and stability in export performance."

South Africa is committed to phasing out the GEIS subsidy as it is incompatible with the Uruguay Round of accords on liberalised world trade negotiated under the General Agreement on Tariffs and Trade.

Mr Keys said alternative measures to reduce the financial burden on the government and meet Gatt's criteria would necessitate funds "which are not available".

He said the DTI had been asked to investigate proposals in collaboration with business and labour in the NEF aimed at achieving a sound and competitive export sector.

These proposals would be finalised by June next year, and implemented on April 1, 1995, thus making it possible for the government to give a year's notice on changes to GEIS as had been requested by exporters.

Revised GEIS plan to clamp down on fraud

74G CT 21/12/93

JOHANNESBURG. — Government would maintain the general export incentive scheme (GEIS) until the end of March 1995, but it would be revised to clamp down on fraud, Finance and Trade and Industry Minister Derek Keys said yesterday.

The announcement followed this month's talks with the National Economic Forum's task group after government indicated it was considering drastically reducing GEIS benefits in an effort to cut down on spending. The task group recommended at least 12 months' notice be given of any alterations to the scheme to give exporters time to plan future contracts and investment strategies.

"Government realises that a drastic cut in GEIS benefit levels may turn out to be counterproductive and could negatively affect exporter confidence and stability in export performance," Keys said.

The Trade and Industry Department had been given the go-ahead to introduce measures to ensure the sound administration of GEIS and reduce or eliminate abuse of the scheme. "These may include the elimination of certain products and transactions from the scheme. The forum's task force on foreign trade policy agrees with this strategy," Keys said.

Instead of giving a year's notice of any changes to the scheme, government decided to finalise an alternative scheme by June 1994 for implementation from April 1 1995. Trade and Industry would investigate alternative export incentive schemes. It had also been asked to make proposals for the development and maintenance of a sound and competitive export sector.

"Such proposals should be formulated in close collaboration with business and labour as represented within the task force."

General export incentive scheme to stay, but with tighter controls

BiDay 2/12/93 (74G)

KELVIN BROWN

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"Such proposals should be formulated in close collaboration with business and labour as represented within the task force."

Keys said it would be impossible to give a year's notice of any changes or the possible termination of GEIS. Finality on the position that would apply from April 1995 would depend on whether the relevant parties reached consensus.

GEIS had to be phased out as it was an export subsidy that went against the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) agreed to last week, he said.

It appeared that exporters would remain dependant on the scheme for as long as the protective tariff system served as a constraint on their competitiveness.

"In order not to disrupt the country's export performance it would be feasible to phase out or eliminate GEIS together with the phasing in of tariff liberalisation and possibly further supply side or other measures which would not contravene GATT."

The fact that GEIS was based on export performance made it difficult for government to finance the scheme in the present climate of severe restrictions on available funds, Keys said.

Export benefits to stay until 1995

Star 21/12/93

The current General Export Incentive Scheme (Geis) benefit levels will continue until March 31 1995, says Finance Minister Derek Keys.

However, due to fraudulent claims, certain products and transactions, still to be specified, could be excluded in future, he said yesterday.

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But after a meeting with the National Economic Forum (NEF) task force on foreign trade it was agreed that potentially disruptive changes should be avoided at this time, he said.

(746)

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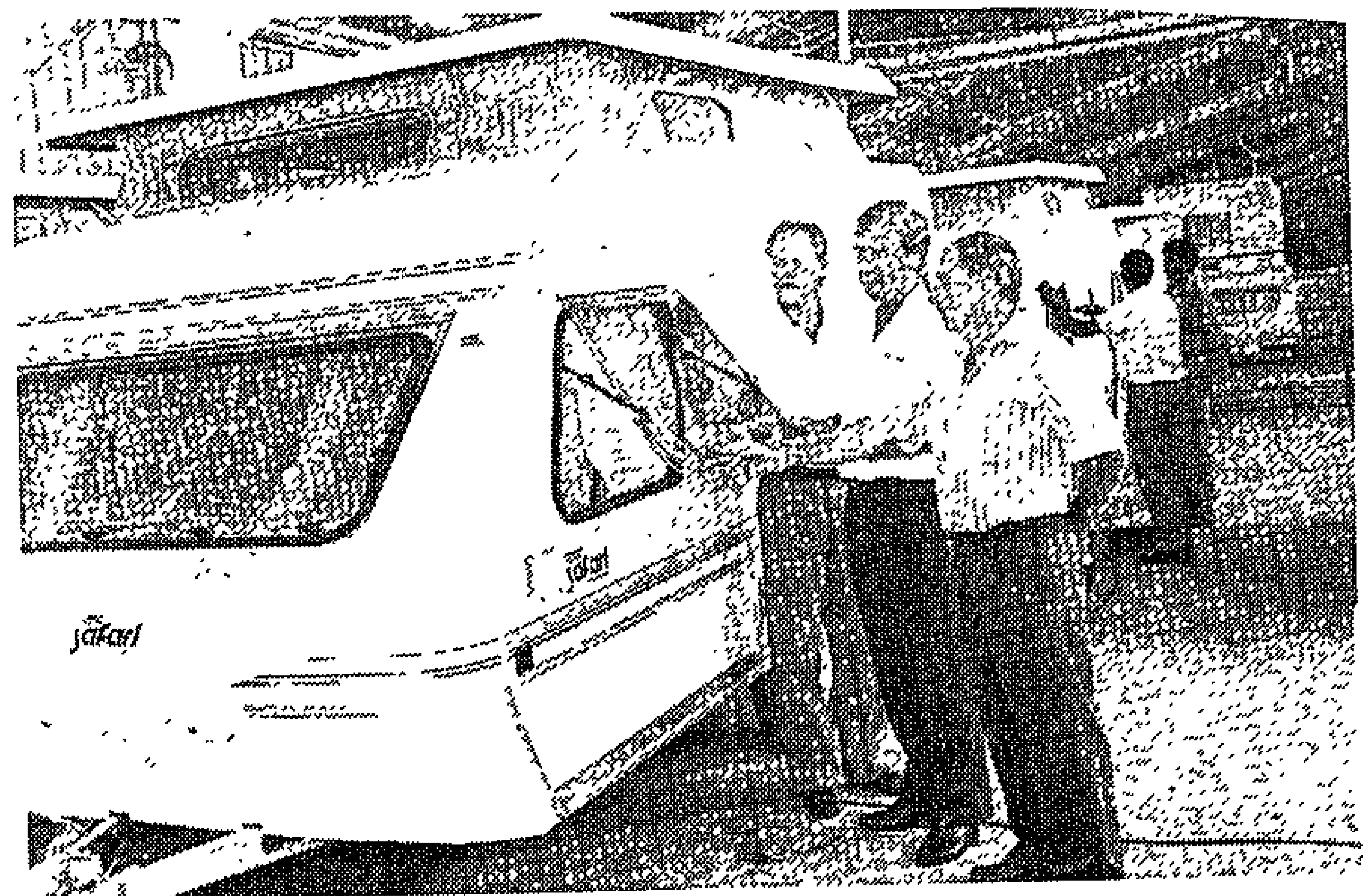

WINDOWS ON THE WORLD . . . CI Caravans, which is now exporting to Holland, has developed a new range to meet European requirements. From left, marketing director Vincent White, MD Richard Cardo and export despatch controller Colin Liptrott discuss the double glazed windows considered necessary for insulation in Europe.

CI Caravans nets key 749 European export deal

CT 23/12/93

Business Staff

CI CARAVANS is believed to be the first manufacturer in the southern hemisphere to export caravans to the highly competitive European market.

MD Richard Cardo says it plans to dedicate 10% of production capacity to export volumes following a deal for fully assembled caravans with the largest distributor in Holland, MPH Rekreatie.

Further longterm deals to export components and motorhome bodies to other countries are being discussed.

Cardo said his company was recognised as a world leader in low-profile caravan design.

It had developed the Safarirange, based on the Sprite, for the European market. This offered a choice of toilet compartment, end kitchen and double dinette lay-outs. There was also an ultra-light model with a fully opening tailgate.

"As the end kitchen version is unlike anything avaliable in SA, we are currently launching a limited edition locally."

Cardo said that to meet climatic requirements the export caravans had double-glazed windows and insulated floors and body. European ventilation requirements to combat damp also made design modifications necessary.

"European road traffic regulations stipulate that caravans must have white riding lights above the front window to indicate a higher than normal vehicle to oncoming traffic.

"This is a feature we are now putting into our local Sprite models."

Exports to

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Exports to Africa 'will surge'

JOHN DLUDLU

SA exports to neighbouring African countries were expected to surge in 1994 following the recent improvement in political relations, trade sources said. B/DAY 24/12/93

The prediction follows another year of soaring exports to the subcontinent. But the sources warned that SA's trading relations remained severely imbalanced, with exports far outweighing imports from African countries. (44G)

Exports between January and October rose to R5,4bn from R4,7bn in the same period last year, while imports totalled R1,4bn (1992: R1,1bn).

Sacob international trade portfolio manager Bess Robertson said the economic diversification programmes undertaken by many African countries offered opportunities for contractual engagements.

Safto spokesman Andrew Maggs said: "Doors have been opened for our finished products and we will be steering our clients to the emerging markets of Mozambique, Tanzania and Ethiopia.

"In Africa our competitiveness is without doubt good because we know the markets very well and the geographical proximity gives us the edge over European competitors."

Johannesburg Chamber of Commerce and Industries trade promotions manager Gordon Griffiths said a great export potential — previously unexploited — existed for SA in West African countries. He said African countries were retreating from expensive EC markets in favour of African products. "And they are impressed with our quality and the delivery period is better than that of EC countries."

COMPANIES

Plastics firm exports to South America

BEATRIX PAYNE

A CAPE Town-based plastics company has secured export orders for materials handling products from Chile and Argentina, fattening its order books after landing export orders from the European poultry industry in November.

Technoplastics converter Exactocraft's marketing manager Cedric Parker was tightlipped about the size of the order but it is believed to be worth more than R2m.

Reports last month said the company's European export order was a five-year contract. Parker said the South American exports were not contracts and had no definite life span. BIDCM

The company's vertical blinds — awarded a 1993 Cullinan design award — and its materials handling equipment would make up the bulk of exports to South America, Parker said. 27/12/93

The company said the economies of these South American countries were growing at an annual 8%, which fuelled demand from the construction and materials handling sectors. (~~453~~)(749)

The company began exporting to Argentina's mining and poultry industry in 1987.

Exporters confident of healthy growth

CT 27/12/93 (74G)

Own Correspondent

JOHANNESBURG. — SA exporters are confident exports will continue to grow at a healthy rate next year, says Safto economist Carlos Teixeira.

Safto's exporter confidence barometer showed that expectations for the next 12 months were at their highest since the fourth quarter of 1991. This was the fourth consecutive quarter the index had risen.

Teixeira predicted that real growth in exports would be between 5% and 5,5% next year.

Exports would be fuelled by the opening up of new markets, higher growth rates in the economies of SA's traditional trading partners and the further depreciation of the rand.

New markets included eastern Europe, Russia, Asia and China.

Exports to Africa were up a cumulative 13,6% in the 11 months to November compared with the same period last year while exports to Asia climbed 17,7%.

The rise in sales to foreign countries was expected to come from a broad range of categories with traditional primary product exports showing the best growth rates.

This year's main export categories were unclassified items — which included gold — followed by base metals, diamonds and mineral products.

"Traditional exports like gold and diamonds have supported our growth in 1993. SA will only export higher quantities of non-traditional items like manufacturing goods when local industries become more internationally competitive," Teixeira said.

The poor performers in 1993 were chemicals, textiles, pulp and paper and plastics, he said.

The manufacturing categories that showed improvement were exports of machinery, chemicals and transport equipment.

On the import side a steady growth was likely until the election, he said. If the political situation turned out well, imports could increase sharply.

The category that was expected to show the largest rise was imports of industrial materials and capital goods, Teixeira said.

Safto CE Len van Zyl said an average of between three and five foreign trade missions a week had visited SA during 1993.

The private and government missions came from 23 African countries and 41 other countries worldwide.

Van Zyl said 1994 would see an intensification of interest with even more delegations arriving.

However, he cautioned against euphoria, saying expanded trade "will not just happen".

The hothouse industries that mushroomed behind tariff walls as part of a self-sufficiency policy would urgently have to become price and quality competitive or disappear. International markets had opened up, but there was no easy route to an effective penetration.

SA was increasingly seen as the hub of a vast region of more than 100-million people with an almost incalculable pent-up demand for consumer goods.

Van Zyl said it was clear too that international donor nations which had ploughed billions of aid dollars into Africa were likely to use SA expertise and financial and banking structure to help manage aid funds.

Van Zyl said a feature of an eventful year had been the 12-man mission to India which he had headed. Interest in SA as a trading partner was intense, but like most other countries, India was eager to sell as well as buy.

Johannesburg Chamber of Commerce and Industry promotions director Gordon Griffiths said the chamber had hosted 60 delegations during the year. It was clear that interest in stronger trade links with SA was likely to continue even in a disturbed political climate.

Exporters expect healthy growth, says Safto survey

BDay 27/12/93

KELVIN BROWN

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The rise in sales to foreign countries was expected to come from a broad range of categories with traditional primary product exports showing the best growth rates.

This year's main export categories were unclassified items — which included gold — followed by base metals, diamonds and mineral products.

"Traditional exports like gold and diamonds have supported our growth in 1993. SA will only export higher quantities of non-traditional items like manufacturing goods when local industries become more internationally competitive," Teixeira said

The poor performers in 1993 were chemicals, textiles, pulp and paper and plastics, he said.

The manufacturing categories that showed improvement were exports of machinery, chemicals and transport equipment.

On the import side a steady growth was likely until the election, he said. If the political situation turned out well, imports could increase sharply.

The category that was expected to show the largest rise was imports of industrial materials and capital goods, Teixeira said.

GERALD REILLY reports that Safto CE Len van Zyl said an average of between three and five foreign trade missions a week had visited SA during 1993. (74G)

The private and government missions came from 23 African countries and 41 other countries worldwide.

Van Zyl said 1994 would see an intensification of interest with even more delegations arriving.

However, he cautioned against euphoria, saying expanded trade "will not just happen".

The hothouse industries that mushroomed behind tariff walls as part of a self-sufficiency policy would urgently have to become price and quality competitive or disappear. International markets had opened up, but there was no easy route to an effective penetration.

SA was increasingly seen as the hub of a vast region of more than 100-million people with an almost incalculable pent-up demand for consumer goods.

Van Zyl said it was clear too that international donor nations which had ploughed billions of aid dollars into Africa were likely to use SA expertise and financial and banking structure to help manage aid funds.

Van Zyl said a feature of an eventful year had been the 12-man mission to India which he had headed. Interest in SA as a trading partner was intense, but like most other countries, India was eager to sell as well as buy.

Johannesburg Chamber of Commerce and Industry promotions director Gordon Griffiths said the chamber had hosted 60 delegations during the year. It was clear that interest in stronger trade links with SA was likely to continue even in a disturbed political climate.

However, investment was something else. This would obviously depend on greater stability and on a new government's economic policies.

FOREIGN TRADE - EXPORT (GEIST)

1994

Competition is keen for export zones licences

BiDay 5/1/94

CHARLOTTE MATHEWS

A NATIONAL Economic Forum decision on certain aspects of export processing zones is still awaited, but meanwhile there are about five contenders for the two or three zone licences expected to be granted this year.

Gateway Park export processing zone marketing director Frans Badenhorst, whose company is involved in their establishment, said the main contenders for the licences were Cape Town, the Vaal Triangle, East London, Pietersburg and the PWV. Although the zones were initiated by the private sector, the scale of the projects required them to fit in with regional planning.

Trade and Industry Department deputy director-general Gerry Breyl said no final decision had yet been made on aspects of zones such as sites, when they would come into operation, the requirements for businesses and the benefits they would offer.

In November the department published a revised discussion document which proposed that businesses established in the zones would pay no company tax for 10 years and would be exempt from VAT, import duties, excise duties and surcharge payments. These businesses might also be able to transfer dividends, royalties and interest through the commercial rand without restriction, while exporting companies could hold foreign currency accounts with SA banks.

(749)

The zones were aimed at recently incorporated companies with new manufacturing capacity, but relocation of existing companies would be considered on merit. The entire production of each user would have to be exported.

Attorneys Hofmeyr Van der Merwe said in their latest Tax Newsletter that zones worldwide were established to create job opportunities, encourage the export of manufactured goods by domestic manufacturers and encourage foreign investment in the domestic market.

It quoted a recent World Bank estimate which showed that about 60% worldwide had been successful, while 10% were partly successful and 30% clearly unsuccessful.

"Whether or not an export processing zone succeeds in achieving its stated purposes depends to a large extent on the benefits which may be derived by export orientated manufacturers," the attorneys said.

A conference on export processing zones and other trade incentives will be held in Midrand on January 27 and 28. Speakers will include Breyl, Steel Engineering Federation of SA chief economist Michael McDonald, Cosatu national campaign co-ordinator Jayendra Naidoo and Reserve Bank GM, exchange control, John Postmus.

SA exports to Britain post healthy increase

CT 11/1/94 (74CT)

From LINDA ENSOR

LONDON. — SA exports to the United Kingdom rose by about 10% last year, executive director of the UK/SA Business Association, Nick Mitchell, said in an interview yesterday.

While the trade figures for December were not yet available, it appeared that UK imports from SA last year would amount to £950m. This compared with UK exports to SA of £1,1bn which represented an increase of about 3%.

Mitchell noted, however, that there were in addition about £1bn in invisible UK exports to SA annually in the form of shipping, insurance, consultative fees, banking and dividends.

He pointed out that the sharp rise in SA exports to the UK came off a very low base, as these had shown a significant fall of 10% in both 1991 and 1992.

UK exports to SA mainly comprised machine tools, power generation equipment, chemicals, and machinery.

Mitchell anticipated a growth in UK telecommunication and industrial electronic exports to SA in future. Also, the implementation of the new GATT rules could have a dramatic impact on UK/SA trade over time as the SA chemical and motor vehicle industries had been heavily protected in the past.

Mitchell also saw significant opportunities for UK exports in the development of SA's tourism industry which would require luxury coaches, textiles and exclusive crockery.

He said that a mission of black and white businessmen was due to visit Britain next month, sponsored by the British and SA departments of trade and industry.

Mitchell knew of about 20 to 30 modest UK investors planning investment in SA but said major investors were waiting until the after the election.

SA exports to UK rise 10% in 1993

LINDA ENSOR

LONDON — SA exports to the UK rose about 10% last year, UK SA Business Association executive director Nick Mitchell said yesterday. BIDCM

While the December trade figures were not available, it appeared that UK imports from SA would amount to £950m. This compared with UK exports to SA of £1,1bn, an increase of about 3%. 11/1/94

Mitchell also noted that there were about £1bn annual invisible UK exports to SA in the form of shipping, insurance, consultative fees, banking and dividends. The sharp rise in SA exports to the UK had come off a very low base, as these had shown a fall of 10% in both 1991 and 1992.

UK exports to SA consist mainly of machine tools, power generation equipment, chemicals and machinery. (749)

Mitchell expected a growth in UK telecommunication and industrial electronic exports to SA. Also, the implementation of GATT rules could affect UK-SA trade. He also saw significant opportunities in the development of SA's tourism industry.

A mission of black and white businessmen was due to visit Britain next month, the first of a spate of such visits.

Mitchell knew of about 20 to 30 modest UK investors planning investment in SA but major investors were waiting until after the elections. There was an awareness, though, that there were only a limited number of worthwhile investment opportunities, which would be rapidly taken up.

Call for free trade regime for exporters

CT 13/1/94 (74G)

From GRETA STEYN

JOHANNESBURG. — Trade reform in terms of GATT would have to be supplemented by measures to support export development, Industrial Development Corporation GM Philip Kotze said yesterday.

The impact of trade liberalisation was low — it would raise GDP only 0,35% — and its stimulus of export development could be overestimated if there were no positive measures to encourage exports.

Speaking at a conference on GATT, Kotze said SA would have to approach the phasing out of the general export incentive scheme by introducing a free trade regime for exporters. They should have duty-free access to imported materials used in export production.

Provision was already made for this in the Customs and Excise Act and adaptations to GEIS could be made to encourage fuller use of the measure. While GEIS incentives were based on local content, the formula could be changed to reflect neutrality between local and imported inputs.

Local suppliers of materials and components would have to sell at internationally competitive prices to exporters, Kotze said. A second way of suppressing the level of GEIS could be reclassification of products at present enjoying GEIS benefits.

GEIS exports represent about a third of total exports, but if left unchanged, would rise to more than 40% in a few years' time. GEIS had risen as a percentage of GDP from 0,3% in the 1990/91 fiscal year to 0,7% this fiscal year, he said.

"Tampering with GEIS does not serve the longer-term aim of becoming sufficiently competitive to be able to do without subsidies", and comply with GATT."

● Meanwhile, in Brussels, the Euro-parliament is insisting on the right to approve last month's historic GATT agreement, threatening a lengthy legal wrangle which could delay enactment of the vast trade-liberalising accord.

The Strasbourg Euro-MPs say they will take the EC commission to the European Court unless it accepts their right to say yes or no to GATT, which is due to be formally signed by all 118 contracting countries in Marrakesh this April.

M Jean-Pierre Cot, leader of the 198 Socialists who dominate the parliament, said Sir Leon Brittan, trade commissioner, must acknowledge the parliament's rights at their session next week. "We will go before the Court," he said yesterday.

A Luxembourg legal action, which could take up to a year, would paralyse the ratification of GATT.

Unlike the Maastricht Treaty, the GATT can survive even if it is thrown out by one or more contracting countries; but it would be worthless without EC approval.

UK bought 1m cases SA wine

Own Correspondent

LONDON. — About a million cases of South African wine were sold on the UK market in 1993 — a target the industry expected to reach only in 1995.

The growth in consumption of South African wines has been spectacular since 1990, when only about 190 715 cases were sold, Wines of SA director Mr Rupert Pononsby said yesterday.

The figure was 307 614 cases in 1991 and 604 355 cases in 1992.

Mr Pononsby said consumption of South African wine in the UK had overtaken that of competing new wines from Chile, California and New Zealand, but not yet reached the level of Australia.

By the end of October 1993, 7,2 million litres of South African wines had been imported into the UK, compared with 4,5m litres from New Zealand, 3,7m litres from Chile and 34,3m litres from Australia.

Total UK wine imports during this period amounted to 88,4m litres.

CT 14/1/94

Wines of SA, originally set up by the KWV, is responsible for about 90% of South African wine sales in the UK. (482)(74C)

FOREIGN TRADE

FM 14/1/94

Challenges and opportunities

(94G)

Exports soared in the sanctions years. Now the outlook is even brighter.

By raising huge hurdles for SA businesses, more than seven years of sanctions may well have boosted export industries.

The pressing need for forex earnings since 1985 made exports a policy priority. And the steep devaluation of the rand after foreign credit facilities were withdrawn that year made SA goods more competitive.

These benefits came with a price tag: several years of high and rising inflation following the currency devaluation, and the cost to taxpayers of subsidising export promotion schemes. But they explain, in part, the remarkable rise in exports over a period when many countries were trying to bar or reduce their imports from SA.

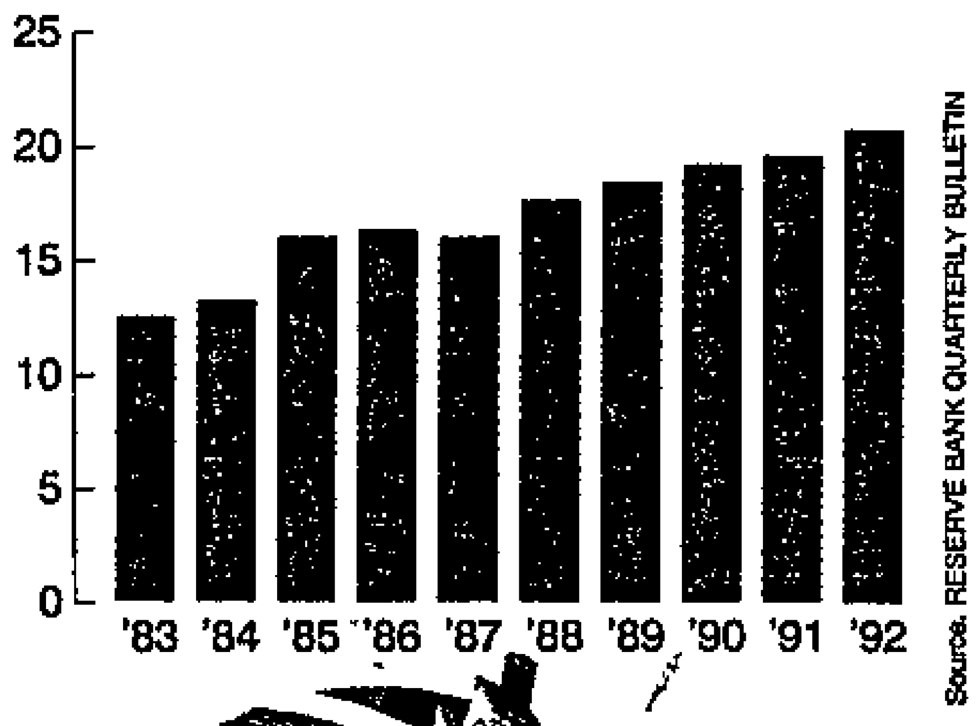
Working in SA's favour was strong international growth in the Eighties. The rise in demand proved stronger than political pressure to boycott SA. Nedcor Bank economist Kevin Lings, who is preparing a report on the effects of sanctions on nongold exports, says in the EC, particularly, there was lack of will to impose strict sanctions, except against coal and basic iron & steel.

According to *SA Coal Report*, purchases by the EC fell from 25 Mt in 1985 below 20 Mt in 1987. But sanctions were not applied uniformly. Chamber of Mines economist Roger Baxter says: "While some countries, such as France and Denmark, cut coal imports, more went to Germany and the Mediterranean countries."

Only in the US was political will strong enough to impose effective sanctions, and then mainly on iron & steel — which, Lings

whole page
FM 14/1/94 (74G)

Real merchandise exports to GDP: rising ratio



says, "fell from 30% of total exports in this category in 1977 to 21% in 1982 and 15% in 1992."

For the most part, it was business as usual — though exporters paid a premium in time and transport costs, routing goods around formal barriers. According to the IMF, SA exports rose from US$10,4bn in 1985 to $22,2bn in 1989 and $23,9bn in 1992.

Export activity has produced a trade surplus every year since 1985 and cured local producers' earlier reputation for being fickle suppliers. Previously many dabbled in exports and pulled out when the SA economy expanded. During the sanctions years, which were accompanied by two serious recessions, minds were clearly focused on the need to maintain foreign trade links and forge new ones wherever possible.

With gold easing to a low of $326/oz early last year, most growth was in nongold exports. The Reserve Bank *Quarterly Bulletin* shows volumes of nongold merchandise exports rose nearly 30% between 1985-1992. As a ratio of GDP, they rose from 12,5% in 1983 to 20,7% in 1992 — based on constant 1985 figures, which eliminate inflation.

A January 1992 IMF study, *Economic Policies for a New SA*, states: "Notwithstanding the application of trade sanctions since 1985, (nongold) exports have grown at an average of 10% a year or by about twice the rate of growth in (world) trade."

So the past decade has produced a structural change in exports, with more commitment and an increasing emphasis on the nongold component, including manufacturing.

At the same time SA has been seeking new trading partners. IMF figures (see *Economy* and graphs) show strong growth in trade with the Far East and Africa — which accelerated when SA adopted a new political profile in the early Nineties.

According to Frank Dunlop of First National Bank's International Business Centre, exports to Africa and Asia have increased, while import growth has been in trade with Asia, Europe and the Americas, particularly South America.

Lings says imports from Asia have climbed from 14% of the total in 1982 to 23% in 1992, exports from 13% to 18%. "Some growth has been with new trading partners like Thailand and Singapore. They didn't feature at all in 1982 but accounted for about 1% each of total trade in 1992.

"Asian growth has been primarily in traditional export items: coal, iron & steel, other minerals, and secondary mining products. To Africa, export growth has been largely in consumable items: food, beverages, tobacco products and the like."

He believes growth in Asian exports wasn't exclusively sanctions-related: "There may have been a shift in that direction, anyway, given the growth in those economies and their consequent rise in imports."

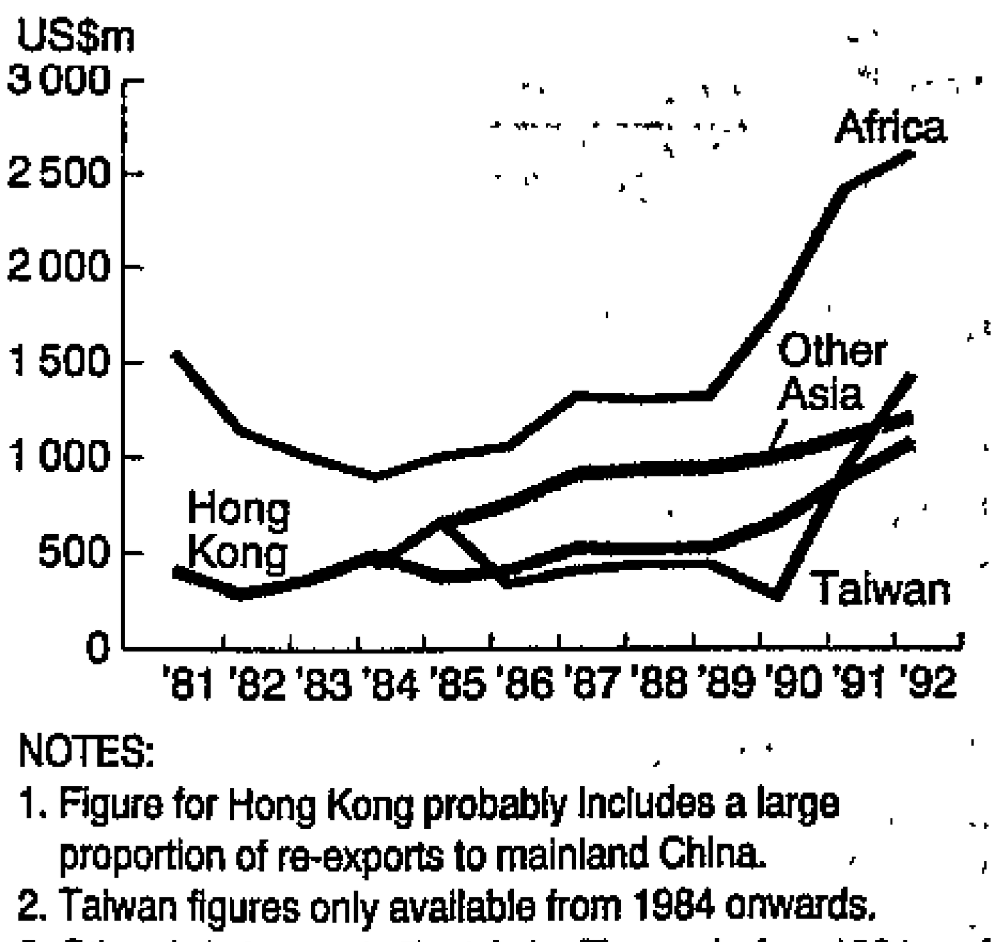
Taiwan, which took 4,5% of SA nongold exports in 1982, bought 12% in 1992. Coal exports to South Korea, Taiwan and Hong Kong climbed from 5 Mt in 1985 to 13,8 Mt in 1989. These markets helped total coal export volumes rise 62,2% in 1981-1991.

Steel was another industry that exploited the Asian opportunity. Says Iscor PRO Neels Howatt: "When certain markets, like North America and Europe, closed to Iscor's exports, we successfully developed other markets, particularly in the Far East/Pacific Rim countries, which enabled us to continue exporting excess capacity."

Now that sanctions have ended, Iscor has been able "to reactivate marketing networks which were operative when sanctions were imposed. But our main exports are still to markets developed in the sanctions years."

New markets

Combined trade (imports and exports)



NOTES:
1. Figure for Hong Kong probably includes a large proportion of re-exports to mainland China.
2. Taiwan figures only available from 1984 onwards.
3. Other Asia is mostly East Asia. Figures before 1984 would probably have included Taiwan, so are excluded to avoid distortions.

Source: IMF

Post-sanctions, new opportunities emerged in the Far East — in fast-growing communist China, as it experimented with market policies and trade liberalisation, doubling its share of world trade in a decade.

Once again Iscor benefited, says Howatt: "China's crude steel production increased by 13% to 80 Mt in the past year. It is a major importer of iron ore, of which our Sishen mine supplied a substantial amount." Iscor plans to open an office in Beijing "to ensure further development in this market."

The benefits of SA-China trade move mainly in the opposite direction. Lings' analysis shows a R154m trade deficit with China in 1992. SA's largest import category is textile & textile articles — R140m.

By far the biggest export — R251m of a total of R498m — is in vehicles & equipment. Says Volkswagen communications manager George Platt: "This represents the 8 100 Jettas supplied by VW SA in 1992 against an order for 12 500 received that year from a joint venture between VW Germany and FAW, a Chinese government-backed organisation.

"An order for 17 000 more Jettas, placed in mid-1993, was frozen in November, while China works out its forex problems. It now looks as if it will continue. On completion, the total order would be worth R500m."

Also showing interest in SA are India, Pakistan and Australia, says Gordon Griffiths, of the Johannesburg Chamber of Commerce & Industry. Countries which imposed stringent sanctions and are now potential growth areas are Singapore, Malaysia and Indonesia, says Webber Wentzel international trade partner Leora Blumberg.

Of course many of our new customers are eager to establish export markets for themselves. "India," says Griffiths, "is aggressively marketing textiles, leather products, jute, tea and rice. And investors are interested in joint ventures — mainly in India." In 1992, SA recorded an R89,5m trade deficit with India, according to Lings. Of total imports from India worth R109,6m, R40,2m consisted of textiles & textile articles.

His analysis also shows a deficit in trade with Singapore — R352,8m. Of imports worth R645,2m, R299,3m was machinery & electrical equipment. There was also a R380m+ deficit with Malaysia. SA's biggest import item was R154,5m fats & oil — mostly cottonseed and sunflower seed oil.

Overall trade with Asia, however, created a surplus of nearly R300m in 1992.

Trade with the Middle East is still comparatively small. SA has had dealings mainly with Iran and Israel, says Natal University's Gavin Maasdorp. But there are opportunities in other states where Maasdorp sees "a competitive advantage in foodstuffs, steel and building materials."

Baxter sees potential for arms exports to this region.

Trade with Africa has been significant. Says Lings: "In 1982 it was about 5% of the total; in 1992, 9%." Customs & Excise figures cite Africa as the destination for 15% of nongold exports — more than the US's 10%.

Lings fears limitations to this market. "There's little demand for the kind of goods we sell to industrialised countries. And exporters have had difficulty getting paid. A large proportion of exports to Africa are re-exports of machinery & equipment. This, together with food products, is likely to remain the predominant trading pattern."

But a number of exporters are finding the continent profitable — among them Andrew Martalas, MD of Tiger Oats subsidiary Imex International. "We have seen strong and consistent growth in an undertaking started two-and-a-half years ago — exports of finished goods to Africa. Main destinations are Mozambique, Zambia and Malawi."

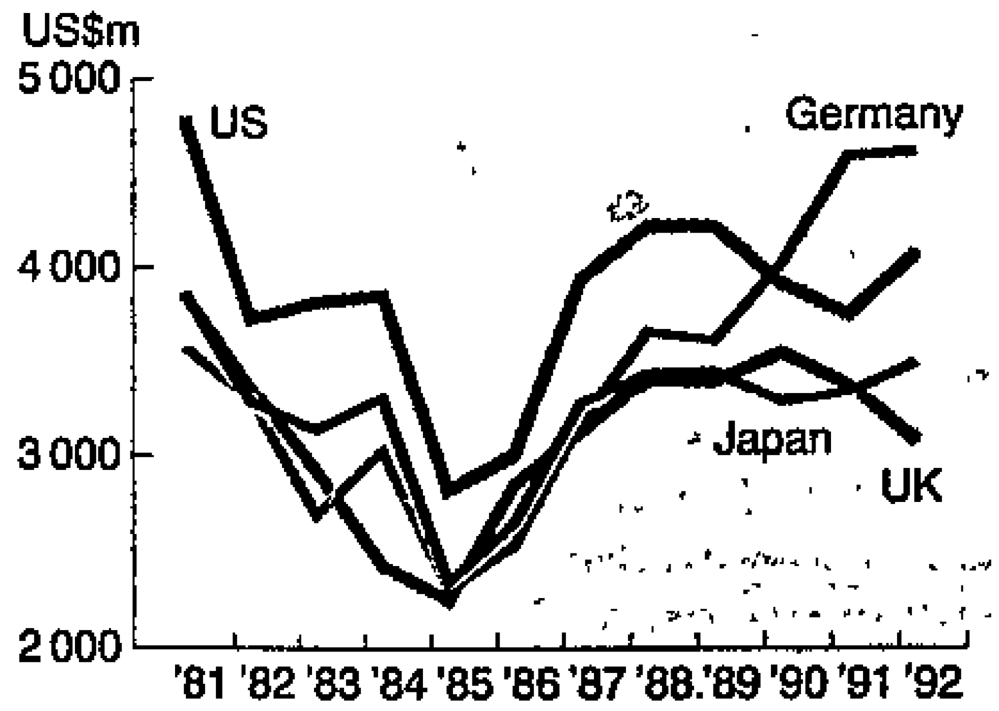
Customs & Excise notes a R4,7bn trade surplus with the rest of Africa in 1992. Griffiths says that, in 1993, many of the 60 trade missions and delegations to visit SA came from Africa — Egypt, Ivory Coast, Congo, Gabon, Cameroon, Zaire, Ethiopia, Kenya and Tanzania.

Activity has accelerated in recent months, especially in December when, Griffiths says, "we were exceptionally busy providing certificates of origin — especially for goods bound for Mauritius, Zimbabwe and other African countries." Lings' research shows that, in 1992, SA had trade surpluses with these countries: Mauritius R379m; Zimbabwe R791m; and Zambia R1,1bn.

Main exports were: to Mauritius, R94m base metals & articles; to Zimbabwe, R384m base metals and articles; to Zambia, R212m machinery & electrical equipment.

However, traditional trading partners remain the major players — the US, Germany, the UK and Japan. Lings established that total trade with the US and Germany in 1992 amounted to nearly R12bn each, with UK trade worth nearly R10bn and with Japan over R9bn. In each case SA imported more than it exported and a major item was machinery & electrical equipment.

Industrialised countries



Deficits amounted to:

- ☐ The US, R2,3bn. Imports R7,1bn (machinery & electrical equipment R2,4bn);
- ☐ The UK, R856,2m. Imports R5,4bn (machinery & electrical equipment R1,8bn);
- ☐ Germany, R5,6bn. Imports R8,6bn (machinery & electrical equipment R3,3bn); and
- ☐ Japan, R1,8bn. Imports were R5,6bn. The biggest item was R2,4bn on vehicle & equipment; R1,7bn went on machinery & electrical equipment.

The largest export category to the UK, US and Germany was "other unclassified," mainly gold:

- ☐ R485m to Germany;
- ☐ R2bn to the US; and
- ☐ R1bn to the UK.

The most important export to Japan was mineral products at R1,2bn, followed by base metals & articles, R938m.

Blumberg says that the dismantling of US sanctions creates enormous potential. "The North American Free Trade Agreement, signed recently by the US, Canada and Mexico, and the harmonisation of those countries' trade legislation will improve access to all three — though Nafta is not a customs union like the EC."

Asian markets too are clearly growth areas; and trade with Africa has possibilities.

Sanctions may have presented a challenge which spurred exporters but there is no way of measuring the cost of lost opportunities. "Local coal producers were often in a weaker bargaining position than their competitors," says Baxter, "so discounts were given. And business was lost because, all things being equal, customers would choose an alternative to SA.

"The 50,1 Mt we exported last year, though making us one of the world's top five exporters, might have been higher were we able to contract normally, especially during 1985-1990, when other producers were able to increase market share."

Post-sanctions, other obstacles emerge. Baxter warns: "Re-entry to normalised trade has already proved difficult because of coal oversupply, new producers and weak economic activity in industrialised countries."

In the long term, though, now that SA has shed its shackles, exporters should be able to improve their already impressive performance. ■

Exporters set new records

Star 18/1/94

■ BUSINESS STAFF

Exports boomed last year.

Figures issued by Customs and Excise show they jumped almost 18 percent from R67,4 billion in 1992 to R79,5 billion in 1993.

This was a notable achievement as commodity prices were depressed.

Imports rose 13,9 percent from R51,9 million to R59,1 million. The overall result was that the trade surplus jumped 38 percent from R14,8 billion to a record R20,4 billion.

A rise in export sales of precious stones by 42 percent to R10,14 billion made a major contribution to exports.

(~~74F~~) (74a)

Exports of unclassified goods (mainly gold and platinum) rose by 22 percent to 29,93 billion, while base metal sales gained five percent to R9,92 billion.

Imports last year were led by machinery, up 15 percent to R17,17 billion and transport equipment, 35 percent higher at R8,93 billion.

Europe remained the prime market for SA's exports. Exports to the continent were up by 12 percent to R25,79 billion while imports grew by 13 percent to R26,38 billion.

Imports from Asia surged by 32 percent to R15,62 billion while SA's exports improved by 17 percent to R14,22 billion. Trade with Africa intensified as exports to the north of the Limpopo rose by 16 percent to R6,93 billion and imports showed a strong increase of 25 percent to R1,64 billion.

The slowest growth in overall trade was recorded with America, as the US only lifted its remaining trade sanctions late in the year. Exports to the continent were 9,5 percent higher at R6,75 billion, while imports firmed by five percent to R9,32 billion.

The monthly figures show that exports dropped in December to R6,26 billion from R7,5 billion in November. Imports declined, from R5,6 billion to R4,3 billion.

Russians facing the Crunchie

CT 19/1/94

188

749

Own Correspondent

PORT ELIZABETH. — Cadbury SA has been awarded a multi-million rand contract to export South Africa's Lunch Bar and Crunchie chocolate brands to Russia.

Managing director Mr Piet Beyers said that the company, with its head office in Port Elizabeth, had already started exporting the chocolates.

Russians are now able to enjoy the "much more munch" of the uniquely South African Lunch Bar. The Crunchie line, an international brand, forms the other part of the contract.

Mr Beyers also said the US-based Wrigley company had appointed Cadbury as distributor of its chewing gum brands in South Africa.

Russians munch SA-made Crunchies

PORT ELIZABETH — Cadbury SA has been awarded multimillion-rand contracts to export SA chocolate brands Lunch Bar and Crunchie to Russia. BDay 19/1/94

MD Piet Beyers said the company had already started exporting the chocolates. He would not disclose the value of the contracts. The chocolates are being distributed from St Petersburg and Moscow.

Negotiations with the Russians started last year and Beyers visited the country in September to explore this "very big chocolate market", that had tremendous potential for exports. (74G)

Own Correspondent

Cadbury won a six-month contract for Lunch Bars at the end of last year and the order was recently extended. The company was expanding its manufacturing capacity at its Port Elizabeth plant to cope with the increased volume, Beyers said.

The Crunchie contract had just been awarded and other inquiries for chocolate and sugar products were being negotiated.

□ Beyers said the Chicago-based Wrigley Company had this month appointed Cadbury its SA distributor of chewing gum.

China resumes Volkswagen imports

MICK COLLINS

VOLKSWAGEN SA yesterday confirmed that it was to resume exports of left-hand-drive Jettas to China. BDay

VWSA MD Peter Searle said an order for 3 800 units had been placed. 2/11/94

The order followed uncertainty about further exports after the project was placed on hold at the end of last year.

Worth about R125m, the order guarantees shipments until June and indications are that further orders may be forthcoming in the second half of the year. Since exports to FAW-VW China began in May 1991, VWSA has shipped 15 282 vehicles.

"This comes at a time when VWSA has achieved a significant improvement in productivity and quality, and this further enhances the positive future forecast for 1994. It also secures the positions of about 720 employees employed exclusively for the China project for the duration of this contract," Searle said.

The Jettas will be exported in semi-knocked down form to the FAW-VW Automotive Company in Chang'Chung city. The company is a joint venture between Volkswagen AG in Germany and the Chinese government. In terms of the original plan VWSA was to have exported 30 000 cars, worth about R500m, by the end of 1994.

The Chinese government halted the imports in November in an attempt to stop the heavy use of foreign exchange which was overheating its economy. (74G)

Motor industry's exports are soaring

B/Day 21/1/94

MICK COLLINS

FOLLOWING the lifting of sanctions, automotive industry exports soared 24% last year to R1,8bn, the National Association of Automotive Component and Allied Manufacturers (Naacam) said yesterday.

Exports of completely built-up vehicles accounted for R530m, while component exports were R1,3bn. (74G)

Total automotive exports were R1,5bn in 1992 and R900m in 1991.

Naacam president John Brandtner predicted that exports would continue growing, eventually making up more than 50% of the component manufacturing industry's output.

"The component industry's exceptional export achievement has come about via success in meeting international quality standards and the past four years' car market slump which has encouraged component manufacturers to find buyers elsewhere in the world."

The success was also a result of a commitment to skills training and excellent research and development.

"We have proven our industry's ability to address productivity and achieve global quality standards. This has helped us survive a four-year economic recession and has strengthened us to be more prepared and confident about our ability to face future challenges."

Brandtner said the motor industry development programme, which was likely to succeed the present local content programme, would encourage model rationalisation, which in turn would improve economies of scale in component manufacturing. This would further enhance the international competitiveness of component companies.

He said exports were still being hamstrung by factors such as the soon to be abolished Phase Six of the local content programme, which prevented component manufacturers gaining direct aceess to export incentives.

Also hitting the industry was the high cost of capital equipment and raw material protection, and the uneconomic production runs caused by the small and highly fragmented local vehicle market.

"We need increased material local content in SA motor vehicles in order to achieve longer component production runs, lower unit cost, less dependence on expensive component imports and less exposure to exchange rate fluctuations."

Brandtner said SA components were being exported worldwide to manufacturers using SA parts as original equipment in vehicle production, as well as to major international parts wholesalers and distributors.

'Demand for SA products grows'

By AUDREY D'ANGELO
Business Editor

(74G) CT 22/1/94

GERMANY offers a growing market for SA food and wine exports, says its vice-consul in Cape Town, Jürgen Kurzhals.

A statement issued by the consulate this week quotes market analysts as saying: "As one of the leading African producers of fresh fruit and vegetables, processed food, meat and meat products, alcoholic and non-alcoholic beverages and fish, SA can benefit from the growing demand for these products in Europe."

A spokesman for Unifruco confirmed yesterday that Germany has become as big a market as the UK for SA fruit.

"Germany is now our biggest market for table grapes and they buy the full spectrum of other fruit from this country, from apricots to apples."

Pamela Murray, who heads the SA Foreign Trade Organisation (Safto), European desk, said: "The German market has opened up tremendously, particularly in the last six months.

"In addition to selling directly to German customers, some of the goods SA sends there are re-exported to other countries, particularly in Eastern Europe. Germany has traditional ties with Eastern European countries, particularly Hungary, Poland and Czechoslovakia.

"If there is a problem in exporting to these countries it is easier to go through a German trading house or exporter."

The statement issued by the German consulate in Cape Town this week says SA's participation in the Anuga World Food Market in Cologne in 1993 "helped to focus attention on the growing marketing protential in Europe for its food items and beverages."

The statement points out that the European Community is the world's largest market for food. And Germany accounts for the lion's share of food imports.

● The SA Tourism Organisation (Satour), has been running a joint marketing campaign with German airline Lufthansa for the past year.

Lufthansa now has seven return flights a week between Germany and SA — three from Cape Town.

The latest figures available from Satour show Germany in second place, behind the UK, in a list of the top 20 incoming tourist markets.

Wine sales to UK soar

Own Correspondent

LONDON. — Newly released figures on SA wine sales in the UK in November showed a dramatic increase in sales, with 1,47m litres being sold compared with the 844 974 litres in November last year

In October last year 932 903 litres were sold.

The November figures bring total SA wine sales in the UK in 1993, excluding December, to 8,7m litres compared with 40,8m litres of Australian wine sold, 25,8m litres of Bulgarian wine and 10,4m litres of US wine.

SA wine sales were ahead of sales of wines from Hungary, New Zealand and Chile.

'Static year for Langeberg'

B/Day

EDWARD WEST

CAPE TOWN — Unchanged deciduous fruit exports by Langeberg would probably offset a minor improvement in earnings from local sales, MD Ray Brown said yesterday.

Speaking at an Investment Analyst Society presentation, Brown said the group's export operating arm, Langeberg Foods International, foresaw no early demand increase from its major markets in recession-hit Europe.

Positive factors to affect exports would derive from measures taken last year to improve productivity.

The group's earnings fell 23,4% to 41,9c (51,7c) a share in the year to end-September 1993. The operating margin fell to 11% (13,9%).

25/1/94

Academic has doubts about export zones

BDay 28/11/94

MUNGO SOGGOT

EXPORT processing zones (EPZs) would not solve SA's economic plight, Rhodes University lecturer Etienne Nel warned yesterday.

He told the EPZ and other trade incentives conference that the "radical alterations in economic policy" which EPZs might require could threaten the needs of SA industry.

He outlined some of the negative aspects of EPZs which had emerged from international experience. One of their disadvantages was that their contribution to national economies could be quite small, as in Taiwan and Korea where EPZs accounted for under 3% of total exports.

Another disadvantage was that profits from EPZ host countries often left the host country, limiting actual foreign exchange earnings. According to the Industrial Development Corporation, foreign exchange earnings could often be as low as 15%-25% of the total national value of their exports. (14G)

"Arguably one of the most serious weaknesses of an EPZ-oriented policy stems from their inherent vulnerability to global economic trends," he said. The present potential for global recession threatened future EPZ-based strategies.

Nel said: "Probably the biggest single consideration which will determine the implementation and viability of EPZs in SA ... is the labour issue." He said SA's labour movements were clearly not in favour of EPZs, making it imperative that government and business did not "steamroller the passage of EPZs".

However, EPZs could offer SA numerous advantages — including greater international integration and the encouragement of foreign investment — if they were set up with "due regard for their limitations and SA's employment needs and labour views".

They could help create jobs, introduce new skills and stimulate local retailing and services.

JOHN DLUDLU reports Gateway Park director Neels de Villiers said SA had to move quickly in establishing export processing zones to beat the 1995 deadline of the phasing out of export subsidies.

He said SA's planned EPZs should be fully operational by July next year when all export subsidies were expected to be phased out in terms of GATT requirements, including the general export incentive scheme administered by the Trade and Industry Department. By 1996 the country's export promotion policy should aim at "free trade status" in keeping with the Uruguay Round of GATT talks.

Wesgro chief calls for EPZs

(749)

MARC HASENFUSS
Business Staff

ARG 29/1/94

WESGRO executive director David Bridgman came out strongly in support of export processing zones (EPZs) at an EPZ conference in Johannesburg this week.

EPZ proposals are currently under consideration by the National Economic Forum.

Arguing that the Uruguay round of Gatt has brought about a fundamental change in South Africa's export environment, Dr Bridgman urged business and labour delegates on the NEF to put aside their vested interests and support EPZ proposals.

He said these were a first step in creating a climate for long-term economic growth.

"It is imperative for South Africa to become export-focused if we are to achieve sustained economic growth."

He said the EPZ proposals to the NEF were a major step forward — but he stressed that they would mainly meet the requirements only of new and, particularly, foreign investors.

"It is now necessary to focus more attention on the needs of domestic investors, addressing both export and local markets."

ANC assets threat 'no cause for alarm'

STimes (Buss)

By KEVIN DAVIE

LIFE assurers are making light of the ANC's threat to use prescribed asset requirements to compel them to invest in socially desirable projects.

They believe prescription will be unnecessary.

"I'm bullish that the industry can be part of the solution without prescription," says Sanlam managing director Desmond Smith. 30/1/94

Mr Smith says the new government could provide guarantees to reduce risk and secure market-related returns for investors.

The latest draft of the ANC's reconstruction and development programme says that if excessive risk aversion prevents major financial institutions from socially desirable investments, the government "should consider some form of legislative compulsion such as prescribed assets".

Mr Smith says financial institutions can play a useful partnership role with government so that money goes to needy areas.

Life Offices Association (LOA) figures show that assurers had assets of R235-billion last June.

This included R122-billion in shares (including unit trusts), R13,8-billion in notes and deposits, R49-billion in public-sector stock and loans and R27-billion in property.

Assurers have R49-billion in government and parastatal stock.

Property was Sanlam's best-yielding investment last year. Only about 4% of Sanlam's property portfolio is unoccupied.

Mr Smith says stringent requirements have to be met before Sanlam makes new investments in property.

LOA director Jurie Wessels says it would be naive to believe that prescribed assets will not be on the agenda of the next government. Mr Wessels says that with prescribed assets will come a bureaucracy to manage expenditure.

"There is no shortage of money; there is a shortage of feasible projects. This can mean you get a pool of money which you can't spend. The bureaucracy then consumes the money."

The life business is looking to its Investment Development Unit (IDU) to assist through creating instruments to facilitate new investment in development.

Peter Barbe, formerly of BMW, was recently appointed chief executive of the IDU. He is under pressure from assurers to develop these instruments.

The IDU has with Eskom launched electrification participation notes to raise funds for the electrification of houses for low-income earners.

It is believed that the IDU is unlikely to launch development initiatives before the election.

Fraud delays Geis refunds

CIARAN RYAN

EXPORTERS face delays of up to nine months in receiving payments under the general export incentive scheme (Geis) as the Department of Trade and Industry clamps down on fraudsters. ST Times

A sharp increase in exports is also blamed for the delay. However, there are fears that some exporters could go under waiting for their money. 30/1/94

Dennis Jones of Prime Pine products, a timber exporter based in George, says he had to wait four months for a Geis claim of R450 000. His claim was settled after appealing to the Minister of Trade and Industry. He was told he would have to wait six to nine months for his claim to be settled.

A Department of Trade and Industry source says there are 4 000 backlogged Geis claims. Only 700 are processed each month.

"The delays are caused because of new measures designed to clamp down on fraudulent claims," says Mr Jones. "But in the process, law-abiding companies are being put at risk."

(149)

Deputy director-general for Trade and Industry Gerrie Breyl says: "It is indeed so that claims where irregularities are discovered or suspected could be delayed for many months. Processing has been slowed down by extra control measures."

Mr Breyl says the normal processing time for claims where no fraud is suspected has increased from the three months to four months.

Geis is expected to cost the fiscus R1,6-billion this year, but the figure could be higher because of the increase in exports.

BMW SA set to export worldwide

MICK COLLINS

BMW SA is investing more than R100m at its Rosslyn plant in preparation for the export of fully built-up cars to world markets. BDay 1/2/94

The move will see the company drastically cut back the manufacture of its current model range in SA, with one source suggesting the production of just two models, down from 10.

BMW SA MD Rainer Hagemann said with the lifting of sanctions BMW in Munich would take full advantage of its investments in SA.

"It has been clear for many years that simply producing a wide range of models — everything from the 316i to the 850i coupé — for the domestic market did not make business sense. A major effort is being made by BMW SA to bring costs in line with world competitive standards.

"It is expected that BMW SA will start exporting cars to world markets towards the end of 1994, beginning with modest volumes," Hagemann said.

It was essential then that BMW SA reduced its number of models. "This is the only option available to successful exporting. This would mean replacing those models that are no longer going to be built in SA with cars imported from Germany.

"And in order to ensure that our customers in SA benefit from our export project, these cars would have to be imported at preferential duty rates," he said.

