HANSARD 2. Q. column 120.
14 February 1975.

78A

Foreign Trade

Boycotts on trade with Republic

*21. Mr. R. J. LORIMER (for Mr. G. H. Waddell) asked the Minister of Economic Affairs:

Whether any countries have imposed boycotts on trade with the Republic; if so, (a) which countries, (b) when was the boycott imposed in each case and (c) what was the value of (i) exports to and (ii) imports from each country in the 12 months preceding the boycott.

†The MINISTER OF ECONOMIC AFFAIRS:

I do not regard it in the public interest to furnish the information requested by the hon. member.

HANSARD 3 Q. column 160-161.
18 February 1975

Value of goods exported from Republic to/ imported from each African State during 1974

78A

*8. Mr. G. H. WADDELL asked the Minister of Finance:

What was the value of goods (a) exported from the Republic to and (b) imported from each African State with which the Republic traded during 1974.

The MINISTER OF FINANCE:

I do not consider it to be in the public interest to publish particulars of exports to and imports from individual African States at this time.

The latest available statistics—in million rands—of trade with Africa were published in *Government Gazette* No. 4573 dated 31 January 1975 and are as follows:

	1974	1973
Imports	241,5	191,0
Exports	453,7	341,7

HANSARD 3 Q. column 161
18 February 1975

Value of agricultural production in 1973/'74

*9. Dr. F. VAN Z. SLABBERT asked the Minister of Statistics:

(1) What was the value of the Republic's agricultural production in 1973 and 1974, respectively;

(2) what proportion of these amounts was earned from exports in each case.

Agric-General
Z. 784

†The MINISTER OF STATISTICS:

Statistics on the value of the Republic's agricultural production and the exports thereof are not compiled by this Department.

The division of Agricultural Marketing Research of the Department of Agricultural Economics and Marketing, however, published the following figures in the 1975 issue of its publication entitled "Abstracts of Agricultural Statistics":

(1) Gross value of the Republic's agricultural production:
R1 717,9 million in 1972-'73 and
R2 341,7 million in 1973-'74.

(2) The value of exports of agricultural production amounted to R785,6 million in 1973, of which R402,8 million and R382,8 million, respectively, were processed and unprocessed products. The value of the 1974 exports is not yet available.

HANSARD 3 Q. columns 198

19 February 1975.

~~(1) Agric - Maize~~

(2) 78A

Maize exports

101. Mr. T. ARONSON asked the Minister of Agriculture:

What is the estimated value of the maize exports for the year ending 30 April 1975.

The MINISTER OF AGRICULTURE:

R307 800 000.

HANSARD 4 Q-column 283-284.
25 February 1975.

78A

Protective duties recommended by Board of Trade

109. Mr. T. ARONSON asked the Minister of Economic Affairs:

(1) On what date did the Board of Trade recommend the protective duties imposed with effect from 28 September 1974;

(2) whether the duties imposed were the same as those recommended by the Board of Trade; if not, in what respect were they varied before introduction;

(3) whether the Board of Trade consulted with any body or person before recommending the increase in duties; if so, with what bodies or persons;

(4) whether the Board made any suggestions when the application for tariff protection was submitted to it; if so, what suggestions;

(5) whether effect was given to [illegible] suggestions; if so, with what [illegible]

(6) whether the Board was [illegible] informed of the reaction to [illegible] gestions; if so, what was the [illegible] tion.

The MINISTER OF ECONOM[illegible] FAIRS:

(1) to (6) As a result of the [illegible] of the textile industry caused by [illegible] sive imports of textile woven fabri[illegible] was necessary to act without delay [illegible] the Board of Trade and Industries [illegible] had the opportunity to study the i[illegible] cations of the scale of textile im[illegible] and to make recommendations, [illegible] plained fully by my colleague the M[illegible] ter of Finance on 20 September 19[illegible] his statement on taxation proposals [illegible] ing to customs duties applicable to [illegible] textile industry.

HANSARD 5

Q. column 408-9

7 March 1975.

1. 78A

~~2.177~~

Importation of textiles

*35. Mr. R. J. LORIMER asked the Minister of Finance:

(a) What was the total value of textiles imported during 1973 and 1974, respectively, and (b) what was the value of textiles imported under (i) rebate and (ii) full duties in each of these years.

The MINISTER OF FINANCE:

		1973 (In million (Rands)	1974 (In million Rands)
(a)		151,8	225,2
(b)	(i)	39,2	50,7
	(ii)	101,3	154,0

The difference in the value reflected against (a) and the total value reflected against (b) (i) and (ii), is in respect of goods which are still in bonded warehouses.

Mr. R. J. LORIMER: Mr. Speaker, arising out of the hon. the Minister's reply, in view of the serious crisis in the textile industry at the moment, would he tell us whether he is giving consideration to limiting the quantity of goods being brought in under rebate?

The MINISTER: Mr. Speaker, my hon. colleague the Minister of Economic Affairs is giving attention to the matter.