This in turn would depend on the outcome of the restructuring of SA's local content programme. (74G)

"With BMW SA now able to apply economies of scale in terms of volume production there is no doubt that this export programme will not only benefit BMW owners but the whole of SA.

"Higher-volume production will mean that car price increases will be slowed down significantly, given exchange rate and inflation rate stability. SA will also undoubtedly benefit from foreign currency earnings," Hagemann said. "Where BMW SA will export to is not yet known."

Last year the company's exports totalled R450m — about 25% of the SA motor industry's total exports.

EXPORT PROCESSING ZONES

Fm 4|2|94

Maybe never

Don't hold your breath for free-trade areas in SA. Export processing zones, one of the official names they go by, were investigated by official commissions in 1978, 1986 and 1992; there was a formal proposal to government in 1992 and hoped-for approval by parliament last year, until Gatt hogged the limelight. (74G)

Now the National Economic Forum is looking into them again. But "probably not before the second half of this year" will we see even the most preliminary export-zone action, says Seifsa economics division head Michael McDonald, a key player at the forum. "If not late this year, maybe next year. Maybe never."

Why, when there are export-zone success stories all over the world? When there's such a big push here to export in order to create jobs? When SA is clamouring for the foreign investment that a free-trade area would bring? When, according to Frans Badenhorst, of export-zone lobby group Gateway Park, an American aircraft concern is itching to produce planes here, if Gateway Park's proposed zone in Cape Town could get off the ground?

Fm 4|2|94

The answer is controls, McDonald says, meaning not enough of them. "There are already massive abuses of the General Export Incentive Scheme. If we don't have a proper monitoring system, what's happening with Geis will multiply twentyfold with export zones." But Customs & Excise commissioner Daan Coleski says the department has agreed to export zones in principle and "when we get the go-ahead, certainly we will be able to provide customs control. We will need additional staff, but it is not as if staff will have to double overnight" (*Business & Technology* May 28). (74G)

Trade unions are also opposed to exports zones under the current proposals. "We don't believe export zones are the answer to the export-promotion problem," says Numsa's Alec Erwin. "They give short-term incentives that can easily be matched by any neighbouring country. We are looking at a whole package of policies to improve the general export environment."

Erwin says unions are particularly worried about the scrapping of labour legislation in any kind of free-trade zone. He'll be participating in a meeting between business and labour to discuss export zones further and will report to the forum's trade policy task force.

But probably not soon. Export zones are only a small part of a long-term trade and industrial policy investigation that the forum is undertaking in order to make recommendations to government. Local industries still suffer under export-squelching inflation, labour costs and tariffs.

So why aren't exporters piling on the pressure for the zones? Ove Arup consultant Terry Markman, an export zone specialist and lobbyist for a zone on the East Rand, says they will, soon. "The anti-zone lobby has become more lively recently. This will result in the pro-zone lobby realising that it can't sit back."

But McDonald and Badenhorst both say that many local exporters don't really want export zones. They're worried about losing their Geis benefits — under Gatt, Geis is due to be changed or phased out by the end of March 1995 — and at the same time facing competition from foreigners in export zones who get tax breaks and incentives they don't. They are concerned because SA companies may not be allowed to relocate to export zones, as has often been proposed.

Badenhorst wants export zones to replace Geis and pave the way for deregulation countrywide. "We're looking at export zones as a training ground for an open economy. Free trade is the name of the game. I've said it so many times it's getting boring."

Adds McDonald: "The reason to have export zones here is not to attract foreign investment but to change the current system, which is so heavily loaded against exporters. To try to set up an enclave that shows what all of SA should look like in 20 years." ■

Exports booming

(746)

ARG 5/2/94

MARC HASENFUSS
Business Staff

WESTERN Cape industries have shown much grit and determination in offsetting the severe domestic downturn by securing footholds in overseas markets — now worth several billions of rand.

The fruit industry has made lucrative inroads into the international arena. Unifruco estimates that exports in the current year will reach R1,7 billion — well up from last year's R1,45 billion.

The positive trend in wine exports is also continuing with sales of packaged wine shifting up by 14 percent to 2 million cases (about 18 million litres).

The clothing industry has made good in a survival bid through exports. Facing increasingly severe local trading conditions, clothing manufacturers were forced to look elsewhere for their profits. Now between 10 and 30 percent of clothing production is earmarked for overseas and this year total export revenue earned could total as much as R700 million.

Cape Chamber of Industries deputy director Colin Boyes pointed out that Cape Town's share of the GDP has risen from 11 to 13 percent in recent years — mainly on the back of an increased export effort from local industry.

He said that short of foreign currency pouring in — which is unlikely at this stage — the only other way of realising economic growth was through exports. "We should see exporting companies as our champions."

This week sees the launch of the fourth Cape Chamber of Industries/Weekend Argus Western Cape Exporter of the Year award. The award aims at encouraging industries to move their wares into offshore markets by honouring those local companies which have notched up exceptional export performances in 1993.

This prestigious award produces competition of the highest calibre. Past winners — Consani Engineering, Macadams Manufacturing and Petrel Engineering — have set high standards.

Besides the main prize, smaller companies — those with turnovers of less than R10 million — can vie for the Safmarine Trophy for Outstanding Achievement in Exporting.

In addition, sectoral awards will be made again this year. The Seifsa Trophy will again be presented to the top exporter in the engineering field. Negotiations for an award to honour the best exporter in the clothing sector are also close to completion.

The closing date for entries is March 26 and the five finalists will be named on April 15.

Criteria for judging this year's exporters will be based mainly on:

■ **RESULTS ACHIEVED:** History of export achievements, value of export sales, improvement in export sales and orders gained against competition.

■ **SUSTAINABILITY:** Basis for future business, long-term contracts or one-offs, continuation of marketing efforts.

■ **INNOVATION:** Breaking through in particularly difficult markets, development of new marketing techniques, product research and development.

■ **DOWNSTREAM IMPACT:** Job creation, overall effect of the company and impact on industry.

The competition is open to all manufacturers in the Western Cape who export products of South African origin. Judging will be based on the best export performance in relation to company size.

Weekend Argus will publish overviews on the finalists in successive Saturday issues.

The name of the winner will be announced at an awards banquet to be held at the Mount Nelson Hotel on June 2. Clem Sunter, head of Anglo American's gold division, will be the guest speaker.

To obtain an entry form, fill in the attached coupon.

IT'S YOUR CHOICE! Colin Boyes sees exporting companies as "our champions".

WEEKEND ARGUS/CCI
EXPORTER OF THE YEAR

NAME OF COMPANY: ______________________

ADDRESS: ______________________

____

TELEPHONE: ______________ FAX: ______________

CHIEF EXECUTIVE: ______________________

To the Exporter of the Year Competition, P O Box 1536 Cape Town 8000. Fax 419-5982.
Telephone 215180 ext 227.

Export demand in top gear

ARGS 5/2/94

744

Supplement compiled by Ian Shiffman

OPTIMISM for business opportunities and increased demand for South African products have been shown by the various sectors involved in freight, forwarding and transportation.

Since the removal of sanctions against South Africa many new avenues for business have prompted the industry to gear up for future trade and equip themselves to handle methods of business for the 1990s.

Enormous strides have been made in the courier business — with fast, efficient service at cost-effective prices being the key to success.

With trade fairs promoting South African products becoming more regular, exporters are being educated how to compete in the international arena.

A boost to Cape exports is the increase in foreign airlines flying into Cape Town, offering fast delivery of products directly to overseas destinations.

Singapore Airlines and Air Malaysia will begin services to Cape Town next month and other airlines have indicated that they will be flying to Cape Town later this year.

Meanwhile, South African Airways continues to include Cape Town in more of its flights, with a new Monday departure to Paris and Manchester already in operation.

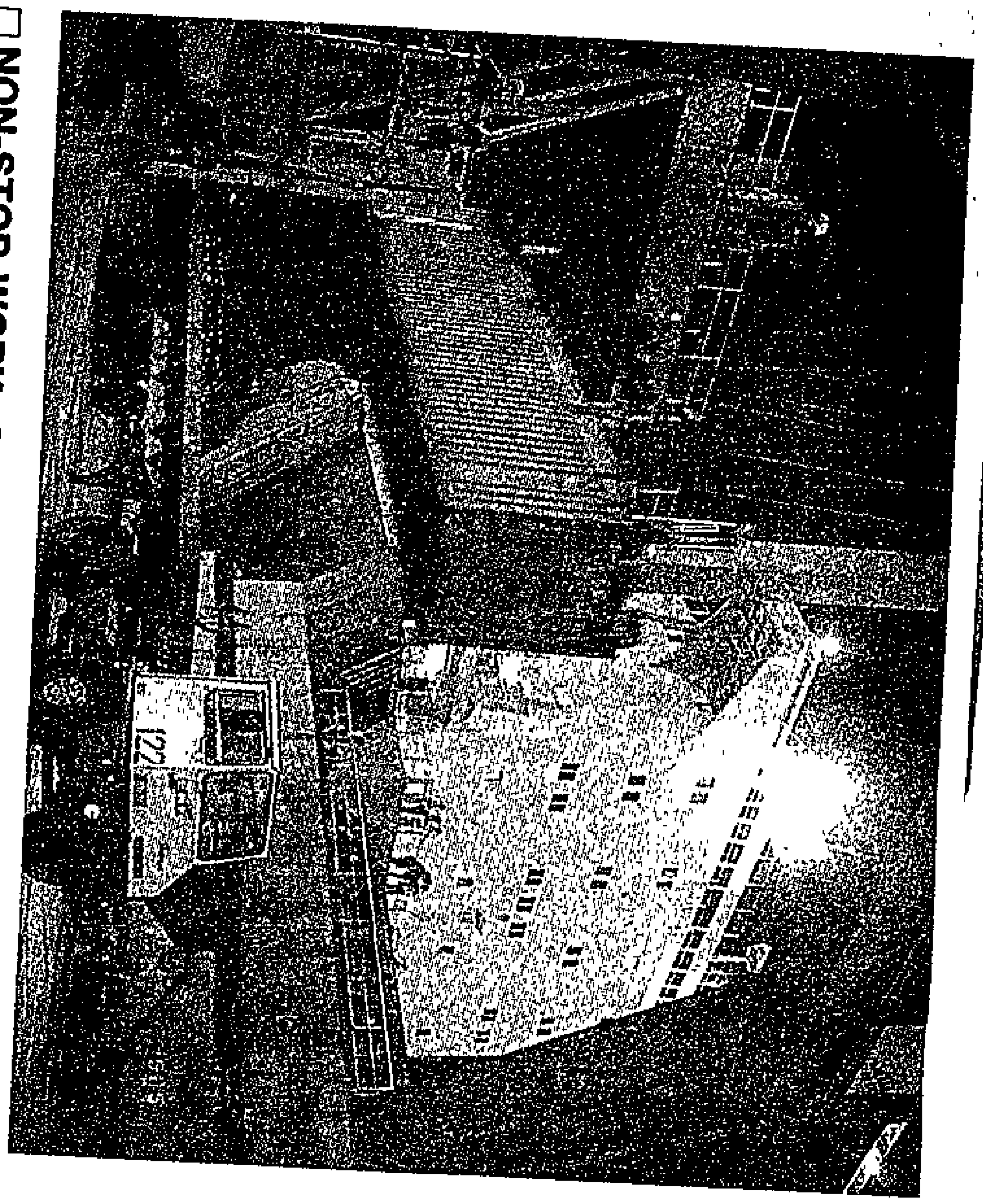
Shipping lines are positioning themselves for the expected upturn in trade, with a number offering increased sailing frequencies out of Cape Town and new ports-of-call being added to their itineries.

Container depots have found the need to expand and a number are moving to the Paarden Eiland dock area to be in close proximity to the port.

The Freight Forwarding and Clearing section of the industry has also been active in preparing for future growth, while tie-ups with international groups are continuing.

Many removal companies have been kept busy with the emigration of families, with New Zealand being the most popular destination.

Trucking and cartage has become big business in South Africa, and to neighbouring states. A greater movement of commodities is forecast in this area.



☐ **NON-STOP WORK:** Container terminals work 24 hours a day in South African ports.

Spare parts put exports into top gear

S Times 6/2/94

By DON ROBERTSON

THE motor industry has a long way to go before exports equal its imports but its efforts in recent years suggest it is on the right track.

National Association of Automotive Component and Allied Manufacturers (Naacam) figures show exports from December 1992 to November last year rose to a record R1,86-billion, of which R530-million came from the sale of completely built-up vehicles and R1,33-billion from components.

Naacam president John Brandtner is confident that exports will eventually make up 50% of output from component manufacturers.

National Association of Automobile Manufacturers of SA (Naamsa) figures show sales of completely built-up cars last year of 9 047, of which most were lefthand-drive Jettas for China.

Other exports included 2 549 light commercial vehicles, 74 medium commercials and 330 heavy trucks and buses, mostly from Mercedes-Benz.

But it will be a long time before exports rise sufficiently to balance the large amounts spent on imports.

Motor imports last year cost R6-billion, of which R3,5-billion represented components for vehicle manufacture and R2,5-billion for spares and accessories.

Mr Brandtner says export growth is being hampered by Phase VI of the local content programme, which prevents component manufacturers from selling directly to foreign markets.

Phase VI also restricts component manufacturers' access to export incentives, such as Geis.

However, Phase VI may be replaced early next year under recommendations from the Motor Industry Development Programme.

At present, vehicle manufacturers are able to gain foreign-currency for their own use through export rebates. (~~1422~~) (74G)

Component makers, however, can negotiate the "purchase" of these rebates from manufacturers.

Other factors which affect component makers are the high cost of capital equipment and raw materials.

Mr Brandtner believes new legislation will encourage the rationalisation of models in SA. This could result in higher production of certain components and improve economies of scale.

He says: "We need increased local content in SA vehicles to achieve longer component production runs, improve unit costs, cut high-cost component imports and reduce the exposure to exchange rate fluctuations."

Iscor 'may suffer large export losses'

(749) CT 7/2/94

Own Correspondent

JOHANNESBURG. — Steel producer Iscor could suffer large export volume losses after the shutdown of the N5 blast furnace at its Newcastle Works.

The furnace suffered a hearth burn-through late last month, after being relined recently at a cost of R149,2m.

Sources close to the steel facility said loss of profits could amount to several hundred million rands. They said Iscor's insurance did not cover these losses.

They alleged the insurance company had indicated it would repudiate any claims relating to the shutdown. Iscor's management had been informed of the situation, the sources said.

However, Iscor MD Hans Smith denied these assertions and said the shutdown would not affect the company's bottom line. He added: "We have not yet submitted a claim, so our insurance company's reaction is still speculation at this stage."

He said such occurances were adequately covered by self- and catastrophe insurance. The main contractor for the relining — Hoogovens of the Netherlands — was also adequately insured.

However, he added that Iscor could be responsible for the first R50m of any cost incurred — either through loss of production or repairs to the furnace itself.

"This amount will not come off our bottom line either as we have a contingency fund which provides for events such as these."

Once the furnace had been repaired it would be run at 75% of capacity for about two months to ascertain its performance. A further shutdown of between 45 and 60 days was envisaged after that.

"The total loss in production since the breakout to final repair could be between 300 000 tons and 400 000 tons," he said. But this was not catastrophic for Iscor as world steel markets were less profitable than the domestic market at present.

Iscor's marketing department had completed a rescheduling of production and while exports would have to be cut back, it was unlikely that local customers would be affected in any way.

An analyst said he did not expect the shutdown to have any significant effect on Iscor's earnings. Its interim results are due for publication later this month.

Unifruco expects record crop this year

CAPE TOWN — Fruit exporter Unifruco said it expected a record crop this year but wine grape producers were set for an average year. B/Day 7/2/94

Spokesman Fred Meintjies said although it was "still early days", it was expected that the number of cartons of pears, apples and grapes harvested for export would rise 20% to a record 44-million. Fruit

He said harvesting had started slightly earlier than usual because of the better weather conditions. 74(G)

The constant early summer with hot days and cool nights also benefited wine grape producers.

KWV extension services manager Jan Booysen said that as a result the grapes had grown quickly and the harvest started two weeks earlier than usual.

Quality was also good but a record harvest was not expected. It was estimated that about 9,6-million hectolitres of wine would be produced compared to 9,1-million last year and a record 9,99-million the previous year. — Reuter.

Iscor lands lucrative Chinese export deal

B/Day 10/2/94

MICK COLLINS

IN A major boost for iron ore exports from its Sishen mine, iron and steel producer Iscor yesterday announced it had become a partner in the development and extension of a Chinese port at a cost of R45m.

The partnership is at the iron ore harbour of Qianwan in the Qingdao Port complex on the northeastern coast of the People's Republic of China.

Iscor has secured a dedicated iron ore storage facility for 300 000 tons and entered into a co-operation agreement with the Qingdao Harbour Authority.

Iscor iron ore business GM Johan Deetlefs said the venture opened up possibilities for future iron ore exports from Iscor's Sishen mine to China. The upgrading of the harbour facilities also created new opportunities for Safore — the shipping venture between Iscor and Safmarine.

Sishen exported 1-million tons of iron ore to China in 1992/93, and this year's exports are expected to soar to about 4-million tons.

In terms of the agreement a long-term working relationship has been established for the discharge, storage and reclamation of Iscor iron ore at the new Qianwan harbour, which is scheduled for completion by April 1.

"China's growth in steel production shows that it will surpass that of Japan (100-million tons a year) before the end of the century.

(184A) (226)

"China has experienced substantial economic growth over the past five years and this is expected to continue over the next five years, albeit at a slower rate. (749)

"China is Iscor's latest customer for Sishen iron ore and we want to be part of this dynamic development opportunity. I predict that any increase in Sishen ore exports will, to a large extent, be absorbed by our growing customer base within China. We intend doing long-term business with this country," Deetlefs said.

He said Qingdao harbour was strategically situated in relation to the many Chinese steelworks which used Sishen ore.

"The extension of the iron ore harbour of Qianwan ideally suits our future export needs to the northern part of China.

"The harbour currently has a handling capacity of 68-million tons of cargo and the extensions will increase the handling capacity to 100-million tons a year."

Trade info by satellite

EXPORTERS in Cape Town can now be put in touch with prospective customers and suppliers all over the world, and exchange information about prices and requirements, through a computerised service supplied by World Trade Markets (WTM).

(749)

David Watts, the SA representative of New York-based WTM, has opened an office in Cape Town and plans to open others in Johannesburg and Durban.

He said yesterday that his company provides two services to subscribers.

The first is Active Search, which accesses WTM's data-base in New York for lists of possible contacts.

CT 12/2/94

WTM agents all over the world then contact the companies which interest the client for further details, and the information is sent to the Cape Town WTM office by satellite.

In addition to this WTM offers an international mass mailing service directly out of New York at a fraction of the SA mailing charges.

The second service WTM provides is Trade Search. Subscribers to this receive a CD which gives clients access through their personal computers to a WTM data-base.

Hostage drama at Ciskei prison

CT 12/2/94 (105)

Own Correspondent

EAST LONDON. — Ciskei's Deputy Commissioner of Prisons, at least nine other commissioned officers and 500 prisoners were held hostage at the Ciskei Central Prison in Middledrift yesterday by striking junior warders.

The Deputy Commissioner of Prisons, Brigadier Yona Jimlongo, and his assistant, Lieutenant-Colonel D Daniels, were held captive inside the prison, after they arrived yesterday morning to get clarity on the strikers' demands.

Prisoners were not fed breakfast or lunch, and police who turned up to collect awaiting trial prisoners for their respective court cases were turned away at the gate.

At lunchtime a confrontation between the warders and Ciskei army personnel who arrived in three armoured vehicles and headed for the prison appeared imminent but did not materialise.

About 300 warders went on strike at 6am yesterday, alleging unfair treatment of non-commissioned officers. The strikers took control of the master keys to the prison.

They demanded the right to address their grievances to the Ciskei military ruler, Brigadier Oupa Gqozo, or his deputy, and refused to speak to Brig Jimlongo or Col Daniels, who were then denied the right to leave by heavily armed warders.

"We don't recognise any commanding officer or head of prison," the warders said.

Later yesterday Commissioner of Prisons General D D Silandela said Brig Gqozo had spoken to the strikers on the phone and had agreed to listen to their grievances on Monday.

The warders were satisfied with this and were in the process of releasing the commissioned officers, he said.

US to drop some export tariffs for SA

CT 12/2/94

From SIMON BARBER

WASHINGTON. — The Clinton administration is planning to remove tariffs on certain SA exports as part of a package of measures to boost the SA economy after elections. (74G)

The US Trade Representative's office yesterday issued a notice in the Federal Register announcing that it was moving to designate SA a "beneficiary developing country" under the US Generalised System of Preferences (GSP).

GSP permits the president to waive duties on imports from selected countries on the theory the trade is a more cost-effective way of promoting development than outright aid.

Star 14/2/94

Holland to take 2 million tons of SA coal

South African coal producers will supply more than two million tons of steamcoal to the Netherlands power utility NV-GKE in 1994, Kings Coal International reports in its latest publication.

Prices are expected to be around $27,50 FOB from Richards Bay.

The publication also reports that the 1994 negotiations of Japanese utilities with South African coal suppliers get under way shortly, but that there is a great deal of downward pressure on prices as demand for electric power declined in the latter half of 1993 and the utilities have substantial stockpiles of coal.

In the US, Southern Company is reported to be testing South African coal at its Gulf Power utility.

Hong Kong's China Light and Power is said to be looking for 500 000 tons of spot steamcoal.

The utility bought 500000 tons of South African steamcoal on the spot market in August last year at $20 a ton.

However, the report says China Light and Power was unlikely to get such favourable prices again as the international market for South African steamcoal was showing an improvement. — Sapa.

749

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US to lift tariffs on SA exports

BDay 14/2/94

SIMON BARBER

WASHINGTON — The Clinton administration is planning to remove tariffs on certain SA exports to boost the SA economy.

On Friday the US trade representative's office issued a notice in the Federal Register announcing its intention to designate SA a "beneficiary developing country" under the US generalised system of preferences (GSP). GSP permits the president to waive import duties on the theory that trade is a more cost-effective way of promoting development than outright aid, and can help open markets for US goods.

SA's eligibility to GSP benefits was restored last year by the SA Democratic Transition Support Act. Finance Minister Derek Keys signed a formal application for benefits on January 21. (44G)

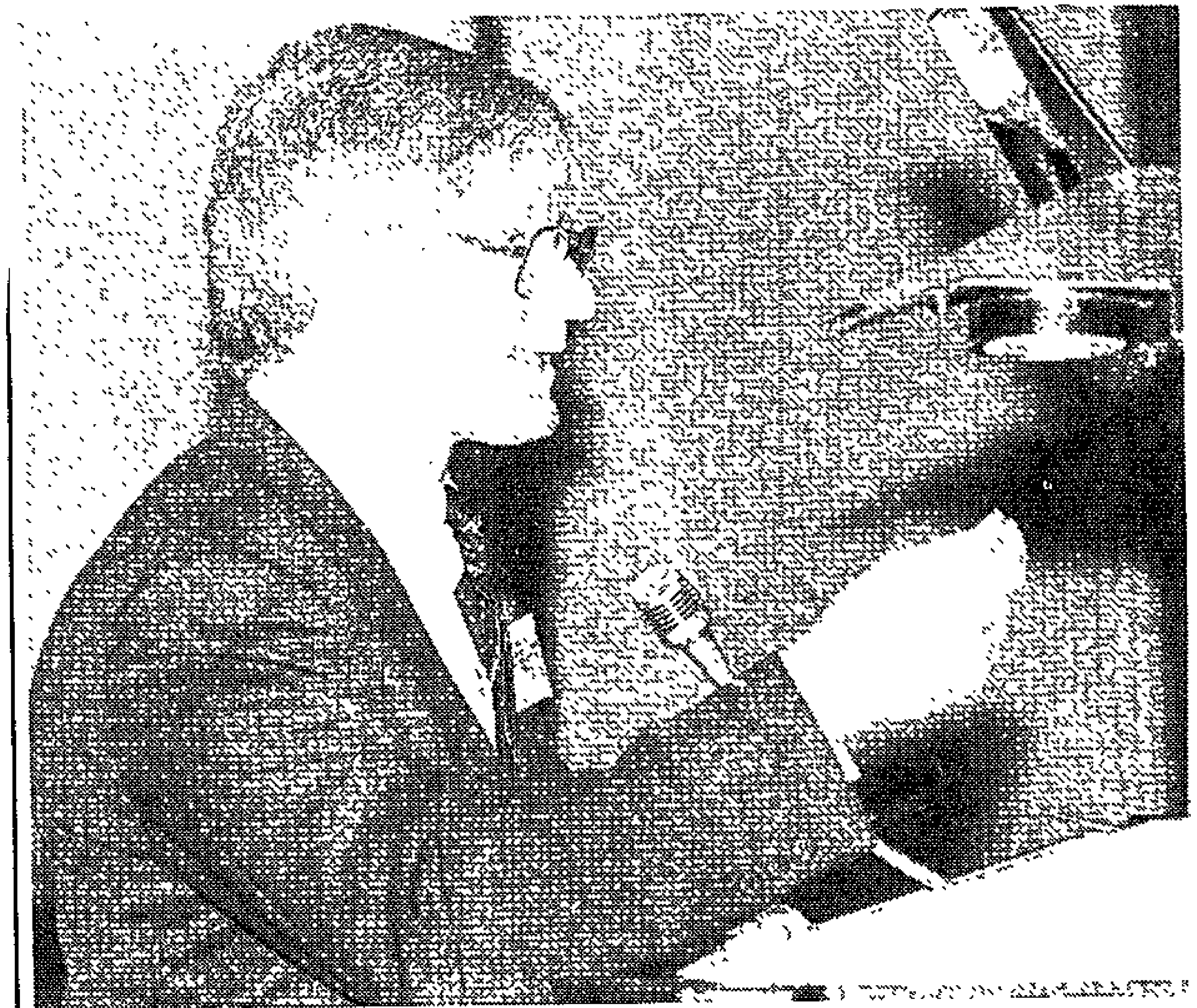
Friday's notice invites comments to determine whether there are any objections to the application being approved. The deadline for submissions is March 23. Grounds for rejection include membership of a commodity cartel, nationalisation without compensation, the granting of preferential treatment to other countries that has an adverse impact on US commerce, support of international terrorism and the failure to protect worker rights.

Not all products are eligible for GSP treatment. Exceptions include certain types of steel and glass, and textiles and clothing already subject to textile agreements. The president is entitled to declare any item "import-sensitive" and ineligible if he is persuaded by US manufacturers that GSP puts them at a disadvantage.

Ambassador Harry Schwarz said he was pleased the trade representative was "acting very quickly". He predicted the process would be completed within two months.

Exporters told to 'go green'

MARIANNE MERTEN



Canadian International trade department deputy director Ron Davidson at the Safto/CSIR environmental seminar in Johannesburg yesterday. Picture: GARTH LUMLEY

EXPORTERS from Africa should not be complacent about European environmental laws but make every effort to understand them, Carnaud Metalbox environmental affairs manager Geoffrey Levy said yesterday.

He was speaking at a seminar in Pretoria on the effects of environmental protection on exporters from Africa, hosted by Safto and the CSIR. 74G

Levy said although EC environmental directives set standards, it was up to individual members to formulate their own national policies in accordance.

For this reason, exporters sometimes saw these "hidden barriers to international trade" as market, rather than environmental, protection. Different standards and levels of enforcement had affected the packaging industry in particular, because of a perception that it was environmentally unfriendly.

Kohler Packaging holding company Holdains' group affairs manager Clive Glover said Kohler's case study of fruit exporter Unifruco showed manufacturers and packaging companies needed to find their own solutions. He cited as an example German packaging regulations placing the onus for recycling and waste management on packaging companies.

AECI group consultant Bob Fogel said environmental pressures had not yet harmed chemical exports.

Glover predicted this could change, especially in relation to products containing chlorine. In some European countries environmental pressures had raised costs and impeded competitiveness, but SA had an export advantage in the case of phosphoric acid.

SA's motor industry had been forced to comply with international environmental regulations when it looked for export markets in 1989. Catalytic converter manufacturer Degussa's MD Frank Kluge said this expansion proved to be a money spinner.

SA exported about 885 000 units or 1,5% of world requirement. There was no local market because unleaded fuel would not be available until 1995.

Canadian International Trade Department Deputy Director Ron Davidson told the seminar that the North American Free Trade Agreement (Nafta) between the US, Canada and Mexico was an example of how an international trade agreement could include environmental protection.

Star, 17/2/94

Metal exports tipped to rise 19%

(74G)

BY STEPHEN CRANSTON

Metal industry exports are expected to increase by more than 19 percent over the next two years to R12 billion in 1996, says he CSIR's Central Economic Advisory Service.

The Steel and Engineering Industries Federation (Seifsa) says the growth will be stimulated by the expected improvement in the world economy, a more competitive local industry resulting from the removal of certain tariff protection and the end to sanctions.

Exports have increased almost fivefold over the last decade from R2,1 billion in 1984 to R10 billion in 1993.

Exports of electrical and non-electrical machinery, motor parts and other manufactured products increased from R300 million to R2,8 billion.

Transport equipment exports surged from R170 million to R2,7 billion.

The ~~export~~ of fabricated and manufactured products was helped by the introdction of the General Export Incentive Scheme (Geis) in 1990.

Order intake levels in the metal and engineering industries are at their most favourable since the start of the recession in 1989.

Political uncertainty and the continuing high level of violence appear to be the only inhibitors to a major upswing this year.

The wide-scale infrastructure building required in housing, electrification, schools, hospitals and other services should provide the basis for growth in the metal and other industries.

Retrenchments continued last year but, at just under 23 000 in 1993, were at a lower level than either 1992 (32 000) or 1991 (34 000).

The numbers employed in the industry fell from more than 454 000 in 1981 to less than 280 000 in 1993.

Technological innovation has required a smaller, but better-trained workforce.

Seifsa expects ~~some growth~~ in job numbers, but it is unlikely to employ more than 380 000.

Metal exports 'to grow 19%'

(189) (74Cr) CT 17/2/94

Own Correspondent

JOHANNESBURG. — Metal industry exports are expected to grow by more than 19% over the next two years to reach R12bn, according to the SA Steel and Engineering Industries Federation (Seifsa).

The growth, it says, will largely be stimulated by the expected improvement in world economies, changes in SA's international trade policy, a more competitive local industry as a result of the removal of unnecessary tariff protection and the removal of virtually all international sanctions against SA.

Quoting figures supplied by the CSIR's Central Economic Advisory Service, Seifsa says exports rose from R2,1bn in 1984 to about R10bn last year. Basic metals, including iron, steel and non-ferrous metals increased from over R2,1bn in 1984 to nearly double, R4,2bn in 1985.

"This remarkable increase was partially due to the sharp decrease in the value of the rand, but also to a major drive by metals producers to increase export performance at a time when local demand was particularly slack," it says.

Exports of basic metals rose to over R9bn in 1989 and in 1993 peaked at just under R10bn.

"Ironically, this was achieved at a time when there was a world over-supply of steel of approximately 15% and prices for steel, aluminium and many other commodities were very low due to poor economic performance in most northern hemisphere economies.

"Exports of electrical and non-electrical machinery, motor parts and other manufactured products also increased considerably over this period from just over R300m in 1984 in the machinery sector to R2,8bn in 1993. Transport equipment, including motor vehicles, parts and accessories shot up from around R170m in 1984 to nearly R2,7bn in 1993."

On the domestic front, Seifsa says order intake levels are at their most favourable since the start of the current recession in 1989.

Seifsa says the encouraging downward trend in retrenchments in the metal and engineering industries is expected to continue during 1994 although "it is highly unlikely that employment will ever be as high as it was in 1981 when we had over 450 000 hourly-paid workers".

"Probably even at major peaks in economic cycles, the highest number to be employed in the industry would be between 360 000 and 380 000 workers," Seifsa says.

Fruit exports to rise

74G (3) CT 18/2/94

Own Correspondent

LONDON. — SA fruit exports to the UK and Europe were expected to show a sharp 20% rise to about 36-million cartons this year, Unifruco's marketing GM Ronan Lennon said yesterday.

Last year 30-million cartons of apples, pears, grapes and stone-fruit were sold in these markets.

However, most of this growth taking place in the grape and plum categories as the European apple and pear market was still characterised by a glut.

Lennon said that SA apple and pear producers would face another difficult year. Last year, SA apple farmers suffered huge losses because of the overproduction of fruit in Europe.

Lennon cited the good crops in SA and the opening up of new markets as factors contributing to the substantial growth in overall fruit sales. Whereas five years ago, SA sold its products in nine European markets, today it was selling in 24 European countries.

New markets penetrated since the lifting of sanctions were the Scandanavian market which was expected to absorb about 1.5-million cartons of SA fruit this year, and Spain which was expected to take up about 750 000 cartons.

Lennon said Unifruco had established a network of agencies and receiverships in Eastern Europe and was busy expanding its operations in this region.

The two main sources of competition for SA fruit were Chile and Europe. Significantly higher volumes of Chilean fruit across all types were anticipated this year. Lennon noted that the price of SA stone-fruit was 50% higher than the Chilean product, grapes about 25-30% higher, and apples and pears 10 to 15 percent.

He said that in addition to there being a large carryover stock of European apples and pears, their rate of sale was slow. However, Unifruco had laid the groundwork for its marketing season which started in April and was fairly confident of being able to perform better than last year.

Sentrachem adds some wings to its export drive

S/Times 20/2/94

By CHERILYN IRETON

SENTRACHEM has moulded subsidiary Sentrachem International to help achieve its goal of a qu[illegible] of all turnover from ex[illegible] of South African-made che[illegible]als.

S[illegible]chem has had representatives in the US and UK for several years, but sanctions forced them to concentrate on procurement of raw materials for SA manufacture.

With SA firms becoming acceptable trading partners, Sentrachem has bundled these operations and those of a new branch in the Far East under the Sentrachem International banner.

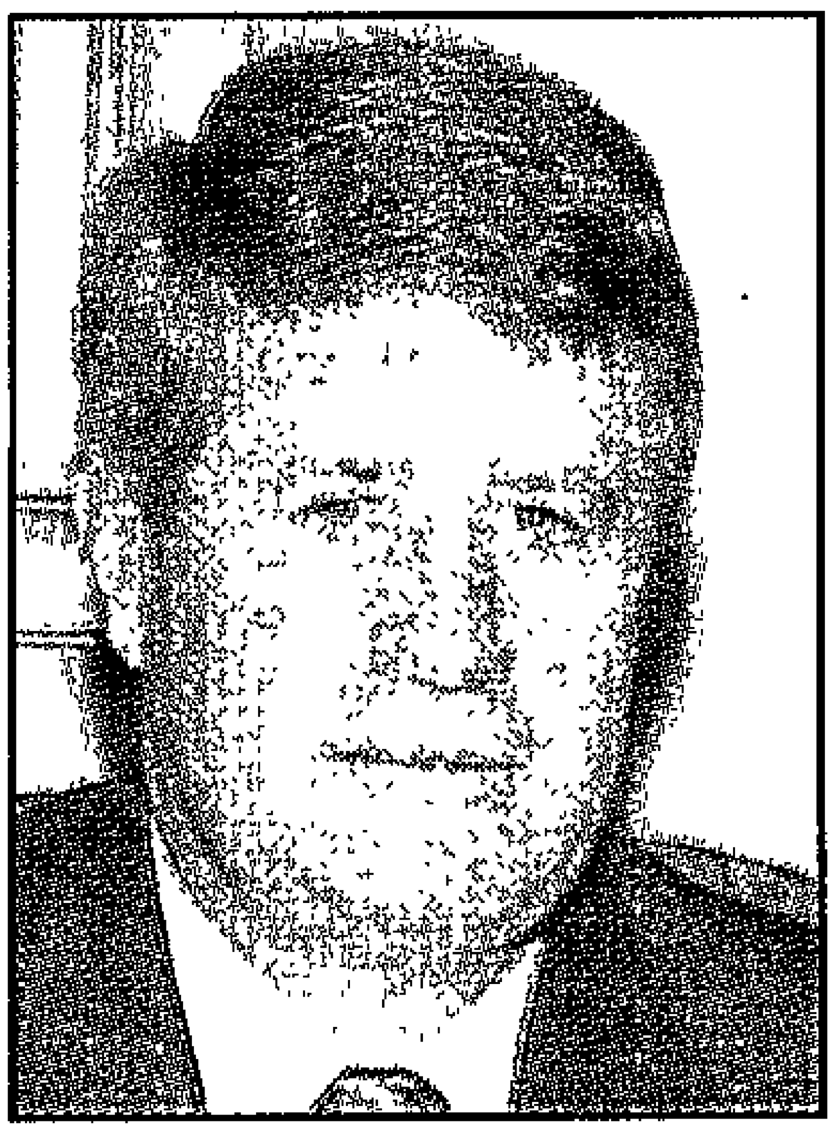
An aggressive export drive will go with the new visibility.

A key task for employees in Houston, London and Hong Kong will be to find markets for value-added products, says Sentrachem managing director John Job.

Areas of particular interest to the new Hong Kong office are China, Vietnam, South-East Asia and the Pacific Rim.

About 13% of Sentrachem's sales of R3-billion are exports.

Mr Job says: "We've been driving exports hard from SA, but now we want to develop demand abroad. The three foreign offices will act as our eyes and ears."



JOHN JOB

In recent years foreign activities have been piecemeal, "packaged in brown paper bags. The priority now is to make exports fly."

Procurement of raw materials will continue to be an important function of Sentrachem International, particularly from the oil fields of the Gulf of Mexico.

"South Africa is not endowed with all of the seven most important petrochemical building blocks. We will continue to need materials to fit our various molecular jigsaw puzzles," says Mr Job.

The R294-million rights issue is not intended for international operations. The capital will go largely to strengthening the group's balance sheet.

The export drive is being assisted by co-operation on pricing of raw materials by other chemical companies. (14G)

Mr Job says: "We are only interested in investing in and exporting products which are competitive."

Trade and tariff reforms in line with those to be introduced under the Uruguay Round of the General Agreements on Tariffs and Trade will "ultimately help the South African chemical industry", says Mr Job.

"There is no point in believing that the Gatt deal will be neutral. We are already getting out of producing things that do not fly."

This philosophy led to the closure last year of Sentrachem's polystyrene manufacturer.

Sentrachem International's US representative Roger Leedy says chemical markets in America are starting to rebound, albeit slowly. In general the chemical sector lags behind the general economic recovery.

But record low crude-oil prices are causing havoc in the chemical industry. Few producers can sell products without suffering a loss.

"Pricing in general terms is disastrous. But we hope the balance between supply and demand will tighten, particularly for specific by-products," says Mr Leedy.

SA exports 'will perform better'

By AUDREY D'ANGELO (74G)

EXPORTS — which rose by about 18% last year — are likely to perform even better from the middle of this year, says Sanlam chief economist Johan Louw.

But, he warns, violence, a lack of clarity regarding future economic policy and the continued strong outflow of capital could still restrict the future strength and extent of the upswing.

"Against this background it would appear that a higher gold price and faster overseas growth, which in the past were important elements in an export-led recovery in the economy, will play a less important role than political considerations and developments this time. CT 21/2/94

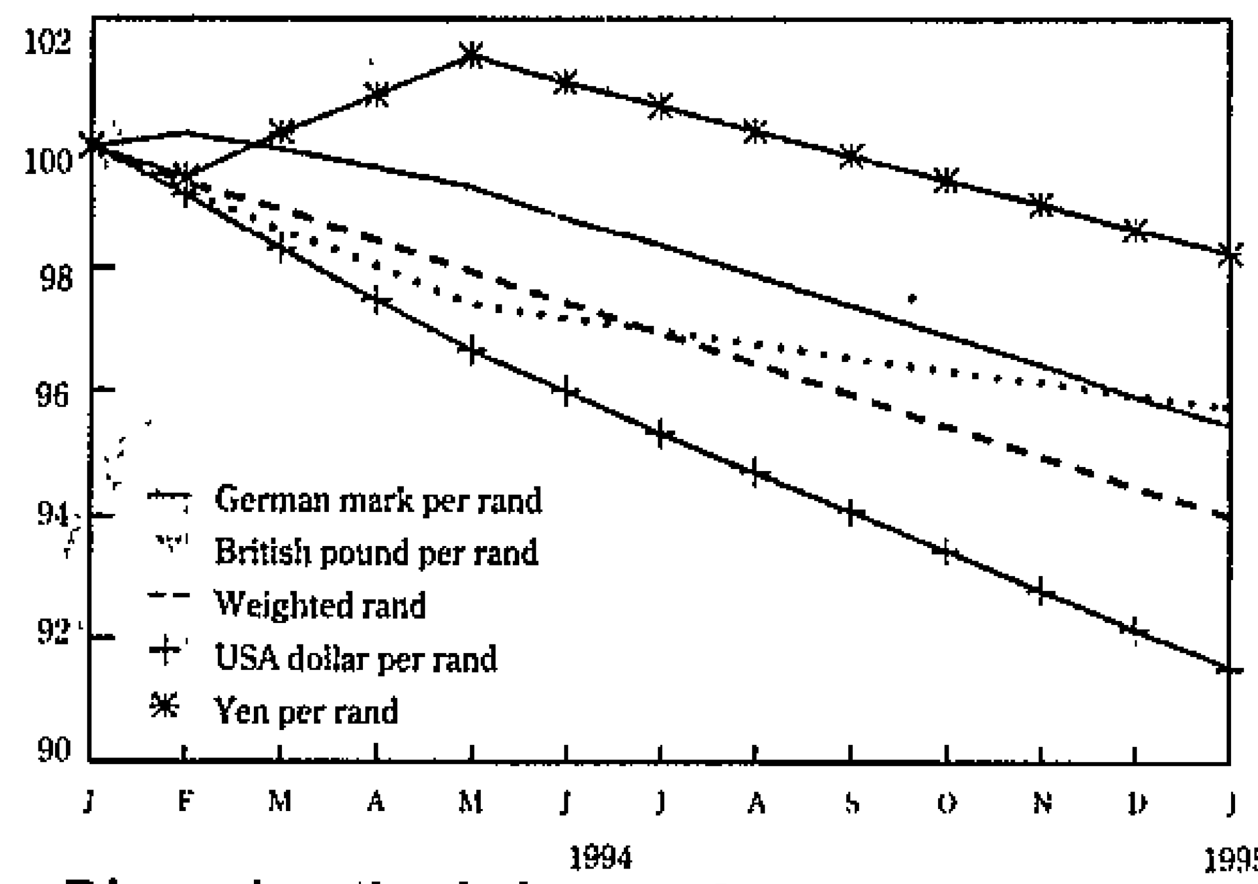
"We believe that peace, stability and greater transparency, as well as realism in the political and economic policy of the new government, are prerequisites for a strong and sustained growth phase.

"If these problems can be resolved satisfactorily the economy should have sufficient inherent strength to achieve a real growth rate of from 2% to 3% this year with a further increase in 1995."

Louw expects the downward trend in inflation to resume after the slight uptick to 9,5% in December, "with a rate of about 6% being possible in April when the VAT effect disappears from the index comparison.

"A further reduction in the bond rates will have an additional favourable effect on the inflation rate. All in all we estimate that the average inflation rate will be about 7% this year."

Expected performance of the rand against certain foreign currencies
(Foreign currencies per rand January 1994 = 100)



Discussing the balance of payments (BoP) this year, Louw forecasts a surplus of about R5,8bn on the current account.

But, he warns, "in view of the considerable debt repayments due in 1994 we believe that the capital account will remain a serious problem for some time to come — one which will place sustained pressure on our foreign exchange reserves and therefore on our economic growth.

"A more favourable political climate, with a resultant greater inflow of foreign capital and the possible rolling over of debt, could however go a long way towards relieving this situation during the second half of the year."

He points out that the effective exchange rate of the rand remained remarkably stable in the six months to the end of January.

During this period the rand fell by 1,3% against the US dollar, 0,7% against the DM, 2,4% against the pound and 0,6% against the yen.

He expects the weighted rand to weaken appreciably against the dollar over the next year "while a very slight depreciation is expected against the European currencies and the yen".

Discussing government expenditure, he says radical fiscal action is unlikely in the next Budget, which will probably be presented in August.

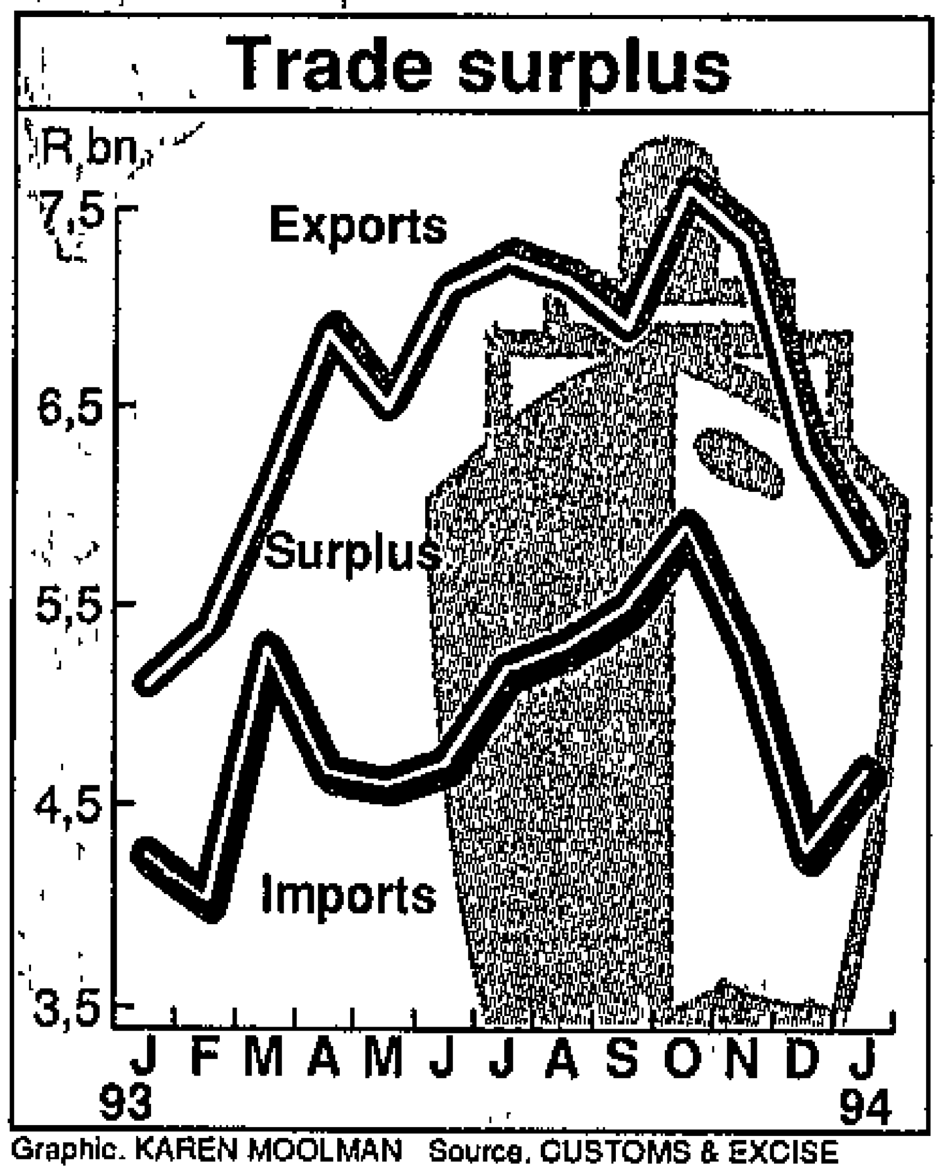
"Although the rate of increase of government expenditure could accelerate, revenue should also benefit from the faster rate of expansion of the economy.

"It would be realistic to expect a budget deficit of between 6% and 7% of gross domestic product (GDP)."

Trade surplus plummets

BDay 2/2/94

KELVIN BROWN



Graphic. KAREN MOOLMAN Source. CUSTOMS & EXCISE

THE trade surplus plummeted 46% in January as volatile factors caused exports to fall while imports continued to rise because of improved economic conditions.

Customs and Excise figures showed the value of exports fell to R5,76bn last month from R6,27bn in December. Imports were up to R4,69bn (R4,29bn). (74G)

Economists warned against reading too much into the latest decline in exports as the erratic nature of precious stones and transport equipment sales was behind it.

Exports of precious stones were down 34% from December while foreign sales of transport equipment eased 74%. Together these two categories account for a large share of SA's total exports.

Safto economist Carlos Teixeira said all the other categories recorded positive

□ To Page 2

Surplus

BDay 2/2/94

□ From Page 1

growth except for exports of textiles, which had been declining for some time.

He remained hopeful that the trend in exports was up as the economies of SA's main trading partners were set to record higher growth rates in 1994. (74G)

But Teixeira said a higher trade surplus was unlikely this year as the economic recovery would cause imports to rise.

The pick-up in imports in January was masked by a significant fall in the unclassified category — largely made up of oil — which shrank 50% from December.

The recovery in the economy was reflected in higher imports of capital goods and industrial raw materials, he said. Machinery imports were up 36%, transport equipment 11%, plastics 21% and chemicals 8% from January last year.

SAMANTHA SHARPE reports Old Mutual economist Ursula Maritz said even with pressure from rising imports the current account surplus should not be more than R1bn below last year. A firmer gold price, higher world growth and good agricultural exports would provide some benefit to the current account.

AHI economist Johan Rossouw was reluctant to describe the January fall in exports as seasonal.

"One would have expected exports to show a steady increase as the result of inroads into international trade, which have followed the lifting of sanctions. There is also a strong export drive policy in SA at the moment, which should have contributed to rising exports," he said.

TRADE Fm 25/2/94

January effect

The rise in imports in January, to R4,7bn from December's R4,3bn, which squeezed the trade surplus to R1,2bn from December's R2bn, is probably not due to an increase in domestic demand for imported goods — the figure is still below the aggregates for June-November.

The jump is probably a statistical overhang from the festive season with some December imports recorded only in January figures. (74G)

The latest figure repeats the pattern in previous years: in January 1991 imports surged by R1,7bn; in 1992 by R500m; and in 1993 by R500m. In all these months the surplus shrunk.

While the month's figures, in some import categories, were higher than in the previous January, they were down on the average monthly figure for 1993 — among them vehicles & transport equipment, 11,1% higher than in the previous January, but down 28,4% on average.

Continued on page 40
Cont — p40

Fm 25/2/94

Continued from page 37

Others show increases on both last January and the monthly average:

☐ Chemical products, 7,7% higher than in the previous January, and 1,7% higher than the monthly average;

☐ Plastics, up 21,5% and 9,7%; and

☐ Base metals, 22,8% and 11%.

The categories jewellery & precious stones (437,9% over the previous January and 55,3% over the average for 1993) and machinery (35,6% and 14%), show more substantial increases. The first of these seems to be a result of a change in diamond export policy, whereby rough stones are bought overseas, sorted and then re-exported (the export figure is higher as well).

The increase in the value of machinery may be the result of a weakening in the rand exchange rate. (74G)

However, these rises were offset by a number of important items, notably unclassified goods (particularly oil), which was down on both January 1993 and the monthly average (-80,4% and -76,7%) and vegetable products (-41,4% and -35,5%).

Exports in general were higher than in the previous January but down on the 1993 averages. The overall aggregate was R5,8bn, up 12,9% on January 1993, but 13,1% lower than the monthly average.

Of the major categories:

☐ Unclassified goods was higher on both a January-on-January basis, 8,1%, and on the 1993 average, 7,8%;

☐ Minerals (7,5%, -6,1%) and base metals (12,4%, -14,3%) were higher than the previous January but down on the monthly average; and

☐ Jewellery & precious stones (-30,9% and -67,2%) was down on January and the monthly average. ■

Walvis EPZ 'unlikely to dent Cape Town'

(74G) CT 1/3/94

By AUDREY D'ANGELO
Business Editor

A PROPOSED export processing zone (EPZ) in Walvis Bay could draw some manufacturing business away from Cape Town — but not projects depending on a sophisticated infrastructure, says Wesgro director David Bridgman.

Bridgman said Wesgro was "in favour of export-support legislation of which EPZs could be one component" for the Western Cape.

"But the big prize would be helping our existing export businesses, which have spent millions of rands, by setting up export processing units (EPUs) in their present factories.

"That has been done successfully in many other countries. But to do it in SA we shall have to invest more in our Customs service."

Commenting on news yesterday that it was intended to set up an EPZ in Walvis Bay, Bridgman said that was "obviously the right way for Walvis Bay to go.

"It will obviously draw off some of our export industry which would benefit from an EPZ — but by no means all.

"For instance the Capricorn high-tech park, near Muizenberg, would be ideal for an EPZ but it will certainly not locate in Walvis Bay."

Meanwhile Mike Millard, national marketing manager of Grindrod Seafreight, suggests that setting up EPZs in this country would make SA manufacturers less likely to set up operations in Mauritius.

Millard pointed out that members of the Mauritian government have recently visited SA "doing a hard sell" to attract SA manufacturers.

In addition to the advantages of a free port, Millard said, "the chairman of the Mauritius free port authority, Edouard Lim Fat, points to Mauritius being a member of the East African trade bloc of Preferential Trade Agreement (PTA) countries.

"This means goods re-exported through Port Louis will have low import duty access to the PTA countries."

But SA was likely soon to become a member of the PTA itself.

"As for the financial incentives being offered through the port, it is highly likely we will have our own version of the free port concept in the form of EPZs fairly soon."

ANC focus on mineral processing, beneficiation

CT 1/3/94 (74G)

JOHANNESBURG. — SA's future growth prospects would depend significantly on its ability to expand its mineral processing and beneficiation industries, an ANC minerals official said yesterday.

Speaking at a mining conference, Paul Jourdan, minerals and energy policy coordinator for the ANC, said: "The success of our whole growth strategy will be critically dependent on the ability of this sector too expand the value of its exports."

The export expansion needed to meet reconstruction goals would not come from opening new mines or expanding other resource industries such as agriculture or forestry.

This would require a deepening of minerals resource industries "going downstream through further mineral processing and . . . beneficiation."

"We would continue to support such projects through provision of equity from the IDC and appropriate tax incentives dependent on sales of the product to the local manufacturing industry at export parity or profit parity prices."

First cellular phones are switched on

ROBYN CHALMERS

SA's first cellular telephone users were connected yesterday when licence holders Vodacom and Mobile Telephone Networks (MTN) began testing.

MTN CE John Craggs said the organisation had achieved its network construction goals and was ready for the simultaneous launch of the system with Vodacom in June. BDay

The awarding of the MTN cellular network licence last year was delayed by several months, causing fears that the company would be unable to meet the June 1 switch-on date. 2/3/94

At an official launch yesterday, MTN had a prototype of the GSM payphone on display.

"This is an important breakthrough for the cellular telephony world market and export orders for countries throughout the GSM worldwide network are lined up," said Craggs.

He said MTN expected to begin installing the payphones in townships by June. "Thereafter, the rollout will be initiated in more than 300 townships and settlements throughout MTN's coverage area."

The provision of cellular telephone services by the two licensees to underprivileged areas was part of a deal negotiated between the ANC, government, MTN and Vodacom.

Vodacom CE Alan Knott-Craig said 2 000 test users had been connected yesterday and a further 8 000 users would come on line in April.

The number of lines available would be unlimited after the official commercial launch in June.

Exports from bumper crop could earn R2bn

BDay 2/3/94

GERALD REILLY

PRETORIA — The 6-million-ton surplus expected from this year's 12,8-million ton maize crop — the country's second biggest on record — could earn SA well in excess of R2bn, according to Nampo sources.

The forecast was made following the publication by the National Crop Estimates Committee's first summer crop report. This season's expected maize crop compares well with 1980/81, when a final figure of 14,498-million tons was recorded, and is expected to be 25% better than last year's 8,893-million tons, reports Sapa.

However, Nampo sources warned that the large crop could mean that producers would have to accept lower prices and foot the bill for big export losses.

Sources said a price-fixing tussle between the new government and producers was also unavoidable.

Nampo has recommended a policy under which producers can choose to sell to the Maize Board or market their crop directly to the trade. Maize

Producers fear that an ANC government, in keeping with its policy of affordable basic food prices and under pressure from trade unions and consumer organisations, will set the lowest possible price. Maize farmers fear that the domestic price will be set as much as R120 a ton lower than the current R470 a ton.

Although the domestic price is certain to be lowered, the big crops grown on many farms — with exceptional yields of up to 4,5 tons a hectare — mean that large numbers of farmers will be substantially better off than in recent years.

SA Agricultural Union economist Koos du Toit estimated that, depending on the extent of the general economic recovery, agriculture could contribute at least 6,5% in the 1994/95 financial year.

The National Crops Estimate Committee also forecast that the harvest of sorghum, groundbeans, sunflower seeds, soya beans and dry beans would all be substantially larger than in 1992/93.

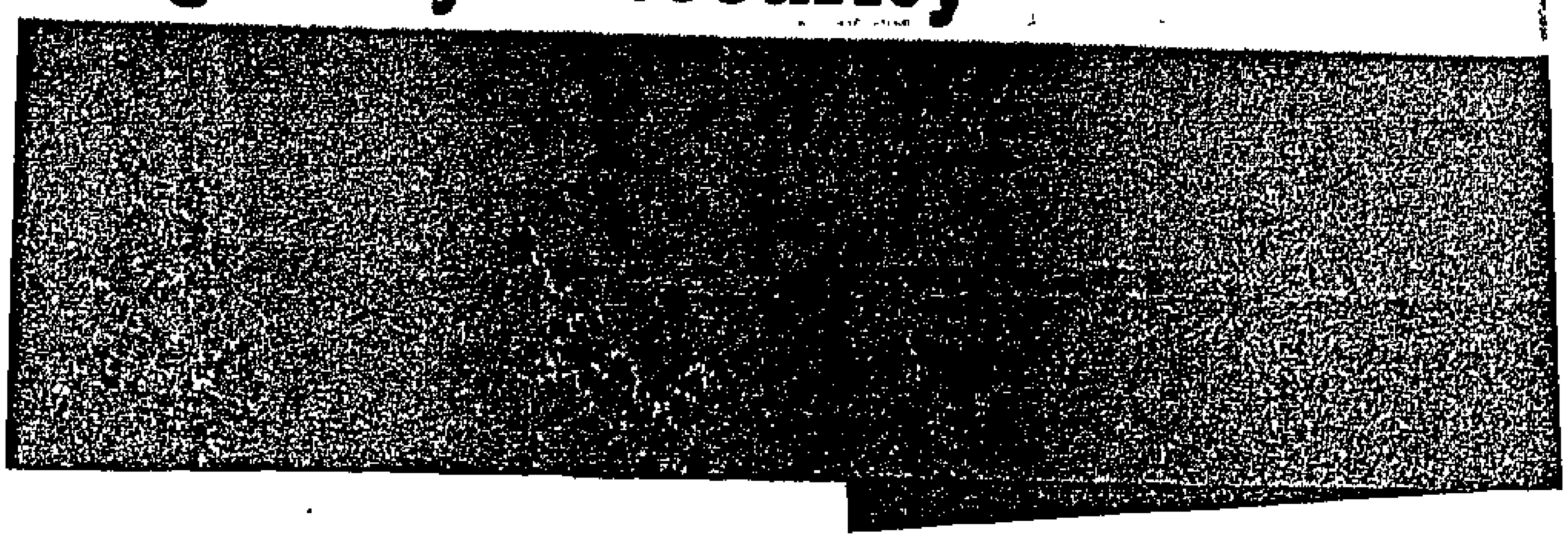
However, the committee noted that the final wheat estimate of 195 800 tons on January 20 remained unchanged. Wheat farmers had cultivated 1 064 000ha during the season. (744)

Meanwhile, Sapa reports that Wheat Board chairman Andries Beyers told delegates at a winter-grain producers' conference in Douglas yesterday that the wheat industry had reached a crossroads.

Quantitative import control of wheat could replaced with tariff protection and aspects of single-channel marketing would become less feasible, Beyers said.

Producers would have to take decisions not only because of the new agricultural and marketing policy directions, but also because of the recent signing of a new multilateral trade agreement.

Should statutory control still be possible in future, it would have to happen according to rules that would be laid down by a new government.



RED MEAT FM 4/3/94

Eyeing up exports

SA has never exported much red meat. In fact, it's always been a net importer, but now the R10bn-a-year industry is suddenly realising that its future might lie with exports.

Several factors are contributing to this sea change in attitude among the country's cattlemen, sheep farmers and other meat producers. The end of sanctions is opening up foreign markets. The excellent rains this year are replenishing grazing lands, allowing ranchers to increase their herds. Under Gatt, SA has agreed to lower barriers to meat imports, which will force local producers to find new markets. Finally, an ANC government is expected to favour food consumers over food producers, which will also force producers to find new markets in order to maintain revenues. (S Meat 44G)

Any strategy to become export-orientated overnight has, however, serious flaws. "We favour increased exports; we now ship a few tons each month to Switzerland and smaller quantities to some Indian Ocean islands," says Kanhym Fresh Meat MD Sakkie Saayman. "But one first has to investigate market possibilities and make sure that our prices are right. We now have difficulty in competing."

FM 4/3/94

This month Saayman will investigate possibilities in China as part of an industry delegation to the first SA-China trade show in Beijing.

Imperial Cold Storage CEO Roy Smither says it will not be easy for SA, with its tiny 6m-8m cattle population that must be fattened at costly feedlots, to compete with big cattle countries such as Argentina, where 60m cattle range freely on the rich *pampas* and need little additional fattening feed, and Brazil, with 45m cattle. "We must not be naive as to the competitive realities of the global market," he says.

Another issue concerns the need to upgrade local abattoirs to export-quality standards. But Abacor MD Frans van der Vyver says the abattoirs at City Deep, Johannesburg; Cato Ridge, Durban; Pyramid, Pretoria; and Kimberley can all be certified for export at a minimal capital cost.

An export drive by local red-meat producers would start well behind the pack, but steps are being taken to close the gap. With a near-record maize crop expected this year (*Business* February 25), discussions are under way between feedlotters, red-meat producers and the meat trade, on the one hand, and the Maize Board on the other. The meat industry wants the board to sell "export-focused" maize to feedlotters and meat processors at a discount to the local market price. The maize that isn't sold locally is already exported at far below the local price, so maize farmers would stand to make more money under the proposal.

"Feedlots mostly produce higher-grade meat that could be exported more widely — if our prices were right," says SA Feedlot Association executive director Piet de Wet. "It would therefore make a lot of sense to export cheaper surplus maize in the form of meat, rather than selling it at an even larger discount on the export market. This means that maize farmers would get better prices than if they were forced to export maize at the current low world prices."

De Wet says the major demand in the local red-meat market is for cheaper, standard-grade products that could be easily imported from the EC, Australia and New Zealand. Local producers could then focus on developing export markets for their more expensive cuts. "We now have high import tariffs on standard-grade cuts and lower tariffs on quality products. It should be the other way around."

Trade-policy experts, however, say SA should have low tariffs on high-quality meat to provide the constant source of competition that any industry needs as a standard to test itself against.

In any event, tariffs will come down under Gatt. A Meat Board committee comprising representatives of producers, the board and retail butchers last week submitted proposals to the Board on Tariffs & Trade "to reduce the currently high (up to 100%) import tariffs to more realistic levels," says board GM Pieter Kempen.

(S Meat 44G)

For now, he declines to make the proposals public, but one group, the National Federation of Meat Traders, wants the tariffs on frozen mutton carcases and boneless cuts reduced to R1/kg. The tariffs now range from R3,30/kg to R4,40/kg.

With ranchers holding back stock to rebuild depleted cattle and sheep herds after the long drought, meat prices have started rising. So both the big supermarket chains and retail butchers have turned up the pressure for lower tariffs so they can import cheaper cuts of meat.

"Lamb and mutton prices at the Cape Town abattoir have jumped by 14%-27,5% since August," says Pick 'n Pay Butcheries' Rob Speedy. Cutting or eliminating tariffs would certainly reverse that trend. ■

TRADE WITH RUSSIA

Fruit, beer and wine

SA growers and brewers are breaking into the expanding Russian consumer market after years of being shut out. Apples and pears have already begun to appear in Moscow shops and the first shipment of Cape grapes is expected to arrive this week. Wine and beer will follow in the spring and summer months. FM 4/3/94

Toon Murray, SA's trade representative in Moscow, says the quality and prices of SA products have found favour with the Russian private food brokerages and distributors now developing in the marketplace.

Unifruco's East European office in Budapest signed contracts in January with a Moscow company, Malino, for the export of 30 t of grapes, plus apples and pears, worth US$200 000. This was the first direct sale of SA fruit to Russia and it followed the transfer of Moscow's centralised food-procurement arrangements into private hands.

Unifruco is also reported to be planning to market citrus fruit in Russia as well. Limited quantities of Outspan citrus have been finding their way to Moscow's hard-currency supermarkets and ~~street traders~~ through European brokers. (74G)

Another new Russian importer and distributor, Sulex, began trials of imported SA wine and fruit juices late last year. Murray confirmed that Sulex now has contracted to ship in four containers every week of SA beer, with a target for the year of 100 container loads.

Foodstuffs have always been a major element of Russian imports, but their volume and value have been contracting sharply as the Treasury began running low on cash and importers encountered trouble in obtaining subsidised state bank credits. Last year, for example, imports of frozen meat fell 74% from the 1992 level, grain dropped 62% and sugar was down 30%.

Further reductions, especially of grain and sugar, are anticipated this year and will hit growers in North America, Europe and Australia. Imports of rice, the major item of trade between Russia and Thailand, have

FM 4/3/94

been halted because the two governments have failed to resolve a dispute over the repayment of a $63m Thai rice loan.

Despite these problems, affluent Russian consumers have been boosting demand for fruit imports, especially during the long European winter, when Muscovites traditionally relied on suppliers in Georgia, Armenia and other temperate parts of the former Soviet Union; or on barter arrangements with Cuba, Egypt, Morocco and Vietnam.

Last year, New Zealand fruit growers were able to win contracts for apple and pear sales by cutting prices for their fruit at the end of the growing season. This year it is SA's turn. (74G)

It is believed that Malino's fruit-import contract was backed by a rouble credit issued by the Moscow city government. The Russian government, however, is not apparently willing to take up the R100m import credit that was offered when President F W de Klerk visited Moscow in June 1991.

At the time, the Russians were after one- or two-year loans, but the Department of Finance in Pretoria would not budge past 60-day terms. Though a trade agreement was signed with Russia last October, there has been no new willingness on either government's part to revise the trade loan conditions.

Murray says he expects the food trade with Russia to expand as SA sellers develop direct links in Moscow. "To make sales you have to come here in person. The Russians want to see you in their offices. The SA way of doing business is to send faxes and samples and wait for the orders to come in. That doesn't work well here." ■

Falling export prices bruise WB Holdings

EDWARD WEST

CAPE TOWN — WB Holdings, which owns deciduous fruit farms and packaging and storage facilities in the western Cape, reported its first loss in the year to end-December 1993, mainly as a result of sliding export prices. BDay

Turnover halved to R7,23m (1992: R14,41m) and the operating loss was R2,78m compared with a profit of R4,4m the previous year. A 30c a share loss compared with 41c profit in 1992. The dividend, which totalled 17c last year, was passed. 7/3/94

Although there were indications that export price levels could be better this year, it was still too early to predict eventual prices for 1994, said MD Malcolm Prue. (S) Fruit

The lower export prices were affected by a heavy carryover of fruit stocks in Europe as a result of their 1992 bumper crop, a worldwide overproduction of certain varieties and the world recession, he said.

This resulted in selling prices in the company's high-volume varieties falling by as much as 56% against the previous year. In addition, WB's fruit crop volume was 15,4% lower than the previous year.

The lower fruit crop volume was caused by poor pollination, wind, sunburn and hail damage, said Prue. Fruit juice prices were also weak, he said. However, crop volumes were expected to be higher than last year and expectations of a weaker rand could offer some respite, he said.

Orchard development and replanting programmes went ahead in 1993 and new apple and pear plantings were in line with the plan to increase crop varieties. (749)

Thirteen hectares of orchards were developed and nine hectares were planted. Planned plantings in 1994 were reduced to 1,3 hectares, directors said.

Sasol signs R350m fuel alcohol export deal

(744) CT 7/3/94

JOHANNESBURG. — Sasol is to export fuel alcohol worth R350m to Brazil, the petro-chemical company announced in a statement yesterday.

Brazil, the largest consumer of fuel alcohol in the world, will receive 300 000 cubic metres during the 18-month contract.

Fuel alcohol, a co-product of Sasol's synthol process, will supplement the sugar cane-based ethanol produced in Brazil.

The export contract would have no effect on the availability of petrol, as production at Secunda had increased, Sasol said. — Sapa

Institute forecasts big export gains

BiDay 7/3/94

ANDY DUFFY

SA COULD bag an extra R3,7bn a year from exports by the year 2000 through the latest GATT agreement, provided SA industry cut costs, the National Productivity Institute said at the weekend.

But top economists questioned the figures, adding that gains hinged more on SA industry's ability to sharpen its edge than the lowering of trade barriers. (749)

Senior institute economist Jan de Jager said that with the IMF's forecast that GATT would lead to a \$200bn-a-year growth in world trade by the turn of the decade, SA exports would rise in line with its current 0,7% share of world trade.

Though uncompetitive SA industries would close down, their loss would be outstripped by growth in new competitive sectors.

"The net effect will be faster growth and employment creation, notwithstanding the short term losses," he said, writing in the institute's in-house magazine. "Many a gold mine lies hidden within our vastly protected economy."

But companies had to lift productivity as international competitors broke down the "cocoon" created around SA by sanctions and boycotts.

Other analysts said the institute's calculations were too simple, derived from dubious assumptions by the IMF and the Industrial Development Corporation (IDC).

Nedbank chief economist Edward Osborn said the figures were based on a controversial theory that a fall in input costs would lead to a proportionate gain in exports.

But this overlooked the impact of high wages, low productivity and high capital costs. "Our lack of competition does not arise (solely) from high input costs," Osborn said.

"These people (the institute, the IMF and the IDC) are guilty of gross oversimplification. Homing in on one insignificant factor is not going to bring about miracles."

Standard Bank group economist Nico Czypionka said it was difficult to quantify the impact of GATT.

He said GATT would increase trade, but whether SA would benefit from the agreement remained to be seen. SA industries created as "import substitutes" would die off, "but everybody else has a fighting chance".

● See Page 4

Exports set cracking pace

S Times (Buss)

By SVEN LUNSCHE

EXPORTERS continued their strong 1993 performance in the first two months of this year.

Figures from the Department of Customs and Excise show that exports in the first two months of this year at R12,33-billion are 17% up on the R10,53-billion in January and February last year. 20/3/94

However, imports rose sharply by 25% to R10,18-billion from R8,14-billion, resulting in a cumulative trade surplus of R2,15-billion so far this year (1993: R2,39-billion). (44G)

The trade surplus in February of R1,09-billion was marginally better than January's R1,07-billion.

The high import bill was caused mainly by a R1-billion rise in the cost of machinery and mechanical appliances to R3,21-billion in January and February.

Economists expect exports to at least repeat last year's 6% growth.

Agricultural exports in particular should improve markedly. The Reserve Bank Quarterly Bulletin shows that maize production last year tripled to 9-million tons, allowing a surplus for export. The wheat harvest increased from 1,3-million tons to 1,9-million.

Precious metal exports should do well. Exports of unclassified goods (mainly gold) in January and February at R5,47-billion are already R2-billion up on the same time in 1993.

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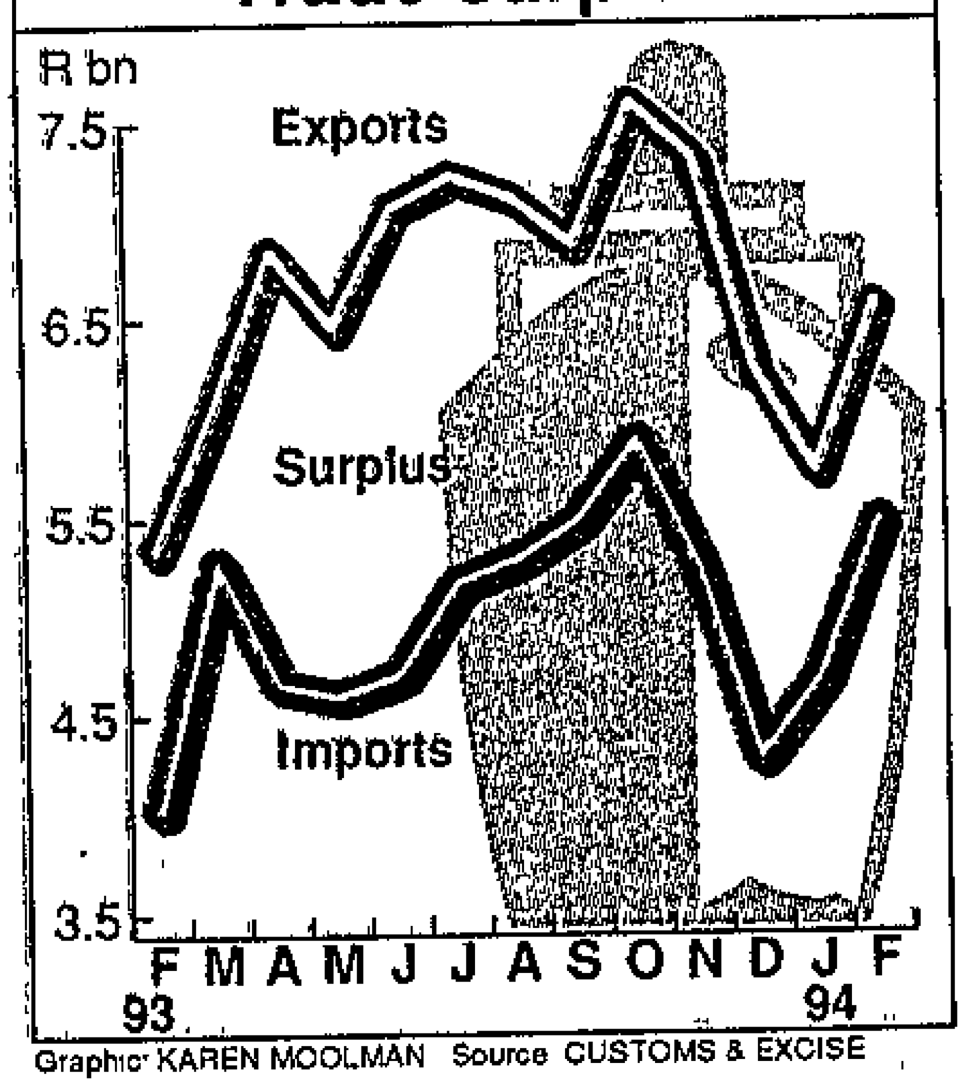


Graphic: KAREN MOOLMAN Source CUSTOMS & EXCISE

Exports bounce back from decline

KELVIN BROWN BDay 21/3/94

THE country's trade surplus rose marginally in February to R1,09bn thanks to a recovery in exports, which firmed by more than R800m over the month.

Figures released by Customs and Excise on Friday show the value of exports bounced back to R6,6bn from R5,8bn the previous month, while imports rose further to R5,5bn from R4,7bn in January.

Economists said the upward trend in exports appeared to be back on track after an erratic period at the beginning of this year when exports fell more than 8%.

In February exports were up in virtually all categories. The main contributor to the recovery was the unclassified category — largely made up of gold — which firmed more than 12% to R3,02bn.

But economists warned that this year's trade surplus was unlikely to be as high as last year's because of greater demand for imports fuelled by economic recovery.

Safto economist Carlos Teixeira said higher economic growth was causing a pick-up in imports of industrial materials and capital equipment. (74G)

Compared with the January-February period last year, there was increased momentum in the growth of base metal imports (44%); chemicals (29,9%); plastics (22,5%); textiles (21,6%); and stone, plaster, cement and glass (9,2%). Capital equipment — traditionally SA's biggest import

☐ To Page 2

Exports

BDay 21/3/94. ☐ From Page 1

requrement — also showed increased growth. Machinery imports were up 40%, transport equipment rose 39% and high-tech equipment firmed 22% over the first two months of this year compared with the same period last year, he said.

But import growth was still moderated by the continued decline in the value of oil imports. This was reflected in the unclassified category, which was down 33,4% compared with January-February last year.

Teixeira said the results of Safto's latest exporter confidence barometer indicated export managers were expecting last year's growth levels to be surpassed in 1994, but they believed growth in the first three months would be subdued. (74G)

This was confirmed by the January and February figures, which indicated export growth in the first three months could be lower than the last quarter of 1993, he said.

Confidence over exports soaring

CLAIRE GEBHARDT (74G)

JOHANNESBURG. — Safto's export confidence index, which measures expected export sales for the next 12 months in US dollars, is at its highest level since the end of 1991.

Safto economist Carlos Teixeira says the index at 30 reflects highly optimistic expectations about trade on the back of good export sales in 1993 and forecasts of improved international trading conditions in 1994.

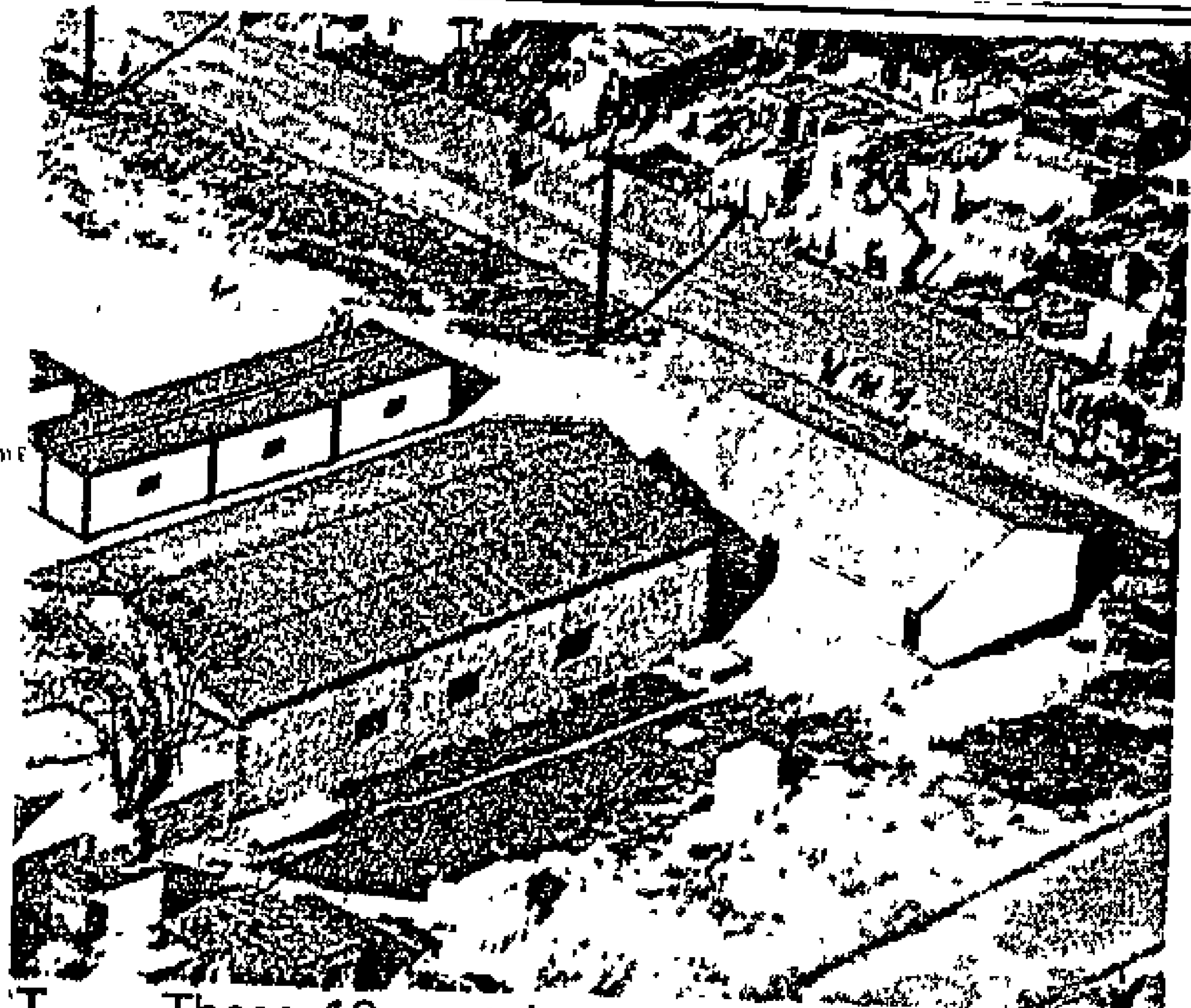
ARG 23/3/94

But the first quarter result remains at the same level as that of the fourth quarter survey n 1993 — the first time since the beginning of 1993 that the index has not risen in succession.

"Commentary by export managers reflects problems regarding high levels of international competition — both on price and quality — as well as political uncertainty, labour relations and productivity concerns as South Africans enter new markets."

stocks ahead of the elections

— Reuter



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were donated by Safmarine to be converted into
l at the Wallacedene informal settlement near
will be opened formally today. So far Safmarine
tainers for community projects.

Safto predicts 5,5% growth in exports

(749)
CT 23/3/94

By AUDREY D'ANGELO
Business Editor

REAL exports excluding gold will rise by 5,5% this year, SA Foreign Trade Organisation (Safto) economist Carlos Teixeira forecasts

His Export Confidence Barometer for the first quarter shows that confidence remained at the same level as in the last quarter of 1993 — when it was the highest since 1991.

Teixeira says the fundamentals for improved exports this year, such as new markets opening up and growth in the economies of SA's major trading partners, remain strong.

But SA firms face high levels of international competition, both on price and quality, as they enter new markets.

Expectations of higher sales and orders have also been tempered by political uncertainty and concerns about productivity and labour relations.

Production levels

However, the value of export sales and incoming orders are expected to rise above 1993 levels and exporters seem prepared to raise production levels. "On the basis of these trends Safto predicts a real export growth excluding gold of 5,5%."

Teixeira lists uncompetitive pricing at the head of obstacles to increasing exports, with cost and availability of transport in second place.

"The moderate recovery forecast for the major industrialised nations during the year should lead to an improvement in international commodity prices as well as increased export volumes from SA.

"Furthermore, import demand from Asian and Eastern European countries is growing at around 8% a year according to the Organisation for Economic Co-operation and Development (OECD).

"Finally, the International Monetary Fund's (IMF's) forecast for growth in Africa has been revised upwards to 3,9%. This region is beginning to pay political dividends for SA exports."

Teixeira says uncompetitive pricing is a major obstacle to SA firms in Europe and North America

More finance on pages 13 to 15

Oil prices up

LONDON. — Oil prices rose yesterday, helped up by disruptions in the North Sea oil fields caused by storms.

Futures for Brent Blend crude, the international benchmark, were seven cents firmer at $14,05 a barrel.

Waves over six metres high lashed the production rigs of Norway's Statfjord and Gullfaks fields, preventing crude oil tankers from loading — Reuter

Punitive duties hit ferro-silicon exports

BIDay 22/3/94

JOHN CAVILL

LONDON — Anti-dumping duties on imports of SA ferro-silicon, provisionally imposed by the European Union last September, will now run for five years.

This will affect SA exports of ferro-silicon — used in steel making and alloys — worth R10m in 1992. (74G)

Provisional duties were slapped on SA and China — the world's biggest producer at 1-million tons a year — after European Community (EC) investigators found they were unfairly undercutting Europe's producers by 25,2% and 24% respectively.

European groups complained in May 1992 and the EC found that their average losses had run at 34% of turnover, putting many out of business. Domestic output of ferro-silicon slumped from 190 000 tons to 102 000 tons between 1989 and 1992.

During that time the combined imports from SA and China jumped from 9 000 tons to 31 000 tons, trebling their share of the market to 6%.

This week the EC confirmed the provisional duties at 49,7% for Chinese imports, 47,4% for Samancor and Siltech, but only 34,7% for Highveld Rand Carbide.

It confirmed that the high rate of duty of 47,4% was levied "in order not to reward non-co-operation" by the affected SA producers, and the same applied to China which also refused to co-operate with the investigation.

The EC rejected argument that the price competition would benefit steel consumers as ferro-silicon constituted "an average of only 0,2% of the cost of a ton of steel".

It has already penalised producers such as Egypt and Poland and is reviewing imports from the former Soviet Union, Venezuela, Brazil, Norway and elsewhere. Last December the US introduced anti-dumping duties, hitting sales by China and Venezuela.

An alloys analyst at Commodities Re-

To Page 2

Anti-dumping

BIDay 22/3/94

From Page 1

search Unit in London said the European duties would affect only a small proportion of SA's ferro-silicon exports.

"SA's main markets are Japan and the US, and Siltech, which has just come into full capacity production on 55 000 tons, is planning to sell most of its output to the Americans," he said.

SA production is estimated at between 130 000 tons and 140 000 tons with Highveld Rand Carbide accounting for 50 000-55 000 tons and Samancor for 30 000 tons. About 75 000 tons is consumed internally.

In Johannesburg, Highveld Rand Carbide said its European exports were "fairly minimal" and the impact of the new duties would be small. (74G)

Samancor chrome division GM Wilrich Schroeder said: "Since our sales into Europe are negligible, it will have very little effect."

Another industry source said the production of ferro-silicon in Europe was limited and the EU would have to source the material from somewhere else.

Zero growth in export confidence

BDay 23/3/94

KELVIN BROWN

THE SA Foreign Trade Organisation's (Safto) exporter confidence barometer has flattened out in the first quarter because of concerns about strong international competition, political uncertainty, labour relations, productivity and high costs of raw materials.

The index — which reflects expected export sales in US dollars over the next 12 months — remained at 30 in the first three months of this year.

This was the first time since the beginning of 1993 that the index has failed to rise.

Although the index was flat it was still the highest since the end of 1991, indicating exporters anticipated higher sales over the next 12 months, Safto economist Carlo Teixeira said.

"The value of export sales, as well as incoming orders, are expected to increase above 1993 levels and exporters seem prepared to raise production levels to increase stocks to meet the higher demand."

On the basis of these trends Safto predicted real export growth — excluding gold — of 5,5%, Teixeira said.

But this increase was unlikely to come through in the first quarter of 1994 as exporters were expecting a drop in the level of unfilled orders and available stocks, due to subdued demand.

Teixeira said the index had failed to rise further in the first quarter as the euphoria following SA's entry into new markets had been tempered by the realities — both domestic and international — faced by exporters.

"As SA firms have entered new markets over the past 18 months, they have discovered that the worldwide recessionary conditions since 1989 have made price and quality competitiveness more intensive."

According to export managers, uncompetitive price was still the number one obstacle to increasing exports, particularly in trade with the US and Europe.

Several domestic factors had also led to uncompetitive prices for many SA goods. These included rising labour costs and high costs of raw materials due to "monopolistic price-setting by certain large corporations".

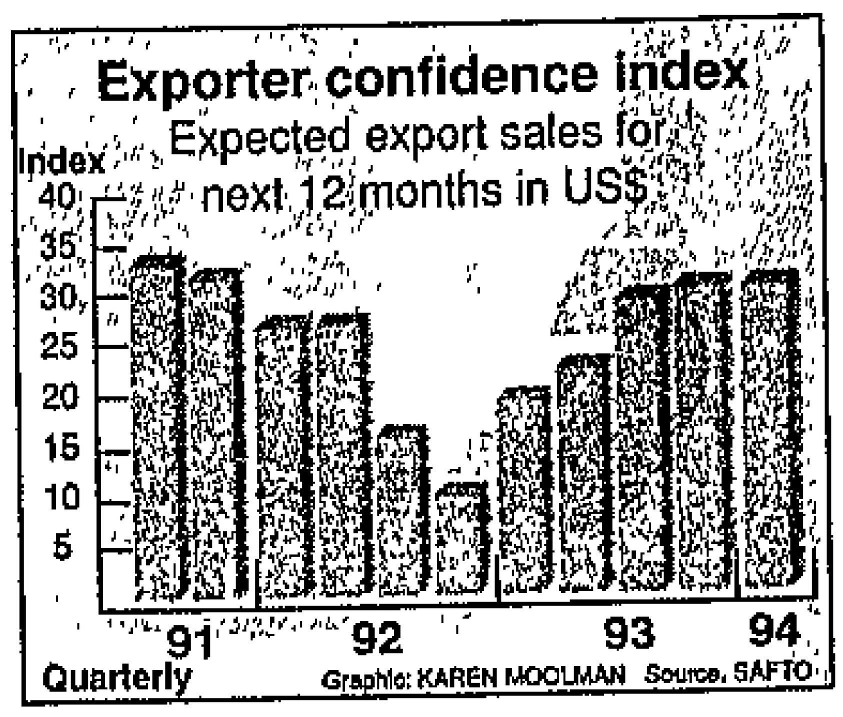
(14G)

Uncompetitive product quality had moved from ninth position to sixth in exporters' list of obstacles. The lack of product uniqueness and limited technological upgrades have made SA's re-entry into world markets much more difficult, said Teixeira.

The impact political changes would have on productivity and labour relations this year had received a wide response from export managers. The possibility of disruptions during and after the elections was of particular concern.

But if these concerns were addressed, strengthening economic fundamentals pointed to a good year for exporters, he said.

The unfavourable rand exchange rate was less of an obstacle as the rand weakened for the fourth month in succession in February. However, export managers were concerned about the lack of exchange rate consistency and the volatile movements that had been experienced.



BUSINESS

Exports cornerstone of SA recovery — Keys

(749) ARGT 18/4/94

MARRAKECH. — The long overdue recovery of the South African economy would have to be export-led, Mininster of Finance Derek Keys, said.

Mr Keys was speaking at the 124-nation GATT ministerial conference in Marrakech, Morocco, at the weekend.

"If we are to succeed in improving the well-being of all South Africans, the development of our manufacturing sectors into internationally competitive export sectors has to be a top priority of a future economic dispensation.

"It is thus of cardinal importance for South Africa to obtain adequate access to the markets of its trading partners, particularly for its manufactured goods," Mr Keys said.

He said the phasing out of existing measures which have caused the anti-export bias in South Africa's trade policies would be done in conjunction with the phasing in of tariff liberalisation and certain supply-side measures compatible with the rules of the World Trade Organisation.

"The purpose of these measures is to enhance South Africa's international competitiveness. The key to this process, however, remains the degree of productivity with which we apply our human and capital resources.

"These are aspects which will receive greater attention from the forthcoming government of National Unity," Mr Keys said.

He said the World Trade Organisation as successor institution to the GATT was "important for South Africa as it provides an international forum where small countries can endeavour to protect their internatioal trade interests in accordance with internationally accepted rules".

Meanwhile with the signing of the GATT agreement Friday, the world has a new set of trade rules — on paper.

But the new policing organization that is supposed to usher in a brave new world of trade has a muddled mandate, no definite home and probably no leading light.

As more than 100 countries signed the Uruguay Round accords in a ceremonial chamber and received a royal blessing from Moroccan monarch, King Hassan II, a touch of cold realism blew through this balmy North African oasis.

The European Union trade chief, Sir Leon Brittan, said the new set of trade rules heralds an end to the "law of the jungle".

US Trade Representative Mickey Kantor forsook the formal handshake for an emphatic embrace with the head of the General Agreement on Tariffs and Trade, Peter Sutherland, during the signing ceremony.

And Mr Sutherland himself, a former Irish attorney-general, said he felt like dancing one of his native jigs on the flower-decked tables.

But Mr Sutherland tempered his elation over the world's biggest ever trade bonanza with a warning.

"If the World Trade Organization doesn't acquire a crediblity through being able to deal with trade problems, and to acquire an authority, then we will have failed," he told journalists.

The WTO is meant to start life next January 1 to implement the Uruguay Round accords, which are expected to boost global income by more than $200 billion in the next 10 years. — Sapa-AP.

SA wine back in Canada

ARGT 28/3/94
(182) (740)

Staff Reporter

SOUTH AFRICAN wines have returned to Canadian liquor store shelves with a vengeance.

After an absence of a decade because of United Nations trade sanctions, 37 South African wines are now available in British Columbia.

"I was floored by it," a Vancouver wine merchant told The Argus correspondent there.

"I thought they'd go for maybe 12 general and 12 speciality listings.

"I think the government's Liquor Board was as floored as I was. They got 400 applications from South Africa. I think they thought they'd get 60 or 70."

The most expensive table wine on the list is a 1990 Thelema Cabernet Sauvignon at R40. But there are a lot of wines in the R12 to R18 range and none cheaper than R11.

Among the table wines are a number of shiraz and pinotage labels, the country's mainstay reds, merlots, chardonnays and sauvignon blancs.

There are also fortified red wines, two sherries, a ruby port from Paarl and a brandy at R17.

Clothing exports 'could grow 60%'

B/Day

EDWARD WEST

CAPE TOWN — Clothing industry exports, which had grown strongly over the past two years in spite of uncertainty regarding export incentives, could increase by over 60% a year, the Clothing Federation of SA said on Friday. 28/3/94

The value of clothing exports grew to R460m in 1992 from R100m in 1988. Exports for 1993 were expected to be about 15% of SA's total production, compared with 10% in 1992. (749)

Federation director Hennie van Zyl said the growth would have been higher had there not been uncertainty regarding export incentives. This could be resolved when a strategic plan for the clothing and textile industries was discussed at a conference this week.

The long-term plan, drawn up over the past 16 months, included industry strategy and specifics regarding tariffs and incentives. It also contained recommendations concerning the introduction of other export incentives which would compensate for a slight reduction in the General Export Incentive Scheme after April 1995, when the new GATT agreement would begin to be implemented, he said.

Clothing industry imports remained virtually static in rand terms for the first nine months of 1993 at R287m compared with the same period in 1992. In contrast, exports grew 39% over the same period to R516m (R371m).

Exports may save ailing industries

(74CT) (484) (4997)

TOM HOOD

APR 2/4/94

SOUTH Africa's beleaguered clothing and textile industries could be rescued by substantial export opportunities to the United States and Europe.

This is the view of National Clothing Federation president Sadek Vahed.

His company, A M Moola, one of the biggest privately owned manufacturers, notched up American orders for large quantities of various garments. But a serious problem for exporters is the late arrival of fabrics. The fabrics must arrive in time to meet tight delivery dates, he said in Cape Town this week.

"Markets are open to us because of our quota-free status. Potential customers are waiting on the sidelines and immediately after the election is over, droves will be coming to place volume business with manufacturers in the new democratic South Africa.

"We therefore need export incentive certainty so that manufacturers can know how to cost and market their products.

"The export potential for South African clothing is vast and could transform this country into the first African 'tiger'."

By securing only a 1 percent market share in the US, Britain, Germany, France and Italy the South African clothing industry could double its current output from R4,5 billion to R9 billion. This would have a direct job-creating effect of 225 000 — 150 000 in clothing, 35 000 in textiles and 40 000 in the cotton-growing and wool producing sectors.

South Africa should follow the route taken by Mauritius which in seven years went out for an export-driven clothing and textile industry and created more than 60 000 new jobs in that period of time.

Clothing exports were worth R66 million six years ago and rose to just under R600 m last year, creating or saving 15 000 to 20 000 jobs.

A new export assistance system was needed and if action was not taken soon it could spell the death-knell of South Africa's export momentum.

"If urgent action is taken to introduce a new export assistance programme, within a few years we could see clothing and textile exports grow into a figure of several billion rands. We must get cracking urgently."

Toyota falls short of target

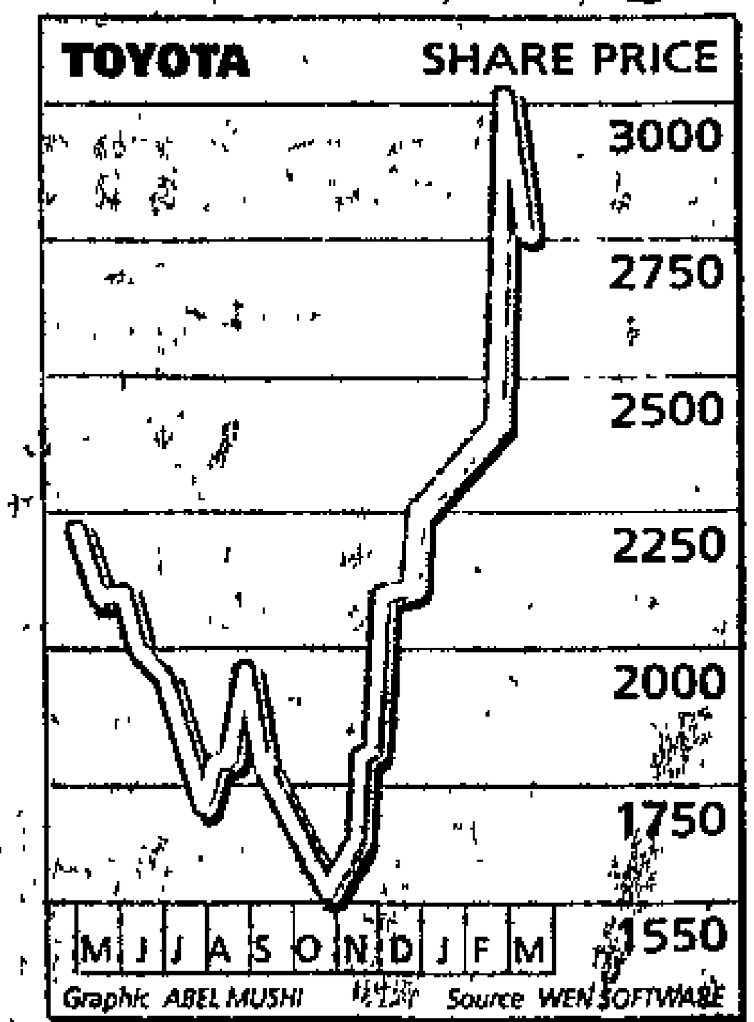
Star 12/4/94

BY STEPHEN CRANSTON

Toyota's results for the year to December, although they showed an 59 percent increase in attributable earnings, fell short of what had been expected at the beginning of the year, says chairman Bert Wessels.

Writing in the annual report, Wessels says that this was mainly because the rand weakened dramatically against the yen and that the average increase in the cost of imported components, and concomitant reduction in rebates against excise account, was 30 percent.

Its Japanese principal, Toyota Motor Corporation (TMC), suffered a reduction in profit due to economic developments in Japan and the strengthening of the yen.



TMC was thus limited in its ability to assist Toyota South Africa to soften the effect of the substantial increase in the value of the yen against the rand.

There is no suggestion that TMC would like to take an equity stake in Toyota SA at this stage, but discussions continue on ways to help Toyota SA sell in the rest of Africa.

Agreements have been reached for limited exports to Malawi, Zimbabwe and Mozambique.

Toyota is progessing systematically with the expansion of facilities, maintenance and improvement of the model range and enhancement of the efficieny of production facilities.

The upgraded Corolla range was launched in September and this range alone had a 17,7 percent share of the total car market, though this was still below its 18,6 percent share in 1992.

The Toyota Hilux, however, increased its share of the one-ton sector from 34,7 percent to 37,3 percent.

Toyota underestimated the demand for its Venture multi-purpose vehicle and could only partially meet demand, so facilities and capacity are being expanded to increase production.

Wessels says that depending on social, political and economic developments, this year should show a reasonable improvement in the motor industry.

But competition will remain fierce, with unavoidable pressure on profitability.

Toyota has done well in a flat car market in recent years, and it looks cheap on a P/E ratio of 11,2, compared with a 17,8 average in the industrial index.

But there is a perceived risk in the share until the future of the industry and its tariff arrangements have been cleared up.

Joint operation seeks to boost exports

Star 12/4/94

BUSINESS STAFF

Safto (South African Foreign Trade Organisation) has joined hands with Tradeplan, the largest trade plan facilitator in the UK, in an operation aimed at helping SA companies secure new export markets.

"In its own way, this operation is going to cause a revolution within the South African market place, affecting not only established exporters, but also new potential exporters who need to expand their customer base to other parts of the world," says local Tradeplan spokesman Michael Carvalho.

His Rivonia-based company, CMD International, holds the South African licence for Tradeplan.

Carvalho said yesterday Tradeplan kept an up-to-date information base on more than 20 million companies worldwide, and was able to find genuine trade partners for manufacturers or service industries in virtually any country in the world.

He said: "No other export operation can offer a success rate of over 97 percent achieved in finding export partners in the countries targeted." (74G)

He said the cost of Tradeplan's service for securing orders and finding new trade partners was often less than 50 percent of the cost of sending one executive on an export trip for 10 days.

Safto now offered this service and could also offer a free advisory service on the most cost-effective way to ship goods and handle all the paperwork involved, said Carvalho.

He said the joint venture between Safto and Tradeplan dated back six years to help members of the European Union find new markets for their products outside the common market.

Govt urged to cut cloth to fit a 'faster track'

EDWARD WEST

CAPE TOWN — Government should adopt a "fast track" approach and accept the latest clothing industry export incentive proposals to avoid stalling export growth, SA Clothing Industry Federation president Sadek Vahed said yesterday.

Vahed said the export incentive recommendations contained in the recent report by the clothing industry task force should be urgently adopted by government.

There was uncertainty regarding a firm export incentive scheme which was hindering strategic planning by exporters.

The report, released two weeks ago, had recommended the continuance of GEIS as long as possible and the extension of the duty credit certification system (DCC) to March 31 1995 from expiry on September 30 1994.

Other recommendations were that DCCs be transferable, that one customs union issue authority for DCCs, and that incentives be allowed on clothing exports based on imported inputs. (184) 749

Reports last week suggested that the proposals had invoked a storm of opposition by clothing retailers, the Customs Union and small manufacturers. They claimed the task force had done little to advance the over protected clothing and textile industries.

But Vahed said that although there was industry opposition to certain aspects of the report such as tariff proposals, the industry was unanimous in its belief that the recommendations on export incentives be adopted as soon as possible and that the proposals would not injure any parties.

The value of clothing exports climbed to just under R600m in 1993 from R60m six years before, saving between 15 000 and 20 000 jobs.

If the recommendations were speedily adopted industry employment of about 120 000 employees could treble within 10 years, he said.

With the lifting of sanctions the US market was wide open to SA manufacturers who could increase exports there substantially. The European Union had also recently lifted import quotas from SA, he said.

Diamond sales fire up the trade surplus

SAMANTHA SHARPE

DIAMOND exports rocketed last month to send SA's trade surplus soaring to R2,56bn from February's R1,09bn, Customs and Excise figures released yesterday showed.

March's exports rose 26% to R8,26bn, while imports rose only 4% to R5,7bn.

The strong rise in exports surprised economists, who expected the growth of imports to outstrip that of exports. They said the negligible growth in imports suggested the upswing had paused for breath in March. It followed two months of robust growth in the import bill.

Diamond sales led the acceleration in exports, with precious stone sales abroad of R1,96bn in March (R491m), a movement economists described as exceptional. However, they said such sales were erratic.

There was a marginal increase in exports excluding diamonds. If precious stones were excluded from both months, exports were R6,3bn in March compared with R6,09bn in February.

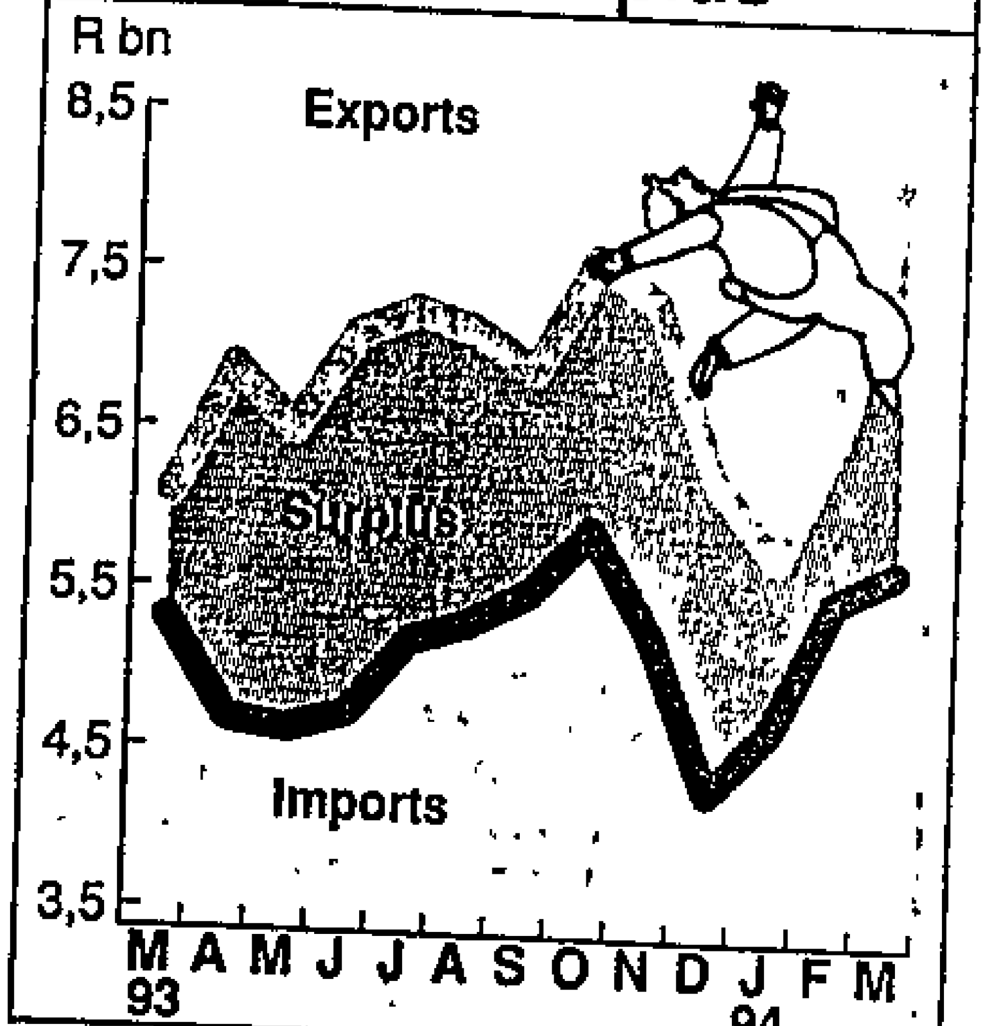
A pick-up in commodity prices and gold's resilience on international metals markets would combine with growth in the economies of SA's trading partners to underpin export volumes, economists said.

The first quarter's cumulative trade surplus was R4,7bn, which compared favourably to the same time last year when the trade balance was a positive R3,4bn.

The latest trade balance was of particular significance in the context of current balance of payment difficulties, said Ed Hern Rudolph economist Nick Barnardt. A consistently high trade surplus would help alleviate the problem of capital outflows,

☐ To Page 2

Trade surplus



Graphic:LEE EMERTON Source: CUSTOMS & EXCISE

(74G)

Diamond

BDay 22/4/94 (74G)

☐ From Page 1

which had been plaguing the SA economy.

Old Mutual economist Ursula Maritz warned that reserves fell significantly in March, despite the healthy surplus. The effect of the positive trade balance was insufficient to offset what must have been large capital outflows during the month.

SA Foreign Trade Organisation economist Carlos Teixeira said figures for unclassified imports suggested that low oil imports were keeping the bill down.

Another economist said the 44% rise in machinery imports over the first quarter suggested fixed investment spending was picking up as the recovery gained momentum. SA had a tiny capital goods industry, but it was encouraging to note that exports of machinery were also rising rapidly.

Wave of exports boosts SA trade surplus

ARG 21/4/94 74GT

JOHANNESBURG. — South Africa's monthly trade surplus more than doubled in March as exports surged, figures issued today by Customs and Excise show.

The monthly surplus escalated to R2,556 billion compared to R1,088 billion in February, as the cumulative surplus improved 38 percent to R4,709 billion against R3,407 billion in the first three months of last year.

March exports surged by 26 percent to R8,255 billion from R6,576 billion in the previous month likely due to the depreciation of the rand and strengthening economic prospects for South Africa's main trading partners.

Exports in the first three months rose 24 percent to R20,588 billion compared to the equivalent period last year of R16,636 billion.

Imports last month were muted, growing by just four percent to R5,699 billion from R5,488 billion in February, but imports in the first three months of 1994 are 20 percent up at R15,88 billion against R13,228 billion in 1993.

Most import categories registered nominal growth over last year's figures, but the import of machinery, appliances and related items continued to increase.

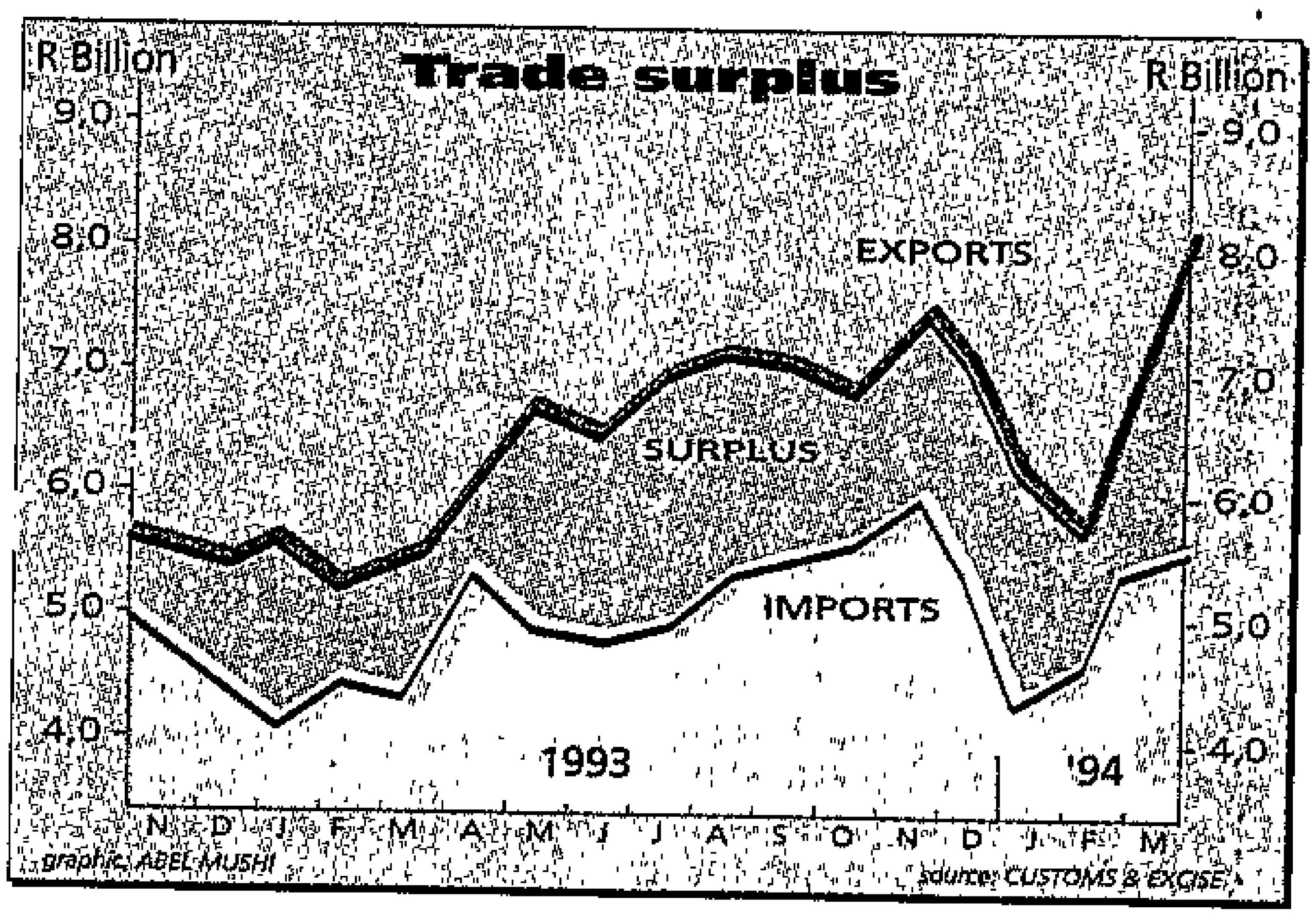
The export category of precious stones and jewellery performed well in the year to March, while vegetable product exports were recovering.