HANSARD 6

Q. column 426.

11 March 1975.

78 A

Maize/wheat exported to African countries

*4. Dr. F. VAN Z. SLABBERT asked the Minister of Agriculture:

Whether any (a) maize and (b) wheat was exported to countries in Africa during the period 1 November 1974 to 28 February 1975; if so, (i) what quantities and (ii) to what countries.

†The MINISTER OF AGRICULTURE:

I do not consider it to be in the public interest to publish particulars of exports to African States at this time.

Textile, clothing protection spurred

Unemployment

78A

Rand Daily Mail 14/3/75.

78A

184

Financial Reporter

NEW moves to get the South African Government to give greater protection to the hard-hit textile and clothing industries are expected in the light of the decision by the Australian Government to do so.

There remains strong concern in the South African industries that closures and unemployment could multiply unless the Board of Trade intervenes to help domestic companies.

Australia has introduced severe quota restrictions on garments and has referred new groups of textiles to the Textiles Authority for a report on imports. It has also dropped the developing countries' tariff preferences on imported furniture from Taiwan.

More quotas on imports of textiles and garments are expected from March 25 when the voluntary restraints arrangements made with China, Hong Kong and Korea are reviewed.

Details of the quota arrangements indicate that there is to be an overall cutback in imports. They are not directed at any one particular country. Australian established importers will be allocated their quotas on the basis of imports for the calendar years 1973 and 1974, and they can then import whatever units they want from whichever source.

However, it is believed that with a unit quota imposed and severe penalties on units above the quotas, the importers will generally bring in quality items such as British suits rather than cheaper goods.

SWIMWEAR

The quota on men's, youth's and boys' suits for the year is 45 000 units, with a \$A25 penalty on each item above that number imported.

In 1974, Australia imported 123 000 such items. For

made it clear that they are temporary, and consistent with GATT arrangements.

Australian industry has been warned not to plan on continuation of the quotas, and that the quotas will be reviewed when long-term plans for the industry are developed later this year

OUT OF WORK

Since the Australian Government eased its restrictions on imports last year, 17 500 workers in garment manufacture and 10 000 in textiles have been thrown out of work. Industry sources complained that producers around the world, including Britain, were treating Australia as a free market while raising tariff barriers or other measures to protect themselves.

Complaints were expected, but the industry believed that the needs of Australian industry, and the necessity to maintain jobs, was more important. In making its decision, the Australian Government, concerned at high unemployment, has shared that view.

HANSARD 7. Q. columns. 515-16.
18 March 1975.

78 A

Export Trade Promotions Services

*13. Dr. E. L. FISHER (for Mr. H. A. van Hoogstraten) asked the Minister of Economic Affairs:

(1) (a) What amount was spent on Export Trade Promotions Services during the financial year 1973-'74 and (b) under what main headings was this amount distributed;

(2) whether the scheme for the stimulation of exports has developed in accordance with the recommendations of the Reiynders Commission; if not,

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

†The MINISTER OF ECONOMIC AFFAIRS:

(1) (a) R12 993 000.

(b) This amount was distributed under the following headings:
Trade promotion and exhibitions: R384 000.
Financial assistance to the South African Trade Organization: R155 000.
Financial assistance to trade missions: R26 000.
Financial assistance to exporters: R4 836 000.
Contribution to interest rate financing of the Export Credit Re-insurance scheme: R192 000.
Compensation to the Railway Administration in respect of export rail charges: R7 400 000.

(2) Yes, except those recommendations of the Reynders Commission which were not accepted by the Government.

(3) Falls away.

HANSARD 7. Q. columns. 516-17.
18 March 1975.

~~(1) 193~~
(2) 78A

Cement exported

*14. Dr. E. L. FISHER (for Mr. H. A. van Hoogstraten) asked the Minister of Economic Affairs:

(1) (a) How many tons of cement were exported during the financial year 1973-'74 and (b) to what countries is cement exported at present;

(2) whether there is a surplus of cement in the Republic; if so, what is the tonnage of the present surplus;

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

†The MINISTER OF ECONOMIC AFFAIRS:

(1) (a) Cement to the value of R4 512 311 free on board was exported during the period 1 April 1973 to 31 March 1974.

(b) Details of the countries of destination of the Republic's exports and of the quantities exported are not published.

(2) The cement industry at present has a production capacity in excess of that which is needed to meet the current local demand for cement. However, the industry's production is being adjusted to the level of the existing demand so as to avoid the accumulation of surplus stocks.

(3) The cement industry is at present negotiating with foreign buyers with a view to finding additional overseas markets for the cement surplusses which would be produced if the industry had to work at full capacity, but which for the time being cannot be sold in the local market.

Hansard 7, Q Columns 556-557
21 March 1975

Shortage of coal/anthracite in Eastern Cape

~~(1) Energy~~
(2) 78 A
~~(3) 216~~

*18. Mr. T. G. HUGHES (for Mr. C. J. S. Wainwright) asked the Minister of Economic Affairs:

What is the reason for the shortage of coal and anthracite for domestic use in the Border area of the Eastern Cape.