However, the unclassified goods and balance of payments adjustments category, which includes, gold, oil and arms, increased the most rising to R8,105 billion in the first three months of the year against R6,867 billion a year ago. — Sapa.

Higher exports augur well for good economic recovery

Star 22/4/94

BY DEREK TOMMEY



Prospects for a strong upsurge in economic activity in the coming months — and even for a firmer rand — have been heightened by the rise in exports in the first quarter of this year. (7467)

Carlos Teixiera, Safto's economist, reports exports in the three months to March rose to R20,6 billion, which was 24 percent higher than a year ago.

Exports grew by 25 percent between February and March to R8,3 billion.

While the devaluation of the rand accounts for part of the higher export figure, this does mot alter the fact that these increased exports are pumping a huge additional amount of money into the economy.

He says that the trade surplus jumped 135 percent between February and March to R2,6 billion, the highest since the R2,7 nillion in October 1991.

The trade surplus for the first quarter was R4,8 billion. Imports rose 20 percent in the first quarter to R15,8 billion and grew by 3,8 percent between February and March to R5,7 billion.

Teixiera says the main export growth was in diamonds, base metals and machinery.

Exports of diamonds in the first two months of the year were down 19,6 percent on last year.

By the end of March they were 67 percent higher. He says that despite the erratic nature of diamond exports, sales should increase further this year, in line with higher demand as the world economy improves.

The 16,6 percent increase in base metals exports reflects the improved demand for metals overseas, resulting in metal prices rising by about 20 percent.

In spite of high levels of stocks around the world, the commodity cycle is turning and sales should improve.

Exports of chemicals were 61 percent higher and exports of plastics and rubber were up 12,3 percent.

These gains are probably the fruits of the big efforts being made by the major chemical producers such as AECI, Sasol and Sentrachem to increase their overseas sales.

Sales abroad of pulp and paper rose 12 percent.

Sales of vegetable products increased by 165 percent.

Teixiera says that with the continued depreciation of the rand, the gold price some 16 percent higher than last year, and with South Africa's major trading partners achieving positive economic growth, all categories of exports should continue to improve.

The growth of imports of industrial materials, such as chemicals, plastic and base metals, and also capital equipment moderated in line with the slowdown in sales and production in the first quarter.

Imports in the "unclassified" bracket, were down 50 percent on a year ago.

He says South Africa's improved political links with the rest of Africa are beginning to pay dividends.

SA's exports were up 23 percent to other parts of the continent while imports were up 73 percent.

Trade with Europe is also up substantially, with exports in the first quarter up 33 percent on a year ago and imports up 39 percent.

RAIMUND POULIART

Baking group wins bread with exports

(74) ARG 23/4/94

MARC HASENFUSS

EXPORTS have been an important breadwinner for baking supplies group Macadams Manufacturing.

The Blackheath-based group exported nearly one-third (R12,3 million) of its total R41 million turnover for the year to end December. Exports have grown consistently from R7,6 million in 1992 and R4 million in 1991.

These performances secured Macadams a place amongst the Weekend Argus/Cape Chamber of Industries 'Exporter of the Year' finalists every year since the competition's inception in 1991. Macadams were deserved winners of the prestigious award in 1992.

Chief executive Raimund Pouliart expects the group to consolidate its export drive next year. "We hope to at least maintain exports at last year's levels or even move up to R14-R15 million."

The group exported to Chile, Congo, Malawi, Israel, Germany, Canada, Mozambique and Mauritius last year. New markets have emerged in Poland, Spain, Thailand and Zambia this year.

He attributes the export success to the group's ability to compete with any overseas manufacturer. "Our customers recognise us as a force in world industry as regards quality and price competitiveness."

Mr Pouliart says the group has also remained flexible in its trading attitude. "We are able to give our clients a turnkey operation, which very few companies do."

The group's big sellers — Rotary Rack and Deck ovens — sell for around R30 000-R40 000 a unit, while a complete turnkey operation sells for R100 000-R120 000.

■ The 'Exporter of the Year' will be announced at a special dinner at the Mount Nelson Hotel on June 2. The guest speaker will be Clem Sunter.

Picture: HANNES THIART, The Argus

FOR EXPORT: Julia Kukard and Neziswa Jordan of Just Exchange with some of the goods they hope will be snapped up on foreign markets.

It's a just exchange: SA crafts for overseas cash

(744) ARG 25/4/94

ROGER FRIEDMAN
Staff Reporter

HERB containers from KwaZulu and Kommagas karakul carpets have little in common — apart from their manufacturers' dreams of lucrative export markets.

Newly established non-profit company Just Exchange plans to transform those dreams into reality.

The European craft markets — overflowing with goods of Far Eastern and South American origin — are worth millions of rands a year. The British markets alone bring in an estimated £12 million (about R60 million) annually.

Set up in October under the leadership of returned exile Neziswa Jordan, and entirely funded by the British government Overseas Development Agency, Just Exchange is aimed at helping disadvantaged and developmental businesses to get their goods overseas.

Ms Jordan said: "We are basically an 'enabling' non-governmental organisation.

"Our initial goal is to ensure a 50 percent rise in exports by January."

Marketing co-ordinator Julia Kukard said Just Exchange already was working closely with 40 community-based businesses across the length and breadth of the country.

Just Exchange strictly adhered to the principles of "trade, not aid" and "fair trade", or cutting out the middlemen, she said.

At present, the European market was particularly receptive to South African goods, given the withdrawl of sanctions and the country's high media profile.

"It's almost as if they want to buy South African as they feel they are helping the political process," she said.

And, South African goods are popular in the United States, too. A containerload of craft will be exported for a special trade fair at New York's Grand Central Station later this year.

But, it was up to South African manufacturers to get their collective act together ... and overcome Africa's tarnished image regarding relatively high prices, erratic quality and unreliable delivery, said Ms Kukard.

Craft has developed beyond the heady 1970s when "white hippies thought job-creation programmes were a good thing and developed a range of products for which there no real markets", she said.

These days, there were particularly good opportunities for "functional" products including food products.

Dried fruit, muesli and tea might not be considered "crafty", but, given the correct marketing, the sky was the limit.

And, this is where Just Exchange can help ... with product development, market information, contacts and export advice.

Ms Kukard said the technology available in South Africa made food exports extremely viable.

NATIONAL

US concession good news for SA exporters

(74G)

AR 26/4/94

☐ 'Breakthrough' as Clinton scraps tariffs

PETER FABRICIUS
The Argus Foreign Service

WASHINGTON. — President Bill Clinton has decided to relax United States tariffs on many South African imports in a concession which the embassy here described as a major breathrough.

The Administration announced yesterday that Mr Clinton had decided to add South Africa to the list of developing countries that qualified for the Generalised System of Preferences (GSP).

This offers duty-free access to the US market although some products do not qualify for the exemption.

South African ambassador Harry Schwarz hailed the move yesterday as a "major breakthrough" which would make South African exports to the United States more attractive and competitive.

This would benefit exporters and South Africa's balance of payments. "It's very good news," he said.

Mr Schwarz said that it was impossible to calculate just how much South Africa would save through the concession because this depended on how much extra trade it stimulated.

The timing of the move is being seen here as intended to send an encouraging signal on the eve of elections.

Mr Clinton has frequently committed himself to helping the new government get off the ground.

Duty-free status under the GSP is qualified by a list of exemptions designed to protect US businesses.

The main effect of the concession will be to give South Africa an edge over other exporters who do not qualify for GSP.

But it will also give South Africa an immediate advantage over other GSP countries since it has been competing against them without the tariff benefit.

Boost for SA exports into Africa

(749) CT 28/4/94

From JOHN DLUDLU

JOHANNESBURG. — This week's first inclusive elections were expected to boost SA's exports into African markets, SA Foreign Trade Organisation (Safto) CE Len van Zyl said yesterday.

Though SA companies had been exporting into Africa, Van Zyl said the elections would open the door to the "previously inaccessible" markets of the Southern African Development Community and the eastern African Preferential Trade Area.

Trade with both regions had been banned, pending the election of a democratic government in SA.

He was optimistic that the new administration would follow outward-looking economic policies, where economic growth came from exports.

"We need to build on the current trend of reducing protectionism to increase world competitiveness."

Van Zyl said the return of SA business expertise and experience would help alleviate poverty in the continent.

SA business would also be well placed to exploit supply and contract opportunities provided by world aid organisations.

Other trade players expected the elections to trigger the signing of investment protection agreements, opening of trade offices in SA, repeal of double tax pacts and other trade promotion instruments.

US Commerce Secretary Ron Brown on Tuesday announced the US intended doubling its aid to SA.

Meanwhile, UK's Overseas Aid Minister Lady Lynda Chalker said on Tuesday she expected SA to be swiftly welcomed back into the Commonwealth. Chalker also promised that the UK would help reintegrate the country into the global economy.

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FOREIGN TRADE FM 29/4/94

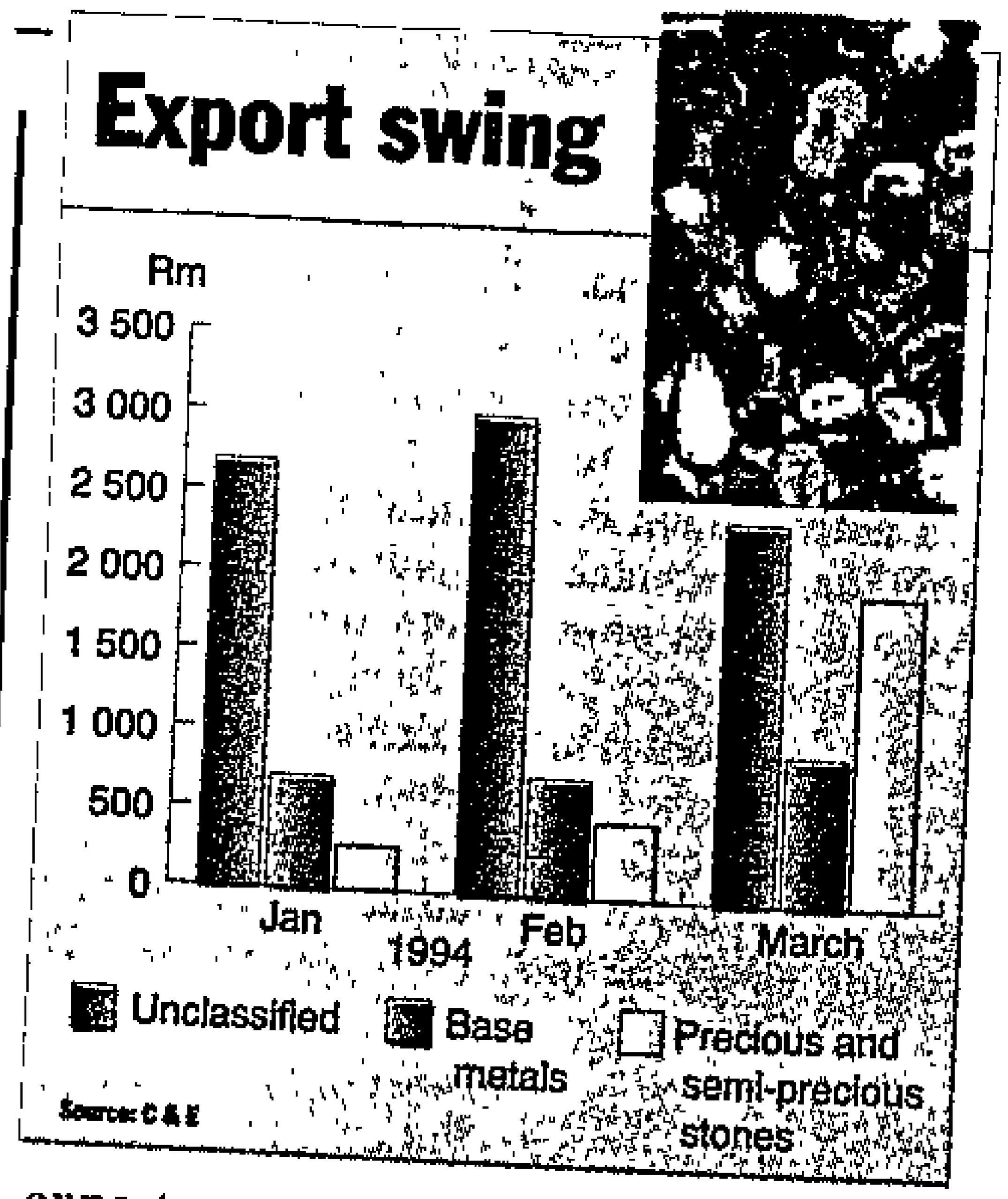
Favourable flows

The latest foreign trade figures are good news — and even better for coming at the same time as Inkatha's decision to take part in this week's general election. A Customs & Excise release shows that, over three months, exports were up 24% — a revenue bonanza; and imports were up 20% — welcome proof of accelerating growth in the economy despite the political disruptions.

With the possibility that political stability will slow or reverse the crippling capital outflows earlier this year, it seems we may be able to afford the boom that is looming.

In March, a R4bn surge in the export category, which includes diamonds, sent overall export figures soaring. The value of precious & semiprecious stones exported that month was close to R2bn, from R481m in February. But a Customs & Excise official explains that the remarkable growth was due partly to a statistical overflow from previous months. (74G)

However, confirmation of export growth comes from the three-month figures. In the first three months, exports in the category precious & semiprecious stones, amounted to R2,7bn which is two-thirds higher than the R1,6bn exported in the first three months of 1992. This indicates the steep rise in CSO sales recorded in 1993 is continuing. Also in the first three months, base metal



exports were up 16% to R2,4bn; the item "unclassified" — mainly gold — was up 18% to R8,1bn; and vegetable products — an item which includes maize — was up 183% to R568m. Total exports amounted to R20,6bn in the period.

Says Old Mutual's Rian le Roux: "There are two possible reasons. The exchange rate has fallen, so the rand value of exports is higher. And commodity prices — particularly gold and platinum — are improving."

Imports totalled R15,9bn.

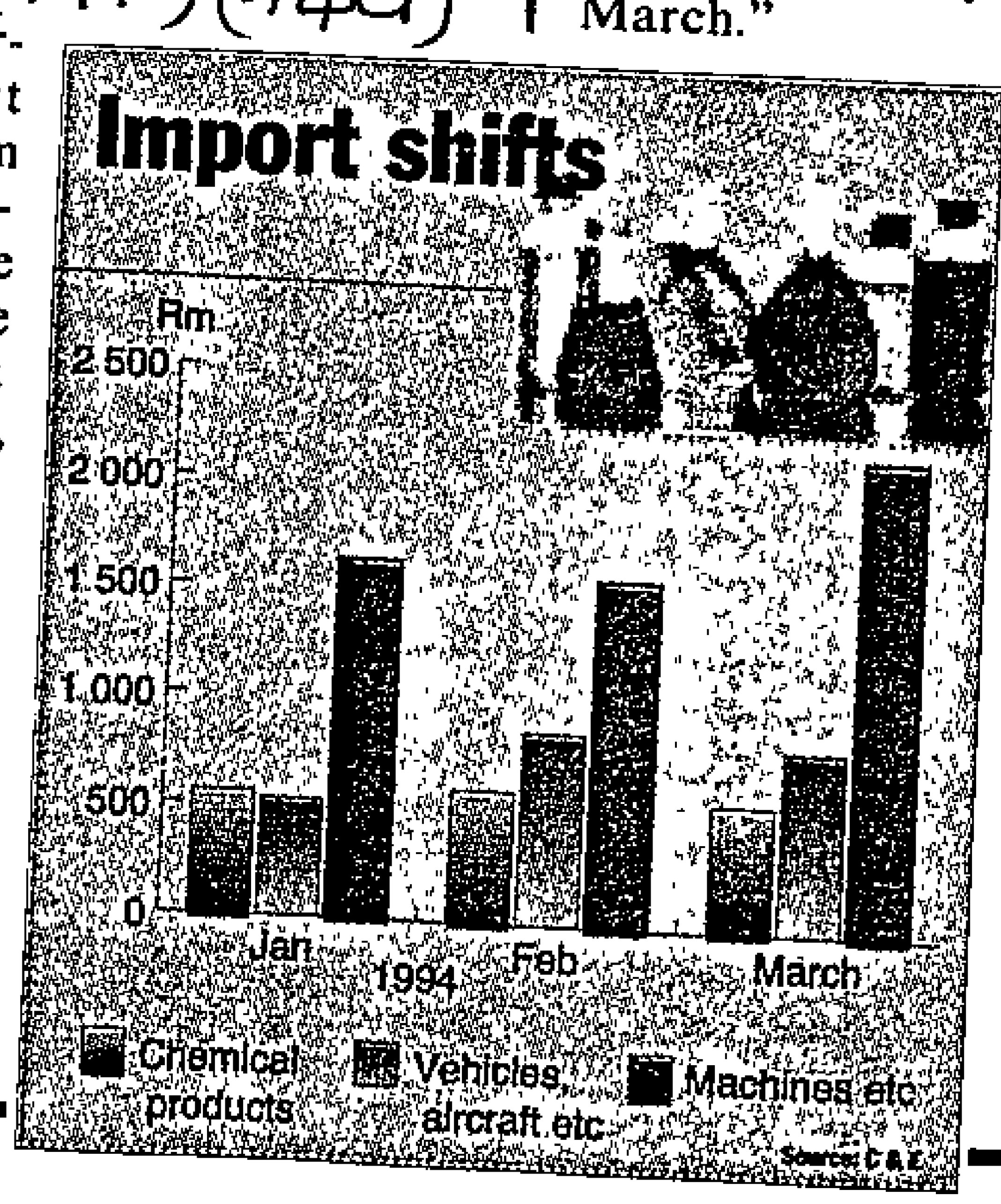
"The 20,5% rise," says Le Roux, "is mainly due to an increase in volumes of about 17%. January-February figures on import prices show they rose only 3%." And this is despite the depreciating rand.

Economic recovery was reflected in purchases of machinery from abroad. This category jumped by R600m in March to R2,1bn. The value for the three months was R5,4bn — up 44% on 1993. FM 29/4/94

The trade surplus in the month was R2,6bn — the highest monthly level since October 1991, says Le Roux.

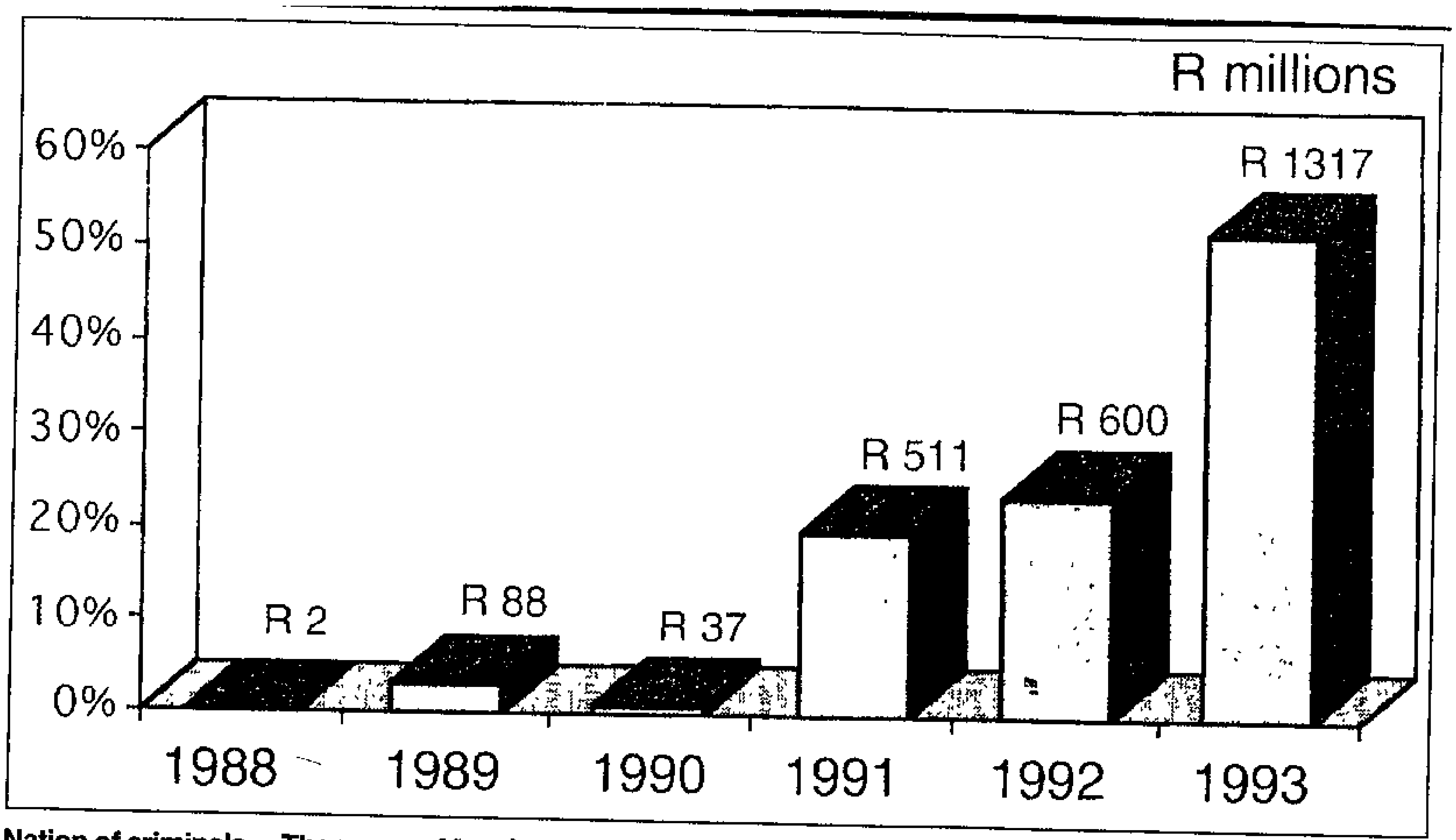
In the three months the surplus was R4,8bn — compared to R3bn in the first three months of last year. (74G)

This will be countered by outflows on the services account "which are about R1bn a month," says Le Roux. "That leaves a current account surplus of about R1,6bn in March."



But he points out the vulnerability of foreign reserves which fell by R870m between February and March. "Given the trade figures and estimated service outflows, this implies capital outflows in March could have exceeded R2,3bn."

So the economy is in delicate balance and needs all the stability that the incoming government can provide to attract investment. ■



Nation of criminals ... There were 44 major cases of fraud, each more than R400 000 in value, totalling around R2,5-billion in the period 1989 to 1993, according to accounting firm KPMG's 'fraud barometer'. In its Fighting Fraud publication, KPMG says management accounted for 71 percent of those frauds and employees four percent, while 25 percent was committed by outsiders. The main targets were the financial markets, accounting for R783-million worth of fraud; public funds, at R600-million; property, R522-million; building and construction, R401-million; exporting, R205-million; "other", R28-million, and stockbroking, R16-million

SOURCE: KPMG

Trade for trade's sake

(744)

WM 29/4-5/5/94

Export processing zones distort the rational functioning of the free market, argues **Maas van den Berg**

MUCH has been said and written recently about the benefits of export processing zones (EPZs) to a national economy, especially one desperate to create jobs and sell goods which earn foreign exchange.

EPZs distort the rational functioning of the free market.

A recent Bank of Lisbon survey reported: "Growth in world trade exceeds growth in world production." This suggests that countries are relying on trade rather than production to achieve economic growth. There is a further implication that this is a "good thing".

On the contrary, this process can be cut down almost to a zero sum game in which for every winner there is an equal and opposite loser.

For maximum efficiency and real added value, the distribution chain should be kept as short as possible.

Trade for trade's own sake can be wasteful and inefficient. Thus the creation of artificial centres of production tends inherently to be inflationary.

The Bank of Lisbon adds that EPZs should be designed to "take advantage of the underlying competitive advantage of specific sectors of the economy". In practice, the incentives to be offered to go into an EPZ will provide a "hothouse" in which exotic industries can flourish which would wither and die outside the EPZ fortress.

The benefits to which qualifying companies are entitled, unless handled very carefully, can create this "hothouse" environment. The one benefit that would do least to steam up the place is exemption from income tax. Why? Because it would apply only to profitable companies.

But we have instead a proposal to zero rate all supplies to EPZs for VAT purposes. This is misguided for two reasons. Companies are entitled to claim input tax credits for such supplies and their export sales are already zero-rated. The benefit of having their supplies zero-rated is therefore firstly negatory, and secondly more likely to benefit the exporters' supplier than the exporter himself, VAT being an "inclusive" tax.

The requirement that an EPZ enterprise's entire production should be exported has been stated, so that non-EPZ competitors are not harmed in the domestic market by price-cutting subsidised, in the end, by the taxpayer.

It is easy to think of ways in which a holding company could support this requirement by setting up parallel operations for the local and export markets. By manipulating transfer pricing on raw materials or partially processed goods, the company could maximise profits on the export side of the business at the expense of the profit which would normally be made in the local market.

The Bank of Lisbon makes much of the fact that EPZs attract or even depend on massive foreign investment. This perverts the true purpose of an EPZ, which is to "take advantage of the underlying competitive advantage". If that was perceived to be a realistic objective, local entrepreneurs would be beating down the doors to get EPZs set up. They aren't.

Instead, foreign companies use EPZs as pools of cheap labour, usually to beneficiate commodities which would normally have been done "back home".

This is why trade unions distrust EPZs. They know what happened in Ciskei, which in everything but in name was an EPZ.

They saw how new industries contributed little or nothing to the national or Eastern Cape economies, other than jobs at bargain-basement, subsidised rates.

Finally there is the General Agreement on Tariffs and Trade (Gatt). Many proponents of EPZs point to the fact that the General Export Incentive Scheme is falling into disfavour.

EPZ fans appear conveniently to overlook that EPZs themselves are in conflict with Gatt principles. Where countries use EPZs indiscriminately to foster artifical rather than organic industrial growth, their customer countries are just as likely to retaliate with high duties on the goods coming out of the EPZ.

Who could blame them?

■Maas van den Berg is a partner at Werksmans Attorneys

Clinton rewards SA with export deal

94G CT 4/5/94

WASHINGTON. — As the world congratulated South Africa yesterday on achieving democracy, President Bill Clinton signed a proclamation that could help South African businessmen export more products to the United States.

Promises of assistance were also made by British Prime Minister Mr John Major, who pledged to continue aid, and the Federal Republic of Germany, which said it would contribute all it could to South Africa's development.

Other US rewards are to be announced this week when the president outlines a new aid package for South Africa which will include investment incentives as well as direct aid. The proclamation signed at the White House designates South Africa as a beneficiary country in terms of the US Generalised System of Preferences.

German Chancellor Mr Helmut Kohl, in congratulating Mr Mandela, said "you can be assured of our solidarity and active assistance".

Austrian President Thomas Klestil said Mr De Klerk and Mr Mandela had displayed vision and courage.

The Cuban government welcomed the ANC's victory and said it would like to establish diplomatic relations with the country.

Australian Prime Minister Mr Paul Keating said Mr Mandela's election victory was a vindication of his long, lonely struggle and also of Mr De Klerk's leadership.

In Nairobi, Kenya's President Daniel arap Moi said Mr Mandela's election was a great victory.

However not all overseas comment was positive. French extreme rightist leader Mr Jean-Marie Le Pen said the ANC was a terrorist group and called for respect for Afrikaners' rights. — Sapa-Reuter-AP

T&N export strategy begins to bear fruit

BDay 6/6/94

MUNGO SOGGOT

AUTOMOTIVE, industrial, mining and manufacturing company T&N Holdings' strategy of channelling a significant chunk of its capacity into exports was now paying off, CE Bill Cooper said yesterday.

Commenting after the group's AGM, Cooper said: "We have continued to invest in capacity. When the upturn comes we will be able to supply both local and export markets. We intend increasing exports from 15% to 25% of our overall turnover."

Strong cash flow would enable the group — whose brand names include Silverton Radiators, FHE Heat Exchangers, Payen Gaskets, and AE Engine Parts — to reduce costs.

Cooper said that without a strong export drive SA's economy would become increasingly marginalised.

"SA is driven by its balance of payments. We must not only become larger exporters, but we must also become more efficient and productive manufacturing exporters. This is the only way we will be able to create more jobs."

He warned that to do battle in the global arena, SA companies would have to have confidence in themselves and the future of the country. He added that fast-moving foreign operators were already looking to secure niches in the local market.

"Upward mobility of black people in the workplace up to now has been extremely difficult. But I believe that a new dispensation and diminishing levels of violence will facilitate the creation of new opportunities. (480)

"If we do not compete on an international scale, we will not be able to create the jobs that are so vital for the peace and stability that SA deserves," he said. (74G)

Cooper was upbeat about the future of the local car industry. He predicted car prices would remain stable, and some might even drop.

But less competitive players would be forced out of the market.

Amcoal bullish as coal exports surge

(744) CT 11/5/94

AMCOAL's sales, both export and domestic, surged during the year ended 31 March 1994 by 8% and 11,4% respectively, said David Rankin, chairman of the Anglo American Coal Corporation (Amcoal) in his annual review.

Looking at the export market, Rankin notes that SA coal exports amounted to 53,1 million tons in 1993, 3,5 million tons, or some 7% higher than the previous year. Amcoal's own exports for the financial year increased from 11,2 to 12,1 million tons.

"Based on recent improving trends in the international coal markets and continuing stability in the industrial relations climate, Amcoal's earnings from coal exports are expected to show a significant improvement."

"SA's total coal export revenue for calendar 1993 amounted to R4,6bn, and coal remained the largest foreign exchange earner after gold. The lower dollar selling prices prevailing during the year were partially offset by further weakening of the rand/dollar exchange rate.

"The absence of any substantial economic recovery in the world coal importing countries again affected coal demand. Lower dollar prices were realised both on term and on spot business, and the discount of spot prices below term prices increased progressively during the first nine months of the fiscal year. However, during the last quarter, trading conditions began to improve."

Rankin points out that two events in particular contributed to this improvement: "First, a prolonged strike in the US coal industry caused quantities of Colombian coal, which had been competing strongly in the European market, to be absorbed instead by US consumers. Secondly, substantial rail freight increases were introduced in certain CIS states," resulting in European consumers resuming purchases from SA and other suppliers. The combined result of these two events has been that spot prices have risen from below $20 per ton during the last quarter of calendar 1993 to $25 and upwards by the end of the first calendar quarter of 1994.

"This strong recovery in the spot market has continued into the second quarter of 1994, but certain long-term contract prices had already been concluded at lower levels for 1994 than were achieved for 1993. As a result, current spot prices are now, in many cases, above term contract prices for calendar 1994."

Amcoal's sales to Eskom in the financial year increased by 3,2 million tons to 31,3 million tons reflecting the higher demand from the coal-fired stations.

AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 1994

'Import and export boom looming'

JOHN DLUDLU

THERE are strong indications that SA is set for a boom in exports and imports, says Grindrod Seafreight's Mike Millard.

These pointers included signs of positive economic growth among SA's major trading partners, he said at the weekend.

"Given the fact that the recessionary cycle in international economies is beginning to turn, we can look forward to continued growth in both imports and exports," he said. (749)

Other sources saw the recent extension of trade incentives to SA by its trading partners — including the US and Canada — as significant in improving local companies' access to new markets.

The European Union is also considering extending trade concessions to SA.

Millard said another encouraging sign was that SA trade had surged ahead in the first quarter of 1994 despite pre-election jitters. "Exports in January-March grew 24% compared with the same period last year, and imports grew 20%," he said.

The nominal value of exports for the three-month period was R20,6bn, while imports were recorded at R15,8bn.

"While cost-inflation and the continuing depreciation in the commercial rand have to be taken into account in this quarter-on-quarter comparison, we are still seeing a real upturn in two-way trade."

Although the export of diamonds had jumped 67% to dominate the figures, general trade categories had also shown a healthy improvement.

Nafcoc set to be 'influential force'

BDay 16/5/94

THEO RAWANA

NAFCOC would be well-placed to be an influential force in the SA economy with the restructuring programme begun by US consultant Robert MacGregor, the business organisation's executive director, Max Tlakula, said on Friday.

MacGregor had strongly urged the SA corporate sector to support the programme financially because, he said, Nafcoc was going to be the organisation the new government would work closely with.

MacGregor, president of the Minnesota Centre for Corporate Responsibility, worked with Nafcoc for three months earlier this year as a volunteer with the International Executive Corps.

The programme seeks, among other things, to strengthen Nafcoc headquarters to serve regional and sectoral chambers, giving most attention to the clear definition of the financial directorate.

The plan also includes strengthening representation at regional and national government level, monitoring legislation affecting small and medium enterprises, and advocating government aid for new and growing businesses.

Under the plan, regional and sectoral chambers of Nafcoc would have the responsibility of encouraging large companies to buy from smaller black businesses and assisting foreign and domestic corporations in identifying business opportunities in black communities.

MacGregor appealed to SA companies to assist the restructuring programme financially. "The new government will work very closely with Nafcoc. It can become a most important player in business circles to keep this country supporting a market-driven economy and assisting SA on the many issues related to black empowerment and the need to jump-start black business."

He said a strong Nafcoc supporting a company's values was in everyone's self-interest.

MacGregor said an experienced German executive would be with Nafcoc for one year to work on operations and finances as recommended in the report, and an American with a Masters degree in marketing would assist with membership needs for a year.

In addition, a retired executive would be working with the organisation.

"I am also working with USAid and some of its funded agencies to provide capacity-building assistance," he said.

"In my public speaking in the US, I will give a very positive report on SA which will be substantially different from the negative reports featured on CNN and in other US media."

McGregor added: "We all benefit from a restructured, moderate and responsible black voice, which Nafcoc represents."

'Huge US potential for Cape exports'

CT 17/5/94 (14G)

By AUDREY D'ANGELO
Business Editor

THE US — which has become SA's largest trading partner in the past two years — offers huge potential for Western Cape exports, including goods produced by small and medium-sized businesses, P J Verwey, export trade promotion director at the Department of Trade and Industry, said in Cape Town yesterday.

He was speaking at a crowded seminar organised by his department and the SA Foreign Trade Organisation (Safto) at a city hotel.

Urging local companies to take part in a "big bang" trade exhibition in New York's Jacob K Javits Centre in September, or in an arts and crafts show at Grand Central Station nearby, Verwey said his department offered help of up to R15 000 in meeting expenses.

He said the September exhibition, held at a time when the US market was opening up to SA, was designed "to put SA on display.

"It will be an expensive exercise. We will offer SA in its entirety — its culture, tourism, manufactured and primary goods — at a time when we are in the news in the US."

SA had exported R5,5bn worth of goods to the US last year, but there was potential for far more than this. The US economy was more than 21 times the size of SA's and was the largest importer. It accounted for more than 14% of world imports.

To illustrate the size of its market, 15m cars had been sold there in the past 12 months compared with about 200 000 in SA.

But, Verwey said, SA manufacturers should not be frightened by the scale of this market. They should look for niche markets which they were able to supply.

Safto's trade fairs manager, Dee Reuvers, said there could not be a better time to enter the US market.

The exhibition would be preceded by five seminars on doing business with SA, in five major US cities.

Anton Espost of the Small Business Development Corporation (SBDC), who is organising the Western Cape contribution to the arts and crafts fair at Grand Central Station, said in an interview that its importance and potential should not be under-estimated.

There was a great demand for handmade goods of original design — "things which people will actually use such as hand-painted fabrics."

Individually made hand-crafted goods accounted for a major part of some countries' GDP.

● SA exporters should benefit from an upturn in the US economy, Safto's trade fairs department points out.

"Imports in 1991 totalled $509,3bn and included machinery, cars and car parts, consumer goods, industrial raw materials and food and beverages."

SA exports to the US in 1992 amounted to $1,4bn, "or 0,3% of their total imports.

"If we were able to raise this to just 0,5% the rand value of our exports to the US would almsot double to R2,46bn."

SA to expand arms exports

B/Day 19/5/94

STEPHANE BOTHMA

PRETORIA — SA had grown into the 10th largest armaments supplier in the world and hoped to reap the full benefits of its expertise as soon as the UN arms embargo was lifted, Armscor marketing GM Peet Smith said yesterday.

The armaments procurement company had issued 631 export permits for arms worth more than R820m over the past two years.

Smith told military correspondents at a briefing that SA would most likely become a member of the Missile Technology Control Regime by October and Armscor was positioning itself for this prospect.

SA was finalising a national arms control policy in terms of which all arms-related control measures would be centralised under the Defence Ministry, he said.

"Armscor has committed itself to becoming more transparent and accountable, especially regarding aspects such as its arms exports in international terms."

But, Smith said, Armscor found it difficult to thoroughly police the final destiny and use of armaments manufacured in SA because of a lack of cooperation between government bodies such as the SA Police Services, Customs and Excise and the Trade and Industry Department.

However, Armscor was committed to adhering to government regulations and rules regarding client countries. Smith said SA had a firm policy in terms of export clients and would under no circumstances export to certain countries. (74G)

He said the list of client countries was classified, but, for example, SA had stopped supplying Rwanda several months ago when civil war broke out there.

Smith said although Armscor suggested clients to whom SA should sell its armaments, government had the final say in the matter. "After all, we are only civil servants."

Smith agreed that Armscor, to a certain extent, had a credibility problem because of its operations during the sanctions years. But he said the company "never allowed anybody in the industry to break SA's own rules and regulations".

He said it was Armscor's first priority to have the UN embargoes lifted, and to achieve that, it would not tolerate any transgression of any international regulation.

Govt to halve budget for export incentives

BDay 19/5/94

GRETA STEYN

GOVERNMENT planned to cut the general export incentive scheme (GEIS) by about half its present budget in the 1995/96 fiscal year, a Trade and Industry Department spokesman said yesterday.

He confirmed that a R500m-R800m cut would be a first step towards phasing out the incentive scheme, which was in contravention of GATT. But at least some of the savings from eliminating GEIS would be used to finance supply-side measures.

A plan to achieve the cut had not been finalised and "several alternatives that differ substantially" were being discussed by the National Economic Forum's trade policy task force. A decision was expected next month.

Industry sources said there was strong resistance from sections of the business community to an approach suggested by the Trade and Industry Department. It is understood the department wants to change the criteria for qualifying, rather than make an across-the-board cut.

The approach would harm industries that are especially dependent on the export subsidies, particularly the steel industry. A source said a battle was expected over the next few weeks.

It is also understood industry is hoping SA will negotiate an extension of the benefits beyond the December 31 1997 cut-off. Talk is that SA's trading partners are willing to allow the scheme to continue for up to another three years. The spokesman said an extension would have to be negotiated with the World Trade Organisation.

The demand for GEIS subsidies has been growing rapidly. 74G

The department said the R1,67bn budget in the past fiscal year would have been exceeded if it had not been for the "significant" backlog of claims.

The NEF has set up a subcommittee to look at supply-side measures that could make up for the cut in GEIS.

These could include giving greater access to duty-free imports.

Exports: Scandinavia 'ideal'

Business Editor (74G) CT 19/5/94

THE Scandinavian markets are ideal for SA exporters "because they are quite small and will order in volumes our manufacturers can handle," Julia Hart, foreign trade officer at Cape Town Chamber of Commerce, said yesterday.

Julia will accompany a trade delegation organised by the chamber and led by a former president, Anthony Coombe, which leaves for Helsinki on Saturday.

It will go on to Stockholm and Gothenberg in Sweden. Some members will go to Norway and meet the rest of the mission in Copenhagen before coming home by way of London.

Meanwhile the Cape Chamber of Industries is organising a trade mission to Dubai.

And the Chamber of Commerce will send one to South-East Asia in October.

●Johannesburg-based Artex says more than 150 SA companies will be taking part in a four-day exhibition it is organising in Kuwait in September.

"There are opportunities for all types of goods and services including inflatable boats, jewellery, sports and leisure goods, electronic and telecom equipment, lightweight construction material, toys and clothes," a spokeswoman said yesterday.

Atlantis Diesel Engines exports speeding ahead

ALIDE DASNOIS
Business Staff

EXPORTS are speeding ahead at Atlantis Diesel Engines, which qualified as a finalist in The Argus/Cape Chamber of Industries Exporter of the year award.

The value of exports has more than doubled since December 1991 to top R54 million last year.

ADE announced this month it was to convert a machining line to expand production capacity of Mercedes Benz-type crankshafts, at a cost of R24 millioh.

Managing director Fritz Korte said the expansion was necessary because of the growth in export orders. ADE had also negotiated an order with a major American automotive manufacturer for up to 10 000 crankshafts a year.

The company machines about 25 000 crankshafts worth R40 million a year. From 1997, when the new line will be in full production, the value of the export market alone will increase to R34 million.

749

Exports account for about 11 percent of turnover. The figure is relatively low because ADE is not allowed, in terms of its licencing agreements with Mercedes Benz and Perkins of the UK, to export its most expensive product, engines.

ARG 21/5/94

It is only allowed to export components. Crankshafts and engine blocks are ADE's main exports.

Foreign markets for crankshafts are mostly in Germany, the UK, Indonesia and South America, while Korea, Germany and the UK are the largest markets for cylinder blocks and heads.

The company also exports transmission housings to the French subsidiary of US-based truck component suppliers Eaton.

ADE's success on foreign and local markets crowns an 11 year battle.

Founded at the height of international sanctions against South Africa in 1981, the company struggled for years against accumulating debt, until business took off in 1992.

ADE reported after-tax profits of nearly R20 million in the year to end-June 1993, wiping out its deficit entirely. This year, profits are likely to be maintained in spite of the company's self-imposed price freeze.

Big savings for SA exporters

Business Editor

EXPORTERS to the United States could save more than R36 million in USimport duties over the next year in President Bill Clinton's new South African trade package.

This is the view of Mike Millard, national marketing manager of Grindrod Seafreight and chairman of the American Chamber of Commerce (Amcham) trade and investment subcommittee.

(74G)

He said that effectively the package will, from May 10, see more than 4 400 product categories in the US import tariff book being allowed in from South Africa duty-free.

ARG 21/5/94

It was estimated that about R947 million worth of South African exports to the USA last year would have been eligible for this duty relief, giving a saving of R36 million.

"This will help considerably towards making South African products more marketable" said Mr Millard.

The import limit for each tariff line was R388 million a year (or 50 percent of total US imports of that particular tariff heading) — at which point goods fail to qualify for GSP benefits.

South Africa joins 140 other countries which are beneficiaries of the system.

Sales soar as SA goods top Britian's shopping lists

(744)

The Argus Foreign Service

LONDON. — Sales of South African produce in Britain has soared in the past month following the country's political transition.

The fruit-marketing group, the Cape Organisation, reports sales up by £300 000 (R1,6 million) over the past four weeks, and, with former pro-boycotters now urging buyers here to support the new government, wine importers alone expect a £3,8 million (R21 million) boost this year.

Martin Dunnett, Cape's general manager for marketing in the UK, said that in 1987 the company sold fruit in only eight European countries, compared with 26 this year.

"There is now a certain kudos in buying South African fruit," he said.

Outspan expected revenue to rise by between £8 million (R44 million) and £10 million (R55,2 million) in 1994, and new markets, particularly in Scandinavia, to open.

ARG 23/5/94

According to promoters Wines of South Africa, sales have risen from 190 000 cases in 1990 to 307 000 in 1991, with a 1995 target of one million being reached last year.

In 1994 it expects to increase sales by 500 000 cases and attributes 20 percent of the expected increase to political changes.

Sentrachem set for export boost

BiDay 24/5/94

MICK COLLINS

PETROCHEMICALS group Sentrachem was poised to beef up its export drive with the recent opening of another office in Hong Kong, the company said yesterday.

MD John Job said the company's offices in Houston and London were also shifting focus from procurement during the sanctions era to active sales in the plastics, agricultural and industrial chemical markets.

Group exports had already grown from R190m at last year's interim period to about R208m at the recent interim, increasing their proportion of turnover to 15%. 749

Job said the three operations were now operating under the Sentrachem International banner and an aggressive export drive would accompany the new visibility.

Areas of specific interest to the company's Hong Kong office are the Pacific Rim, China, Vietnam and Southeast Asia.

"The export programme goes on with the help of our international offices," Job said. "Exporting is a fundamental requirement for this country's manufacturing sector and Sentrachem is clear as to where it can be competitive."

Much of the company's capex of R170m for 1994 would go towards building plant for exports.

"We will be aiming to export 50% to 60% of the capacity created by these investments," he said.

"We have been driving exports hard from SA, but now we want to develop demand abroad. The three foreign offices will act as our eyes and ears."

Convenor of the Sentrachem Exporters Club Klaus Hudoffsky said the company had to pursue niche markets.

The company planned to exhibit in Dubai, which it saw as a "gateway to the rest of the Middle East".

Russian woes to aid ferrochrome

BiDay 24/5/94

JOHN DLUDLU

THE deepening crisis in the Russian economy looked set to underpin a recovery in the ferrochrome market, sources said at the weekend.

JCI's Consolidated Metallurgical Industries (CMI)'s marketing director Allan Kuhnert said the economic problems in Russia had put a serious setback on efforts to modernise ferrochrome plants.

Recently released economic figures suggested that Russian industrial production, which fell 25% in the first quarter of the year, appeared to be accelerating.

He said the infrastructural problems had translated into supply problems for Russian exporters.

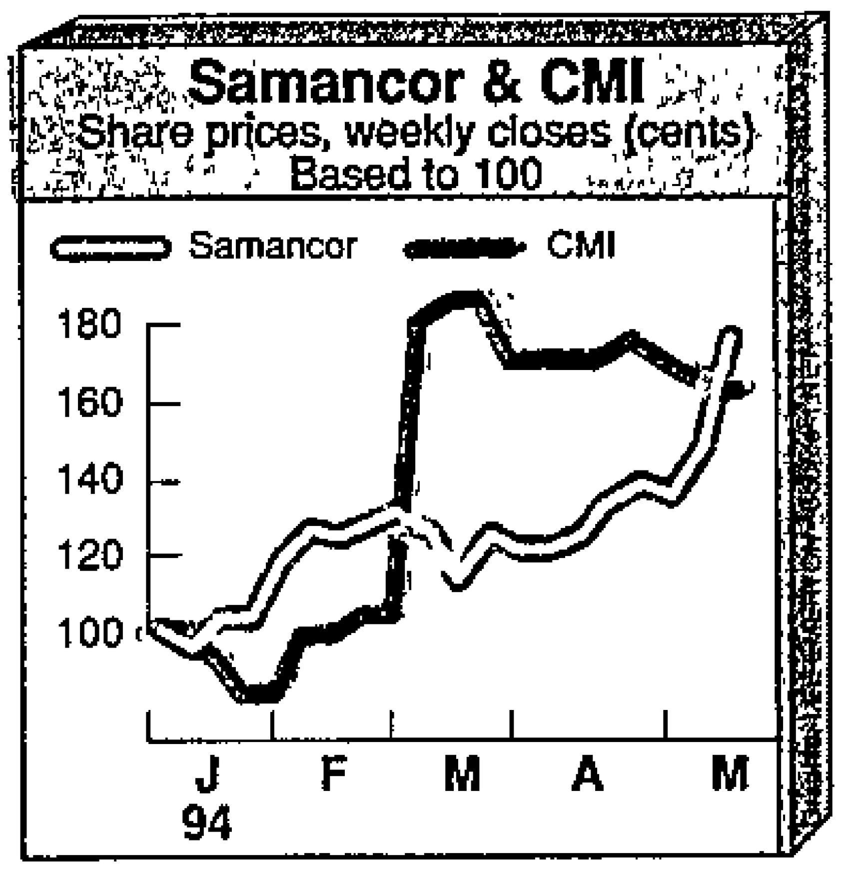
Kuhnert attributed the recent rise in demand — which became noticeable at the beginning of 1994 — to the problems in Russia.

"These problems have pushed up the ferrochrome spot prices for suppliers in Zimbabwe, SA, India and North America."

Sources said the affect of Russian suppliers on global markets could start showing up this year in ferrochrome suppliers' earnings.

Ferrochrome demand is expected to rise this year, fuelled by hefty gains in stainless steel production which last year lifted ferrochrome consumption an estimated 9% to 2,69-million tons.

Prices began to stabilise last year, at about \$0,43c/lb in Europe and \$0,47c/lb in Japan. They have dipped slightly in the first quarter of 1994, hit by aggressive marketing strategies by stainless steel producers. Prices were thought unlikely to move up before the end of this year.



Gencor-owned Samancor, which is one of the world's largest ferrochrome producers, was cautious about the affect of Russian problems on the local industry.

Chairman Mike Salamon said it would take the next three to five months to determine the likely affect of the recent upturn in spot prices for other suppliers.

"Since CIS suppliers began selling less stocks to the market, the demand-supply has become balanced."

Kuhnert said the fortunes of local producers depended on whether the current infrastructural problems in the CIS had dried up all the stockpiles of ferrochrome in Russia.

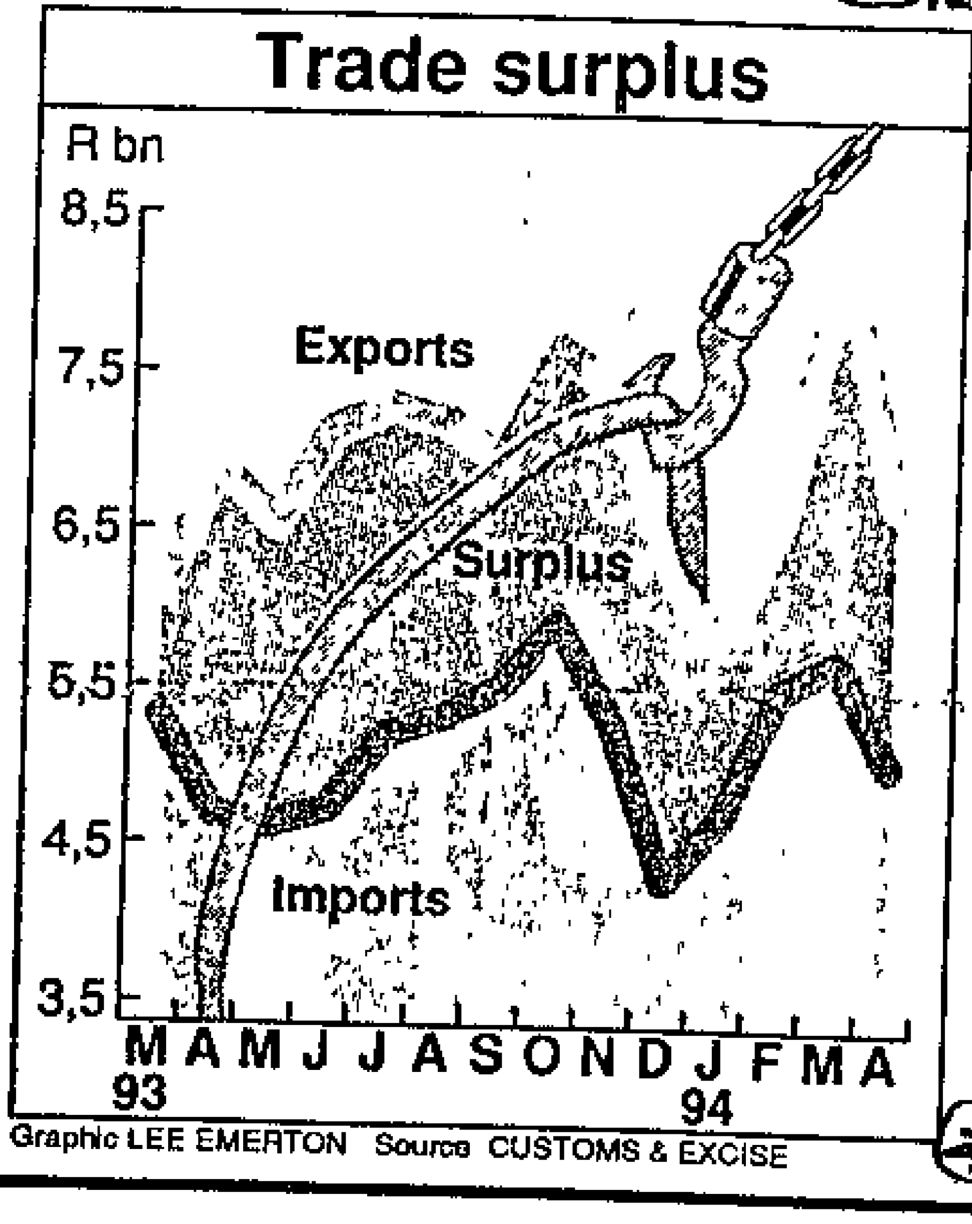
CIS producers have been blamed for depressing the prices by flooding the market. "The thing with them (CIS) is that they care less about profit," a mining analyst said.

The problem of oversupply has caused a decline in earnings for local producers. Samancor was forced to operate at half capacity, while CMI cut its capacity 30%.

If the economic crisis spills over into social unrest in Russia, the support for better prices will remain.

Trade surplus falls to R1,66bn

BDay 25/5/94



SAMANTHA SHARPE

THE SA trade surplus fell to R1,66bn last month from March's R2,56bn, in line with economists' expectations, Customs and Excise figures released yesterday showed.

Exports fell 19% to R6,69bn, outstripping a 12% fall in imports to R5,03bn.

April's many public holidays and uncertainty prior to the election were the major culprits behind the fall in imports, said Ed Hern, Rudolph economist Nick Barnardt.

But he had expected depreciation of the rand in April to spur growth in exports. He was disappointed the surplus had not reached the R2bn level.

He said the need for a consistently large trade surplus was still urgent in the context of the drain on SA's foreign reserves in the first four months of the year.

SA Foreign Trade Organisation econo-

(74G)

☐ To Page 2

Trade surplus

BDay 25/5/94

☐ From Page 1

mist Carlos Teixeira said the April trade figures were strong on a month-on-month basis and, excluding the "weird" March surplus, were high compared with December, January and February. (74G)

The cumulative surplus for the first four months of the year was R6,37bn, which compared favourably with R5,4bn for the same period a year earlier.

Teixeira said there had been a break in the trend of lower oil prices keeping the import bill down. As demand in the economy heightened, there would be further upward pressure on imports.

Growth in unclassified exports (mainly gold) was moderated by a decline in the dollar price of gold in April against March.

But preliminary results of Safto's latest export confidence barometer revealed an upbeat feeling among export managers for this year and next as political obstacles disappeared and the economic fundamentals driving higher exports improved.

Old Mutual economist Ursula Maritz said the latest figures were in line with a current account surplus of around R5bn for the year.

TRADF

In perspective

While exports in the first four months of the year were substantially higher than they were in the same period last year, this reflects more the poor level of exports in the early part of 1993 than a strong performance this year. FM 27/5/94

Particularly hard-hit this time last year were vegetable products (the category which includes grain), chemical products and the category gems & precious stones. Not surprisingly, it was these three items which showed the strongest percentage growth this year, with vegetable products soaring 124,4%, chemical products 39% and gems & precious stones 29,6%. Overall exports, at R27,3bn, were 26,3% higher than in 1993.

Imports were 14,9% higher than in 1993, at R20,9bn. There were substantial increases in the categories: gems & precious stones (72,9%); prepared foods (55,3%); and machinery (34,7%). (749)

These were dampened by declines in the levels for unclassified items (-51,2%) and vegetable products (-41,2%).

The surplus for April is R1,7bn, down from March's R2,6bn. The cumulative surplus for the year is R6,4bn, compared with R3,4bn in the first three months of 1993. ■

Export scheme faces R500m cut

S1 Times (Buss

PAYMENTS from the general export incentive scheme (GEIS) could be cut by at least a quarter, or R500-million, by April, writes **ZILLA EFRAT.** 29/5/94

Michael McDonald, Seifsa head of economics and a member of the National Economic Forum (NEF), says a decision could be made next month.

The cuts are being considered because of the need to reduce state spending. South Africa also has to phase out GEIS in the next three years — perhaps longer — in terms of its General Agreement on Tariffs and Trade obligations.

(44G)

Some economists calculate that the cost of GEIS is 0,7% of gross domestic product, or about 8% of foreign sales that qualify for it. The percentage rises as exports grow.

No decisions have been made on how the incentives might be reduced, but it could involve trimming the rates applicable to different categories or by discontinuing certain benefits.

The decision rests with the Cabinet.

Mr McDonald says other measures that do not contravene Gatt rules are being considered to replace GEIS, some of which will not cost the fiscus anything.

The main thrust could be on making matters easier for exporters through more consistent government policies and a stable rand.

Emphasis could also be placed on supplying finance to new exporters and encouraging research and development to help companies remain competitive.

African export secrets come to light

BDay 2/6/94

Political Staff

CAPE TOWN — Details of SA's once-secret trade with Africa have been disclosed — and they show substantial growth in recent years and a healthy balance for SA.

Exports to Africa in 1992 totalled R17,3bn compared with imports of R4,1bn, the Pretoria-based African Institute has reported.

The institute disclosed the extent of trade with Africa in the latest issue of its journal, Africa Insight, and a special publication, SA in Subequatorial Africa: Economic Interaction.

In an article in Africa Insight, Rob Davies, now an ANC MP but former co-director of the Centre for Southern African Studies at the University of the Western Cape, outlined the possible benefits of SA's integration into southern Africa.

These included cross-border investments, mineral beneficiation projects, new niches for producers and industries in the region and changes in the pattern of production, with SA industries competing more directly outside the region.

Institute director Stef Coetzee wrote in another article that a surprising degree of integration and co-operation had already taken place. This had been borne out by the existence of the Southern African Customs Union, the multilateral monetary agreement and other agreements between SA and its neighbours.

Most of SA's 1992 exports to Africa went to the four customs union countries of Botswana, Lesotho, Swaziland and Namibia — totalling R11,4bn — but exports to Zimbabwe rose to R1,6bn, Malawi to R698m, Mozambique to R678,3m, Zambia R1,1bn, Mauritius R391,6m and R365,2m to Angola.

Exports to African countries rose 40% in 1989, 20% in 1990, 31% in 1991 and 18% in 1992.

The institute said: "SA exports to African countries are largely manufactured and processed goods, especially steel products, chemicals, paper products, foodstuffs, motor vehicles and mining equipment.

"Between 25% and 30% of all SA exports of manufactured goods go to Africa." ~~(745)~~ (746)

"The corresponding figures for machinery and chemicals were 43% and 25,5% respectively."

BUSINESS DAY, Thursday, June 2 1994

Mineral export earnings rise

CAPE TOWN — SA's mineral export earnings rose by 22,5% to R36,9bn last year, the Mineral and Energy Affairs Department said in its annual report released yesterday.

The report said demand for most of SA's minerals and mineral products continued to decline in 1993 because of slow growth in the local and world economies.

However, improved noble metal and mineral production and prices, and the weakening of the rand-dollar exchange rate, brought a 19,7% rise in SA's total mineral sales, to R46,7bn.

On domestic markets, mineral sales rose by 10% to R9,8bn. Prices of copper, manganese ore, nickel, coal and rock phosphate rose, but the largest contribution was from the higher income from diamonds.

Gold production increased by 0,9% to 616,4 tons, after a similar rise the previous year.

Production and sales of the platinum group metals increased by 29,9% during the year to 89 606kg.

Production of raw diamonds improved to 10,62-million carats, compared with 10,18-million the previous year. In terms of mass, local sales and exports increased, and this, with a significant rise in unit values, led to a large increase in earnings.

Silver production rose by 10,8% to 194,6 tons.

744

After gold, coal was again the largest contributor to foreign exchange earnings. Altogether 51,2-million tons, worth R4,4 billion, were shipped to overseas consumers.

These exports represented an increase of 3,2% and 1,2% in mass and value respectively over the previous year. ([redacted])

The report said SA's asbestos production shrank by 21,8% last year. This was because of continuing restrictions by industrialised countries on the use of amphibole asbestos.

Production, local sales and exports of chrysolite also declined during 1993, although better prices meant higher income for this variety of asbestos.

The department's mining branch said continuous attention was being given to pollution by asbestos fibre from abandoned asbestos mine dumps. — Sapa.

TODAY'S WEATHER

Windhoek Pietersburg

Export watchdog a poodle

WM 3-9/6/94 (74G)

Stephen Laufer

WITH experts gearing up for a major debate on the future of South African weapons exports, the country's armaments export watchdog is discovering it doesn't have any teeth. Exacerbating the problem is South Africa's accession to a series of international treaties aimed at controlling the worldwide proliferation of weapons — much international prestige and credibility hinges on serious implementation of the agreements.

The agency responsible for controlling weapons sales abroad is, in an ironic twist, the same one which for three decades was responsible for sanctions-busting. Armscor, the National Defence Force's procurement agency and the armaments industry's marketing organisation, is charged with issuing — or denying — export permits to companies selling anything from emergency flares to battle tanks and attack helicopters.

But with little formal co-operation with the South African Police Service, National Intelligence and the Department of Customs and Excise, Armscor says it is limited in its attempts to implement arms export controls tightened with the recent promulgation of new regulations.

"We need more cohesion with police," said Armscor marketing chief Peet Smith. "The loss of the old railways and harbours police was a tragedy — they really knew how to open containers without anyone noticing."

Smith believes his control task will become easier as South Africa forges diplomatic ties with an increasing number of countries. "We will be able to send our defence attaches to check the arrival of weaponry in the country which has said it is the buyer, and they will issue verification certificates."

Until now, countries subject to international embargoes have been able to follow the old South African sanctions-busting example with relative impunity. For a fee, these international pariahs find countries willing to order weapons or ammunition ostensibly for their own use, which they then pass on to the embargoed country. South African weaponry, including the highly effective G-5 artillery gun, is believed to have reached Iraq and the Balkans via this route.

With the end of South Africa's own outcast status, arms control has become an issue of prestige and international credibility. Membership of the lucrative international club of major arms exporters — South Africa is the tenth largest in the world — depends on playing by the rules set by the big guys — the United States, Britain and France.

It is against this background that South Africa is seeking membership of the successor organisation to CoCom, the Paris-based group of Western high-technology manufacturing countries which watched over technology transfer to the former Soviet bloc.

Like CoCom, the successor organisation is likely to be as much about a small group of countries keeping their high-tech market advantage as it was about controlling weapons proliferation. South Africa is regarded as a leader in some high-tech areas as communications and encryption, both of which have enormous civilian potential besides their military applications.

M-Net's decoders, for example, are a spin-off from locally developed military technology.

A classified cabinet list divides the world into three categories. Group one includes democratic countries such as the United Kingdom to which South African armaments manufacturers may export anything made by the local arms industry, group two those to which non-lethal equipment such as mine-resistant vehicles may be exported, and group three countries subject to an absolute embargo.

Armscor said this week it hoped the secret cabinet list would be published soon as a contribution to open debate on South African weapons sales.

Wine exports sparkle as sales to Britain bubble

(74R)

Weekend Argus Reporter

ALL is set for a boom in the wine industry which could see sales soaring by another million cases a year to Britain alone, on top of the magical million the industry achieved for the first time last year.

South African Wine and Spirit Exporters' Association chairman Jannie Retief said the aim was to increase exports to Britain alone by a million cases a year over the next few years.

While an export drive to Britain has been in operation since 1991 and was mainly directed at the wine trade, promotion now includes the consumer and there are high hopes in the industry that the one percent of South Africa's share of the British market will change dramatically.

Dr Retief, who has just returned from the London Wine Trade Fair, is in high spirits over the prospects, especially after watching visitors who in the past studiously ignored the South African stand, stop and learn more about Cape wines.

"In the past buyers usually expressed interest, but always said they would contact us with orders," he said.

He had no doubt the change in attitude could be attributed to political changes.

"The South African pavilion, which catered for about 20 exporters, was inundated with callers, while wine buyers, notably from Europe and particularly from Scandinavia, placed orders immediately," Dr Retief said.

ARGUS 4/6/94

South Africa could now present a serious challenge to Bulgaria and Australia, having overtaken Chile, New Zealand and Hungary in the past year.

The South African wine industry was self-sufficient and had no government subsidy to help with the funding of export drives, and while there was enough wine to meet both the domestic and export demand, money for an export drive was scarce, he said.

"When we look at the millions of rands most of our opposition get from their governments for their export drives, then obviously something needs to be done in this country."

Dr Retief said his associaition had introduced a voluntary levy for this purpose, but it was not enough.

"A lack of funds will put the brakes on any export drive. It should be seen as an investment in the future, in terms of securing and expanding job-creation at the Cape, as well as export revenue earned from the country as a whole.

"We need further assistance from the government and all other interested parties," Dr Retief said.

SA's BMWs for world markets

By DON ROBERTSON

BMW SA will start exporting its cars early next year.

The German parent has given its approval for the move because its SA subsidiary's vehicles meet its own high standards.

About 1 000 3 Series cars will be exported to south and south-east Asia, initially in right-hand drive, but eventually in left-hand drive as well. The plan is to build up exports to between 5 000 and 6 000 within four to five years.

BMW will become the first, by far, of SA manufacturers to meet recommendations of the government-appointed Motor Industry Task Group (MITG), which among other proposals, requires that the industry become globally competitive and that exports be increased.

About R110-million has already been spent at BMW's Rosslyn production plant to upgrade facilities and a further R40-million to R50-million will be required next year for the final touches.

BMW is the largest SA exporter in the industry and sales this year are expected to rise to about R650-million compared with the forecast industry total of about R1,8-billion.

The SA operation is the largest supplier of leather seats to the BMW world market and is the only manufacturer of BMW cars outside Germany. A second world manufacturing plant will open in America next year and a third is being considered in Mexico.

"Our move into the world market is a healthy process and something we have to do if we are to survive in the long term. We cannot rely on protection forever," says managing director Rainer Hagemann.

It will, however, not be an easy process.

"Our product costs about R10 000 more than the German car a year ago. We have brought this down to about R5 000 and we hope to reduce the difference further. The cost of transporting cars to Europe would further reduce our competitive edge, hence the decision to sell to Asia, where transport costs are at about a break-even level," says Mr Hagemann.

It is hoped that the cost of local components will also be stabilised. BMW has spoken to suppliers and has asked them to keep prices down. This can be achieved if volumes are increased through exports.

"We have shown them how German component manufacturers have kept costs down. Some have come over, others have not. If they are unable to meet our demands, we import the components," says Mr Hagemann.

Labour costs more in Germany than in SA, but the lower cost of components far outweighs this benefit, he says.

The export of components from SA for inclusion in German vehicles has caused no problems in the past, but the export of fully built-up cars is a another matter. (74G)

"The perception is that SA is at the bottom of the line in car production. We have researched this and we hope to overcome it as we have in the case of leather seats. Auditors come over from Germany every four to six weeks to check our quality standards. We also hope to be given the internationally accepted ISO9000 quality standard rating in July," according to Mr Hagemann.

"We will also have to prove that we can deliver, and on time."

Also in line with MITG proposals, 7 Series production will be discontinued towards the end of the year. The new 7 Series will then be imported in fully built-up form. The 5 Series will be run out next year.

This is in line with plans to stop the production of low-volume models.

SA wine exporters call for govt funding

CT 7/6/94

PRETORIA. — Funding South Africa's wine export drive was a critical problem, SA Wine and Spirit Exporters' Association chairman Jannie Retief said yesterday. SAME 649

Retief called on the government for further assistance.

"When we look at the millions of rands most opposition countries receive from their governments in support of their respective export drives, then obviously something needs to be done," he said.

"As exporters we have introduced a voluntary levy to help fund our activities. Together with the amount made available by the authorities, that is not enough to cover the costs involved."

SA and New Zealand had the smallest pavilion at the Wine Trade Fair in London last week because the two countries did not have the funds, said Retief.

"A lack of funds inhibits any export drive. Such funding should be seen as an investment.

Retief said for the first time in three years European buyers at the fair had placed orders immediately.

"In the past year SA wine sales in Britain surpassed those of New Zealand, Chile and Hungary and we were almost level with California." — Sapa

HATS OFF . . . Carter Harris's Jeff Gochin, Charles Lab and Roy Block Picture: CHRISTINE NESBITT

Family outfit sews up export coup

S Times (Buss) 12/6/94

CARTER Harris, the country's leading manufacturer of uniforms for the workplace, has won export orders to supply Kentucky Fried Chicken's Mexican franchises and Burger King's European, Middle Eastern and African outlets.

Group companies Estralita and Pro-Clo supply uniforms for national high-street retailers, banking staff, car rental chains, hotels, hospitals, fast food outlets, restaurants, oil companies and messengers.

Managing director Jeff Gochin says the decision to seek export orders was taken when sanctions began to be lifted.

Financial director Charles Lab visited England's Wimpey chain, whose sit-down restaurants had been taken over by the world's second-biggest fast-food chain, Burger King.

Mr Lab met a former Zimbabwean in charge of the uniforms who agreed to see samples of Carter Harris's products. It took 18

By JULIE WALKER

months, but a contract worth between R3-million and R5-million annually has been secured.

Mr Gochin says that in the two years Carter Harris has been supplying Burger King, the client has never been out of stock and not a single uniform has had to be returned. The potential to reach other countries served by Burger King is being investigated.

Not to be outdone, marketing director Roy Block last year visited the head offices of 10 multinational corporations in America, seeking opportunities in the supply of bulk corporate clothing.

He met Mike McBride, who at that time was with $100-million-a-year uniform supplier Crest. Mr McBride and a colleague left Crest and became Carter Harris agents in North America.

Carter Harris has since won a R3-million contract to supply Kentucky Fried Chicken staff uniforms for Mexico, complete with Spanish labelling.

Carter Harris has been awarded another contract by Williamson Dickie, a $700-million a year corporate clothier, to supply R4,5-million of uniforms for the Sherwin Williams paint-shop chain, America's largest.

Mr Gochin says: "The American market is so enormous that one contract could tie up all our capital and production facilities for a year or more.

"We are not heavily geared, and already sub-contract to several workshops who mostly work purely for us, but we will have to be careful to maintain our quality and service and not take on more than we can handle.

"Customer service is our foundation and we could not begin to compete overseas if our domestic clients became dissatisfied."

Many of the workshops have been set up by former Carter Harris employees — mostly blacks — with the financial and technical help of the company. Mr Gochin says it has allowed many emerging entrepreneurs to come to the fore and collectively employ 700 people.

Carter Harris has bought its Johannesburg premises and doubled the floorspace to cope with expansion. Turnover, now more than R30-million, has doubled in two years.

Mr Lab's wife Shirley runs Carter Harris's three up-market boutiques which were previously Hockey & Crane stores. The Labs' daughter Niki scouts the world's fashion centres for exclusive styles and fabrics.

This elimination of a middleman has added depth to the customer base and, after initial losses, the shops now provide sweeteners to the group's bottom line. "We have gone from having no clients to a secure customer base that keeps on coming back," says Miss Lab.

Two-way trade soars

Star 15/6/94

BY PATRICK WADULA

There is a real upturn in two-way trade for South Africa, despite all the pre-election jitters, says Grindrod Seafreight's marketing manager Mike Millards.

Latest figures from the Department of Customs and Excise indicate a growth in exports of 24 percent by comparison with the same period last year. Imports grew 20 percent.

The nominal value of exports for the three-month period totalled R20,6 billion, while imports were R15,8 billion.

Statistics show that exports of diamonds in the "the unclassified category" — one of SA's main exports in value — shot up by 67 percent.

General trade categories are also improving. (149)

Vegetables

"Perishables are showing distinct increases, with vegetable products displaying a growth of 165 percent," says Millard. The chemicals category is up 61 percent, plastics and rubber 12,3 percent and pulp and paper 12 percent.

The most significant item in general product terms is the 16,2 percent rise in exports of machinery and electrical equipment, he says.

Millard says South Africa can expect continued growth in both imports and exports for the rest of the year.

Pep plans exports to arm in UK

ARG 23/6/94

Business Staff

PEP's South African clothing factories will be getting an annual R50 million spin-off from the acquisition of the British Poundstretcher chain.

Deputy chairman Arnold Louw told the annual meeting in Parow yesterday that the 230-store Poundstretcher group would be supplied with clothing made in Pep's South African factories.

"We anticipate orders worth R50 million a year in the short to medium term," he said.

744

Pep, Shoprite and Cashbuild were all outperforming budgets with sales up more than 10 percent since the beginning of March.

Results for the first quarter were substantially better than last year, Mr Louw said.

Shoprite had boosted turnover by 15 percent and was looking to improve margins.

In line with Shoprite's policy of gaining market share through price competitiveness, the chain's prices were regularly the lowest on a basket of food.

Export incentive scheme — exemption will go

(74G)

CT 23/6/94

TAX exemption for assistance given to companies under the General Export Incentive Scheme would be withdrawn with effect from March 1, 1995, Finance Minister Mr Derek Keys said yesterday.

It was "unsound in principle and of small effect in increasing the incentive value of the payments".

● The government has allocated R80,4m to the Small Business Development Corporation and a further R600,1m towards developing an industrial programme, as part of the job creation drive.

By AUDREY D'ANGELO
Business Editor

Exports set for 5,5% real growth

74G

CT 29/6/94

EXPORTS excluding gold are likely to achieve real growth of 5,5% this year, says SA Foreign Trade Organisation (Safto) economist Carlos Teixeira.

He bases this forecast on a survey showing that manufacturing exporters' confidence has risen to its highest level for two and a half years.

But his survey, carried out in the second quarter, showed that exporters were worried about the removal of the General Export Incentive Scheme (GEIS) and needed more access to up-to-date global information.

The survey was the twelfth to be carried out in the past three years, and showed the confidence level rose from 30 in the first quarter of this year to 31 in the second.

This, says Teixeira, is the highest level since the last quarter of 1991. "Improved export performance in the next 12 months is being supported by better world demand, slow local recovery and the continued depreciation of the rand — now expected to reach R3,80 to the dollar by the end of the year and to average $3,64 for the year."

He lists the main obstacles to increasing exports, in order of importance, as:

- Uncompetitive prices;
- Cost and availability of transport;
- Lack of demand;
- Production problems; and
- Production capacity limits.

"Significantly, for the first time since this regular survey began, export managers are feeling the exchange rate is in their favour," said Teixeira. "In the last five months the depreciation in the rand has accelerated and averaged R3,62 to the dollar in May.

"This is a 6% depreciation since January, when it was $3,40. The depreciation against the British pound since January has been 7% and against the yen 14%.

"Improved margins due to the depreciation of the rand, coupled with strengthening international prices, are providing an incentive for a greater commitment to foreign sales.

Incentive

"However, export managers continue to be concerned about the unpredictability and volatility of the currency."

There was still uncertainty over future economic policy, particularly the government's attitude towards labour legislation and activity.

There was also concern that, in the long term, rising domestic demand would put pressure on productive capacity.

Uncompetitive prices in international markets were a major concern. "Most of the commentary around this concerns the high cost of both local and imported raw materials and components," Teixeira explains.

"Nevertheless the elimination of non-tariff barriers and the process of reducing tariffs beginning on July 1, 1995, according to GATT should help to alleviate the cost of imports.

"In addition there is a need to upgrade the drawback and rebate of duty systems for imported materials used in export processing if the problem of anti-export bias is to be tackled effectively."

And "as the global economy becomes increasingly competitive, so international traders need access to more efficient and up-to-date information. While the use of published export directories and handbooks is still important, more rapid access to trade information is required if SA is to take full advantage of trade liberalisation throughout the world."

He pointed out that Safto helped to fill this need with information upgrades Kompass and Tradeplan.

Backlog blues

Business Editor (74G) AACT 29/6/94

SOUTH Africa is not meeting all orders for exports according to the South African Foreign Trade Organisation (Safto).

Safto predicted in its latest export confidence survey export earnings, excluding gold, would grow at 5,5 percent over the next 12 months but that the number of unfilled orders would continue to increase for some time.

The export confidence index for exports has resumed an upward trend after moving sideways in the three-month pre-election period. The index is based on expectations of export sales in US dollar for the next 12 months.

The index is at it highest level since 1991.

In the short-term exporters expect foreign sales as well as incoming orders to be higher in the second quarter than the first quarter. But because of political disruptions to economic activity in the second quarter the number of unfilled export orders is expect to increase and the levels of export stocks to decrease.

In the longer term the level of export stocks is expected to increase to meet higher foreign demand but this is still unlikely to decrease the level of unfilled export orders.

Improved export performance over the next 12 months was supported by better world demand, slow local recovery and continued depreciation of the rand.

Uncompetitive pricing is seen by export managers as the main obstacle to exports improving with the high cost of local and foreign raw materials and components taking most of the blame.

Billion rand crunch looms for exporters

(74G) ARG 29/6/94

EXPORTERS could ~~be~~ R1 billion worse off if tax changes and spending cuts announced in the Budget go ahead, Acting Director General of Trade and Industry Gerrit Breyl said.

Addressing the parliamentary joint standing committee on finance yesterday, Mr Breyl said the department was concerned that the decision to tax general export incentive scheme payments from next year could cost exporters R600 million.

His department, moreover, had been instructed to cut spending by R500 million.

"I am worried about the effect that this will have on exports," Mr Breyl said.

Mr Breyl said he was still waiting direction from the Ministry of Finance about how the cuts should be made.

One of the main thrusts of the government's reconstruction and development programme was to promote value added exports and the department would be involved in several programmes, including a massive trade exposition in the United States.

Mr Breyl said that although GEIS had made a major contribution to the surge in exports in recent years, it was "very expensive" and anti-GATT.

Several MPs questioned whether GEIS had been the main reason for export growth, rather than depreciation of the rand and import compression.

Mr Breyl said the value of GEIS had even been recognised by the World Bank, but it was agreed to phase it out by the end of 1997.

MPs also asked for a greater emphasis on the development of small and medium-sized enterprises, saying that the development corporations that had been set up in the former homelands had "ripped off our people rather than helped them".

Mr Breyl said there had been so many organisations involved in this field that greater co-ordination was needed now.

Meanwhile Trade and Industry Minister Trevor Manuel is pushing for speedy re-negotiation and possible extension of the South African Customs Unions agreement.

Mr Breyl told the parliamentary standing committee that Mr Manuel wanted negotiations to start as soon as possible.

Mr Breyl said Finance Minister Derek Keys had also said the financial implications of the agreement for South Africa had "become unbearable and something must be done to address this". — Reuter.

Weaker rand raises exporter confidence

B/Day 29/6/94

SAMANTHA SHARPE

CONFIDENCE among SA exporters in the three months to June reached its highest level since the end of 1991, according to the SA Foreign Trade Organisation's (Safto) latest exporter confidence index.

The index — a barometer of exporter confidence among export managers — continued its upward path in the second quarter after showing signs of stagnation in the first three months of the year.

Improved export performance would be underpinned by stronger world demand, a slow recovery in the SA market and the rand's continued depreciation, which export managers said was starting to work in their favour, Safto said.

"In the past five months the depreciation of the rand has accelerated and averaged R3,62 to the dollar in May.

"Improved margins due to the rand's depreciation, coupled with strengthening international prices, are providing an incentive for a greater commitment to foreign sales," Safto said.

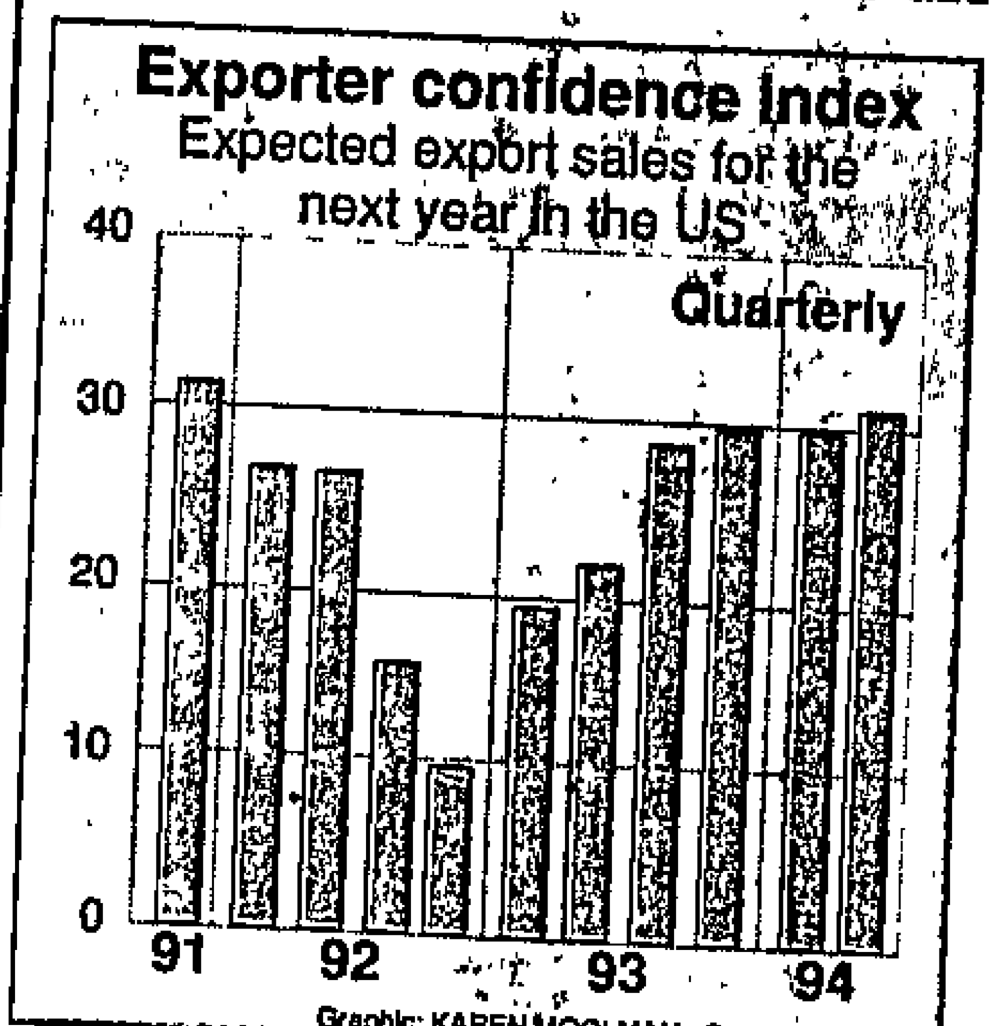
But the threat of international competition and SA's uncompetitive prices in trade regions including Europe and the Far East still presented an obstacle to expanding SA exports, the survey showed.

Safto economist Carlos Teixeira said that for the first time since the inception of the survey "political obstacles" had taken a back seat in the hurdles facing SA exporters. (749)

The relative political stability born from the peaceful transition to democracy had boosted export managers' expectations of an increase in export sales in the next 12 months, although there was still some uncertainty about future economic policy, Teixeira said.

"Production capacity limits" were higher on the list of obstacles confronting exporters in the second quarter compared with the first three months of the year.

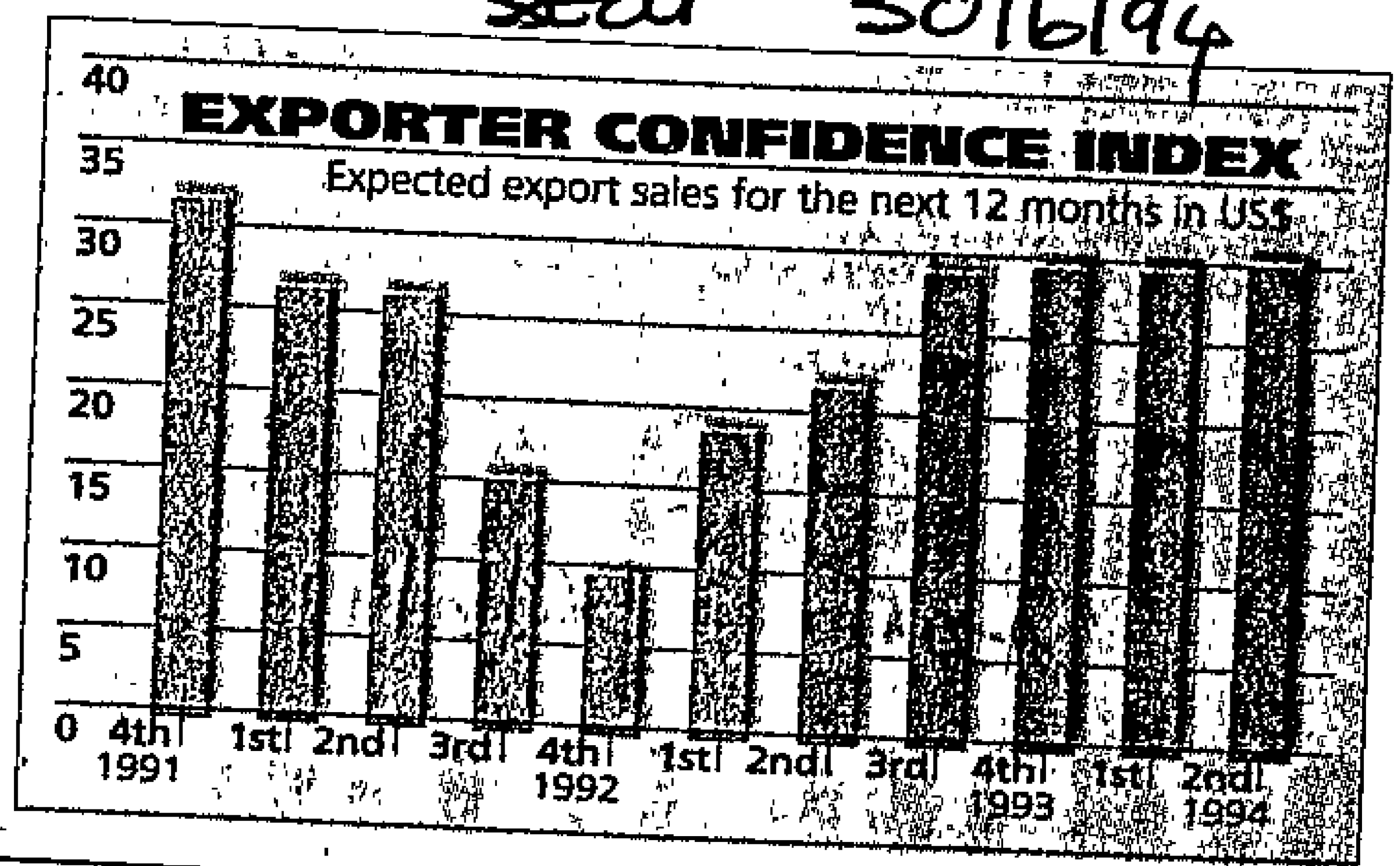
These reflected the disruption to economic activity caused by the large number of public holidays in the second quarter and were exacerbated by fears that increased domestic and foreign demand would place pressure on the long-term production capacity of exporters, Teixeira said.



Graphic: KAREN MOOLMAN Source: SAFTO

Exporters more confident

Star 30/6/94



■ BY CLAIRE GEBHARDT

South Africa's exporter confidence index rose to its highest level in three years in the second quarter, according to Safto.

Quarter

The confidence index, which reflects expectations of export sales in US dollars for the next 12 months, has risen from 30 in the first quarter to 31 in the second quarter.

In the short term, export managers expect foreign sales as well as incoming orders to be higher in the second quarter than in the first quarter.

Improved export performance in the next 12 months is being supported by better world demand, slow local recovery and continued depreciation of the rand which is forecast to reach R3,80 to the US dollar by year end and to average R3,64 for the year.

Pound

(74G)

Since January, the rand has depreciated by 6 percent against the US dollar, 7 percent against the British pound and 14 percent against the Japanese yen.

On the basis of these trends, SAFTO predicts real export growth — excluding gold — of 5,5 percent.

SA wine exports surge, says KWV

BDay 11/7/94

AMANDA VERMEULEN

SA'S wine industry could export 3,5-million cases this year, up 40% on output in 1993, KWV marketing director Jannie Retief said yesterday.

Retief said that exports had continued their surge since political changes swept SA.

In 1991 only 850 000 cases had been exported.

The UK, the biggest export market, had grown from 190 000 cases in 1990 to more than 1-million last year, with all the supermarket groups now stocking SA wines.

(74G)

He said demand had increased to such a degree that SA wine sales had passed those of Chilean and New Zealand wines and were almost on a par with the Californian wines in terms of volumes sold.

He added that SA still faced strong competition from the Bulgarian and Australian wines, but a major marketing initiative to increase SA's market share was continuing.

Retief said SA's brandy exports were still growing but were small in comparison to sales of French cognac.

"We have an agreement with France that our brandy products cannot be marketed as cognac.

"This is making it difficult for us to compete but we are trying to overcome this obstacle by developing new ranges and trademarks."

Retief, who is also the SA Wine and Spirit Exporters' Association chairman, said the recent excise increases announced in last month's Budget would hamper the export initiative.

He said the other major wine producing nations had an edge on SA because they received substantial financial support from their governments to market their products.

"When we look at the millions of rands the opposition receives from their governments, then obviously something needs to be done in SA."

Retief warned that the devaluation of the rand was also putting pressure on marketing budgets, adding that he hoped the government would provide more financing than was presently allocated.

"A lack of funds will put the brakes on any export drive. We need more government assistance to grow export revenues and assist in job creation," he said.

BUSINESS

SA exporters hope for R400-m boost to earnings through talks

ANC 2/7/94 (746)

Top-level EU team meets key players to discuss lifting trade barriers

BRUCE CAMERON
Business Editor

SOUTH African exporters can hope for a substantial R400-million boost to earnings as a result of negotiations with the European Union.

The boost will come as exporters gain easier access to European markets as trade barriers are lifted further.

A top-level European Union delegation led by EU deputy director general of external economic affairs Gianluigi Giola has been involved in talks with the South African government and other key players in Cape Town for the past week.

Mr Giola said at a media briefing the EU was keen to reach firmer trade agreements.

But he pointed out that South Africa was already benefiting from an array of trade agreements with the EU.

Seventy-five percent of South Africa's R36 billion in exports to the EU were exempt from import tariffs.

Neil van Heerden, South African ambassador to the EU in Brussels, said in an interview that there were sticking points, mainly involving access to markets.

Government technical working group chairman Alan Hirsch said at the conclusion of the negotiations that he was hoping for agreement with the EU "before the first week of August".

Mr Hirsch said his R400-million estimate was "slightly optimistic" and did not take into account the new exports which could be developed.

Both Mr Giola and Mr Hirsch indicated the agreement could include South Africa's neighbouring states with preferential treatment being given to goods which included components from two or more countries in the region.

Mr Giola said that account had to be taken of South Africa's strength in relation to her neighbours and the effect any trade agreement would have on the neighbouring countries.

The strengthening of trade relations between the countries in the region and the EU would be discussed at a conference planned for Berlin in September.

Negotiations have revolved around how South Africa could be included in current EU trade agreements.

Mr Giola indicated that South Africa would be excluded from the Lome Convention, which basically gave the primary products of former colonies the right of access to European markets.

"It would be like putting a Boeing in a squadron of light aircraft."

The EU was looking at including South Africa in what was called the General System of Preferences but Mr Giola said that the GSP was being redesigned because of flaws. The new GSP was planned for 19[illegible]. It would take account of the Gatt agreement as well as changes in the community and would be substantially different from the old GSP.

South Africa has, however, asked that it be included in the new GSP before the first week in August.

Mr Hirsch said: "Any delay will have negative implications for South African exporters."

Mr Giola repeatedly stated that South Africa was already getting considerable preferential treatment and merely getting access now to the Nordic countries would be of substantial additional benefit.

But he said the negotiating partners should not be obsessed by legal terms.

The EU is also holding out the lure of loans from the European Investment Bank for industrial development and of joint ventures between EU and South African firms under the EU's investment partners programme. Mr Hirsch said South Africa would be keen to take up the facilities.

In a statement the two delegations said a special programme for South Africa should evolve from assisting victims of apartheid into a development programme supporting the reconstruction of the country and strengthening democracy.

S1Times CC(Metro)

Export of wine up

3/7/94

By JEREMY WOODS

THE South African wine industry is planning to export some 3,5 million cases of wine in the current year — up some 40 percent on the previous year, says KWV marketing director Jannie Retief. (74G)

More than a million cases alone will be exported to the UK, the biggest export market, where most supermarket groups now sell South African wine.

The UK market, said Mr Retief, had grown from export sales of just 190 000 cases in 1990.

However, South Africa's wine export initiatives faced strong competition from other new world wine producers like Chile, Bulgaria, New Zealand and Australia.

Mr Retief said other major wine producers had a competitive edge on South Africa because of the export subsidies they received for selling their wine abroad.

West Cape exporters set for boom times

S Times [C Metro]

3/7/94

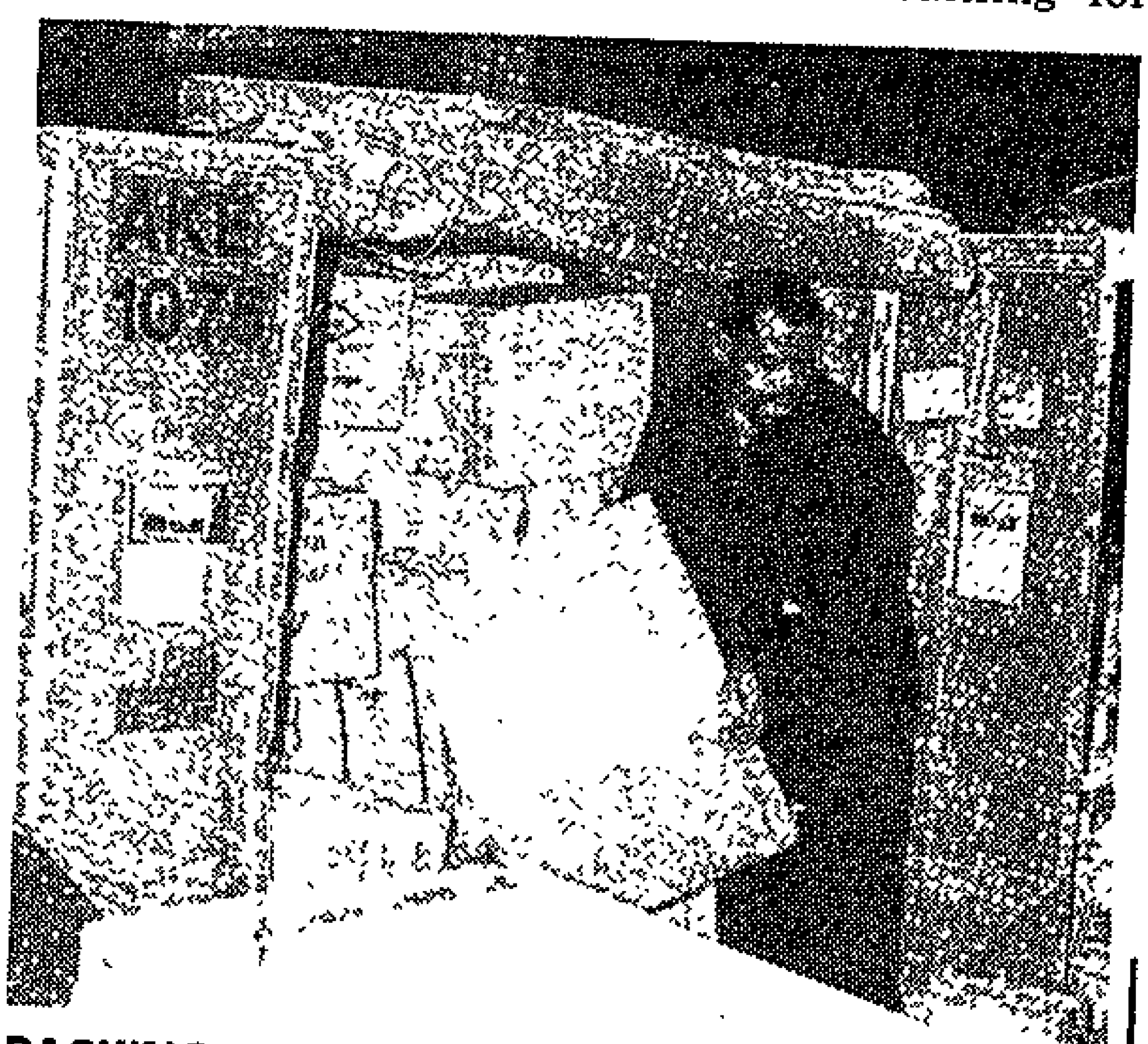
(74G)

WESTERN Cape exporters are experiencing a bonanza during the traditionally quiet winter months which could see the region's exports rocket by as much as 40 percent this year.

By JEREMY WOODS

"It started about the beginning of March, just before the election, and has been gathering pace since then," Mr Hennie Joubert, SAA's Western Cape cargo manager, said this week.

"We are battling for space to store cargo and to move the volumes. There is no doubt about it, these are boom conditions."



PACKING . . . A worker inside SAA's cargo-loading bay
Picture: JUSTIN SHOLK

But, according to Mr Joubert, the significance of the current export bonanza is that it is taking place during the traditionally quiet winter months.

"Most of the Western Cape's exports, such as fruit and flowers, are seasonal. This is the quiet time. The major exporters in the Western Cape are not normally busy at this time of the year."

Mr Joubert said an increase of five percent had been targeted for exports in the current year. However, in the first 25 weeks of the year, exports were up by 14 percent.

"If exports continue at the current levels through to September, and then the seasonal exporters come in, we could be looking at an annual increase of up to 40 percent," he said.

Importers

But the traffic is not just one-way. Importers are also experiencing huge increases.

"The demand seems to be for high-tech equipment like specialist computers, heavy machinery, and particularly spare parts," Mr Joubert said.

A spokesman for Portnet confirmed that shipping exports were also buoyant.

"We are seeing a boost in export business, too. It's normally a quiet time of year, but ever since the election local exporters seem to be very busy with good order books."

Wesgro's Dr David Bridgman said: "We have been forecasting that the Western Cape would be led out of the recession by its exports. It is clearly happening and we are delighted. The type of imports are significant as they reflect that industry is gearing up to meet the demand. It's a very interesting economic picture."

EU to grant R400m preferential trade incentives to SA exporters

BDay 4/7/94

(74G)

TIM COHEN and
LINDA ENSOR

CAPE TOWN — European Union and SA government trade delegations have agreed that the EU will grant SA General System of Preferences (GSP) trade incentives worth about R400m to SA exporters.

Cape Town university academic Alan Hirsch, who chaired government's technical working group, said the GSP measures could be superseded by deeper, long-term arrangements between the EU and SA.

Hirsch said an optimistic estimate of the benefit of being granted GSP was that SA companies would gain about R400m in reduced tariffs. The sectors which would see the largest benefits would be agriculture and marine produce, chemicals, paper and iron and steel.

After two days of talks the delegations said in a joint statement that the SA delegation had expressed its concern at the need to accelerate the process of including SA in the GSP, and urged the EU to achieve this objective by the first week of August.

However, a Brussels-based European Commission spokesman said it would be impossible for the commission to finalise and implement GSP by August as requested by the SA delegation. EC officials expected the system for SA to be ready only by end-September or October.

He did not believe that the complex preparatory work necessary before GSP could be applied to SA would be completed by August. Furthermore, the proposals would have to be translated into nine European languages and be approved by the EC and EU authorities and member states.

The GSP — which allows duty free imports within quantitative limits — will be replaced next year by a modulated scheme of duties according to product sensitivity without quantitative limits. This change means that a GSP has to be formulated for SA in a way that will not involve too much disruption under the new system.

It would, for example, be unwise to allow sensitive products to come in duty free this year, only to have heavy duties imposed on them next year. To ensure continuity, quantitative limits would have to be imposed on sensitive products this year.

Deputy Foreign Minister Aziz Pahad said that the union was an extremely important trading partner, being the source of 44% of SA's imports and the recipient of 31% of its exports. Imports from the EU, SA's biggest single trading partner as a unit, amounted to about R23bn, while exports were valued at about R16bn.

The GSP system was a single "take-it-or-leave-it" arrangement, without any reciprocal trade-related requirements.

Hirsch said other possible trade arrangements had been discussed, from SA joining the Lomé Convention, the most beneficial form of trade assistance, to a free trade agreement with the EU.

USAfrica would be working closely with them.

R400m trade boost for SA exporters

(746) CT 4/7/94

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G7 spotlight on unruly dollar

$14m in export cover

744

CT 5/7/94

JOHANNESBURG. — SA's Credit Guarantee said it would provide export cover worth $14m for two major capital projects being undertaken in Zimbabwe by South African companies Bateman Project Holdings and Smith Mining Equipment.

Credit Guarantee said in a statement it hoped the projects reflected the resumption of long-term capital project trade activity between the two countries.

The projects cover reconstruction work at the Zimbabwe Iron and Steel Co Plant and the supply of 15 waterwell drilling rigs to the Zimbabwe government.

Premier SA wines for UK MPs

(74G) CT 7/7/94

Own Correspondent

LONDON. — A selection of South Africa's premier wines are being enjoyed by British MPs who dine in the House of Commons's dining rooms.

The introduction of five wines, including a Rosé, a Chenin Blanc, a Chardonnay, a Cabernet-based blend and the popular Pinotage followed SA's recent re-acceptance into the Commonwealth.

Catering services director Mrs Sue Harrison said the MPs had shown a great interest in the new wines.

The wines would be revised regularly to enable MPs to taste SA's wide variety.

Wines of SA director Mr Rupert Ponsonby added: "SA's smooth and positive political transition has encouraged those previously holding back from South African products to try our wines.

"UK imports of South African wine topped one million cases at the end of last year, two years ahead of schedule, and recent import figures show a healthy increase of 30% on last year's figures."

Wines being served at the House include the Drostdy Hof Chenin Blanc Steen 1992, Groot Constantia Chardonnay 1990, Boschendal Estate Blanc de Noir, Middelvlei Estate Pinotage 1989 and Groot Constantia Heerenrood 1988.

Clothing exports looking threadbare

(74G)

ARG 16/7/94

TOM HOOD

EXPORT business, which provides jobs for thousands of Cape clothing workers, has plummeted.

Official figures show clothing exports for the first four months of 1994 dropped to only R105 million — less than a third of the R336 million of garments exported in the first four months of 1993.

The National Clothing Federation estimates 1994's total exports might not even hit R400 million — they were worth R616 million last year.

A disconcerting trend is that clothing imports for the four months rose to R185 million from R153 million a year ago and are estimated to reach R520 million by the year-end.

Last year's exports sustained 14 000 clothing jobs at an investment cost of only R55 million, says federation executive director Hennie van Zyl.

Main reason for the drop in business was the lack of certainty about the government's policy to assist exports, he said.

The current duty credit certificate export scheme, which was essential to counter the country's anti-export bias, was being renewed only on a short-term basis.

"The industry is required to quote export delivery prices for the second half of 1995, yet no certainty about export incentives extends beyond September 1994."

Another reason was the delay by the National Economic Forum to reform the Geis payments system.

Exports were also affected by the political uncertainty prevailing before the April elections.

"The single most important requirement to solve the problem of promoting exports is for the government to implement decisions and enable the industry to do forward planning," added Mr Van Zyl."

Exporters urged to capitalise on GSP deal

741 CT18/7/94 749

By ARI JACOBSON

THE rush for exporters to take advantage of the newly introduced European Union's Generalised System of Preferences (GSP), is encouraged by tax firm Coopers & Lybrand customs expert Angus Robb.

As much as 20% of SA's exports into Europe — predominantly manufactured goods — are set to benefit from this easy access into a major international market.

Robb points out in a statement that "the potential benefit of using the GSP scheme correctly will be a direct increase to exporters bottom line profit or a reduction of the landed price of the goods in Europe".

He explains that the GSP allows "qualifying goods" to be imported into the EU at a preferential rate of customs duty.

Clothing exports plunge by 69 percent

Star 18/7/94

BY CLAIRE GEBHARDT

Clothing exports plummeted by 69 percent in the first four months of 1994, according to the National Clothing Federation of South Africa (NCF).

Latest official statistics indicate that exports have dropped to R105 million from R336 million for the corresponding period last year.

NCF executive director Hennie van Zyl says the figure indicates that total clothing exports for the year might not reach R400 million — way down on the R616 million achieved in 1993.

He says the figures are particularly disappointing, given that clothing exports have a job-creating potential far in excess of any other SA manufactured export commodity.

"Every additional R45 000 worth of clothing exports creates one permanent job at a fixed investment cost of only R4 000."

Also disconcerting is the fact that clothing imports for the first four months of this year amounted to R185 million, compared with R153 million last year, he says.

"This implies that the R616 million clothing exports achieved last year — which represented only 11 percent of the total clothing industry output — sustained 14 000 jobs at an investment cost of only R55 million.

Van Zyl says if the industry succeeds in exporting only 30 percent of its current production, 37 000 clothing jobs could be generated at a cost of only R147 million, plus an additional 8 000 jobs in the upstream textile industry.

This gives a total of 45 000 jobs.

"The time required by the clothing industry to create such jobs ranges from two to six months, a period considerably shorter than virtually all other manufacturing industries."

Van Zyl says the clothing industry, more than other manufacturing industry, has the capacity to achieve the fundamental objective of the Government's Reconstruction and Development Programme — the rapid creation of the maximum number of permanent employment opportunities at the lowest cost.

"Clothing is possibly the widest traded commodity and clothing exports directly stimulate various other local industries such as textiles, machinery supplies, consulting services, etc."

He says the reasons for the disappointing export performance are related to the fact that the industry is currently required to quote export delivery prices for the second half of 1995, while no certainty about export incentives extends beyond September 1994.

A second reason is the delay by the Government in affecting administrative changes.

"Although a government decision was taken in February 1994 to extend the current Duty Credit Certificate Export Scheme (DCC) — essential to countering the existing anti-export bias in the economy — to the end of September 1994, the implementation of this decision still awiats the signatures of the Ministers of Trade and Industry and of Finance."

Van Zyl says a third reason is the delay by the National Economic Forum in reforming the Geis (export incentive) system.

A fourth is the political uncertainty prevailing prior to the election.

Van Zyl says an urgent decision is required on export assistance to enable the industry to do forward planning.

The most urgent outstanding issue requiring a decision is the unanimous recommendation of the Clothing/Textile Panel on export assistance, he says.

"This recommendation is that the DCC and Geis schemes should continue, but be phased down in conjunction with the phasing down of import duties."

(74G)

Govt dithering blamed for clothing export slump

CAPE TOWN — Clothing exports in the first four months of 1994 slumped to less than a third of exports over the same period last year, the National Clothing Federation (NCF) said recently.

The drop in exports followed five years of sustained growth.

NCF executive director Hennie van Zyl said latest official statistics showed clothing export sales in the first four months this year had been valued at R105m, compared with R336m in the corresponding period last year.

Based on these statistics, the NCF estimated exports this year would slump to about R400m, compared with R616m, or 11% of total local production in 1993. Clothing imports increased to R185m from R153m over the same period.

Van Zyl said the export figures were disappointing. If SA only exported 30% of its production — other countries exported up to 90% of production — 45 000 clothing and textile jobs could be generated at a fixed investment cost of only R4 000 a job.

EDWARD WEST

He blamed continuing uncertainty about government's policy on assisting exports, and delays by the new government in effecting administrative changes, as the major reasons for the slump in exports.

The Duty Credit Certificate export scheme (DCC), essential to counter the economy's anti-export bias, was being renewed only on a short-term basis, he said. A recent recommendation by the clothing industry task force was that the scheme should have long-term continuity, and only be phased down over the period negotiated with the GATT. (7 HG)

The task force also recommended that any reduction in GEIS benefits — as announced in the recent Budget — should be compensated for by an equivalent increase in the DCC scheme. This had not yet materialised, Van Zyl said.

The delay by the new government in making administrative changes was another reason for the low export sales. Although a government decision was taken in February to extend the DCC scheme to the end of September 1994, the practical implementation of this still awaited the signature of the Ministers of Trade and Industry and of Finance.

Other reasons for the low exports were the delay by the National Economic Forum to reform the GEIS system and political uncertainty prior to elections.

Van Zyl said government should implement decisions to enable the industry to do forward planning with certainty. The most urgent outstanding issue was the task force's recommendation that the DCC and GEIS schemes continue to be phased down in conjunction with the phasing down of import duties.

☐ In line with the RDP, the clothing industry could potentially generate more permanent jobs, more rapidly and at the lowest cost of any manufacturing industry. Housing projects would take longer and cost more to train the necessary workers, said Van Zyl.

Sondor set for major export drive

ARG 20/7/94

MARC HASENFUSS
Business Staff

7HG

SONDOR — the Cape-based plastics and rubber manufacturer — is looking at a modest increase in earnings this year on the back of new product applications and a sustained export drive.

Sondor, in which Anglo American holds a 38 percent stake through Zimco, manufactures rubber and plastic products used mainly for sealing, insulation and cushioning by the motor and building industries.

Chairman Sonny Goldman noted in his annual review that the group had started selling rubber and plastic products in new applications. These showed promise of bulk sales in industrial outlets.

The group has further diversified by starting-up manufacturing processes aimed at securing a niche in the consumer market.

Products will include Body Boards, Swim Aids, Aerobic Steps, Shin Guards, toys and other related products.

Mr Goldman also reported further progress in the group's export drive. "Our marketing director has visited countries in South America that could become importers of our material."

He pointed out that Sondor — albeit from a low base — had achieved a marked improvement in exports in the year to end March and that further improvements were expected in the current year.

Sondor is thinly traded on the JSE, with the bulk of the shares held by directors (over 50 percent) and by Zimco. The share has, however, shifted up to the current ruling price of 100c — well up on the 40c low for the year.

■ **Sasol's** unsponsored American Depository Receipts (ADR) on the NASDAQ exchange in New York have been converted to fully sponsored status.

The group appointed the Bank of New York to support its move from a conventional ADR listing to a sponsored facility, which will enable international investors to trade more freely in its stock, Sasol said.

■ **Nasionale Pers** has taken another step towards a JSE listing with the approval by the Cape Supreme Court of a shareholders' meeting to discuss the increase of the company's authorised capital from 20 million to 40 million 10c shares, a five-for-one share subdivision and a change in the company's articles of association.

The meeting is to be held on August 12 in Cape Town.

RDP 'could upset export markets'

(74G) ARG 21/7/94

Business Staff

DURBAN. — Substantial long-term business potential exists for South African exporters in South-East Asia.

But in implementing its RDP, the country must take care not to upset delicate markets.

These points were made in an interview by Alan Wilson, chief executive of Masonite Africa and president of the Durban Regional Chamber of Business.

He and colleagues from Masonite's US parent company recently visited China and various countries in South-East Asia to study markets.

Masonite Africa, based in Durban, has a big export profile but recently has tried to build up its more lucrative value-added export component — with deep-panelled doors a major product.

It has found simple commodity exports more subject to price fluctuations.

Plywood prices are a critical factor in this respect, because Masonite products are seen as an alternative to good plywoods which come from exotics woods in tropical areas.

Masonite exports tend to benefit when plywoods increase in price.

Before the recent marketing visit, plywood prices were strong.

China had been stockpiling plywood for some time, which had driven up prices.

However, that huge country's current balance of payments difficulties resulted in a drawdown of stocks, and a drop in Chinese imports, with lower demand slimming the price of plywood.

This, to a degree, affected Masonite's short-term sale prospects.

However, long-term prospects for South African exports remain good.

Mr Wilson also found the experience of Indonesia interesting in light of controversial suggestions in the ANC's Reconstruction and Development Programme document that there should be cutbacks in export of certain raw timber products such as wood chips..

He says Indonesia, concerned about the export of its precious exotic tropical woods, decided to pull secondary processing into the country.

It therefore taxed the export of logs, inducing processors to move onshore.

The Indonesian result has been successful, but South Africa should be careful not to draw the wrong conclusions, and upset hard-won markets..

Attempts to enforce local beneficiation could backfire in sectors where a country does not have a unique product.

Whereas Indonesia is one very few countries with tropical basin hardwoods, competition for South African timber comes from a variety of countries, from Australia to Chile.

South Africa is not a major forestry country, with less than 1 percent of its land afforested.

There are, however, opportunities for providing renewable wood fibres.

In spite of the RDP document's conclusions, it would be dangerous to fiddle with hard-won markets, such as the Japanese wood chip contracts shipped through Richards Bay.

Japan, as a major customer, would simply turn to other suppliers.

The RDP document says: "The current usage of timber is wasteful and we are opposed to the massive and growing export of raw woodchips."

It adds there is enormous scope to add value to raw timber materials before export.

Mr Wilson says in a search for beneficiation opportunities South Africa needs to look for products with unique qualities — possibly diamonds or gems of some sort.

Turning back to his export drive, Mr Wilson said Masonite and its parent were thinking of opening an office in Beijing.

PROPERTY

CLOTHING & TEXTILES

Fm 22/7/94

All dressed up and nowhere to go

(74G)

The tremendous slump in clothing exports in the first quarter of the year — from R150m to a mere R67m — has focused the spotlight on the Department of Trade & Industry and its new Minister, Trevor Manuel. Manuel, who was travelling in North America this week and could not be reached for comment, is being taken to task for government's delay in acting on a proposed new strategic plan for the clothing and textile industries.

Until a new plan is implemented the sectors will be plagued by uncertainty over the future policy on export incentives and tariff reductions, industry officials say. They have been waiting a long time: the 190-page report of the Panel and Task Group for the two industries was handed to former Minister Derek Keys in March after 18 months was spent on research. The uncertainty is blamed for the export slump, which could have grave repercussions for two industries already on the ropes.

For its part, the department says the criticism is unwarranted because the period for receiving public comments on the report ended only on June 30, so it has not yet finalised its own proposals and submitted them to Manuel. "It is unreasonable to criticise the Minister because he is still to receive our own report," says a department spokesman.

The R18bn-a-year retail clothing and textile industries, which employ 50 000 at the retail level and 250 000 overall, have a symbiotic relationship. And, after fighting each other for decades over what the clothing people argued were excessively protective tariffs for the textile industry, they are now united in their criticism of the lack of any decision on how long and in what form will export incentives continue.

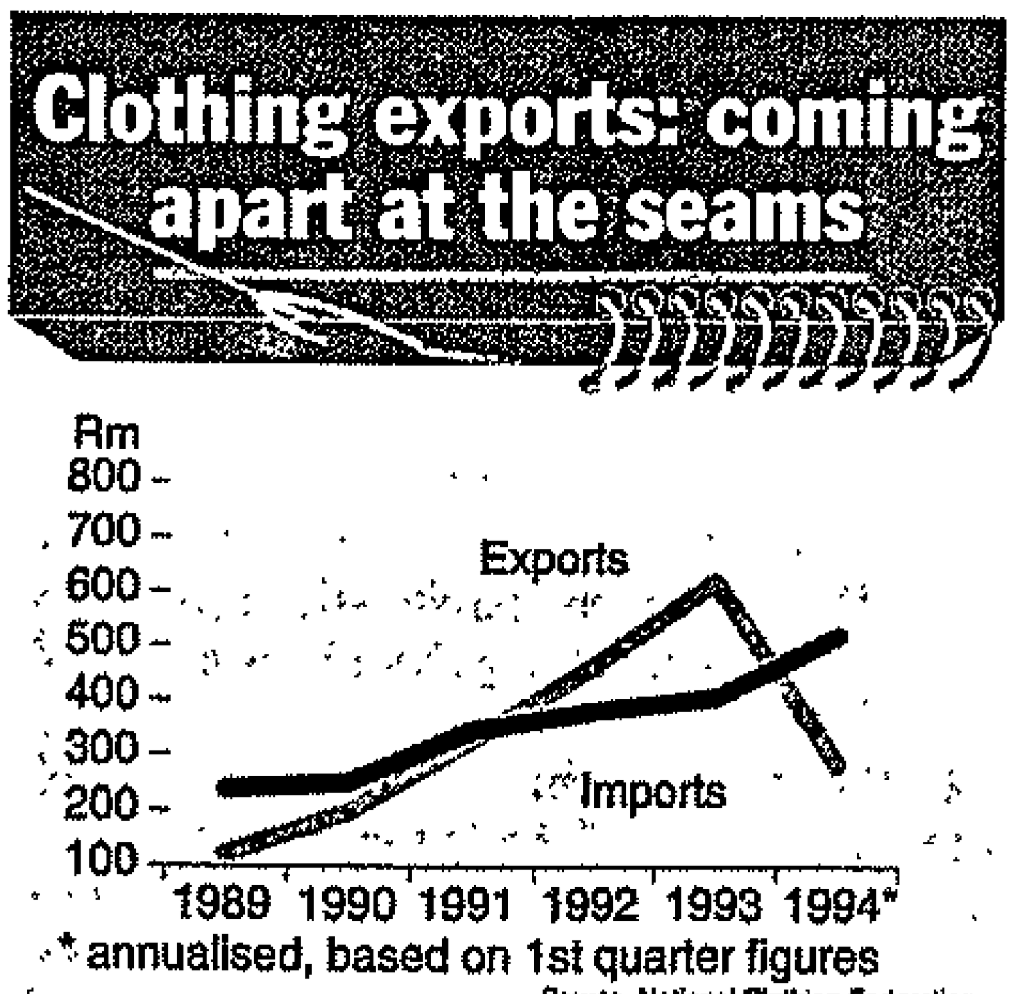
"We have been told that we could see the Minister only late in August," says National Clothing Federation chairman Sadek Vahed. "Meanwhile, a crisis is brewing and everybody is in the dark on what to expect from government. This is after the clothing and textile federations, the SA Clothing & Textile Workers' Union and panel chairman Nic Swart reached consensus and jointly asked government in March to treat the issue of future export incentives on a fast-track basis — separate from the panel's other recommendations." But the department says it is treating the proposals as one package.

Vahed says the department asked his federation to participate in a September trade fair in the US. "But how can we go to the fair if we do not know how to price or sell our goods? We must realise that the world is not waiting for us and trade is not coming to a standstill because we have an RDP."

Both of the incentive programmes used by exporters, the Duty Credit Certificate system, which grants discounts against import duties based on the value of a company's exports, and the General Export Incentive Scheme (Geis), expire on March 31.

With SA's high textile tariffs forcing clothing manufacturers to pay high prices for their inputs, the subsidies are needed to prop up probably the bulk of SA's otherwise uncompetitive clothing exports. Ending them without also slashing tariffs would spell disaster for the industry. Last week the National Clothing Federation made a formal request to government to extend the credit certificate system, and the acting director-general of Trade & Industry, Johan Lambrechts, says now his department will push for that scheme to be extended. As for Geis, which violates the Gatt accord SA signed in April, the National Economic Forum is debating how it can be legally extended for at least a few more years.

The Textile Federation's Brian Brink says the unexpected decision in the Budget last month to tax the R2bn-a-year that companies receive in Geis subsidies lopped off about 40% of the programme's value to exporters in one fell swoop. "We need long-term certainty on government's plans, even if this is about taking away existing benefits."



* annualised, based on 1st quarter figures

Source: National Clothing Federation

Panel chairman Swart says the tariff recommendations contained in his panel's report are being finalised by the Board on Tariffs & Trade, which he also chairs, "and should be published within weeks."

The parties involved in the minority report — which suggested reducing tariffs over five rather than 10 years — will then have another chance to make recommendations, in time for the board to finish its tariff proposals before the January 1 Gatt deadline.

"The balance of our recommendations rests with the department, and Minister Manuel has the final say," Swart says. "But seeing that these are vitally important industries, this is an issue of great urgency and we cannot afford any undue delays."

He is sanguine about Geis's eventual demise and adds that supply-side measures such as low-interest IDC loans for upgrading skills and introducing modern technology could be the best way to help. ■

MAIZE MARKETING

Fm 22/7/94

Edging to deregulation

The single-channel maize marketing system that forces farmers to sell nearly all their maize to the Maize Board should move a step closer to the scrap heap next week, when the board looks at the recommended marketing system that may open the industry.

But the five-man committee appointed by Agriculture Minister Kraai van Niekerk to recommend a new system (*Business* June 17) still has a lot of work to do to find a compromise between the farmers — represented by the National Maize Producers' Organisation (Nampo) — and the buyers, namely the main food companies Premier, Tiger Oats, Foodcorp, Genfood and Tongaat-Hulett, as well as major feed user Rainbow Chicken.

Committee chairman Attie Swart, who is the Agriculture Department's chief director of marketing, says the old system will remain in place until next April, when the current marketing season ends. He expects the committee to hand in a recommendation to the board by the end of the month. The board then has to report to Van Niekerk by the end of next month.

A driving force motivating the changes is Gatt, which goes into effect in January. The worldwide trade agreement does not allow a country to ban all private imports of a product, as happens with maize in SA. To replace the protection afforded by import control, the maize producers are demanding a high tariff on imports. Naturally, the processors want to be able to import maize freely.

Nampo has proposed to the committee:
- ☐ A 35% tariff on imports;
- ☐ Free competition for imports, after having tariffs imposed, in coastal areas;
- ☐ A protected inland market, where a formula price will be determined each year by the board (based on the tariff, import parity and cost of transport to Maritzburg); and
- ☐ A mandatory role for the board in getting rid of surplus maize, based on Nampo's suggested, annually fixed, inland price.

No provision is made for regional prices, suggesting existing subsidies between areas should continue. Nampo also favours phasing in a new marketing system containing

An export boost for trade surplus

Star 22/7/94

BY CLAIRE GEBHARDT

The trade surplus jumped 142 percent to R1,5 billion in June as exports picked up, Customs and Excise figures show.

Economists said yesterday the figures were a return to normal after the drastic drop in May's trade surplus to R623,6 million on a surge in imports.

The trade balance is seen as a means of offsetting the drain on reserves, given the vulnerable capital account.

June's exports rose 21 percent to R8,1 billion from R6,7 billion in May, while imports rose 8,5 percent to R6,6 billion.

On a cumulative basis, exports for the first six months were 13,5 percent up and imports 25 percent up on the same period last year.

Safto economist Carlos Teixeira said this was cause for concern because imports were set to accelerate as the recovery gathered pace.

However, there was room for improvement on the export side, given rising commodity prices, better conditions among major trading partners and the rand's continued slide.

Main contributors to the better export figure were machinery, transport equipment and diamonds. (746)

Month-on-month exports of machinery were up 44 percent and transport equipment up 163 percent. Diamond sales showed a 105 percent rise.

Teixeira said the commodity categories remained disappointing in terms of exports.

"Reasons for this may include higher local consumption, contract prices and a full capacity situation not allowing for further production increases for foreign sales."

Nedcor economist Dennis Dykes said imports were moving ahead at an alarming pace, but the good news was that this appeared to relate to capital goods such as machinery, electrical and transport equipment.

He said the R1,5 billion trade surplus was enough for a build-up of foreign reserves, provided theere were no capital outflows.

"We are still very dependent on the capital account and have to build up reserves dramatically between now and year-end."

Ostrich product exports top R161m

EDWARD WEST

BDay 22/7/94

(749)

CAPE TOWN — Greater emphasis on marketing has resulted in a steady increase in ostrich product exports during the past five years to R161,4m in 1993, the Klein Karoo Landbou Koöperasie says.

Until October last year, when the industry was deregulated, the co-operative exercised tight control over the sale of products of the world's biggest bird.

Its income from ostrich skins last year was R144,4m (1992: R132,5m), meat R31,4m (R25,7m) and feathers R14,1m (R14,3m).

The export share of the co-operative's total income — about 85% — was more or less the same for all three product categories.

Income in rand terms during the past five years virtually doubled to R189,9m from R95,7m in 1989, mainly as a result of strong growth in the sale of skins to R144,4m from R68,1m in 1989. Income growth from feathers had stabilised during the past few years because of a shift in production from plucking birds to slaughter birds. In 1990 income from feathers was R10,7m; in 1991 it was R17,5m.

Ostrich meat's low-cholesterol properties had made it popular in European markets. However, skins attracted a premium price of about R1 000 each. Each ostrich produced about 25kg of deboned meat.

Because SA's export volumes to Europe had been easily absorbed, no major meat promotional activities had been undertaken.

Drought had made regulation of the industry virtually impossible, as many farmers outside the Klein Karoo turned to ostriches after other crops failed.

Tight customs control sought

JOHN DLUDLU

THE National Clothing Federation has called on government to tighten customs control measures.

Federation executive director Hennie van Zyl said yesterday that while the industry favoured the liberalisation of tariff duties — in line with GATT requirements — it was concerned about the amount of import penetration which suggested evidence of leakages in the customs control measures.

"We're not advocating that imports be raised as that will be swimming against the tide," he said. "All we want is custom policing measures to prevent leakages."

Raising import duties would provide only temporary relief, he said. The industry's long-term salvation was in beefing up the country's exports.

Clothing imports rose to R185m in the first four months of this year compared with R153m last year, while the import figure for the year could be as high as R520m — up from last year's R405m.

This rise took place against a slump in exports, which dropped in the first four months to R105m against R336m last year.

Van Zyl also slammed the delays in government's response to recommendations tabled by the textile and clothing panel.

The panel's recommendations included the adoption of a phased approach to export incentive schemes like the general export incentive scheme (GEIS) and duty credit certificate (DCC), which allowed manufacturers to claim up to 30% of the value of exports on subsequent import duties for items such as fabric. BDay

He said the industry favoured increasing the DCC claim to at least 36% to cushion the effects of removing tax rebates available through GEIS. 27/7/94

He said the clothing industry was losing out as a result of the uncertainty about the continuation of the DCC scheme beyond next March. (7446)

Clothing manufacturers favoured the continuation of the DCC incentives beyond March. The problem was compounded by the fact that no provision was made for retrospective claims, he said.

FOREIGN TRADE FM 29/7/94

Surplus subtleties

The jump in the trade surplus to R1,5bn in June, from R624m in May, is due mainly to export categories which fluctuate widely from month to month.

One is the category gems & precious stones. This is made up largely of rough diamond transfers to the CSO in London, from producers in SA, Botswana and Namibia — transfers that are notoriously lumpy, as exports this year show. In June, the exports totalled R1,1bn but the figure has been as high as R2bn (in March) and as low as R277m (in January). (74G)

The figures were also influenced by the extraordinary behaviour of exports in the category vehicles & transport equipment, which jumped to R733m in June. This comes after five months in which the

highest monthly figure was R326m in March (see graph). But inquiries failed to pinpoint any exporter of goods under the category that would have made such a difference. Though Volkswagen has been exporting under a contract with Chinese importers, this would make up only about R30m of the monthly figure. Equally, the burgeoning container industry included in this category is unlikely to have had such a big effect alone.

The jump could have resulted from an omission in May, with exports made late in that month being allocated to June.

Earnings under the categories that include SA's exports of metals and minerals are disappointing:

❑ Unclassified items, including arms and ammunition, but mainly made up of precious metals, have brought in 13,1% more in the first six months than in the same period last year, a cumulative R16,1bn. But this is down on May's 15%;

❑ Base metals are up 7,2% at R5,1bn, after a 13,7% increase in May; and

❑ Minerals are down 6,8% at R3,6bn, from 2,6% shrinkage in May.

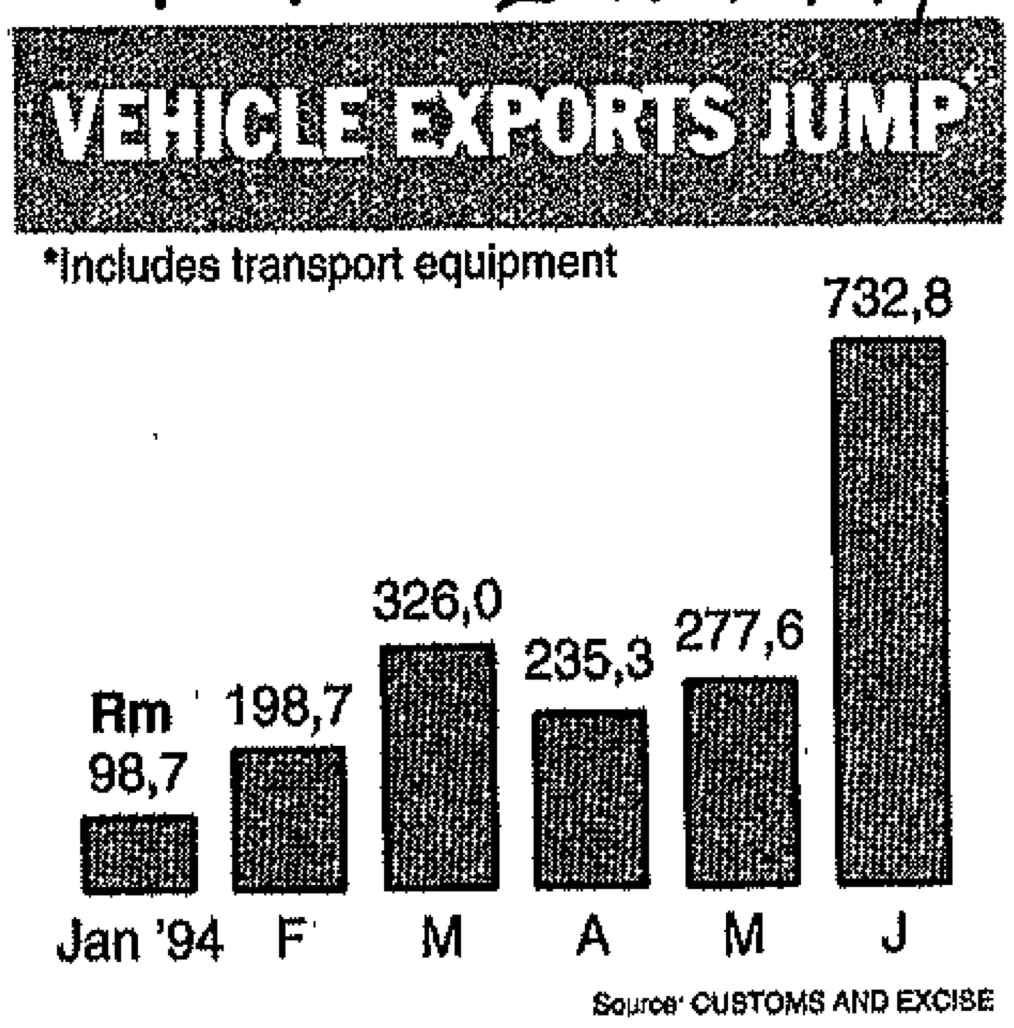
But all of these may benefit from higher commodity prices later in the year.

Import growth is still dominated by the category that includes machinery. This cost R11,1bn in the year to June, 41% more than in the first half of 1993.

The unclassified item, which includes oil, is also growing. Though the cumulative amount, at R1,9bn, is 16,1% down on the value of unclassified imports in the first half of 1993, June imports of almost R593m formed the highest monthly figure this year. The category will grow as oil price rises affect the import bill.

Total exports for the year so far are R42,1bn, which is 13,5% higher than in the first half of 1993. Imports, at R33,6bn, are 25,1% higher. ■

FM 29/7/94



(74G)

ARG 3/8/94

It's cheers for SA wine sales

(14G)

ALAN ROBINSON
The Argus Foreign Service

LONDON. — South Africa's transition has had an astonishing effect on its wine sales in Britain, with exports from January to May up 36 percent on the same period last year

Demand in both April and May exceeded one million litres for the first time, meaning that South African wine overtook imports from the United States and Hungary and widened the gap over New Zealand and Chile.

Dr Jannie Retief, chairman of the South African Wine and Spirit Exporters' Association, said: "Our wineries have really listened to the needs of the British wine buyers and we have risen to the quality/price challenge of the British market."

Export of weapons being reviewed

CT 11/8/94

(749)

Political Staff

SOUTH AFRICA is to review its policy of exporting conventional arms and the cabinet would sanction an all-party parliamentary committee to probe the practice, Deputy President Thabo Mbeki said yesterday.

And Armscor said it wanted all secrecy in the acquisition of arms and the Special Defence Account to be removed, saying it would be up to Parliament to decide if any purchase of military equipment should be kept confidential.

Armscor chief Mr Tielman de Waal said in a month's time all its tenders and its contract awards would be made public.

The parliamentary inquiry into arms sales — South Africa exported R900 million in arms last year — and the Armscor's moves for greater openness will lift the lid on the country's defence industry which until now has been kept away from public and parliamentary scrutiny.

Mr Mbeki said the cabinet would discuss the matter fully at a future meeting.

Disruption feared from new export incentives

(74G) CT 18/8/94

From GRETA STEYN

JOHANNESBURG. — Major exporters are fighting tooth and nail against Trade and Industry Minister Trevor Manuel's plans to restructure export incentives, saying his proposals would cause "major disruption" and be costly to administer.

While business accepts that the general export incentive scheme (GEIS) has to be phased out from next year, its representatives have objected strenuously to the way in which Manuel intends approaching the issue. Months of negotiations in the National Economic Forum failed to produce consensus — for the first time since the inception of the forum's trade and industry working group.

Sources said government's proposals would harm Iscor the most, while other steel industry exporters would be knocked too. Also set for a blow were paper and pulp exporters, such as Sappi and Mondi, as well as deciduous fruit exporters.

Seifsa economist Michael MacDonald, who represents business on the forum's work team, said yesterday GEIS should be phased out in a way that caused the least disruption for business and for government's administrators of the scheme.

The route government and labour had chosen would cause "major disruption through unresearched recategorisation of important products — some of which are our major foreign exchange earners".

In terms of GEIS, different categories of products qualify for different benefits, depending on the value added to the exports. The change would place more emphasis on the value added than at present.

A spokesman for Manuel, Charl Nel, confirmed Manuel wanted to restructure GEIS by changing the categories to bring it more in line with the original intention of the scheme. Analysts said the intention had been to promote manufactured exports.

Nel noted Manuel was on record as saying: "There are certain fundamental imbalances within GEIS which must be addressed, for example the fact that only 30 exporters receive 53% of GEIS benefits while the remaining 47% is shared among 5 078 exporters."

Government wanted to free up resources to finance new supply side measures to encourage exports. "It has to come from the same pool — we cannot draw new resources."

Government has yet to make a formal announcement on the new-look GEIS, and exporters have been clamouring for a formal statement to clear up the uncertainty.

MacDonald said the possible effect of government's proposals on exports, on foreign exchange earnings and tax revenues, on unemployment and on the export potential of downstream manufacturers had not been adequately determined.

Three important financial schemes in place to make SA goods more competitive

Exporters get helping hand

Star 15/8

■ BY CLAIRE GEBHARDT

Trade and Industry minister Trevor Manuel has detailed far-reaching plans to improve South Africa's export earnings and boost reserves.

Speaking during the discussion of the Trade and Industry Budget Vote in the Senate on Friday, Manuel said three important financial schemes had been put in place to assist exporters.

These included:

■ A guarantee fund of R20 million to facilitate additional exports for those exporters who did not have the necessary funds or loan facilities. This fund would guarantee the cost of materials and services for the production of exports and/or supply short-term credit to exporters for the financing of export trade debtors.

■ Facilities to ensure that pre- and post-shipment finance was available to all exporters and not only to small, medium and micro enterprises (SMME's). An investigation, financed by the World Bank, and supported by the National Economic Forum (NEF), had commenced last week with the objective of identifying and possibly establishing an institution in South Africa that could act as a body to facilitate such financing.

Trevor Manuel . . . Imbalances in GEIS will have to be addressed.

■ A more market-related reference rate with regard to the Export Finance Scheme for Capital Projects on which the export subsidy was based, had been negotiated with financial institutions.

Manuel said exporters and contractors could now compete in overseas markets in terms of finance costs, by offering market-related credit rates as well as interest rates.

"The export subsidy is paid to bridge the gap between the overseas and the local market lending rates as negotiated with the South African financial intitutions."

The savings achieved would be conveyed to exporters of capital goods enabling them to be even more comptitive abroad by offering them even better than current lending rates.

Manuel said that whilst government was pursuing an aggressive export promotion strategy, efforts were being debilitated by an anti-export bias in the economy.

"In an attempt to neutralise this bias, the General Export Incentive Scheme (GEIS) was introduced in 1990 for a five year period.

Whilst GEIS served a good purpose as a general scheme, two factors needed redirection after the initial five-year period i.e. from April 1, 1995.

"Firstly the GEIS being open-ended places a severe strain on the fiscus and, secondly, it is illegal in terms of the GATT and has to be removed over time."

Certain fundamental imbalances within the GEIS, for example the fact that only 30 exporters received 53 percent of GEIS benefits whilst the remaining 47 percent was shared amongst 5 078 exporters, had to be addressed, he said.

"The country needs a major attitudinal change in support of industrial restructuring."

The first of these changes was already on the agenda with studies in the automobile and clothing and textile sectors under way.

"We are going to have to take decisions and run the risk of a significant reduction in popularity."

Manuel said investors demanded certainty and predictability — "their decisions are not based on mere goodwill but on hard fact."

The Department was addressing the need to have a more supportive approach to prospective investors.

This entailed working towards both the establishment of a "one-stop investment centre" which would minimise the red-tape that investors had to go through and leading an initiative to draft a national investment policy which would be placed before parliament.

(44G)

Costly disruptions feared

Exporters up in arms over incentive plan

B/Day 18/8/94

(74G)

GRETA STEYN

MAJOR exporters are fighting tooth and nail against Trade and Industry Minister Trevor Manuel's plans to restructure export incentives, saying his proposals would cause "major disruption" and be costly to administer.

While business accepts that the general export incentive scheme (GEIS) has to be phased out from next year, its representatives have objected strenuously to the way in which Manuel intends approaching the issue. Months of negotiations in the National Economic Forum failed to produce consensus — for the first time since the inception of the forum's trade and industry working group.

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☐ To Page 2

Exports

B/Day 18/8/94

☐ From Page 1

had not been adequately determined.

He said the announcement in the Budget that GEIS benefits would be taxed from next March came about partly because the forum had failed to reach finality. Taxing benefits would save government about R600m in the next fiscal year.

(74G)

There was no need for any further changes to GEIS in 1995/96, as a considerable saving had been achieved already through taxing the benefits. The phasing out should be completed by gradual and equally staged cutting of the benefits over the following four years.

Business also suggested that the GEIS benefits should not fall to below 50% of current levels, he said.

It was unacceptable that taxation of GEIS benefits be followed by major recategorisation, which would severely reduce benefits to some major exporters, and followed still further by a gradual phasing down of benefits on a yearly basis.

Export incentive benefits to be cut

B/Day 23/8/94

GRETA STEYN

THE Trade and Industry Department yesterday announced a move that will substantially cut benefits paid out in terms of the general export incentive scheme (GEIS) from October, signalling government's intention of changing the scheme radically from next April.

At a Johannesburg conference organised by the SA Foreign Trade Organisation and the SA Institute of Chartered Accountants, the department's foreign trade chief director Bert Pienaar told exporters that GEIS benefits would be reduced to take account of the depreciation in the real exchange rate. The GEIS formula would be adjusted from October 1.

The adjustment accounting for depreciation in the exchange rate takes place every year, but the level of benefits has been substantially affected this year because of low inflation and the rand's sharp depreciation. Pienaar expected the real exchange rate to continue sliding, obviating the need for other major steps to phase out GEIS.

(74G)

Haggie Group MD Chris Murray said the adjustment meant exporters would lose 16% to 50% of benefits from October.

☐ To Page 2

Incentives

B/Day 23/8/94

☐ From Page 1

Pienaar said Trade and Industry was locked in a "tremendous" fight with the steel industry about changes to the GEIS system over and above adjustment for currency depreciation. Some products were "too basic" to qualify for benefits aimed at exporters of manufactured goods. (74G)

Aside from basic metals, certain food companies would also be affected by the planned restructuring. His list of companies that would feel government's scalpel the most included Iscor, Langeberg, Unifruco, Mondi, Highveld Steel & Vanadium, Scaw Metals, KWV and Sea Harvest.

The conference was characterised by outspoken exchanges between Pienaar and Seifsa economist Michael MacDonald. MacDonald said he could not understand why companies that had performed well had to be punished, while Pienaar accused him of "creating suspicion".

MacDonald said one of the spin-offs of the GEIS restructuring would be that benefits would no longer be passed to downstream manufacturers in the form of mill rebates, which effectively gave them steel at world prices. The effect of the change on downstream manufacturing and on unemployment had not been quantified.

Pienaar indicated a statement would be released soon providing details of the change in GEIS categories to reflect the emphasis on value added, as well as the phasing down.

SA urged to develop arms export niche

(74G)

CT 26/8/94

By ARI JACOBSON

SOUTH Africa should focus on designing an Indian Ocean trade block and develop its expertise as an exporter of high-tech weaponry, said University of Westville's political science professor John Daniel.

Speaking in a keynote address to Stellenbosch University's Institute for Future Research yesterday, Daniel said that the country should avoid taking funds from the International Monetary Fund (IMF) as "we (SA) need to try go it alone".

SA should "carve a niche" in the defensive arms trade which would generate income and thousands of jobs.

He warned that "SA is not a significant part of the economic plans of North America, Europe or the Far East"

"World trade is dominated by the three continental economic blocks, North America (including Mexico and Canada), the EU and South Pacific — which leaves Africa marginalised".

Daniel said that the trading environment in these blocks was "harsh" and prone to double standards, which ultimately meant little support for those coutries not belonging to these units.

"The answer is to develop a foreign policy with countries not tied to these trade blocks."

Here he suggested an "Indian Ocean trading block involving SA, East African coastal states (such as Kenya and Mauritius) and the Indian sub-continent".

"SA could also seek new markets in the Middle East and South East Asia".

Daniel pointed out that the southern African region was "unstable and distressed economically".

SA must not dominate the region but seek "to reshape trade" by growing the surrounding regions while developing its own economy.

An orange glow over exports

WM(BM) 29/7-4/8/94 74G

Simon Segal reports on booming fruit export markets

SOUTH Africa's citrus exports are now expected by Outspan, the industry's international marketing arm, to be a record 34 million 15kg cartons.

This should earn R1,4-billion and is three million cartons higher than last season at a value of R1,2-billion, and two million more than the 1992 record.

By mid-July Outspan had already shipped half its expected export crop.

Outspan chief executive John Stanbury explains that the citrus season in the northern hemisphere ended earlier than usual and volumes were lower in South America.

Outspan exports 30 citrus fruit varieties, of which the largest are Valencia oranges (17-million cartons, 10 percent up on last season), navel oranges (8,5-million cartons, eight percent more than last season) and grapefruit (6,5-million cartons, 10 percent up). The two million lemon cartons are the same as last year.

The biggest growth is in "easy peelers" such as clementines, where output has doubled to 2,5-million cartons.

South Africa is the fourth largest citrus exporter in the world. Local deciduous fruit exporters are also having a successful season.

Exports, Unifruco estimates, should reach a record 44-million cartons this year and bring in R1,8-billion in foreign exchange.

Last year 37,3-million cartons earned R1,5-billion (of which farmers received around R700-million), down from the previous record year in 1992, when 41-million cartons were sent abroad and earned R1,7-billion, of which R985-million went to growers.

The industry is one of South Africa's great export success stories.

In 1988 export revenue was only R764-million, from 30-million cartons.

Unifruco projects exporting 52-million cartons by 1997 and some 100-million by the end of the century, earning nearly R5-billion in today's prices and at today's exchange rate.

This means fruit is challenging coal, platinum and ferroalloys as South Africa's biggest export after gold.

It will also replace maize as the largest contributor to total agricultural earnings.

COMPANIES

SAB to export Castle to Tanzania

AMANDA VERMEULEN

SA BREWERIES would export more than 50 000 cases of Castle Lager a month to Tanzania Breweries (TBL) while the operation geared up to produce Castle itself, the SA company said yesterday.

TBL CE Danie Niemandt said yesterday that the company — which is 50% owned by SA Breweries subsidiary Indol International — would begin producing Castle early next year.

Indol bought the 50% stake in TBL for $28m last year. SA Breweries is committed to supplying equipment to TBL plants in Dar es Salaam and Arusha.

The TBL plant in Dar es Salaam would soon commence a $6m upgrade and construction on a canning plant to bring the facility to a par with Castle production facilities in SA.

TBL, which was currently producing about 15 000 crates of beer daily, would increase capacity to about 40 000 crates when the upgrade was completed.

In the interim, TBL would import Castle to distribute in the country. TBL also planned to build another brewery in the Lake Victoria town of Mwanza, but no date had been set. B/Day

SA Breweries chief operations executive Graham Mackay said the Tanzania deal was part of the group's plan to market and enforce its brands in the country.

The SA Breweries and Anglo American joint venture in Zambia announced last week would also ultimately begin brewing Castle. (749)

The brewing facilities would have to be upgraded to improve the plant's standards before the beer could be produced, but Mackay said he was confident that brewing would commence within the year.

He added that the group was investigating other investment opportunities elsewhere, but declined to give details because of confidentiality clauses signed with some of the parties involved. 30/8/94

Export orders are already moving

Arg 3/9/94 (447) (447)

MARC HASENFUSS
Weekend Argus Business Staff

CALLS to develop an export oriented economy and attract foreign investors abound at the numerous investment conferences, seminars or presentations that heralded in the new South African economy.

Many experts were quick to warn that meaningful investment or exports would not take place without labour stability, the abolition of exchange control and higher productivity.

But the cogs are turning, albeit slowly, and many companies are already taking advantage of South Africa's rousing welcome back to the world stage.

Some recent international deals include:

■ John Thompson Africa — a local subsidiary of listed engineering group NEI Africa — has made significant inroads into African markets.

Export contracts worth nearly R40 million were recently awarded to the Bellville-based industrial boiler manufacturer for the design and production of watertube boilers for Triangle Sugar Estate in Zimbabwe and Mumius Sugar Company in Kenya.

The contracts follow close on the heels of a R1,2 million order for two specially designed shell boilers for Lever Brothers in Malawi.

■ Royal Beech-Nut South Africa — a subsidiary of Del Monte Royal Corporation — has signed several export deal in recent months.

Largest and most spectacular is its appointment by international giant Pepsico to produce a chewing gum for the Mexican market — a deal worth close to R2 million.

Meanwhile Royal Beech-Nut subsidiary Riviera Biscuits has attracted orders from Indian Ocean islands and orders worth more than R1 million for a range of exports was received from Eastern Europe.

■ PWV-based financial services group Multisure is set to increase its operations in the Western Cape on the back of a deal struck with the Australian arm of the Continuum organisation.

In terms of the deal, Multisure has the exclusive rights to Continuum's Super Admin Sytem — a fund administration system well suited to the local market's insurance-linked and other employee benefit programmes.

■ The recently founded Fritz Companies SA — the first African venture for the R1,2 billion a year US freight management and logistics company — will soon open a full service office in Cape Town.

Joint managing director Paul Horsfall said the group's Johannesburg airfreight and seafreight divisions were already on a firm footing and Cape Town and Durban operations would open this year.

Denel in drive to double exports

CT 3/9/94

JOHANNESBURG. — Denel arms conglomerate, which sells everything from tanks to helicopter gunships, said it intended to double exports.

Denel, which employs 14 000 people and has a turnover of more than $700m, said the expansion would take place over the next three years in countries ranging from Chile to the United Arab Emirates. (74G)

The conglomerate, spun off from state arms procurement agency Armscor two years ago, said it paid $34m in dividends in the past two years to its only shareholder, the South African government.

The group's chief executive officer Johan Alberts said Denel's aim was to greatly expand exports, which rose by 34% to $179m in the year to March 31, compared to the previous financial year.

We can't afford to miss the export boat

FM 9/9/94

Economic recovery, which started in Europe this year, and continued growth in the US and UK should have provided a bonanza for SA's trade account.

Unfortunately, disrupted production in the first half sliced the volume of manufactured exports — neutralising the benefits of a higher gold price and the vastly improved agricultural trade flows. So, despite an improvement in terms of trade (export prices relative to import prices) of 3,8% this year, the ratio of export to import earnings remained static at 1,3%, according to the SA Foreign Trade Organisation.

Safto says that in June the value of total exports grew only 17,3% in rand terms compared with the previous June. After the substantial decline of the rand, the result was even more disappointing in US$ terms with growth of only 4,5%.

Over the six months from January to June, rand export value rose 13,5% (1,7% in dollar terms)). Imports, on the other hand, fuelled by the economic recovery, have been growing at a great pace — 47% in rand terms (31% in dollars) June-on-June; and 25% (12%) first-half-on-first-half. The effect of rising demand as the domestic economy recovered was compounded by depreciation of the rand.

This brought a fall in the trade surplus to R18,7bn in the 12 months to June, says Safto, down from more than R20bn in the 1993 calendar year.

According to the Reserve Bank Annual Report, the weakness came in exports of "chemical products, machinery & electrical equipment, paper & paper products, textiles and transport equipment — probably due to exceptional circumstances related to political uncertainty, labour unrest, strikes, work stoppages and special holidays leading to loss of production."

Fortunately, 1993 growth in net gold exports continued in 1994. Says the report: "The value of net gold exports, which had contracted at an annual average rate of about 2% from 1988 to 1992, rose by 21% in 1993 to R22,2bn." In the first half of 1994 "a seasonally adjusted and annualised value of R22,9bn was registered. A rise in the price of gold was mainly responsible for this substantial increase."

However, the commodity sector performed disappointingly, says Safto economist Carlos Teixeira, "given the increase in international prices and improving conditions in trading partner countries. This is reflected in export earnings of base metals, (steel and iron) and minerals, (mostly coal).

"Perhaps contracts were settled at the start of the year and companies locked into prices agreed then. There may also have been a redirection to local market as demand increased."

Teixeira has done a further breakdown — of categories into component parts — but only for the first five months of 1994. "Iron & steel, an item which makes up 67% of the base metals category, was up nearly 23% over the comparable period last year. But export proceeds of other components fell: copper by 8,6%; nickel 21%; aluminium 3,8%."

An analysis of mineral products shows that coal, which comprises 63% of the category, rose 3,2%; while ores, slag & ash fell 14,9; salt, sulphur, earth and stone increased only slightly.

The outlook is good.

Iscor, which published results last week, for the financial year ending June 30, reported that average steel export dollar prices in the past financial year were 6,3% higher. It also predicted: "The international steel market is poised for further improvement. Consequently, dollar prices for steel are expected to firm while the rand/dollar exchange rate should continue to weaken."

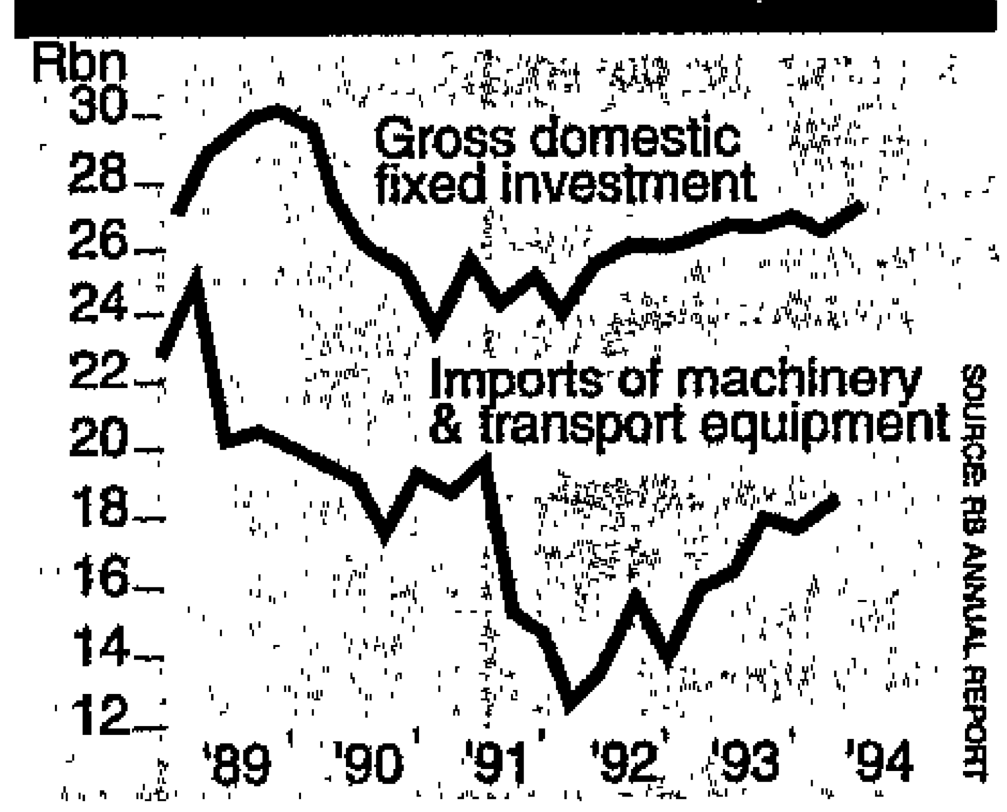
The report adds that "iron ore export prices in dollar terms (which) decreased on average by 10,9% (in the financial year) should improve in dollar terms."

Improvement should also be seen in the category jewellery & precious stones, which includes diamonds, says Teixeira. This performed disappointingly in the first half (see graph) but "diamond sales are always very erratic. I believe they will do as well this year as they did last but the sales will come in bursts."

He suggests the impact of a healthier commodity market generally will be seen on the trade account towards the end of the year.

Meanwhile, the trade surplus is sliding as imports roar ahead. The Bank says categories that saw the strongest growth in the first half of the year were chemical products, textiles, machinery & electrical equipment, transport equipment and professional equipment.

CAPEX BOOSTS IMPORTS



An important barometer of economic activity is the item which includes machinery and comprised more than 30% of the total June import bill, according to Safto. It was up that month by more than 50% on the previous June. In the period January-June it was up more than 40%. Exports in this category also increased, but only by about 34% and 12% in the periods. This has pushed the deficit on the item from R14,6bn in 1993 to over R17bn in the 12 months to June.

Transport is another useful indicator. Safto's figures show goods in this category made up more than 15% of June's imports: a 47% June-on-June increase was recorded and a 27% first-half increase. The deficit in the 12 months to June rose to R9,6bn from 1993's R6bn.

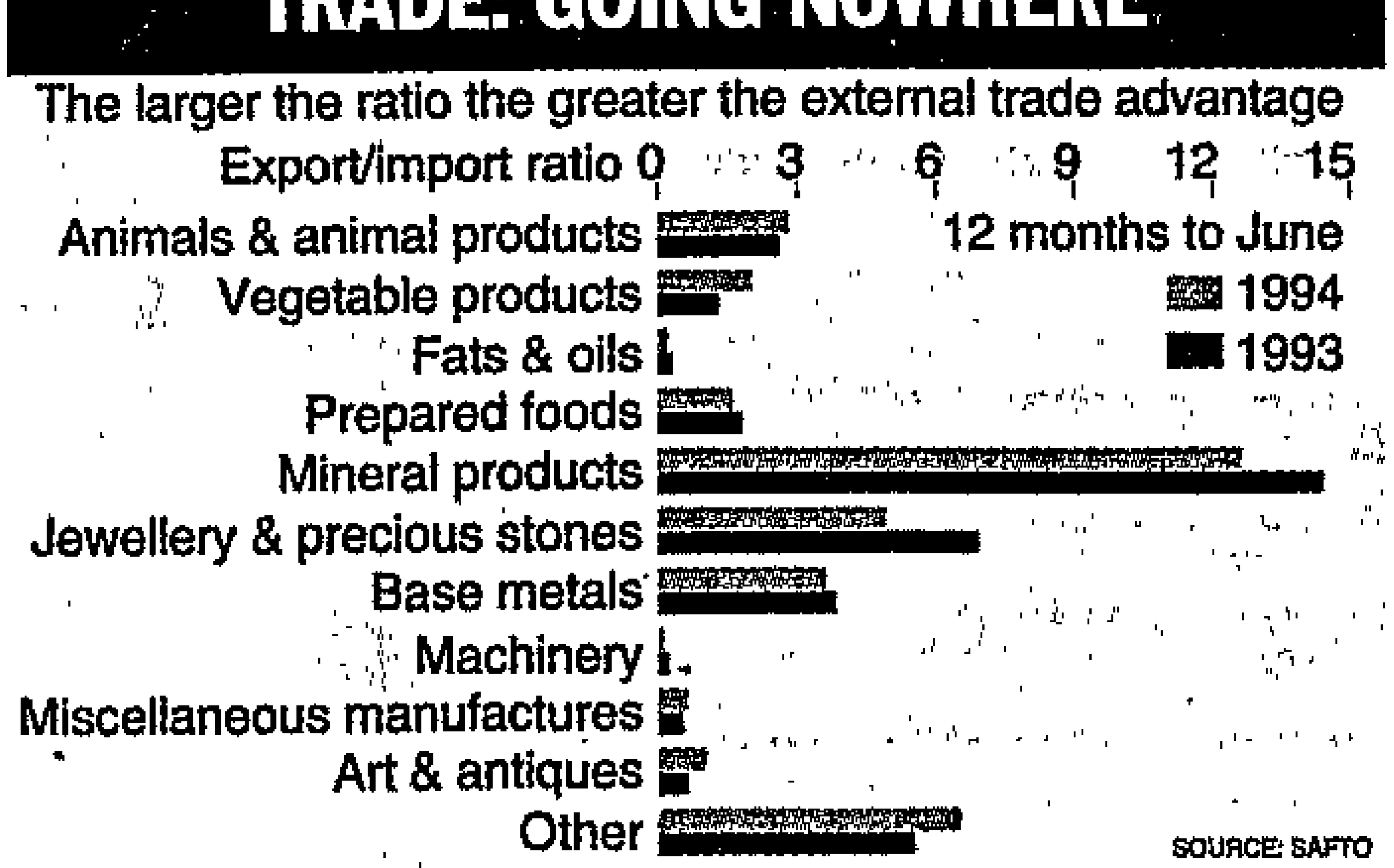
Trade has been the mainstay of the balance of payments since capital started flowing out of the country in the mid-Eighties. It helped accumulate an overall balance of payments surplus of R7,9bn in the four years leading up to 1992 but was unable to prevent the gains in foreign reserves being wiped out in 1993.

According to the Bank, net gold and other foreign reserves decreased by R10,3bn that year: due partly to an increase in net service & transfer payments to nonresidents, from R11,5bn in 1992 to R13,5bn in 1993; and largely to a net outflow of capital of R16,3bn in 1993.

If the domestic recovery, which started in 1993 but was postponed while a new government was installed, is to continue, export earnings must be boosted by increasing production and SA must attract capital flows. These are essential to fund the rising import bill — an unavoidable consequence of every economic recovery.

The outcome of the current round of industrial disputes is critical on both scores.

TRADE: GOING NOWHERE



Anglican bishops hit at arms exports

ARG 10/9/94 (74G)

JOHANNESBURG. — Anglican bishops have urged the government to halt soaring arms exports, describing as "obscene" plans by South African weapons' manufacturers to double foreign arms sales over the next three years.

The Southern African churchmen, meeting in the Free State yesterday, said they were alarmed at the increasing sales of South African weapons to other African countries and further afield.

Among those taking part in the four-day conference was Archbishop Desmond Tutu.

After a meeting with officials from South Africa's state arms procurement agency Armscor, the bishops said in a statement: "We condemn the declared intention of the industry to double exports. This policy is obscene."

The bishops urged the government to turn swords into ploughshares and said the granting of contracts for arms manufacture should be gradually phased out.

South Africa's Denel arms conglomerate, which sells everything from tanks to helicopter gunships, said on September 1 it intended to double exports.

Denel, which employs 14 000 people, said the expansion would take place over the next three years in countries ranging from Chile to the United Arab Emirates.

The ANC opposed the arms industry before it came to power, but now accepts it as an important employer and revenue earner. — Reuter.

Deciduous fruit exports to double in next 5 years

ARG 12/9/94

~~[illegible]~~ (74G)

ALIDE DASNOIS
Business Staff

FRUIT exports from South Africa are set to double in the next five years, bringing a flood of much-needed foreign exchange into the country.

David Gant, chairman of the deciduous fruit industry's marketing arm Unifruco, said today deciduous fruit exports were expected to top 80 million cases in five-to-eight years' time, bringing in between R4 billion and R5 billion in earnings.

At present, about 40 billion cases of deciduous fruit are exported a year.

To deal with the growing market, Unifruco and citrus producer Outspan International have decided to merge their European interests into a single marketing network, Capespan International, to be based in Britain.

Capespan will market deciduous, citrus and subtropical fruit on the European market, where 80 percent of South African fruit is sold.

Outspan and Unifruco will have an equal share in Capespan.

The companies' subsidiaries and branch offices will be merged in Britain, Germany, the Benelux countries, France, Italy, Hungary and Norway.

Agency agreements in 12 additional European countries will also be consolidated.

Mr Gant said the merger would offset higher export costs, especially shipping and packaging, bringing cost savings to South African fruit growers.

The agreement would mean better use of infrastructure as the combined marketing season of the companies is 50 weeks, compared to 35 weeks for Unifruco and 25 for Outspan.

Exports worry Rex Trueform

EDWARD WEST

CAPE TOWN — Rex Trueform Clothing Company lifted earnings 30% to 202,2c (155,4c) a share for the year to June, despite lower sales stemming from the uncertainty surrounding export incentives.

Turnover fell 2,75% to R167m (R171,7m) as a result of lower export sales. Chairman Stewart Shub said the uncertainty was worrying for the company, which had been exporting for the past three decades.

He said government was reducing import tariffs and export incentives before the original reasons for those measures, the anti-export bias in industry such as high input costs, were being tackled.

Operating income was up 7,9% to R8,8m (R8,2m). Interest received amounted to R1,2m compared with the R775 000 paid out the previous year. Taxation was R1,7m (R964 000). Taxed income was 30% higher at R8,4m (R6,4m).

Shareholders could opt for capitalisation shares in lieu of the 70c (60c) dividend. The terms of the capitalisation issue would be approved at the annual meeting on October 26.

BDay 12/9/94

The company said a further improvement in stock-turn had resulted in a more economical use of cash resources and interest earned had made a more meaningful contribution to profit in the period.

Trading conditions continued to be difficult for much of the year. The increase in income was largely a result of continuing efficiencies and the growing contribution from the Queenspark retail division.

Shub said the retail division would make an increasing contribution to overall profit over time, with the company well placed to benefit from the up-turn in the domestic market.

(74G)

Africa & Overseas Investments, which had as its principal operating subsidiary the Rex Trueform Clothing Company, reported earnings of 191,6c (166c) a share in the year to end-June 1994. A dividend of 80c (72c) was declared, for which shareholders could also opt for capitalisation shares.

‘Exports slump could knock economy’

(74G)

ARG 20/9/94

ALIDE DASNOIS
Business Staff

POOR export growth could abort the economic recovery, Old Mutual Unit Trusts warns in the latest Information Bulletin.

Import volumes have risen by 12 percent since the last quarter of 1992 to make up the difference between a 6,6 percent rise in real domestic spending and a 4,4 percent rise in GDP.

But exports have risen only 2,4 percent.

“Without rising exports, the recovery may have to slow down to a snail's pace, to prevent a balance of payments crisis brought on by imports surging.”

“Worse still, the recovery may be aborted, as with the mini-boom in 1984.”

But, says Old Mutual, this can be avoided.

Dollar export earnings should surge in the second half of the year, boosted by maize exports and rising world commodity prices.

“And the growth of domestic demand will probably ease over the next few months, due to the effects of labour disruptions and the 5 percent transitional levy on higher-income individuals and firms.”

Old Mutual has revised its growth forecast downwards to 2,5 percent this year.

But in spite of lower growth, short term interest rates are likely to rise, it says, under pressure from a weak balance of payments, rapid money supply growth and accelerating inflation.

SA wines given new life by exports

(744)

DURBANVILLE wine farmers have traditionally sent the majority of their harvests to large co-ops like KWV and Nederburg, but this could change as demand for South African wine in the US and Europe increase.

Mrs Lieva Parker of Altydgedacht has been handling the estate's exports for the past few years.

CT 20/9/94

Foreign demand

"Our initial exports were to Belgium, but in recent months demand has come from Canada and Britain, with Tangiers and Algeria being looked into," she said.

"The European market has shown a marked interest in the chardonnay and pinotage," she added.

"Altydgedacht currently sends 90% of its harvest to Nederburg, but should exports increase we will most certainly review that."

Reds

Mr Tienie Louw of the farm Diemersdal agreed, saying that should export demand increase he would definitely retain more than the 10% of annual crop bottled at present.

Concentrating mainly on reds, his wines are aimed at a higher price bracket.

"The pinotage has done particularly well," he said.

Exports spur Sasol profits

From MICK COLLINS

JOHANNESBURG. — Petrochemicals company Sasol increased attributable profit 15% to R1,5bn in the year to June, following improved chemical sales volumes especially in export markets.

Turnover was 11% higher at R9,8bn as results from a better performance in its synfuels division fed through. Increased dollar refining margins and a favourable exchange rate also helped boost results.

Operating income was up 29% at R2,5bn as lower interest charges of R75,3m (R120m) kicked in. The group was continuing to pay off government loans for the development of Sasol III.

Pre-tax profit came in at R2,45bn (R1,84bn), but a near tripling of the tax bill to R912,5m (R347,9m) drove the effective tax rate to 37% (19%). In order to cushion the impact the group transferred R50m to profit from its tax equalisation fund. Tax allowances relating to the Sasol III project and the Syferfontein mine project were fully used in the year.

Earnings a share were up 14,7% at 264,2c and a dividend of 48c was declared, bringing the total for the year to 90c (86c).

Shareholders have been offered a scrip alternative to the cash dividend and the number of shares to be awarded for every 100 Sasol shares will be announced soon.

MD Paul Kruger said the reduction in protection had cost the group R100m this year and was expected to detract R250m from the bottom line by next year. The group did not expect any further protection reductions.

(744)

The group's oil-from-coal synthetic fuel business contributed R1,2bn or 47% to group profits. But without tariff protection (R1bn) the division's contribution would have been R199,7m.

CT 21/9/94

Sasol is compensated by government for any loss in synfuel revenue calculated on the gap between world oil prices and a $21 a barrel crude oil reference price.

Kruger said Polifin — the group's joint plastics venture with AECI — would seek a JSE listing in the first half of next year. The venture was profitable but the effect of its earnings would be felt only once the PVC project had been completed in 1996.

Sasol Mining's contribution to operating income dropped to 14,4% (20,8%) at R364m. Sasol Oil maintained its contribution at 20,5%, bringing in R515,8m, while contributions from Sasol Chemical Industries rose to 17,2% (15,3%) at R435m.

Exports, boosted by a large alcohol sales contract to Brazil, rose 38,4% to R767m and were running at R1bn a year.

SA maize exported to African countries

B Day 23/9/94

LOUISE COOK

SA WAS officially exporting large amounts of maize into Africa for the first time since the lifting of sanctions, industry sources said yesterday.

Leading export group Louis Dreyfuss said a large portion of this year's 5,5-million tons of excess maize was reaching African countries. Southern Africa alone was expected to have a shortfall of 2,46-million tons this season.

Maize Board sources said SA had sold 140 000 tons of high quality maize, at $10 above the world price, to the UN for food aid, bringing in revenues of about R14m.

German maize expert Erich Nuppenau said this week there was huge potential for further SA exports. So far, only Botswana was a regular importer of about 113 000 tons a year. Changing regional trading patterns would lead to increased sales to neighbouring countries.

Sapa-Reuter reports that the Southern African Development Community said this week it would set up a R30m revolving fund to help countries short of food buy from those with surpluses. SADC food security sector co-ordinator Reggie Mugwara said the fund was part of a bid to boost intraregional trade in staple food.

The SADC would set up a financing facility with R30m as seed capital and was looking for extra funding.

Huge SA maize exports to Africa since sanctions

CT 24/9/94 Own Correspondent

JOHANNESBURG. — South Africa was officially exporting large amounts of maize into Africa for the first time since the lifting of sanctions, industry sources said yesterday. (74 CT)

A large portion of this year's 5,5 million tons of excess maize was reaching African countries.

Maize Board sources said SA had sold 140 000 tons of maize, at $10 (about R36) above the world price, to the UN for food aid, earning R14 million in revenue.

JOBS

Protective textiles in tatters

The end of the general export incentive scheme and the government's rejection of protective tariffs has caught the textile industry in a tight fit, reports CIARAN RYAN.

THE hoped-for R4,5-billion assistance package for clothing and textile producers has been whittled down to around R2-billion at the stroke of a pen.

The Swart report on restructuring the clothing and textile industry called for general export incentive scheme (Geis) payments of R1,4-billion and duty credit certificate (DCC) rebates of R1,2-billion.

This was before Trade and Industry Minister Trevor Manuel announced the phasing out of Geis to comply with South Africa's Gatt obligations. The Swart report expected that Geis would continue at the current rate for 10 years.

Instead, they will be phased out over the next two years with benefits on clothing exports falling from the current 18% of export value to 15,5% in October, to 14% in April next year, 11% in 1996 and disappearing altogether in 1997. Geis benefits on yarn exports will fall from the current 6% to 3% in October, phasing out altogether in 1995.

The DCC scheme awaits a similar fate. It is not Gatt-friendly and according to Shirish Soni, a spokesman for 450 small businesses in Natal, benefits a few dozen large clothing manufacturers. The DCC scheme allows clothing exporters to import textiles duty-free up to 30% of the value of their exports. Like Geis, it is open to abuse.

"Without any discussions taking place, the R4,5-billion assistance package has been more than halved as a result of changes to Geis," says Brian Brink, Textile Federation's director.

Textiles account for nearly half the cost of a garment. A growing lobby of small clothing manufacturers say SA textiles are uncompetitive and raise the cost of producing clothing.

The controversy aroused by the Swart report, which supposedly has the full support of both clothing and textile producers, raises questions about the representivity of tripartism — a new buzzword for agreements between industry representatives, trade unions and government.

The R7,5-billion a year textile industry employs 80 000 workers, the R5,5-billion clothing industry more than 100 000 workers, excluding the informal sector which could easily double this number. Texfed says it supports more than 200 000 additional workers in associated industries.

Mr Manuel told textile producers at a recent conference that the government could not afford the R4,5-billion and that "protection on demand is dead for all time".

The Textile Federation believes it has had a bad press: "The public has been led to believe that the R4,5-billion will all go to textile producers," says Mr Brink. "Textile manufacturers will get only a small portion of the amount."

Texfed issued a press statement last week explaining how the R4,5-billion (now around R2-billion) is broken down, pointing out that only R650-million was earmarked for the textile industry.

Export assistance in the form of Geis and DCCs would cost R2,6-billion under the Swart panel recommendations, but following the changes to Geis and the probable scrapping of the DCC scheme, this will amount to less than R400-million. The main beneficiaries of this assistance would be clothing manufacturers.

Cotton subsidies will amount to R240-million for 10 years. Texfed says cotton subsidies are common throughout the world. A wool-beneficiating programme similar to that operated by most wool-producing countries will cost taxpayers R33-million for three years.

A training subsidy of R200-million will run for four years, to be funded by the government and industry and R570-million is required to subsidise technology upgrades through cheap loans, making the cost of capital for local manufacturers equal to that paid by overseas competitors.

Small business support in the form of training and investment in infrastructure will cost R105-million for 10 years, while R20-million will go to the establishment of a clothing and textile authority.

An anti-dumping unit and customs control will cost R184-million for 10 years, although this will become self-financing as tax collection become more efficient. The cost of social reconstruction such as retraining retrenched workers is put at R550-million.

"South Africa is, to our knowledge, the only country in the world which is to dismantle its protective barriers faster, and to lower levels, than required by Gatt," says Mr Brink.

TEXTILES' R4,5-BILLION SUBSIDY PROPOSAL

		R-million	Period (Years)
1.	Cotton subsidy	240	10
2.	Wool beneficiation programme	33	3
3.	Training subsidy	200	4
4.	Technology upgrade	570	10
5.	GEIS &	1 400	10
6.	DCC Scheme	1 200	10
7.	Small business support	105	10
8.	Textile Clothing Authority	20	10
9.	Anti-dumping unit & Customs control	184	10
10.	Consultancy costs	25	10
11.	Social reconstructing cost	550	5

Graphic: FIONA KRISCH

Source: TEXTILE FEDERATION

Imports drag down SA's trade surplus

BDay 26/9/94

MUNGO SOGGOT

AN ASTONISHING surge in imports in August dragged SA's trade surplus down to R288m, the lowest monthly level since October 1992, according to Customs and Excise figures released at the weekend.

Economists said the "shockingly" low figure was probably a major reason behind Reserve Bank Governor Chris Stals's decision to raise Bank rate. But the surge was in line with buoyant economic activity.

Exports rose only 0,3% in August to R8,36bn (R8,33bn), while imports rocketed 20,8% to R8,07bn (R6,68bn). The trade surplus in July was R1,65bn, while the average surplus for the year to July was a fairly healthy R1,45bn. (74G)

Economists warned the figure could mean the start of a sustained surge in imports, which would be exacerbated by the scrapping of import surcharges on capital goods announced in the Budget, and the lowering of tariff barriers.

The surge in imports in August stemmed in part from SA's economic recovery, as well as the foreign sourcing of parts and products following strike action, they said.

Safto economist Carlos Teixeira said the imports figure was particularly disturbing because the surge was "broadly based" with rises in imports in most categories. The largest rises were a 44% jump from July in the transport category, which included motor vehicles and components, and a 30,4% increase in textile imports.

He said the broad nature of the increase in imports could mean the start of a steady erosion in the trade surplus, but he said there was significant "room for improvement" in exports, which could help bolster the balance in months to come.

Teixeira said there had been a 13,8% growth in exports in the period January to August, compared with a year ago, while imports had risen 26,9%.

One economist said despite the general-

Pincer movements

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Surplus

BDay 26/9/94

☐ From Page 1

ly positive outlook for exports because of higher commodity prices, there was concern that diamond exports could fall further if the sale of Russian gems continued to threaten De Beers' grip on the diamond market. Diamond exports fell by 12,5% from July. (74G)

Economists said the jump in motor imports stemmed in part from the five-and-a half week motor strike.

But Econometrix economist Tony Twine said the imported vehicle parts which featured in the transport category would have been ordered at the beginning of the year, when manufacturers forecast an upturn in demand. Some manufacturers would have arranged with their overseas suppliers to hold back delivery of orders because of the build-up of stocks over the strike.

Economists said the low trade balance implied the current account was in a deficit of about R1bn in August. The current account is the trade balance less net payments for services such as tourism, freight and interest. They said the fact that the foreign exchange reserves rose strongly despite a current account deficit implied substantial capital inflows.

Exports decline as clothing industry is hit by shortages

BDay 4/10/94

EDWARD WEST

CAPE TOWN — The clothing industry was unable to reap the full benefit of the economic upturn because of a shortage of fabrics and yarns, uncertainty over export incentives and labour unrest, National Clothing Federation of SA director Arnold Werbelhoff said yesterday.

Writing in Clothing Industry News, Werbelhoff said there was a strong retail demand for clothing.

However, from January to May clothing production volumes were only 2,7% higher than in the same period the year before, while textile production was stagnant, increasing only 0,7%. The averages reflected a cyclical downturn in output in both sectors, Werbelhoff said.

Contributing to the downward trend were reduced exports and increased exports. Garment exports fell dramatically to R123m in the first five months of 1994 compared with R356m for the same period in 1993. Imports rose 16% to R200m.

Federation executive director Hennie van Zyl said a survey in August among 150 manufacturers showed 80% were experiencing serious fabric and yarn delivery problems. Deliveries were, on average, six weeks late.

Some manufacturers had been unable to obtain cotton for up to 24 weeks. However, Van Zyl said, textile manufacturers had denied there were supply problems.

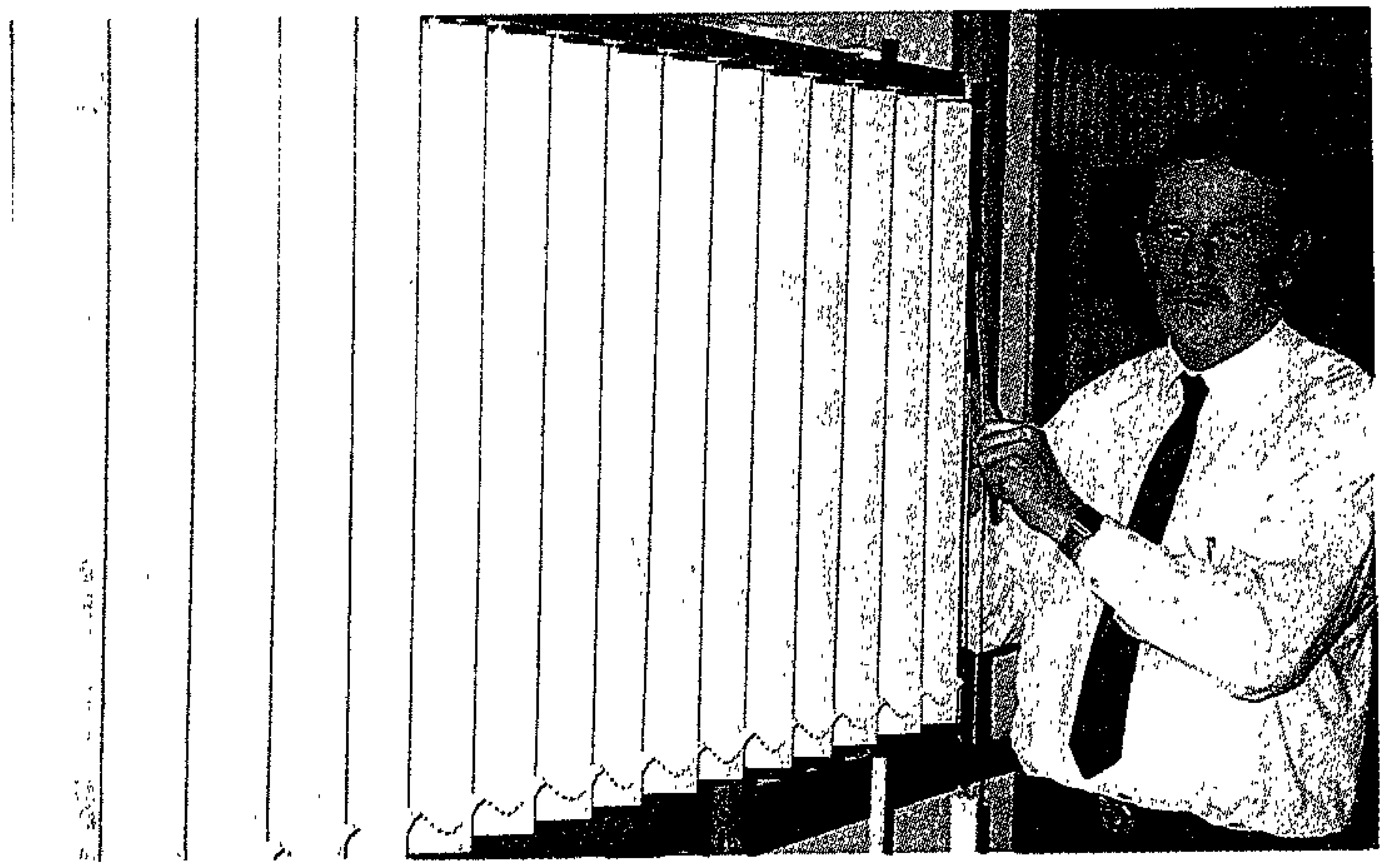
Van Zyl said import duties were too high and the issue had to be resolved by government rebating duties. Given the uncertainty about export incentives, it was virtually impossible for exporters, who had to plan up to nine months in advance, to give buyers a firm price for goods.

Werbelhoff said one reason for the increase in imports was the elimination of middle men following the lifting of sanctions. This had lowered the cost of imported garments, especially those from the Far East.

Higher retail sales had also boosted imports. Sales of men's and boys' clothes had risen 8% compared with the same period in 1993. Sales of women's, girls' and babies' garments had risen 7%.

(184)

(746)



EXPORTS: Vertical blind systems made in the Cape are being exported by Exactocraft, whose marketing manager Cedric Parker is seen here with a sample.

Arms trade put in the shade...

ARG 7/10/94 (74G)

TOM HOOD
Business Staff

A CAPE precision engineering company that once made parts for the firearms industry has turned to more peaceful products — and is winning exports orders into the bargain.

Its main line is a vertical blind system, Tiltrak, which brought a spate of inquiries from a trade show in Stuttgart earlier this year.

The company, Exactocraft, of Paarden Eiland, has established itself as a world leader in vertical blind systems, says marketing mananger Cedric Parker.

Its latest order has been shipped to the United Arab Emirates to be marketed by Ovcon's Middle East trading division.

The Tiltrak system is claimed to be smaller, lighter and simpler than other systems and sells for less.

Using its strong German connections, the company has drawn on and refined the latest German technology, becoming a leading plastics converter instead of a purely engineering business.

Exactocraft also makes a wide range of technoplastic injection mouldings, which are used in a wide range of industries, including cosmetics, materials handling and mining.

SA wine exports booming

ARG 8.10.94

JOHN VILJOEN 74G

Business Staff WINE

SOUTH Africa has overtaken California to become the third largest wine exporting nation, says KWV exports director Jannie Retief.

The bad news was that the industry faced "grave dangers" from rising bottling costs, Dr Retief told an export seminar in Cape Town yesterday.

In June, South African wine exports overtook those of California, leaving only Australia and Bulgaria as larger market players, he said.

All the major wine producing countries had surplusses — Italy's was 2½ times larger than the entire South African crop — "but we managed to export every single drop of our surplus".

One indication of increased exports was South African wines' bigger share of the United Kingdom market. Sales had increased 528 percent since 1990 and the industry's target of a million cases by 1995 was achieved two years early.

Hungary, New Zealand and Chile also lag behind South Africa.

Dr Retief said high bottling costs in the Western Cape were a cause of major concern.

This had led to bulk exports of wine, where producers chose to bottle their wine overseas, rising to 40 percent.

Dr Retief, who said he aimed to get this figure reduced, blamed the high input burden partly on a monopoly in bottle production. Bottles which cost R1 here cost 38c in Europe.

He urged exporters to make the most of the "novelty value" South African products such as wine enjoyed overseas.

Exporters should use "discovery products and disovery prices" to introduce overseas consumers to their products.

Exports of chemicals looking buoyant

SA CHEMICAL exports of R2,8bn are 40% up on last year, with most producers reporting a surge in sales and analysts expecting the trend to continue as the global petrochemical cycle picks up.

Customs and Excise figures showed SA exported R2,01bn of chemical and allied products in the eight months to August 1993 against R1,94bn for the same period last year.

MUNGO SOGGOT

SA Foreign Trade Organisation statistics indicated chemical exports now accounted for about 11% of total exports.

Analysts said most SA chemical groups were limbering up for a further expansion and most had either set up or were considering setting up overseas offices.

The lowering of US import tariffs was also likely to lift demand, said the analysts.

(746)

MFN duty for exports

(74GT)

CT 13/10/94

JOHANNESBURG. — SA exports to the US of products with Generalised System of Preferences (GSP) status will incur most favoured nation duty (MFN) until the GSP system is renewed, the Trade and Industry Department said.

The US announced last May that SA had been accorded GSP facilities, which provided for duty-free entry of more than 4 000 products to that country.

In terms of US legislation, the GSP system has to be renewed for an additional 10 years by Congress as the latest programme expired on September 30. — Reuter

Non-gold mineral exports 'must rise'

BDay 18/10/94

CAPE TOWN — SA needed to reduce its dependence on gold exports while increasing exports from the rest of its vast mineral wealth, Mineral and Energy Affairs director-general Piet Hugo said yesterday.

Hugo told a parliamentary select committee on the reconstruction and development programme (RDP) that SA had relied too heavily in the past on gold for revenue from export.

"The heavy dependence on gold is like oil ... and copper for some countries up north. We should not be that dependent on gold alone."

A major slice of the world's mineral resources was situated in SA, but this did not mean instant wealth, Hugo said. Minerals had to be recovered and exploited.

"The only way to really do this is to increase mineral exports. The dilemma we face is that the outside world can take only a certain amount of precious metals," he said later.

In 1993, 896 mines and quarries in SA exploited about 60 different minerals which had been exported to about 81 countries. The total sales value of the minerals — including gold — was R46,9bn. Exports were in the region of R36,8bn.

Hugo said one of the major problems faced by SA was a lack of trained engineers and geologists.

The low level of technical expertise was linked to low rates of mineral beneficiation, he said.

The RDP could benefit from a sustained effort to increase the rates of beneficiation of the country's minerals.

Housing director-general Billy Cobbett told the committee that Housing Minister Joe Slovo would make a series of major announcements on the government's housing plans in the next three weeks.

Cobbett hinted at changes to the housing subsidy scheme to benefit the "poorest of the poor". (219) (749)

New subsidy arrangements would apply more widely, and he hoped to get the banking sector involved again, he said.

Later this week, the department's budget vote is to come before the National Assembly and the Senate.

Slovo will meet ministers responsible for housing in the nine provinces today to finalise a national strategy document which would clearly delineate areas of central and provincial responsibility.

The strategy document is part of the housing White Paper to come before Cabinet on November 9. A national housing summit will be held at Botshabelo, outside Bloemfontein, on October 27.

Cobbett's presentation was the first in a series of departmental presentations to the RDP committee. Evidence will be taken from the public next week.

Housing policy aimed to stabilise areas where local government had broken down and local communities were not paying for services. Banks had consequently withdrawn from lower income housing. — Sapa-Reuter.

US may refund duties on SA exports

(744)
CT 18/10/94

From SIMON BARBER

WASHINGTON. — US Customs will refund duties paid on SA export to the US resulting from Congress' failure to renew the Generalised System of Preferences before it expired on October 1, according to a bulletin gazetted in the Federal Register.

However, this depends on the Congress passing legislation to implement the General Agreement on Trade and Tarriffs in a lame-duck session after next month's mid-terms elections.

GSP renewal was part of the trade bill blocked by a coalition of protectionist Democrats and Republicans seeking to embarrass President Bill Clinton in the run-up to the November vote.

In a show of support form Present Nelson Mandela's election, the Clinton administration announced last May that it was zeroing tarriffs on some 4 000 SA products by granting SA GSP benefits.

US Customs has announced streamlined procedures to repay duties on eligible items imported after October 1, assuming that Congress agrees to make reinstituted GSP benefits retroactive.

A further caveat: it is by no means certain that Congress will pass the overall trade bill because the GATT is strongly opposed by trades unions, environmental groups and certain industry lobbies.

The billionaire 1993 presidential candidate Ross Perot is also campaigning against it and is urging congressional candidates to sign a pledge to vote "no".

Controls planned for wine exports

By GLYNNIS UNDERHILL

THE Department of Agriculture is planning to implement further quality controls on wine exported from South Africa in bulk and bottled in the country of destination.

An industry investigation has been launched after a random sample of local wine bottled and sold in Britain was recently pronounced to be "undrinkable".

Mr Andries Tromp of the Directorate of Plant and Quality Control said yesterday all export wines passed through the Department of Agriculture and the Wine and Spirits Board before leaving the country.

CT 19/10/94

Bottling problem

"It could be that the bottler doesn't painstakingly look after quality control like we do here," he said.

Controls would be implemented to ensure the quality of the bottled wine, he said.

Mr Hugo van der Merwe, the secretary of the Wine and Spirits Board, said that there was "nothing wrong" with the wine that leaves South Africa.

A working group had been appointed to look into the control of bulk wine exports, he said.

Wines of South Africa director Mr Rupert Ponsonby said the mass import of large quantities of poor quality, cheap bulk wine could seriously damage the image of South African wine.

744

Threat to trade

He said wine exports to the UK were set to reach 1,5 million cases this year, a 50% rise over last year's 1 million cases.

But wine experts warned yesterday that the burgeoning trade was in danger of collapse if cheap bulk wines were allowed to dominate the market.

Mr Ponsonby said the monopoly in the South African glass industry had resulted in excessively high bottling costs so that it was cheaper for wine producers to export their wine in bulk and have it bottled overseas.

Uncertainty on incentives hits SA clothing exports

YURI THUMBRAN

UNCERTAINTY about export incentives has hurt clothing exports, which dropped to R187m for the seven months to July, the National Clothing Federation (NCF) has disclosed. B/Day 14/11/94

The number of items exported was just over 519-million. The NCF did not have figures for the corresponding period last year, but deputy director Arnold Werbeloff said there had been a huge drop. (74G)

Clothing exports were worth R616m last year. Werbeloff said they could drop below R300m this year.

Werbeloff said the phasing out of the duty credit certificate (DCC) — an export incentive — next year had caused uncertainty among exporters. However, sales in the local market had improved, which led to local deliveries enjoying preference over export markets because there was less risk.

The Textile Federation (Texfed), meanwhile, submitted its proposals on tariff restructuring to the Trade and Industry Department on Friday.

Sources said Texfed's proposals — to be released publicly on Wednesday — would not differ from those proposed by the task group for the textile and clothing industries (the Swart panel).

The Swart panel recommended a tariff cut on fibre from 25% in 1995 to 7,5% in 2005, for yarn from 32% to 15%, fabric from 45% to 22%, household textiles from 55% to 30% and clothing from 90% to 40%.

The NCF proposed duties for fibre be cut to zero within a year and on yarns be removed in three years. It recommended a 15% duty on fabric in five years. For clothing, it suggested duties of 40% in 10 years.

would cost the state R8bn to meet the negotiation.

Decision awaited on export processing zones

B/Day 2/11/94

JOHN DLUDLU

GOVERNMENT has still to make a decision on the establishment of export processing zones (EPZs) as part of a bid to promote foreign investment and buoy the country's exports.

However, some of the provinces — notably the Eastern Cape — are keen to try out the idea.

Taiwan has undertaken to assist the Eastern Cape in establishing a pilot EPZ to attract foreign investment — especially from Taiwan — as a means of creating employment in that province.

The Trade and Industry Department yesterday said EPZs could not be established before certain provisions had been created in the schedules to the Customs and Excise Act.

"Furthermore, certain incentives are normally required to apply to manufacturers (operating) in the EPZs."

Government recently referred the matter to the National Economic Forum — which represents labour, business and government — after releasing a discussion document on the subject of EPZs.

The department said EPZs should be seen in the context of an overall policy rather than as a free-standing element.

Cosatu spokesman Neil Coleman said the chequered past of EPZs in other countries — which had seen labour standards being wavered and working conditions compromised — contradicted the ideals of government's reconstruction and development programme.

He saw no reason why "super-exploitation" through the use of cheap labour, which had failed in the past, could succeed under a democratic government, and called on government to stop "hiding behind technicalities".

(146)

Coleman urged government to look at other ways of building niche markets in areas where the country had natural strengths.

Government would not say if the nine provincial economic affairs ministers had the power to proclaim EPZs in their provinces.

Mandela's straight talk with business

JOHANNESBURG. — President Nelson Mandela will launch a national crusade against malpractices in the private sector when he addresses business leaders at a Radio 702 Breakfast Club function today.

Business leaders will be invited to join the crusade to discourage illegal and semi-legal practices that cost the government revenue and make SA companies less competitive abroad.

Government sources said Trade and Industry minister Trevor Manuel had briefed Mandela on reports of malpractices, including tax evasion and transfer pricing.

The sources said Mandela was eager that the transparency his government has committed itself to was extended to the private sector.

Arms exports to Middle East up sharply

(~~224~~)(749)

CT 22/11/94

From TIM COHEN

JOHANNESBURG. — SA's arms exports to the Middle East are expanding sharply while exports to Africa, Asia and the Far East have declined substantially, chairman of the SA Defence Industry Association John Temple said yesterday.

Temple also released for the first time figures for SA's arms exports before 1992, which showed a dramatic rise compared to the 1991 figures.

Temple said exports between 1987 and 1981 were almost constant at about R200m, but then quadrupuled to about R800m in 1992, rising again to R880m in 1993, he said. According to Armscor, exports for the 1994/95 financial year were likely to top R1bn.

Despite the increase, SA would only have a 0,4% share of world arms trade which was led by US which exported over $8bn, followed far behind by Russia, Germany and China which sold weapons worth about or just less than $2bn each.

In 1992, SA exported 33% of its arms to Asia, 25% to the Far East and 18% to Africa.

The following year, arms exports to the Middle East jumped from 11% of total sales to 61% of total sales while exports to the Far East declined dramatically to 7% of total sales.

Sales to Africa also declined dramatically to 5% of total sales while sales to Asia halved.

Sales to South America, North America and Europe all constituted small proportions of total trade. SA's arms exports to North America were non-existent in 1992 but increase to 2% of total trade in 1993.

Temple showed a seminar on Defence Equipment Cooperation in Sub-Saharan Africa a list of potential African export markets which proposed that SA does not export to Zaire, Uganda, Liberia, Burundi and Rwanda, among others.

The largest potential markets SA could hope to sell defence equipment to were Angola ($26m of its existing imports of $322m), Ethiopia ($28m of $95m), Cameroon ($23m of $78m) and Zimbabwe ($21m of $52m).

Healthy increase in trade surplus

Star 24/11/94

BY CHARLOTTE MATHEWS AND SAPA

Lower imports in October after exceptional import expenditure in preceding months lifted the monthly trade surplus to R847,6 million from R167,6 million in September, according to figures released by the Department of Customs and Excise yesterday.

South African Foreign Trade Organisation (Safto) economist Linda Smith said the improvement in the monthly surplus was usual for the fourth quarter.

Local companies usually deferred their imports of equipment and materials until the new year because they did not wish to hold large stocks over the Christmas break.

Imports dropped to R6,8 billion from R7,4 billion in September, while export volumes were slightly higher at R7,7 billion from R7,6 billion.

Martin & Co economist Deanne Gordon said the main reasons for the fall in imports were lower oil and motor vehicle purchases.

There had been some stockpiling of oil in previous months triggered by the crisis in Nigeria.

Higher motor vehicle imports in preceding months had resulted from the local motor industry strike.

Econometrix economist Tony Twine said the level of imports in September was exaggerated by pre-emptive buying on fear of a weakening commercial rand.

"This had slowed down by October because it was clear that the rand was not going to fall," he said.

The total trade surplus for the first ten months of the year was R11,5 billion — some 7,9 percent above the R10,6 billion for the first nine months of the year.

Gordon said an extrapolation of the cumulative surplus for the year to December would be R13,7 billion.

If this was compared to the R1,2-billion-a-month service outflows evident from the latest Reserve Bank quarterly report for the first six months of the year, it suggested the country was moving towards a small current account deficit of around R700 million for the full year. (746)

This compares with aa current account surplus of R5,9 billion for 1993.

Nedcor chief economist Dennis Dykes said the latest figures were disappointing because they meant that for the third consecutive month SA's trade surplus was less than R1 billion.

SA required a monthly surplus of about R1,5 billion a month to achieve a reasonable surplus for 1994.

However, Dykes said relatively high imports indicated the economy was growing.

As long as it showed sensible spending on developing export capacity, rather than consumables, it was positive, he said.

Import dip leads to trade surplus rise

B/Day 24/11/96

MUNGO SOGGOT

SA's trade surplus grew to R847,5m in October from R167,6m in September, but the rebound was not enough to haul the balance of payments out of the doldrums.

Customs and Excise figures released yesterday showed imports had subsided after rocketing in August and September, while exports remained sluggish.

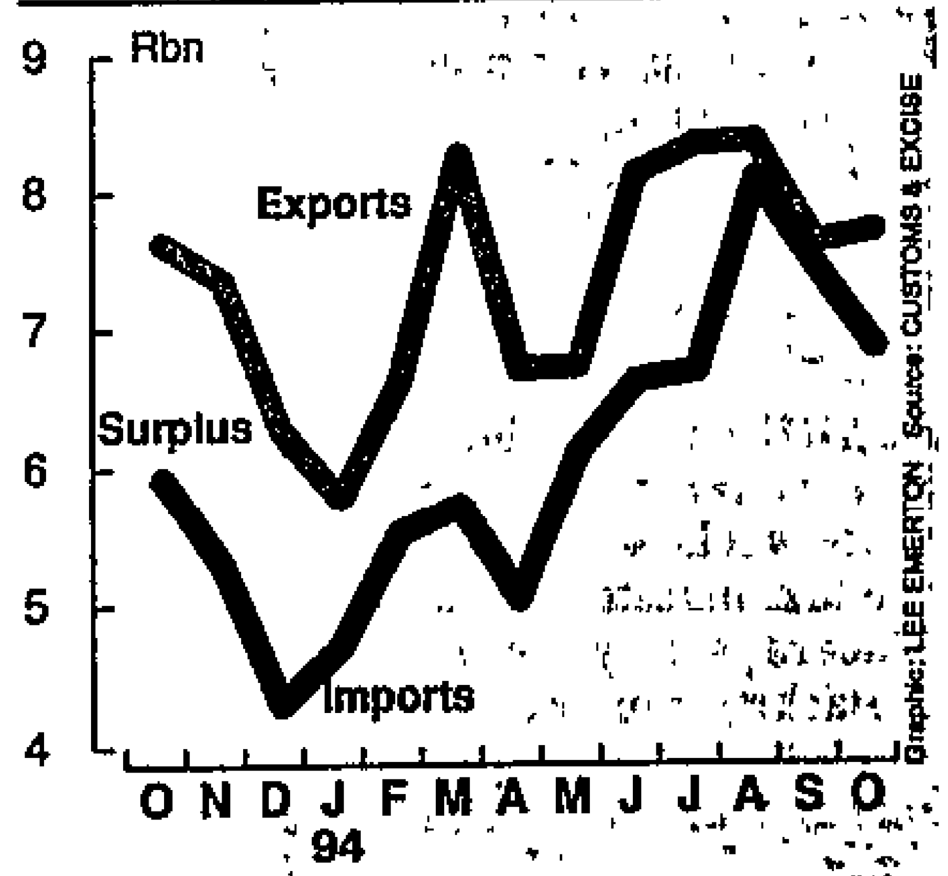
Economists said SA would almost certainly have a current account deficit this year. The current account is the trade balance less net service payments for "invisible" trade such as tourism, interest payments and freight charges.

The figures showed imports in October down at R6,84bn (R7,43bn), while exports rose slightly to R7,68bn (R7,59bn).

The figures showed a sharp drop in oil imports, which fell to R293m (R1,09bn), helping to cut SA's import bill for the month. There was still strong demand for imports in most sectors. (74G)

Economists said the gathering pace of the recovery meant a significant drop in imports was unlikely for some time, so SA would probably turn to foreign loans next year to help finance the deficit on the current account.

Trade surplus



Earlier this year economists predicted a current account surplus similar to last year's R6bn, but their predictions have been toppled by a dramatic jump in imports and a weak export performance in the second half of the year.

Economists were disappointed by SA's

□ To Page 2

Imports

B/Day 24/11/96

□ From Page 1

export performance, which was up only 3,5% on October last year despite the weaker rand and the uptick in the commodity cycle. (74G)

SA Foreign Trade Organisation economist Linda Smith said SA companies usually deferred their imports of equipment and materials until the new year so as not to have large stocks over Christmas. "Thus the improvement in the trade balance should be seen as a seasonal factor rather than a longer-term decrease in imports."

Demand for machinery imports remained very high, up 48% year-on-year.

Economists said the capital-intensive Alusaf and Columbus Stainless Steel projects were still responsible for the high figure, although the rate of increase in machinery imports had slowed in October.

Smith said a slowdown in the rate of increase in imports for the vehicles category suggested domestic production was back on track after strike action earlier in the year. Vehicle exports remained sluggish, but would probably pick up once the local backlog had been cleared.

SA fruit exports up 540%

(74GT) (FRUIT

CT 24/11/94

TOTAL cargo handled by SA ports rose to 11,9 million tonnes in September from 10,3 million tonnes in September last year, the Portnét harbour authority said.

According to its latest monthly summary of cargo handled, Richards Bay was once again the busiest port.

Among major imports and exports, deciduous fruit exports rose 540% to 18,884 tonnes from 2,950t, paper and paper products exports rose 107% to 75 722t from 36 438t and rockphosphate exports rose 85% to 112 960t from 60 909t.

The effect of the end of the drought was reflected in the fact that maize exports rose to 561 604t from a mere 27 389t in September the year before.

Manganese ore exports fell to 60 313t from 212 947t while chrome ore exports fell to 70 707t from 138 072t. — Reuter

SA firms export cut-price petrol

BDay 25/11/94

MICK COLLINS

A FLOOD of surplus fuel from local refineries has led to large quantities of petrol and diesel being sold at bargain prices on international markets.

Oil industry analysts said yesterday that with expansion at all four local crude oil refineries, excess capacity had forced the oil firms to turn to global markets.

One analyst said the exported fuel was fetching 10c/l less than if it was sold under SA's in-bond landed cost system. Local industry and consumers were subsidising the exports.

(74G)

He said next year would see a 20% increase in capacity, which would lead to a further increase in exports. Oil companies had spent about R6bn on refinery upgrades in the past three years and most of these were on stream or nearing completion.

Increased production had been based on expectations of rapid GDP growth which had not yet materialised. Additional petrol capacity would be taken up only by about 1998. Surplus diesel capacity would be taken up by the turn of the century.

"They are not losing money but the refined product is being exported at lower margins. They are still making profits but nowhere near what they would make if the products could have been sold on the local market," another analyst said.

The oil companies were battling for market share with the Middle East, Australia and Singapore and had to lower prices to be competitive.

Industry sources said factors making international markets fiercely competitive included the return of Kuwaiti refineries to full production and the restriction by the Chinese government on the import of refined products at a time when new refining facilities were coming on stream in the Far East. As a result, product stocks had built up in most major refining centres.

An Engen spokesman said exports amounted to 6,7-million barrels in the year to August. The company had spent R1,4bn

☐ To Page 2

Petrol

BDay 25/11/94

☐ From Page 1

on two upgrades on its Durban refinery, the last of which was due for completion next month. It exported to about 30 countries, mostly in the sub-Saharan region but also to Australia and Singapore.

Caltex said it was the leading exporter, but declined to give details of volumes or markets. A spokesman said Caltex was engaged in a R1bn upgrade of its Calref refinery in Cape Town. This would bring it into line with acceptable environmental standards and also increase capacity.

(74G)

The Sapref refinery in Durban, jointly operated by Shell and BP, was recently upgraded at a cost of R450m.

A Shell spokesman said exports for the year to December would amount to about 4.7-million barrels. This consisted of 30% petrol, 50% gas oil and 20% aviation fuel. Most of the exports went to Africa.

A BP spokesman said the company exported mainly diesel fuel, most of which went to Lesotho and Swaziland.

The Natref refinery in Sasolburg, operated by Sasol and Total, recently announced a R400m upgrade which would increase capacity and enable the refinery to increase margins. A Sasol spokesman said the refinery would rank among the most efficient in the world. The project would see the production of up to 90% of "white products" from a barrel of crude compared with the 65% to 70% of a conventional crude oil refinery. Under existing arrangements all of the company's exports were taken up locally.

Total said it was not a big exporter.

Pictures: LIBBY PEACOCK, The Argus.

PROUD MOMENT: Unifruco distribution manager Aubrey Gantz, left, and major Upington seedless grape producer and exporter Piet Karsten show off the product while a pallet is being loaded into the aircraft.

Grapes flown out — and Upington becomes a new export gateway

ARG 30/11/94 (749) (3

LIBBY PEACOCK
Staff Reporter

UPINGTON became a direct export gateway to Europe when about 70 tons of seedless table grapes were flown to Luxembourg by charter flight.

Yesterday's flight was the first to take fruit directly from the Lower Orange River area.

Seven more flights— which will carry nearly 400 tons of grapes in total — will follow in the next three weeks.

In spite of teething problems — the Boeing 747 cargo aircraft only took off at 3pm, several hours later than planned — the bubbly flowed freely in the airport building as Upington locals, Unifruco staff and delegates from air freight agents Berry and Donaldson celebrated the breakthrough for the "oasis of the northwest".

It was the culmination of four years of negotiations by Unifruco with authorities, the Airport Company and other parties involved.

Most of the grapes are destined for the British market, the single largest outlet for South African seedless grapes.

The Orange River area last year delivered about 2,2 million cartons of Unifruco's total table grape export crop last year of nearly 19 million cartons.

And the production of seedless grapes was increasing in this area, according to Fred Meintjies, the marketing group's public affairs manager.

Unifruco chief executive Anton du Preez said the season for seedless grapes from the Orange River was later this year than last.

As the European market was particularly strong before Christmas, Unifruco depended on air freight to supply the market efficiently.

The freight agreement, which allowed for direct flights from the production area, saved time, but also eliminated unnecessary costs and handling.

Mr Du Preez said that while air exports formed only a small part of the nearly 48 million cartons that Unifruco would be exporting this year, it was very important in the early season to get the fruit into the market as soon as possible.

Forum in bid for exports boost

CT 1/12/94 (74G)

From JOHN DLUDLU

JOHANNESBURG. — The National Economic Forum (NEF) task force on trade policy would ask government for a substantial increase in export marketing assistance, sources said.

The assistance could increase fourfold as "GATT-friendly" export promotion replaced the general export incentive scheme (GEIS), they said.

There was general agreement over enhanced export marketing assistance, but not over other measures to promote exports.

The Trade and Industry Department said this year's budget was R16,4m. The largest share, R6,9m, was allocated for primary export market research; R4,5m was for trade missions; and R5m was for exhibition assistance.

Opening doors for export

74G WM(BM) 9-14/12/94

Trade and Industry Minister Trevor Manuel is pushing hard for better access for South African exports. Reg Rumney reports

TRADE and Industry Minister Trevor Manuel, just returned from Brussels, says he is hopeful that South Africa will get preferential treatment for exports in terms of the Lome convention.

Manuel was in Europe doing what he says is the government's job: opening doors.

South Africa's signing of the latest, or "Uruguay round", of the General Agreement on Trade and Tariffs (GATT) has drawn flak from vested interests in South Africa because it commits South Africa to reducing some tariffs sharply. Manuel says South Africa got a reasonably good deal, though.

GATT is the worldwide agreement which pushes countries towards free trade by binding them to reduce the taxes they use to hinder imports. Manuel says that while there is a semblance of commitment to relative free trade in GATT and the World Trade Organisation that is supposed to replace it, there are a number of non-tariff barriers that will affect our exports into a range of markets, including the United States and Japan.

"You can't get an apple into the Japanese market. They'll tell us all about the Mediterranean fruit fly that was once around the apple-growing district of Ceres and which might spread to Japan. Those are the kind of issues we work through at governmental level."

Last week in Europe, Manuel and his team made a bid to get preferential treatment for South Africa in terms of the Lome convention. "We made an appeal on the strength of South Africa being a developing country taking the full weight of GATT, with substantial industrial restructuring that will kick in only five years or more down the line, that preferential access is what we need to fulfil the needs of democracy."

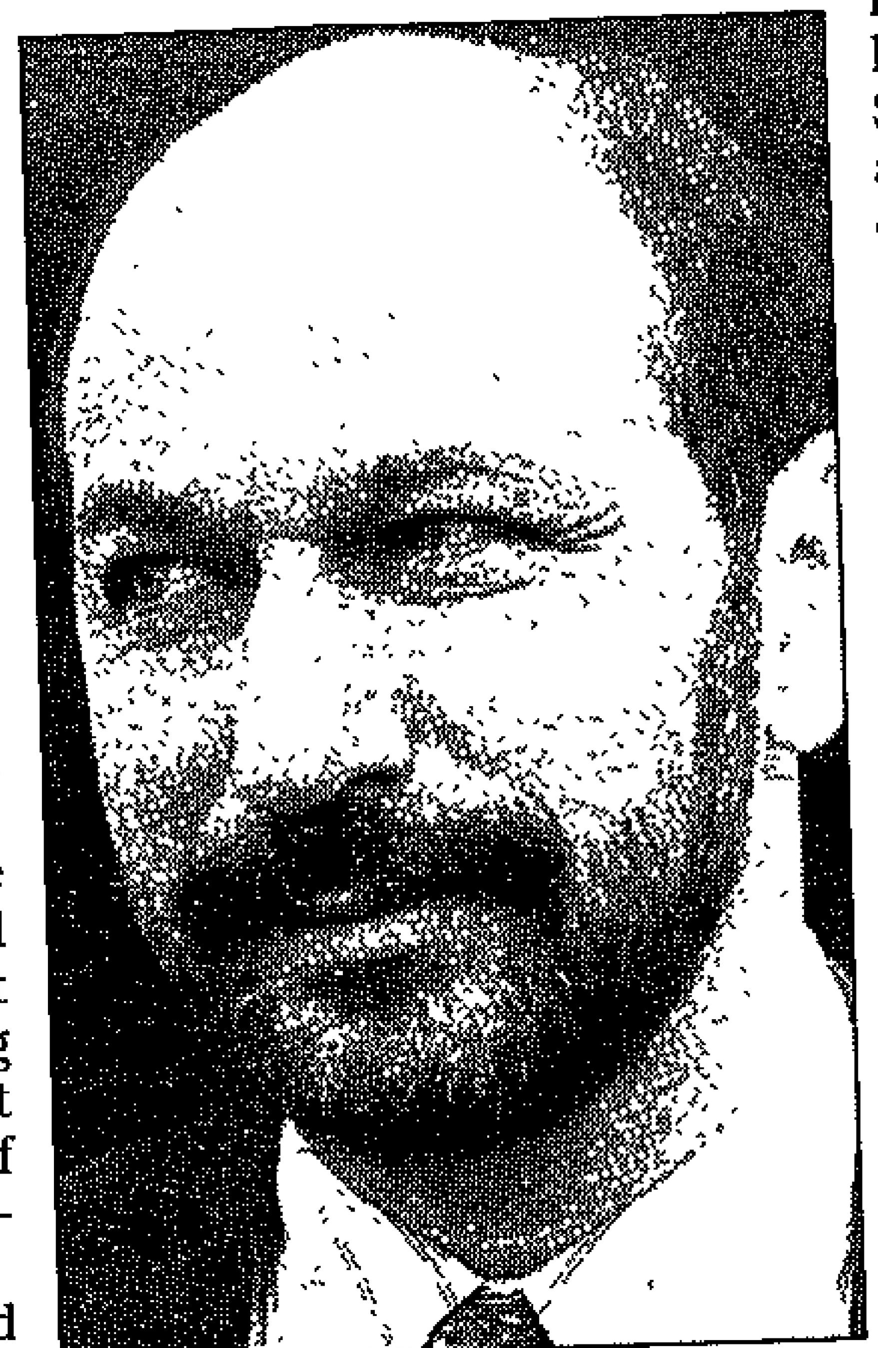
Secondly, South Africa argued access to Lome would counter harmful effects to our neighbours of "regional accumulation". This means that neighbouring countries forced to use South African goods, such as packaging materials for fish products exported from Namibia to Europe, would lose the benefits of Lome. To stimulate regional industrial development, bypassing regional accumulation rules becomes important.

Thirdly, special development aid lines in terms of Lome might become available to South Africa.

These three benefits were focused on, to the exclusion of other facilities, such as stabilisation funds, available in terms of Lome.

The battle for support from developing countries was largely won, says Manuel, while there is still resistance to market access to Europe. There is still a fair amount of negotiation ahead.

What government can do in squeezing concessions out of the goodwill that exists towards South Africa now



Trevor Manuel: Reasonable deal

is short term, while GATT will have an erosive effect on long-protected and mostly inward-looking South African industry.

While the government can obtain market access for South African sectors like clothing and textiles, it cannot render industries more competitive, ruling out the kind of commandist solutions to shaping industry adopted by the "little tigers".

On adjusting to the new competitive pressures presented by the demands of GATT, Manuel says business accepts the theory but there is a tendency to procrastinate. Some would like to take 10 years to adjust, but it makes sense to look at business now and not delay decisions. The issue is not GATT but competitiveness, and the hard business decisions needed.

"We can only deal with that on a sectoral basis," says Manuel. And he adds, perhaps, even at the level of the firm.

Taking the Trade and Industry report on the clothing and textile industries as an example, Manuel says no agreement has been reached on all issues, such as technology upgrading, training and retraining of workers, worker productivity, product selection and market nicheing.

Key decisions were being made in the early part of the process. "It would be nice if (Mervyn) King could answer for the Textile Federation, but at best he can answer for the Frame group." Similarly, the South African Clothing and Textile Workers' Union lacks the capacity to monitor the programme on the shop floor.

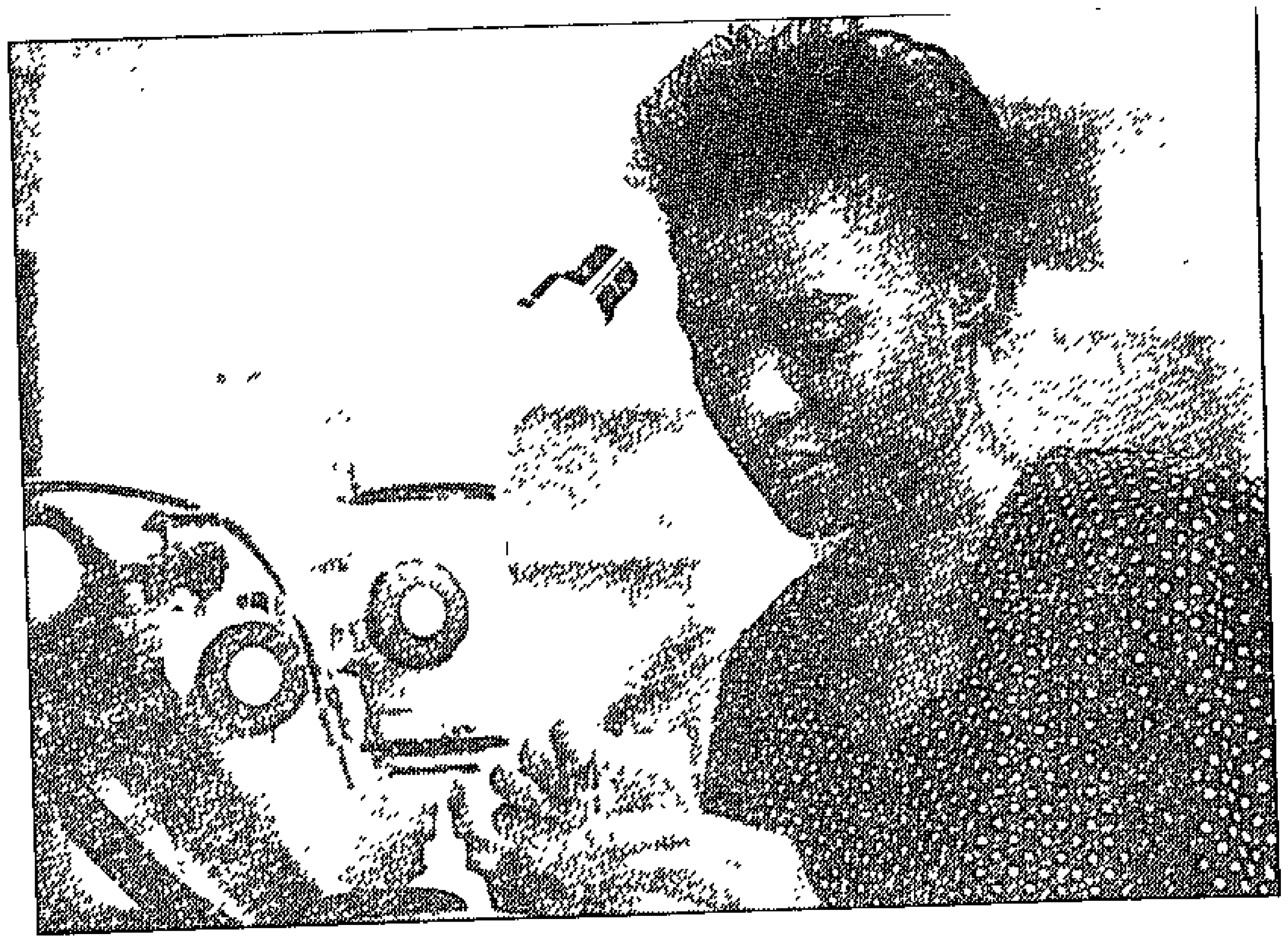
The only instrument available to Trade and Industry has been tariffs, says Manuel. But the two most recent industry reports, the Motor Industry Task Group and the clothing and textile report, have placed emphasis on the "supply side", such as research and development.

This is far more important than the tariff issue. Manuel believes we could compete in an era of completely free trade if we got the supply side right. The well-known human resource problems could be addressed.

The dearth of research and development remains, but there are areas of strength, such as in biotechnology and in agri-business. We have the mineral resources and the ability to add value to them, though he notes that in 1993 almost 64 percent of South African exports fell in the category of commodities or primary processed goods.

There are opportunities for "beneficiation" — the processing of goods to add value increasingly, that is in turning iron ore into first stainless steel then steel plate and then stainless steel pots and pans, with ever higher returns.

Manuel points to the upgrading of the Iscor operation at Saldanha Bay. Where iron ore was being exported, steel is now being produced. "The problem is that for the investment only 600 new permanent jobs are being created."



Research at the CSIR: Providing the necessary competitive edge

The Columbus project will be the single largest installation producing stainless steel in the world, and makes South Africa the fifth-largest producer of stainless steel in the world. What South Africa lacks are the "downstream industries" where this steel is made into goods of a higher value.

"We must be far more engaged in the area of forward linkages," says Manuel. "That must become a critical issue." This in turn ties in with the lack of R&D, which the government is looking to encourage without turning to the ever-popular tax breaks.

Equally important is an appropriate pricing mechanism. Iscor, built up with taxpayers' money, sells mild steel to the domestic market at the London Metal Exchange price plus one-way freight cost. "What incentive is there to manufacture? You will be priced out of the market before you start."

Job creation and adding value and foreign exchange generating capacity are not mutually exclusive, says Manuel.

The argument has been that money for megaprojects should go into small-business creation. But within the category of small and medium-sized enterprises there is a lot of stratification and different analysis applies to each subsector. Small retailers have different needs from the service sector and from manufacturing.

Even within manufacturing, for example, small-scale textile firms are almost impossible because of the kind of capital required, Manuel points out.

The main problem for the SME sector is access to skilled people and technology. The only SMEs which have been able to use new technology are those owned by their inventors.

The other constraint is capital, and small-business people often do not have the necessary collateral to raise money. "We don't believe you should just give money to SMEs," says Manuel. Instead, the government is considering a guarantee fund to provide collateral, using state resoures to ensure access to support services.

As a mark of how seriously Manuel's ministry is taking SME support, a discussion document has been produced and 27 workshops, which have included a range of small-business people and organisations involved in SMEs, have taken place over the past few weeks to work towards a White Paper to be placed before parliament early next year.

In March there will be a presidential conference on SMEs, with backing from the United Nations Committee on Trade and Development (Unctad). A number of countries will present "best practice" on SME development. Best practice can be distilled out of a process, however — such as that represented by the conference.

"The reason for Unctad's backing is they feel globally a new course can be charted for SMEs and the way in which we've set about it might provide this new course," says Manuel.

BD 12/12/94

Outspan exports hit new high

LOUISE COOK

OUTSPAN International has exported a record 39,5-million 15kg cartons of citrus fruit this year — 28% more than 1993's 30,8-million cartons and 24% more than the previous highest of 32-million in 1992.

Outspan MD John Stanbury said although the market had been sluggish and had not regained its normal buoyancy after the August holiday period, concerted market diversification efforts and continued promotions would result in gross export earnings for SA of R1,5bn.

"The early part of the season progressed exceptionally well, with prices for early-maturing cultivars, such as navels, on average 20% higher than last year."

He ascribed the early season success to the fact that there was very little overlap with northern hemisphere citrus supplies. Production of other summer fruits, which peaked in 1992, had also normalised, and South American competitors had experienced quality problems.

The opening up of the Eastern bloc had created numerous opportunities. Countries in which Outspan had established sales bases included Poland and Russia, and exports to Japan were increasing.

About 15% of the 930 000 tons produced every year were sold locally.

However, a major area of concern was the Northern Transvaal, where the drought had still not been broken. "This region now accounts for 20% of citrus exports, compared with 29% in 1992. Producers in the area have already lost more than 1 600ha of citrus due to the drought, and virtually all boreholes have dried up."

Steel export earnings to grow

MICK COLLINS

STEEL product export earnings were expected to grow 5,5% in real terms to R4,2bn next year as the local industry made its presence felt on international markets, economists said at the weekend.

The implementation of GATT would open the way for the major liberalisation of the steel trade in global markets.

SA Foreign Trade Organisation economist Linda Smith said the international steel trade had been characterised by quota agreements. These were going to be phased out. BD 12/12/94

Markets such as the US, the European Union, Japan, South Korea, Austria and Norway had agreed to lower tariffs on steel products, ultimately to zero.

"While local producers will face greater competition from low-cost producers including India, SA can score with value added products such as those coming out of Columbus and Iscor. This process will begin next year. Once tariffs are finally lowered, SA's steel beneficiation programme will be well in place."

Smith said steel exporters would reap the benefits of strong growth in one of its major markets, Asia, where growth rates of 6,5% to 7% were forecast. Important markets were Taiwan, Japan, Korea and Hong Kong. (746)

A Columbus Stainless Steel spokesman said with products from its expanded facilities coming on stream next year, production would increase from 157 000 tons in 1994 to 238 000 tons in 1995, most for export.

Iscor MD Hans Smith said while tonnage for overseas markets would decrease

☐ To Page 2

Steel BD 12/12/94

☐ From Page 1

slightly, earnings on exports were expected to improve by between 5% and 8% in dollar terms.

The Steel and Engineering Industries Federation of SA (Seifsa) said entry into the international arena would force businesses to improve efficiency and reduce costs. Attention would have to be given to management structures and productivity.

Seifsa economic services co-ordinator Kit Wostenholm said to meet GATT obligations SA had to phase out direct export subsidies. Tariff reductions and phasing out the general export incentive scheme would mark the beginning of new challenges for business.

While it was unfortunate many exporters who relied on incentives would battle with the strain this entailed, non-direct export incentives were expected to offer support. These included greater access to information, pre-shipment finance for exporters, research and development, and technology transfer assistance.

"An efficient, competitive business climate operating with realistic pricing and efficient cost structures will have to replace the protective practices of the past," Wostenholm said.

Growing export success for Simonsvlei wines

LOUISE COOK

SIMONSVLEI winery in the Cape had this year boosted its exports of white and red wines to 35% of total turnover compared with 1,5% of total turnover two years ago, MD Kobus Louw said yesterday. 744

He said the winery had contributed 20% of all SA wine exported to the UK, the biggest importer of wine from this country.

"The future of SA wine exports looks very promising and could double over the next two or three years. Our target for the future is to export half of our total harvest, without limiting our supply to the local market," he said.

The winery's most important market is Europe and the UK. Wines are exported to 19 countries throughout the world, with the UK, Holland, Belgium and Germany the most important takers.

Louw attributed the success to a preparedness to invest large sums of money in the right equipment, innovative wine makers and attendance at international wine shows.

"Due to the high percentage of Simonsvlei's exports, it is vitally important to keep up with standards of markets abroad," he said.

Value for money and effective export agents were necessary in ensuring export success, Louw said.

"Investment upgrading — including pneumatic bag presses, massed cooling and a new high-tech bottling plant — amounted to more than R5m," he said. BD 13/12/94

The winery was the winner of this year's President's Award for Export Achievement.

Motor exports 'set for growth'

MICK COLLINS

EXPORTS by the motor manufacturing and component industries were expected to grow 22% to a record high of R2,3bn for 1994, the National Association of Automobile Manufacturers of SA (Naamsa) said yesterday. (7UCT)

Component exports were projected to rise 23% to R1,6bn from R1,3bn in 1993, while the export of completely built-up vehicles was expected to grow 20% to R695m (R581m).

Naamsa forecast a 15% to 20% rise for both sectors for 1995, saying demand was being underpinned by light commercial vehicle (LCV) sales. BD 13/12/94

Director Nico Vermeulen said after "phenomenal growth" in the export sector the association had formed a new unit to monitor and co-ordinate market trends.

The continued recovery in global economic growth would result in increased opportunities for exporters of locally made goods and materials. "A significant feature of the industry's performance in recent years has been the exceptional growth in exports of automotive components, replacement parts and built-up vehicles."

New car exports were expected to reach the 10 000 mark for 1994, against 9 047 units in 1993. LCV sales were expected to more than double from 2 549 units in 1993 to

☐ To Page 2

Motor exports

(7UCT) BD 13/12/94

☐ From Page 1

7 000. Heavy truck and bus exports were expected to rise 24% from 404 units to 500.

The bulk of the exports were going to African states but other offshore markets were also being developed.

"Phase VI of the motor industry development programme has often been criticised but its detractors overlook one facet of its success — exports and forex earnings. The momentum should be carried forward into 1995 when the new development programme, which complies with GATT, is introduced," Vermeulen said.

It would be a challenge for the industry to become more competitive internationally as export incentives were reduced. Vehicle manufacturers, component suppliers and trade unions would be forced to focus on cost containment and cost reductions in all spheres of automotive assembly and export activities.

Labour and capital productivity would also have to improve substantially.

Econometrix economist Tony Twine said GATT did not frown on supply-side assistance: "This could take the form of government assistance in training labour. This is a possible avenue for the industry to raise productivity without raising costs."

Manuel 'backed down on tariffs'

BD 22/12/94

YURI THUMBRAN

THE National Clothing Federation has accused Trade and Industry Minister Trevor Manuel of bowing to pressure from the textile industry and labour to keep tariffs in place.

The federation called on Manuel to grasp the nettle of tariff reform.

It expressed concern that he appeared to have second thoughts about trade liberalisation.

Federation president Sadek Vahed said yesterday the recently announced extension of the duty credit certificate scheme, which provides rebates on import tariffs, was not enough.

Most clothing manufacturers were small-to-medium size enterprises and had to look at imported fabric to manufacture clothing.

He had expected Manuel to speedily move on the long-awaited tariff cuts for the industry.

"It seems that the Minister is having second thoughts and could possibly be considering a much longer phase-down period than that asked by the federation," Vahed said.

Vahed said Manuel's original view on tariff liberalisation — which would have seen drastic cuts on tariffs for yarn, fabric and fibres — boded well for the clothing industry.

He also said local textile manufacturers remained late with deliveries — estimated at between four and six weeks by the federation — which affected production.

Vahed said extension of the duty credit certificate scheme meant clothing exports could be expanded over the next three years. The scheme provided rebates on import duties for materials used to manufacture exports.

He said the emphasis placed on training was welcome. He said Manuel's condition that 4% of the wage bill should be spent on training, was not pegged, but a target to strive for.

Textile Federation executive director Brian Brink said textile and clothing companies could notch up between R150m and R170m in savings following the extension of the scheme, but the preconditions attached meant money would be diverted to training.

Manuel last week announced the extension of the scheme from April 1.

(74GT)

South African wines are the toast of Britain

74G

Weekend Argus Foreign Service

ARG 24/12/94

LONDON. — South African wine imports to Britain have almost doubled in the past year and sales in 1994 are heading towards the 1,75 million cases mark.

Wines of South Africa has announced that imports are up 88 percent in the first nine months of 1994, continuing the phenomenal boom that began with just 190 175 cases in 1990.

Exporters face disappointment

(74G)

Own Correspondent

BRUSSELS. — South African agricultiural exporters face deep disappointment after a pre-Christmas deal by European Union foreign ministers.

The agreement here yesterday has left them with far fewer concessions than they had been promised.

CT 20/12/94

The ministers — led by the protectionist French, Itlians and Spanish — voted to offer lower tariffs on just one fifth of the agricultural products under negotiation.

EXPORTS HONOURED ... Kobus Louw, manager of Simonsvlei Winery (centre), receives the President's Award for export achievement in the agriculture-industry division from State President Nelson Mandela, watched by the Minister for Trade and Industry, Trevor Manuel (left).

Bright prospects for wine exports

By AUDREY D'ANGELO
Business Editor

THE future of SA wine exports looks promising and could double over the next two or three years, says Kobus Louw, manager of Simonsvlei Winery.

"Our target for the future is to export 50% of our total harvest without limiting our supply to the local market." CT 20/12/94

Simonsvlei, which won the President's Award for Export Achievement in the agriculture-industry division, lifted exports as a percentage of total turnover from 1,5% in 1992 to 35% in 1994. Its premium wine is exported to 19 countries and demand is increasing.

"There are a number of reasons for our success," Louw explained. "We were prepared to invest large sums in the right equipment, even when times were tough. We stay in touch with the latest trends by visiting international wine shows as often as possible."

Louw said more than 40% of all SA wine exports went to the UK and Simonsvlei contributed at least 20% of this.

The winery launched a range of Reserve wines, aimed at international markets, in October.

(746)

Govt aid for exporters

BD 15/12/94

MADDEN COLE

CAPITAL goods exporters would benefit from a new dispensation through which the Trade and Industry Department would sudsidise overseas lending rates on export credit loans, Trade and Industry director-general Zavareh Rustomjee said yesterday.

He said the department had negotiated the dispensation with various financial institutions.

(747)

To be competitive abroad, exporters had to include offers of export credit facilities at fixed lending rates over a contract's amortisation period.

The prevailing domestic market-related interest rates were higher than those overseas. Rustomjee said this made it necessary to provide an interest subsidy to exporters.

It would subsidise the difference between fixed overseas lending rates and the prevailing interest subsidy reference rate.

Incentives needed for exports

HOWARD PELKOWITZ and PIETER STEYN

THERE is general consensus in SA that the economy should become more orientated towards exports.

A proposed strategy is establishing export processing zones which traditionally are fenced off industrial estates where various incentives (such as tax holidays and exemption from customs and import duties) are available, provided all goods produced in the zones are exported. A system of zones is being considered by the National Economic Forum.

Advantages of zones include:

- ☐ Levelling the playing field to allow local firms to become internationally competitive;
- ☐ Encouragement of international linkages and "backward linkages" in the host economy;
- ☐ Attracting investment capital and technology;
- ☐ Increased foreign trade and exchange earnings; and
- ☐ Job creation.

Export processing units are export-orientated businesses which enjoy processing zone-type incentives without being confined to a particular location. Units are also more flexible and accordingly more appropriate to a market economy.

The World Bank favours generally available export incentives like the units, rather than those limited to zones, which are seen as only part of a broad strategy of trade policy liberalisation and a transitional instrument supporting the integration of protected non-market economies into the international economy.

SA's experience with export-processing unit-type incentives — for example, the full rebate of import duty on specified goods used for the manufacturing, processing or packaging of exported goods — has not been successful. The rebate scheme was phased out during 1992 because of various shortcomings including:

- ☐ Exporters being generally unaware of the rebate's existence;
- ☐ Lengthy and complicated application procedures for permits from the Board of Trade and Industry;
- ☐ The inflexibility of the system, as only items specified in the permit qualified for the rebate. A further application was necessary to include further items; and
- ☐ Difficulties in adequately policing the system to prevent abuses and "leakage" of cheap rebated imports into the domestic market.

As SA is now bound by GATT rules on export subsidies, zone incentives which contravene GATT may result in countervailing measures being adopted by affected GATT member states. This could seriously prejudice the international competitiveness of export-processing zone firms.

In addition to zones and units, other ways of promoting exports are:

- ☐ A duty drawback system where firms may claim repayment of duties and indirect taxes paid on goods required for exported products;
- ☐ Bonded manufacturing warehouse systems in which imported inputs are "bonded" and rapidly delivered to the firm; and
- ☐ A duty exemption system where firms have to export products corresponding to their duty free imports.

An SA export-processing zone would have to be compatible with the SA Customs Union and the SA Development Community, which could complicate and limit the zone operation.

However, of greater concern to local business is that zone incentives could be made available only to new, foreign and local businesses.

Existing businesses would be barred from relocating to the zones to take advantage of incentives.

A fundamental decision has to be taken on whether SA's zones will be aimed at attracting foreign or local investment, or both. This has led to the fear special concessions might be available only to foreigners.

In deciding on an export processing policy, government needs to look at the disadvantages of EPZs.

Export-processing zone firms are often economic enclaves dependent on foreign sourcing and markets, and accordingly often perform only part of the manufacturing process in the zone itself. This limits transfer of know-how and technology, as does the frequent use of foreign imported managerial and skilled personnel.

Zones are also inherently vulnerable to and dependent on international economic trends and accordingly unable to control their destiny. Zone firms may relocate once limited-term zone incentives expire. Benefits of zone-based strategies during global recession may accordingly be limited and firms' competitiveness may depend on incentives — resulting in a "hothouse" of artificially founded industries.

An export-processing zone strategy will have to take into account SA's social, economic and political realities and ought not to be based on the assumption that southeast Asian and other models will be culturally and economically appropriate to SA.

There are very real constraints on developing countries in implementing export-orientated industrialisation, such as increasing protectionism in developed countries, the continuing emergence of regional trade groupings and increasing international competition.

Zone/unit-type incentives may therefore become necessary to assist SA exporters to become internationally competitive.

☐ **Pelkowitz and Steyn are partners at Werksmans Attorneys.**

BOOKS

Call for incentives to back-up exporters

(74G) CT 27/12/94

By MAGGIE ROWLEY
Deputy Business Editor

THE Cape Chamber of Commerce and Industry is to make urgent submissions to the Department of Trade and Industry regarding state subisidies for outward selling trade missions, deputy director of the Chamber Albert Schuitmaker, said yesterday.

Schuitmaker said the chamber would be putting forward proposals for some form of allowance for participating exporters in trade missions to the DTI in January.

This follows the freezing of the Export Marketing Assistance (EMA) incentives a few months back which is expected to continue until such time as a strategic export plan is in place which could take many months, he said.

Schuitmaker said that, without some form of assistance to help offset the high costs involved, prospects for future outward selling trade missions were uncertain. Exporters, particularly emergent exporters, were hesitant to incur the high costs involved as there were no guarantees of any return.

The chamber, he said, was in the process on organising a trade mission to Australia in May.

"However, unless there are some sort of incentives in place. I am not very hopeful of the response we will have," he said.

Schuitmaker said that they would be seeking, in particular, some sort of assistance to enable members who had participated in prior trade missions to revisit these countries.

"It has become quite clear that dealing with many of these countries, for example Japan, requires at least three or four visits before talk translates into meaningful business and we will be seeking some compensation for this additional travel," he said.

One of the last outward selling trade missions to benefit from the ERA incentives was the chamber's mission to the Far East and South East Asia in October/November this year — the first to these countries since 1985.

Chamber president Ernest Wilson said the mission had been extremely successful and had resulted in millions of rands of orders being signed.

However, he said that most of this business had been written by those members of the 12-man delegation that had contacts in the Far East and had done business there before.

"Some, if not most, of these would have come to the fore anyway as these contacts were in place. What is evident now is that the new contacts that were made need to be followed up in order to establish lasting trade relationships with the East. These are not built overnight and will require at least 18 months to two years beyond trial orders to translate into potentially on-going business."

Wilson said a number of the countries visited by the mission, particularly Malaysia, had expressed interest in the possibility of setting up manufacturing outlets in South Africa and, as such, beneficiate SA raw materials on the spot.

"This could happen quite quickly as many of these countries have low, if not zero, unemployment rates and they are looking for outside manufacturing opportunities. To date they have limited their sights to the likes of Indonesia where the wage rates are a third to a quarter of what they are in South Africa.

"Many of them have already been out here looking. However, they have indicated that before they will move on this front, clarification on the exchange control situation was needed — which we are hopeful will come in the next 12 months — and stability and productivity on the labour front.

SA goats exported to US

(74G)

By WILLEM STEENKAMP

SOUTH AFRICA may have been getting their goat — more than 450 "emigrants" of a different kind left the country for ever yesterday aboard a DC-8 aircraft.

The 398 Boer goats, 14 Angora goats and 55 Dorper sheep are the first to be exported from South Africa to the US, and the first full load of livestock to be airfreighted out of the city.

Collected from all over the country, they first had to complete a 60-day quarantine period at Delft.

The flight was unusual as livestock were normally transported by sea, which is cheaper, but it was far quicker and much safer for the animals, export agent Mr Gerald Hagemann said at D F Malan Airport.

"The mortality rate from shipping is pretty high, up to 30%," said Mr Hagemann.

CT 28/12/94

FOREIGN TRADE — (EXPORT POLICY)

1993 - 1994

Approval for export incentives

(14E)

JOHANNESBURG. — The cabinet has approve in principle selective implementation of a limited export incentive scheme for the services sector during the 1993/4 financial year, Trade and Industry director-general Stef Naude said.

The Trade and Industry Department is preparing guidelines for the scheme, for implementation on or as soon as possible after April 1.

The scheme, which will essentially be based on the export marketing assistance scheme for goods, aims to financially support suppliers of services to market and use their services abroad.

CT 12/2/93

Govt approves export incentive scheme

BDay 12/2/93.

EDWARD WEST

GOVERNMENT had approved the implementation of a limited export incentive scheme for the services sector during the 1993/94 financial year, the Trade and Industry Department said yesterday.

The scheme, which would be based essentially on the Export Marketing Assistance Scheme for goods, aimed to support financially suppliers of services to markets and the utilisation of their services overseas.

The department was preparing guidelines for the scheme, which would be operated on a selective basis. It would be introduced on or as soon as possible after April 1, a statement said.

SA Association of Consulting Engineers executive director Hennie Lemmer said the move represented an opportunity for SA consulting engineers to compete with overseas engineers who were granted incentives of up to 50% of the contract price by their governments.

SA consulting engineers hoped to receive a 15%-20% incentive on contracts awarded.

This would enable them to spread marketing costs and facilitate the award of overseas construction contracts for SA contractors.

Council of SA Banks chief Tony Norton said financial services were excluded from export incentives and, although the incentives were not expected to affect banks, it was a step in the right direction.

Sapa reports the department has supported the setting up of export processing zones to promote industrial development and exports.

Department director-general Stef Naude said yesterday a final framework for the zones was being negotiated.

After considerable research and international and private sector input, the department's draft proposal put forward that export processing zones be set up according to the traditional fenced model, where the entire production of the zone is exported.

The zones would be based on private sector initiative and finance, with minimum administrative requirements imposed on government.

Government would, however, provide financial and other incentives to zone users while facilitating and monitoring the zones. Naude said several regions had shown "enthusiasm" for these zones. — Sapa.

74E

Scheme for export zones to get exemption from VAT

BTON STimes (BUSS) 14/2/93. (74E)

By CIARAN RYAN

THE government proposes exempting export processing zones (EPZs) from VAT, customs duties and export levies, according to a draft proposal released this week.

EPZ users will be subject to South African laws and all output must be exported from the South African customs area to qualify for EPZ benefits. No tax holidays are planned, as is common in many successful EPZs around the world.

The finance and operation of the EPZs will be left to the private sector. All EPZs must be located within 50km of an airport or international port and approval must be obtained from an EPZ Board.

Normal South African corporate tax rates apply, drawing into question the ability of the proposed EPZs to attract local and, particularly, foreign capital in competition with countries offering generous tax breaks, such as Mauritius, Argentina and Mexico.

The compensation is that EPZ companies qualify for General Export Incentive Scheme (Geis) benefits, ranging from 2% to 19,5% of export value, the Regional Industrial Development Programme (grants equal to 10,5% of operational assets in the first two years and a profit-based incentive for three years) and the Export Marketing Assistance Schemes — all of which are currently available to South African businesses.

Only newly incorporated companies may establish in EPZs, eliminating the possibility of existing firms relocating to take advantage of the benefits.

Non-residents must invest through the financial rand in compliance with Reserve Bank regulations. Dividends, royalties and interest may be remitted in commercial rands.

The obligation to buy and sell assets through the financial rand is a frequently cited reason for SA's inability to attract foreign capital.

Weak

Low interest loans from the Industrial Development Corporation and financing from the Small Business Development Corporation are also offered as incentives.

The draft proposal on EPZs is unlikely to attract a stampede of investors.

With the exception of exemption on customs duties on imports, export levies and VAT on imports of plant, equipment, raw materials and components — and the implied relaxation of restrictive regulations where this is accepted by local authorities, business and organised labour — the proposal has little new to offer investors and is particularly weak on incentives.

Plant and machinery qualify for 20% depreciation over five years, buildings for 5%, wear and tear on office equipment 10% and motor vehicles 20%. Scientific research qualifies for a 25% deduction, according to the draft proposal.

DEPARTMENT OF TRADE & INDUSTRY

FM 19|2|93

(94E)

Getting hit on all sides

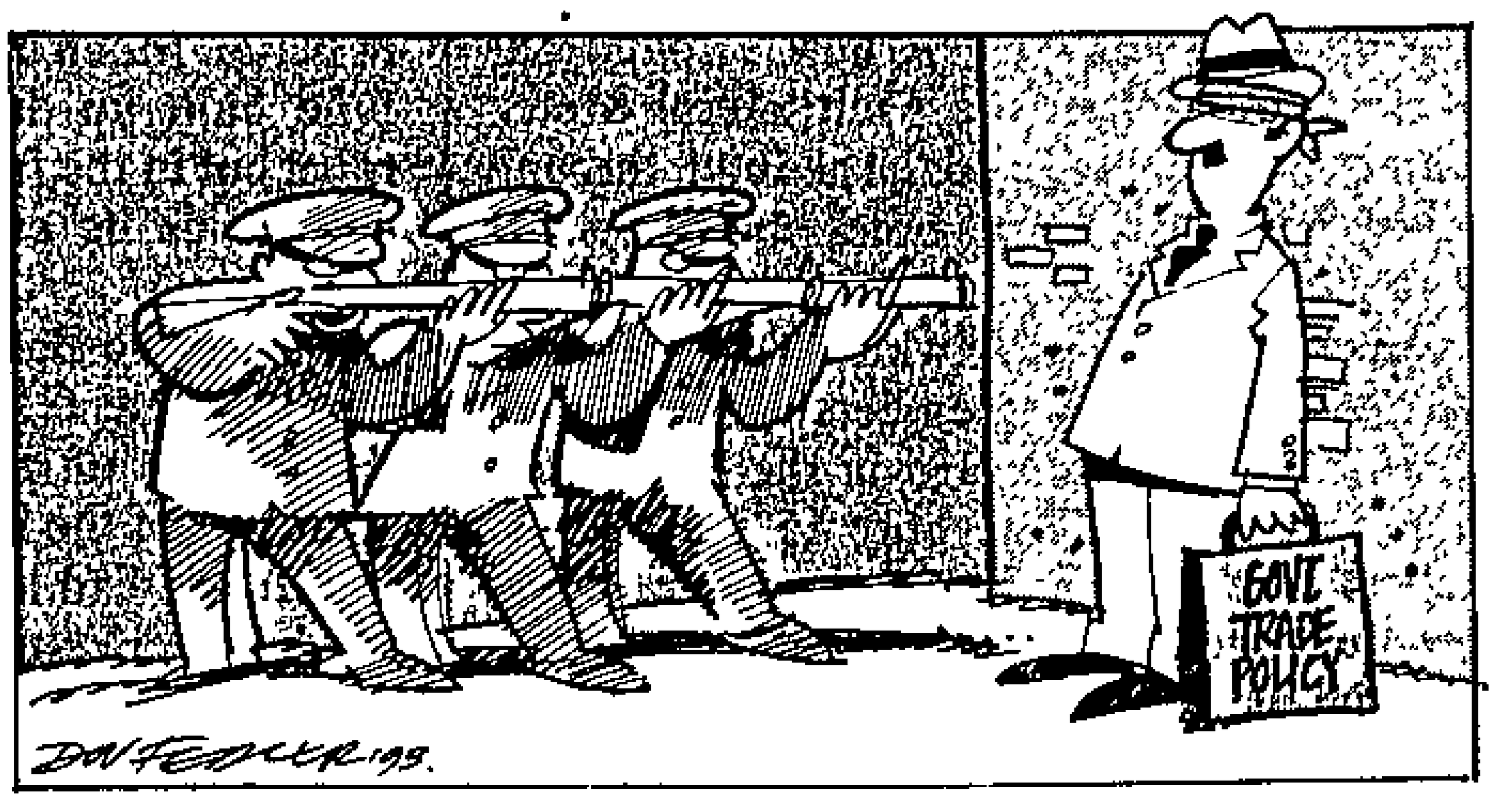
With the recession now well into its fourth year, the Department of Trade & Industry has come under increasing attack in recent weeks for policies that critics say discourage trade and hurt industry.

Its protectionist bent came under severe fire last week at a Johannesburg conference. Meanwhile, renewed attacks on the department's expensive and unproven export incentive programme were launched; its decision to go ahead with export processing zones was met with criticism; and one group charged the department with "ad-hocery" and said what was needed was an umbrella council that would direct all industry schemes.

At the Johannesburg Chamber of Commerce & Industries conference on trade, Webber Wentzel partner Leora Blumberg lambasted the department's new anti-dumping legislation as "a dangerous derogation of Gatt principles," and "open to abuse; they could be highly prejudicial to the importer and even to local producers." The legislation was passed last year despite vociferous opposition (*Business & Technology*, May 1 1992).

Blumberg said SA has promised to sign Gatt's anti-dumping code. "Yet the new legislation is clearly less in line with Gatt principles than the legislation that it's replacing, which is causing some confusion and attracting a great deal of criticism."

The legislation falls short of internationally accepted norms because local companies no longer must prove that they are being injured by the "dumped" goods, she said. Furthermore, the legislation introduces the new concept of "disruptive competition" that can be eliminated by "safeguard duties," which provides "an open-ended mechanism for local producers against low-priced imports," she said.



Meanwhile, Nedbank chief economist Edward Osborn continued the chorus of criticism of the R1,1bn/year general export incentive scheme (Geis) as "a waste of public funds" that merely rewards current exporters for their efforts.

"Geis receipts are mostly a gift" to exporters and are little inducement to export more, he says. Like the anti-dumping rules, Geis also is considered a violation of Gatt.

On another front, the department's director-general, Stef Naudé, finally decided last week that his department would support the development of export processing zones, with incentives to locate export-focused production in the zones. But before the ink was dry on the announcement, there was criticism that the long-discussed concept was now two decades old and that only newer concepts would attract exporters.

The Nedbank- and Old Mutual-sponsored Professional Economic Panel recommends that, instead of setting up defined zones, government should grant enterprise development status (EDS) to specific exporters. "This differs dramatically from the older concept of an export/enterprise development zone. EPZs focus incentives on a specific geographical area. EDS, on the other hand, is a legal rather than a geographical concept. The concept is dynamic — a process rather than a place."

Adds Safto former head Wim Holtes: "We can't go back to a concept (export zones) that evolved 20 years ago and expect a flood of investment into SA."

Also last week, the 70-strong economic panel released a 116-page report arguing that "the country needs a co-ordinated or unified industrial vision or strategy — something it sorely lacks at present." It called for the creation of an Industry & Trade Development Council — SA's version of Japan's famous Ministry of International Trade & Industry (Miti) — that would put together a long-term industrial policy and target important industries for development.

Though there is no clear proof that Miti has helped Japan's development — and though the experience of other countries has shown that industrial policies are fraught with danger for all but the most homogenous and well-educated societies — the recommendation shows the depth of dissatisfaction with SA's current mishmash of policies.

Naudé strongly defends his department. He says government is committed to trade liberalisation and that the department is rapidly phasing out import restrictions based on volume. He says government is fully aware that the anti-dumping laws do not conform with Gatt but "we are developing the necessary systems and will, as we make progress, move closer to international norms."

Adds the department's deputy director-general, Gerrie Breyl: "Government is serious about tariff reform but, in the light of our economic situation, it must be a well-managed exercise." ■

MEDICAL SCHEMES

Discovering a cure

Health Minister Rina Venter this week scored her first major victory in reforming SA's ailing health care services when parliament passed the Medical Schemes Amendment Bill. FM 19/2/93.

The Bill, first tabled in parliament early last year and fiercely opposed by doctors because of what it might do to private practices, amounts to an extensive deregulation of private-sector health care.

"I knew we had a strong but difficult case, but I never hesitated that we were on the right track," Venter says. But she warns that this won't automatically cut costs. "We need to change the health care culture. Doctors, patients, all health care providers and the media need to evaluate health care in terms of cost — it's also a commodity."

In brief, the Bill gives medical schemes the clout to question claims and keep costs in check by ending guaranteed payments and minimum rates. It also opens the sector to competition by allowing schemes to run hospitals and clinics, and employ doctors.

Doctors have argued that as schemes acquire greater powers of discretion over the use and provision of services, doctors could find their professional and clinical judgment compromised in favour of cost considerations. They also fear that the schemes could put the private doctor out of business by limiting the patient's choice.

But Venter says the aim is not to punish doctors. "The Act is designed to save the whole private-sector health-care system from collapse." She says benefits paid by schemes have increased 28% a year over the past five years while the number of beneficiaries increased by an average of only 3,3% a year.

The Medical Association of SA wants doctors who contract with schemes to ask their professional councils to intervene when a contractual obligation interferes with their ethical responsibilities to the patient. But executive director Rob Speedie of the Representative Association of Medical Schemes points out that doctors should be aware of their ethical responsibilities when they enter into a contract.

continue →

NEWS IN BRIEF

BDAY 24/2/93

RBM received R300m

RICHARDS Bay Minerals has admitted receiving at least R300m in export incentives in the past 10 years — but has denied it was singled out for preferential treatment by government.

RBM also acknowledged that the incentives — which were discontinued last year — were a factor in ensuring the company's growth and competitiveness.

However, MD Roy MacPherson said as far as RBM was aware, it was subject to higher levels of corporate tax than any of its international competitors in Australia, North America, Asia or Africa.

TABLE

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"Local Authority Undertaking" means the undertaking in which employers and their employees are associated for instituting, continuing and finishing any act, scheme or activity which is undertaken by a local authority; and

"local authority" has the same meaning as that assigned to it by section 1 of the Labour Relations Act, 1956.

Postal address of applicant: P.O. Box 410, East London, 5200.

Office address of applicant: 39 Union Street, East London.

Attention is drawn to the following requirements of section 4 and 7 of the Act:

(a) The representativeness of any trade union which objects to the application shall in terms of section 4 (4) as applied by section 7 (5) be determined on the facts as they existed at the date on which the application was lodged, and, as far as membership is concerned, only members who were in good standing in terms of section 1 (2) of the Act as at the aforesaid date shall be taken into consideration.

(b) The procedure laid down in section 4 (2) must be followed in connection with any objection lodged.

G. C. PAPENFUS,

Assistant Industrial Registrar.

(26 February 1993)

TABEL

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Vir die doeleindes hiervan—

"Plaaslike Owerheidsonderneming" die onderneming waarin werkgewers en hul werknemers met mekaar geassosieer is vir die instelling, voortsetting en afhandeling van enige handeling, skema of werksaamheid wat deur 'n plaaslike owerheid onderneem word; en

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G. C. PAPENFUS,

Assistentnywerheidsregistrateur.

(26 Februarie 1993)

NOTICE 169 OF 1993

74E

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EXPORT INCENTIVE SCHEME IN TERMS OF THE DEFINITION OF "EXPORTED" IN SECTION 1 OF THE VALUE-ADDED TAX ACT, 1991 (ACT No. 89 OF 1991)

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J. W. HATTINGH,

Commissioner for Inland Revenue.

KENNISGEWING 169 VAN 1993

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J. W. HATTINGH,

Kommissaris van Binnelandse Inkomste.

SCHEDULE

4. PROCEDURES FOR THE SUPPLY OF GOODS AT THE ZERO RATE BY A RSA VENDOR TO A RSA EXPORT TRADING HOUSE

(74E)

Definition

"RSA export trading house" means a person who is registered as a vendor for VAT purposes in respect of an enterprise which specialises exclusively in the export of goods produced or supplied by other vendors, who are not connected persons in relation to such RSA export trading house.

4.1 **Introduction**

In terms of this scheme is RSA vendor (the supplier) may supply goods to a RSA export trading house (exporter) at the zero rate, if the supplier has satisfied himself that the exporter complies with the requirements as set out below and the supplier ensures that he is in possession of the documentation prescribed hereinafter. The decision to supply at the zero rate (as set out in paragraph 4.2) is entirely at the discretion and risk of the supplier, having regard to his expectation of the likelihood that the exporter will perform his obligations timeously.

This scheme is only available to exporters who purchase goods from suppliers, who are not connected persons, for subsequent export. Enterprises involved in any form of manufacturing or production processs are specifically excluded from this scheme.

4.2 **Supply of goods at the zero rate**

A supplier may, at the request of an exporter, sell goods to such exporter at the zero rate provided that the following conditions are met:

4.2.1 The supplier must satisfy himself that the exporter is a RSA export trading house as defined above. Furthermore, the RSA export trading house must be registered as an exporter with either Customs and Excise or the Department of Trade and Industry, and must provide the supplier with documentary proof of such registration.

4.2.2 The exporter must furnish the supplier with a written order stating that the goods are being purchased for export purposes.

4.2.3 At the time of supplying goods to an exporter the supplier, who has decided to supply the goods at the zero rate (see paragraph 4.1) will, apart from the order form mentioned in paragraph 4.2.2 above, not have any documentation in his possession to substantiate the issue of a tax invoice at the zero rate.

The exporter is, however, under an obligation to provide the supplier with an affidavit (see paragraph 4.2.4) within **two months** from the date of the tax invoice. This affidavit will then serve as proof, for the supplier's purposes, that the goods have been exported and must be retained by him for record purposes.

4.2.4 The affidavit, by a responsible officer, must be on the exporter's letterhead and must contain the following information:

4.2.4.1 The exporter's VAT registration number:

4.2.4.2 a declaration that the goods have been exported;

4.2.4.3 a description of the goods and the quantity which have been exported;

4.2.4.4 a reference to the date and serial number of the supplier's tax invoice;

4.2.4.5 the serial number of the relevant export documentation, as well as the date and place of export;

4.2.4.6 the serial number and date of form F178.

4.2.5 On receipt of the affidavit containing all the above information the supplier has acquitted himself of all responsibility regarding the supply of the goods at the zero rate. If the information supplied in the affidavit subsequently proves to be false, the exporter will be liable for any outstanding tax, penalties and interest.

4.2.6 In the event of the affidavit referred to in paragraph 4.2.4 not having been received by the supplier by the last day of the tax period which ends after the expiry of a period of **two months** reckoned from the date of the relevant tax invoice, the supplier shall calculate output tax by applying the tax fraction to the consideration reflected in the particular tax invoice and shall include the amount of output tax so calculated in Block 12 of the return for remittance form VAT 201, rendered for the tax period in which the said period of **two months** ends.

4.2.7 In the event of the affidavit in respect of which output tax was calculated in paragraph 4.2.6 subsequently being received by the supplier within **one year** from the date of the transaction, the amount previously included in Block 12 of form VAT 201 in respect of that supply, shall be claimed as an input tax credit in Block 18 of the form VAT 201 for the tax period in which the affidavit is received.

4.2.8 The rate of tax applicable for purposes of paragraphs 4.2.6 and 4.2.7 shall be the rate of tax in force at the date of issue of the tax invoice.

4.3 The procedures set out in this part of the scheme shall be deemed to have come into operation on 1 February 1993.

(484)

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(746)

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Probe into 'racist' incident not final

PORT ELIZABETH. — The allegedly racist conduct of a Uitenhage doctor is to be probed on a "higher level", a hospital inquest revealed yesterday. (93)

Dr J E I de Swardt was suspended last month from the Uitenhage Provincial Hospital after he ordered two black women out of their beds, replacing them in the ward with two of his white patients who had been placed in a ward with black patients.

The inquest into the actions of Dr De Swardt was held by CPA Hospital and Health Services deputy director-general Dr G S Watermeyer and CPA medical services regional director Dr Reg Simpson.

The two men interviewed Dr De Swardt at the hospital yesterday, hospital superintendent Dr Philip Bothma said.

However, Dr Watermeyer did not make a final decision and it appears he will take the matter "higher up", Dr Bothma said. CT 24/2/93

IDT defends its development role

BLOEM 29/3/95

KATHRYN STRACHAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Call for export policies probe

ADRIAN HADLAND 74E

PRETORIA — The export policies of multinational corporations now doing business in SA should be investigated by government, the SA Consumer Union has resolved. BLOEM 29/3/95.

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

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

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

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

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

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

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

Scrapping import protection could be counterproductive

B/Day 11/6/93

KEVIN LINGS and EDWARD OSBORN

(94B) (74E)

THE debate on SA's foreign trade policy is focused on a need for further import liberalisation, in particular the systematic lowering of import tariff protection. This policy approach has been put forward, with varying degrees of emphasis, through research conducted by the IDC, the World Bank and the IMF, among others.

This approach stems, at least in part, from the impression that tariff protection levels are comparatively high. For example, the IDC's 1990 document Modification of the Application of Protection Policy put the average level of protection at about 20%. On the face of it this is relatively high, since for developed countries the level of protection is around 5%, while it ranges from 9% to 13% in newly industrialised countries.

But as the IDC itself points out, these percentages are deceptive and the generalisation misleading, since tariffs vary widely between industries and among products of a particular industry. Many products carry an effective tariff protection of more than 100%, while other items carry no tariff at all. Furthermore, in government's normative economic model it is suggested that "SA's tariff-based protection is not excessive when compared to other developing countries".

There are two arguments for increased trade liberalisation in the form of reduced import tariffs. First, if tariffs are reduced, price distortions caused by high tariffs on imported inputs are diminished or eliminated. Industry would then obtain a broad spectrum of inputs at world market prices and become significantly more competitive, particularly where value-added manufactured exports are concerned.

The second argument holds that the resulting increased level of competition will force industries to adjust and become competitive through rationalisation and improved technical efficiency.

Implicit in these arguments is the presumption that local manufacturing is currently operating inefficiently and that, if exposed to greater international competition and able to obtain inputs at ruling world prices, it would somehow become internationally competitive.

The arguments also assume a great deal about the mobility of resources and manufacturers' willingness to reallocate resources on the basis of policy changes that have proved to be less than consistent and sustainable. But most importantly, they assume local industry has the ability to adjust positively to increased competition. This has not been substantiated in any way.

Furthermore, the notion that greater export orientation is brought about by a scaling down of protection has been refuted. If import tariffs are not viewed as simply defensive measures, but rather the first step in becoming internationally competitive, as in many emergent Far Eastern economies, the very existence of import protection promotes greater export orientation.

Nowhere has the question of competitiveness been addressed adequately. The common presumption is that since industry has, for a long time, operated behind a high wall of protection, it has become lazy, inefficient and unproductive, unwilling to take risks, and is correspondingly uncompetitive. All that is required is a sustained dose of international competition, and all will be well.

Many factors combine to determine the international competitiveness of a country's manufacturing sector, including the cost of capital and labour, availabiity of skilled manpower, institutional support, access to technology, and even the willingness to compete internationally. Moreover, the impact of these factors is likely to vary quite significantly from industry to industry and, even more significantly, from firm to firm.

For example, an industry may not be internationally competitive primarily because it does not use the latest technology that is available to other producers abroad; it would have to improve its technology base to enter the world market effectively. Another industry may be uncompetitive because it faces relatively high costs of production, in particular a high unit labour cost. In both instances, a reduction in the level of tariff protection will not directly address the primary cause of an industry's lack of competitiveness.

Rather, it is merely likely to result in the industry falling prey to overseas competition. Furthermore, it is naive to assume that the increase in competition following the reduction in tariff protection will jolt the industry into far more efficient means of production, particularly if that requires extensive capital investment accompanied by an improvement in managerial and technical competence and skills level.

The notion of tariff levels being relatively high or of local industry having generally become comfortable behind a protective tariff barrier is not at issue. Nor is it disputed that the system of applying tariff protection has been weak in terms of frequency of tariff reviews, the selectivity of granting tariff protection and the indiscriminate use of formulae duties. In addition, there is clear evidence to suggest that tariff increases, including import surcharges, have added substantially to the import parity price level. It is also not suggested that competition is unhealthy.

Rather, we argue that, to improve the manufacturing sector's competitiveness, there first has to be thorough analysis of the reasons for its lack of competitiveness. In addition, it has to be recognised that the factors leading to a lack of competitiveness are probably going to vary from industry to industry.

Therefore, applying any single "solution" such as reducing tariff protection to some predetermined target — even if accompanied by measures aimed at maintaining macroeconomic stability — will not necessarily improve competitiveness, but could be extremely dangerous and possibly cause irreparable damage to certain industries.

There is no guarantee that a general reduction in tariff protection will result in a larger and more industrious domestic manufacturing sector; indeed it might have the opposite effect. Thus for SA's manufacturing sector, certainly initially, a lowering of the tariff structure will mean a fight for survival rather than a catalyst for expansion.

At a recent Idasa conference, Sanjaya Lall of Oxford University said "much of the past discussion (on import liberalisation) lacks a good feel for how industrial firms become competitive, and thus tends to oversimplify the needs of policy support in factor and product markets that do not function with the efficiency that economic theory expects".

Nevertheless, as Lall has pointed out, there is a case for the restructuring of the import protection system. This could include a more stable and simple tariff system. But most importantly, there should be a closer link between selective import protection and the achievement of international competitiveness by building in factors that both limit the duration of protection and promote international competitiveness.

Specifically, this requires incentives for upgrading technology and undertaking the necessary fixed investment. And it has to be recognised that adjusting to increased international competition would be easier during a time of improving economic performance.

□ **Both authors are with the Nedbank Economic Unit.**

Textile industry wary on special export zones

EPZ

74E

CT 12/6/93

Business Editor

EXPORT processing zones (EPZs) could provide unfair competition to established SA exporters outside them — who would have to go to the expense of relocating to them — says Mervyn King, president of the Textile Federation.

And, he warns, they would provide opportunities for abuse it would be hard to police.

But David Bridgman, director of Wesgro, said yesterday that he thought the answer would be to set up Export Processing Units (EPUs) in factories geared to export, rather than forcing them to relocate in EPZs.

Bridgman said the success of EPZs in other countries had shown that it was possible to prevent abuse. An EPZ could contain the administrative headquarters for EPUs.

The government announced itself in favour of setting up EPZs last year. The SA Special Economic Zones Association was launched in Cape Town this week to act as a national forum for key players in the sector.

The meeting was attended by representatives of labour, government, financial institutions and manufacturers.

King says in the federation newsletter that SA textile manufacturers are handicapped by high taxation, exchange controls and inflation when competing in world markets with others who are subsidised by their governments.

The Department of Customs and Excise was shortstaffed and having difficulty policing regulations "more particularly having regard to the level of corruption involving imports.

"In this context the proposal to start EPZs is one of concern. With SA's lengthy borders and coastline it will be impossible to police EPZs."

King continues: "SA has a well established industrial sector. EPZs have worked where the entire country has been declared an EPZ and new ventures have been financed by international financiers.

"In SA established industry would have to bear the burden, both industrially and fiscally, of supporting new exporters in EPZs.

"Operators within the zones will be subsidised on their inputs while the government will expect established companies outside the zones — who will not be receiving subsidies — to become exporters from SA."

Industrial policy 'less protected'

B/Day 13/7/93 (74E)

EDWARD WEST

THE prolonged recession inhibited government plans to shift industrial policy away from protection to a more export-directed policy, Board on Tariffs and Trade chairman Nic Swart said in the 1992 annual report.

He said industrial policy had started to move away from protection to a more export-directed policy in the past few years, but rapid progress had not been possible last year due to the recession and weak international economies.

Subdued local demand and unutilised international industrial capacities had placed local industry under strong pressure.

Political developments also did not support the intiative away from protection, he said.

Economic growth was critically dependent on industrial development and a tariff structure promoting international competitiveness was essential.

However, to improve competitiveness further, other structural aspects like tax rates, exchange rates, training, investment and technology would have to be addressed, Swart said.

The board aimed to eliminate constant amendments to tariffs, simplify tariffs, eliminate import control — the tariff should preferably be on an ad valorem basis — and eliminate formulas and specific duties.

The board also aimed to reduce import duties on a planned and managed basis and to promote the competitiveness of exporters by means of drawbacks and duty rebates on inputs.

The reduction of tariffs and the elimination of formula duties could be achieved only if an effective anti-dumping unit was in place. The recently formed Directorate for Anti-Dumping would be further expanded this year, Swart said.

During 1992, the board initiated investigations into the audio/video cassette industry, the electronic components industry, the white goods manufacturing industry, the machine tool manufacturing industry and the tyre industry.

Price formation in the food industry and tariff protection on paper were investigated at the request of government during the year.

The board had also attended to 595 tariff applications during 1992, 140 of which were carried over from 1991. Of the 350 applications finalised during the year, it had supported 130 while 220 applications were rejected.

The board had supported 17 applications for greater protection of the 48 it had finalised, while the remainder were rejected.

Reef importers to get faster service

(74F) ARG 5/2/94

REEF-BASED importers are being offered a new faster import service whereby their cargoes are landed in Cape Town or Port Elizabeth instead of at Durban. The new service, known as Euroexpress, was decided on following a meeting held in Johannesburg recently.

The service offered by Renfreight, is aimed specifically at Reef based clients whose freight time is sensitive rather than cost effective and who ship out of Europe, North West Continent or the US on vessels that call at either Cape Town or Port Elizabeth.

The rationale is that cargo discharged at the first or second port of call reaches the Reef, on average, six to seven days before cargo landed at Durban. The freight can also be customs cleared at these ports which are arguably less stressed than Durban or Johannesburg. Existing agreed clearing and forwarding rates will remain the same, but the client will benefit in terms of time saving.

Importers may choose whether they wish to have their goods cleared at one of these two ports, or may choose to have freight consigned to final destination for clearing purposes.

The additonal cost of transporting from Cape Town to Johannesburg compared to Durban, is minimal and already figures released by Portnet, Cape Town show that over the past few month containers destined for Reef destinations landed at Cape Town have increased from 500 per month to 800 per month.

Farmers bid to prop up maize price

S/Times (Buss) 13/2/94

By TEIGUE PAYNE and ZILLA EFRAT

A ROW is brewing over an application by farmers to have a 35% duty slapped on maize imports.

The National Association of Maize Producers Organisations (Nampo) is accused of trying to take maize pricing out of political hands ahead of a new government.

Willem de Kok of millers Premier Foods says: "We will not accept higher prices for white maize because of an expected large crop this year."

The ANC's initial comment is that the proposed 35% duty is too high. Baleka Kgositsile says the ANC expects to decide on on Nampo's application within 10 days.

David Cooper, of the ANC-aligned Land and Agricultural Policy Centre, says: "It is hard to understand why the application has been made when there is a surplus of maize."

The proposed tariff seems high and will not be in consumers' interests if it is an attempt to secure higher moving average prices for farmers.

Nampo is seeking a duty of the rand equivalent of 35% of $110 a ton — the long-term average world maize price.

The tariff would vary according to world maize prices. If world prices rose it would drop and vice versa.

No tariffs apply now because quantitative controls prevent imports and allow the SA price to be set much higher than the world figure. (33 maize)

Nampo's application is in line with the General Agreement on Tariffs and Trade requirement for the removal of quantitative controls on imports. (74 F)

The current price of white maize sold to millers and animal-feed companies in SA is equivalent to about $160 a ton. The world price is a high $125 now because of a poor US crop.

With shipping costs of about $25 a ton from the US, the landed price in SA, including the tariff, would be about $173.

Because SA users of maize would have to pay port handling charges and transport from the coast, imports would be prohibitively expensive. If the world maize price fell, imports could become a proposition, but only for a rim of coastal buyers.

Nampo is apparently betting that in the long term the rand will fall sufficiently against the dollar for SA farmers to achieve higher domestic prices.

However, the potential competition from imports might restrain increases in the price of SA maize.

Farmers claim with some justification that tariffs on imported agricultural goods are fair because their counterparts abroad are heavily subsidised.

The price of maize is set by the Minister of Agriculture after consultation with the Maize Board and other parties. The interests of farmers, historically government supporters, are more important in the minister's decision.

Under a new government, the interests of black consumers are likely to become more important. The ANC has not decided whether to reimpose price controls on mealie meal and bread, but they are a possibility.

Nampo's tariff application provides four weeks for comments, allowing for duties to be imposed before the election.

Much of this summer's expected bumper maize crop of 10-million tons will have to be exported at a lower lower price than the domestic one.

Although Nampo apparently wants to abolish the existing pricing system before the elections, it does not want complete deregulation of the Maize Board, which is stil the sole marketer of mealies. All maize sales and exports must by law be handled by the board.

Foskor strikers will return to work tomorrow — NUM

BiDay 22/2/94

ERICA JANKOWITZ

THE 900 striking NUM members at Foskor's phosphate plant near Phalaborwa are to return to work tomorrow after a wage strike which began on January 27, union regional secretary Archie Pilane said yesterday.

A consumer boycott of Phalaborwa, called in solidarity with the striking workers, was called off yesterday after a community meeting.

The wage dispute began on January 19 with management locking out workers when their final wage offer was rejected. The paid lockout lasted a week.

Pilane said the parties had resolved the dispute over the backdating of the effective date of wage increases with the NUM accepting a R400 ex gratia payment per member.

The 6% wage increase would be backdated to October 1, not July 1 as demanded by the union. A 1% shift allowance would be instituted from March 1 if a seven-day working week was implemented with the approval of the Mineral and Energy Affairs Departement, which still had to ratify the agreement.

Other concessions made were the appointment of a full-time shop steward, agreement to negotiate a health and safety agreement and the conversion of the pension fund into a provident fund. In addition, lower-paid workers who were previously excluded from joining the pension fund would be eligible to join the provident fund, Pilane said.

However, one sticking point was that of disciplinary action against some strikers accused of intimidation and arrested by police during the strike. Seventeen NUM members were arrested and charged, although the decision whether to proceed with criminal charges had yet to be taken by the attorney-general, Pilane said.

The parties agreed company charges would be finalised within the next fortnight and any challenged by the NUM would be referred to arbitration. Pilane was concerned the process might spark further problems as accusations of intimidation were divisive.

Illegal imports of dairy products rise

BiDay 22/2/94

MUNGO SOGGOT

ILLEGAL imports of dairy products had risen over the past year, Agriculture Department deputy director of marketing and administration Denis Farrell said yesterday.

Most of the illegal imports came via Namibia and Botswana. As members of the SA Customs Union, they were free to export their own produce to SA, but could not export produce from other countries.

Farrell said Botswana had trade agreements with Zimbabwe which meant it could import Zimabwean dairy products cheaply. These cheap imports could then be exported to SA.

The department said 140 tons of cheese, 170 tons of milk powder and 45 tons of other dairy products had been illegally imported.

Agriculture Department director-general Frans van der Merwe said although these figures appeared small compared with SA's annual consumption of 100 000 tons of butter, cheese, milk powder and condensed milk, the cheap imports could have a serious effect on prices.

Tight control of imports was needed especially since dairy prices were already low after good rains had boosted production, he said.

Union must respond today to Carlton offer

JACQUIE GOLDING

THE Paper, Printing, Wood and Allied Workers' Union has until 4pm today to respond to Carlton Paper's 7% across-the-board wage increase offer. BiDay

Agreement was reached at mediation last Friday but if management's offer is not accepted by workers, the union says it will revert to its initial 12% demand. 22/2/94

Carlton Paper MD Keith Partridge said if the offer was not accepted by the union, management would also revert to its 5% across-the-board offer.

About 950 workers went on strike four weeks ago for a wage increase and three months' maternity leave.

Four plants on the East Rand, one in Cape Town and one in Port Elizabeth have been brought to a near-standstill by the strike.

Carlton Paper and the union also agreed to three months' paid maternity leave but only after three years of employment with the company.

Management and the union agreed that shop stewards would be appointed at each of the company's six plants.

Shop stewards would be allowed to take part in a national job grading committee which would investigate problems of job grading in the company.

The company would also appoint representatives to the committee and both parties would be allowed to call on outside experts where necessary.

In the case of child care, workers abstaining from work would have to produce certificates stating reasons for their absence, which would be treated on a no work, no pay, no penalty basis.

Korea concerned at 'blocking' of Hyundai

MICK COLLINS

THE South Korean embassy is "gravely concerned" that the motor industry task group is trying to block imports of Hyundai motor vehicles from Botswana. B/Day

The vehicles are sold in SA at about 10% less than the SA equivalents. 24/2/94

Economic affairs first secretary Sun Heung Kim said yesterday that with the recent establishment of diplomatic relations between SA and Korea "our two countries expect to enjoy sound partnership and co-operative relations". (74F)

But the motor industry's reaction to Hyundai was frustrating and discouraging.

He said if government implemented the task group's proposals it would be detrimental to trade relations, and against GATT requirements.

The task group was proposing that if the body was imported as a complete shell rather than being dismantled into panels — completely knocked down (CKD) — an additional non-rebateable 100% excise penalty should be charged.

"Should Hyundai intend avoiding the proposed 100% excise penalty, it would have to import CKD components which would mean a huge investment and make the whole project non-viable", causing the factory's closure, he said.

MEDICAL SUPPLIES
FM 25/2/94

Applying pressure

The Board on Tariffs & Trade's refusal to withdraw duty rebates on imported raw materials, used in the local production of bandages, and on imported made-up bandages and dressings could mean further cuts in the cost of medical supplies to hospitals.

The decision is seen as a significant victory for smaller manufacturers and importers over Pinetown-based market leader Smith & Nephew, which applied in 1992 for the rebates to be withdrawn. (74F)

The bandage and related products market is worth about R50m a year and Smith & Nephew supplies almost 90% of local needs. GM Neil Wallace said last year that the application for withdrawal of the rebate on made-up bandages and dressings was in line with the duty on bulk medical fabric and would therefore only correct an anomaly in the duty structure up the value chain (*Business & Technology* March 26 1993).

Nevertheless, MD Don McArthur of Cape Town-based manufacturer Macmed saw the application as an attempt to protect a virtual monopoly at the expense of consumers. "These are primary commodities in health care, not luxuries. Patients just can't do without them and they should be made available at the lowest possible cost."

Macmed supplies about 6% of the local market with products made from cotton and gauze imported in bulk, and with finished

Cont → P74

FM 25/2/94

products imported mainly from China, South Korea, the US and France. (74F)

The board found that, because the present tariff structure on woven cotton fabrics used for the manufacture of medical textile products is part of a transitional plan that will be reinvestigated, the rebate should remain in force for now. It also concluded that imports of made-up bandages and dressings represented a relatively small percentage of local demand and were not a major threat to the industry. There was therefore no justification for additional protection.

McArthur says the board's decision means Macmed will be able to make more of its products available at lower prices than Smith & Nephew. "When we entered the market there was a price decrease of up to 50% on some products. That was when Smith & Nephew asked the board for assistance. Rejection of the applications means there will definitely be no return to the old price levels."

He says Macmed is already planning a R500 000 expansion to its manufacturing plant to meet the expected demand for cheaper products.

Macmed is still hoping the board will reduce or scrap the duty on imported syringes, which would dramatically reduce prices. Duty on syringes was increased about a year ago by up to 156% after a board investigation at the request of local manufacturer Promex, which supplies 85% of the R25m market. Promex MD Theo Pietersen denied at the time that the company simply wanted to corner the market and then push up prices.

McArthur says the board is now reviewing the situation and has invited objections to the possible withdrawal of duties. "There's a definite change of attitude on the board. I believe it's due partly to pressure from customers, many of whom are government departments battling to operate on tight budgets." ■

TRADE FM 25/2/94

January effect

The rise in imports in January, to R4,7bn from December's R4,3bn, which squeezed the trade surplus to R1,2bn from December's R2bn, is probably not due to an increase in domestic demand for imported goods — the figure is still below the aggregates for June-November.

The jump is probably a statistical overhang from the festive season with some December imports recorded only in January figures. (74F)

The latest figure repeats the pattern in previous years: in January 1991 imports surged by R1,7bn; in 1992 by R500m; and in 1993 by R500m. In all these months the surplus shrunk.

While the month's figures, in some import categories, were higher than in the previous January, they were down on the average monthly figure for 1993 — among them vehicles & transport equipment, 11,1% higher than in the previous January, but down 28,4% on average.

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Others show increases on both last January and the monthly average:

- ☐ Chemical products, 7,7% higher than in the previous January, and 1,7% higher than the monthly average;
- ☐ Plastics, up 21,5% and 9,7%; and
- ☐ Base metals, 22,8% and 11%.

The categories jewellery & precious stones (437,9% over the previous January and 55,3% over the average for 1993) and machinery (35,6% and 14%), show more substantial increases. The first of these seems to be a result of a change in diamond export policy, whereby rough stones are bought overseas, sorted and then re-exported (the export figure is higher as well).

The increase in the value of machinery may be the result of a weakening in the rand exchange rate. (74F)

However, these rises were offset by a number of important items, notably unclassified goods (particularly oil), which was down on both January 1993 and the monthly average (-80,4% and -76,7%) and vegetable products (-41,4% and -35,5%).

Exports in general were higher than in the previous January but down on the 1993 averages. The overall aggregate was R5,8bn, up 12,9% on January 1993, but 13,1% lower than the monthly average.

Of the major categories:

- ☐ Unclassified goods was higher on both a January-on-January basis, 8,1%, and on the 1993 average, 7,8%;
- ☐ Minerals (7,5%, -6,1%) and base metals (12,4%, -14,3%) were higher than the previous January but down on the monthly average; and
- ☐ Jewellery & precious stones (-30,9% and -67,2%) was down on January and the monthly average. ■