†The MINISTER OF ECONOMIC AFFAIRS:

These shortages are due to a variety of factors. The most important of these are:

(i) The sharp upsurge in the demand for coal and anthracite from industrial and other essential consumers compared with the available production capacity of the coal and anthracite mines.

(ii) A serious decrease in the stocks of large consumers and merchants which resulted from the problems which were experienced during a large part of last year with the transportation of, among others, coal and anthracite.

According to information supplied by the coal producers, substantial quantities of coal are, however, at present being despatched to this area. The anthracite producers have also made special arrangements to expedite railings of anthracite nuts to merchants in this area.

Mr. T. G. HUGHES: Arising out of the hon. the Minister's reply, may I ask him whether anthracite is being exported at present?

†The MINISTER: The reply is that the total consumption of coal in the Transvaal is 21,5 million tons; and the total export is 0,8 million tons, and it is coal dust, not anthracite.

Mr. T. G. HUGHES: Further arising out of the hon. the Minister's reply, is the shortage on the Border due to the export of anthracite?

†The MINISTER: Mr. Speaker, I have already explained today and previously that the export has no affect on the local shortage.

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Question..............................
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Hansard 7 Q. Column 588.

21/3/75

~~1 265~~
2. 78 A

Off-shore ore loader at St. Croix

176. Mr. T. ARONSON asked the Minister of Economic Affairs:

(1) Whether any Government Departments or semi-public corporations have in the last six months inspected the proposed off-shore ore loader at St. Croix; if so, what was the purpose of each visit;

(2) whether they have submitted any reports to him; if so,

(3) whether the reports are to be made public.

The MINISTER OF ECONOMIC AFFAIRS:

(1) None of the Departments or semi-public corporations under my jurisdiction has in the last six months inspected the site of the proposed off-shore ore loader at St. Croix.

(2) and (3) fall away.

Question...
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Hansard 8 Q columns 591-92
25 March 1975

(1) 78 A

(2) ~~2~~ 265

Freight carried by rail: Rolling stock

*6. Mr. G. W. MILLS asked the Minister of Transport:

(1) What was the tonnage of freight carried by rail between South Africa and (a) Rhodesia and (b) Mozambique during each year from 1964 to 1974;

(2) whether any rolling stock of the Railways and Harbours Administration has not been recovered from these countries; if so, (a) what stock and (b) from which countries.

†The MINISTER OF ECONOMIC AFFAIRS (for the Minister of Transport) (Reply laid upon Table with leave of House):

(1) Full details in respect of the tonnages conveyed are not readily available as statistics are only kept for a limited period of time. The following details are in respect of tonnages conveyed since 1969:

(a) Financial Year—

1969-'70	1 530 239
1970-'71	1 294 349
1971-'72	1 165 969
1972-'73	1 065 890
1973-'74	1 144 110

(b) Financial year—

1969-'70	5 913 333
1970-'71	6 467 860
1971-'72	5 686 154
1972-'73	5 867 953
1973-'74	6 239 454

(2) No.

WOOL PRICE F.M. 27/3/75

No golden fleece 78A

There's still a baleful look among SA's woolmen.

Though disposals at auctions are currently between 72% and 84% of offerings (a lot better than the season's start at under 20%), trade is uncertain and likely to stay that way in the season's remaining two months.

The SA Wool Board's stockpile by end-March should have passed 200 000 bales. New Zealand will have accumulated some 300 000 bales, while Australia should be left with a daunting unsold stock of 1,5m bales.

However, the world market drew some comfort from much stronger Japanese interest in Australia last week, where the Australian Wool Corporation (AWC) bought in its lowest percentages this season. Whether this is the hoped-for strong pointer to an upturn in the price graph is too early to say.

In SA the February market put on a cent or two and March has seen no change. Consequently the Wool Board's statistics, though showing a fractional improvement on January, remain grim.

The Board makes quite a song about improved offerings in February, up 11,1% on the year-ago figure. Nevertheless, disposals are still running 33,1% behind the same period last year and the value of the wool sold is R44,7m (R113,3m).

If demand still see-saws throughout next season, the stockpile could be boosted by another 1m-2m bales. The

A less than golden fleece this year

trade is greatly worried that so much wool is already out of free circulation and warns that further deterioration in sales could lead to a wool crisis.

As a result, there is again a wide divergence of opinion between the trade on the one side and the AWC and the SAWB on the other.

Jan van Wyk, GM (Marketing) of SAWB believes it is still good business not to reduce the Board's reserve. "It's doubtful if you would sell more if you did. How much would you have to reduce — 10% or even 20%? Then it would move into the hands of speculators who would want to make a profit when the market improves," he tells the *FM*.

Yet, if the price recovers, it'll be the Board which makes a profit. A 10% recovery on present prices could yield a profit on SAWB's present stocks of about R2,6m, which would far exceed the cost of storage.

HANSARD 9 Q. column 684-6.
11 April '75

(1) 784

(2) ~~716~~

Export of additional quantities of coal

*22. Mr. W. V. RAW asked the Minister of Economic Affairs:

(1) Whether he has received any recommendation from any Government department regarding the export of additional quantities of coal; if so, from which department;

(2) (a) what is the name of the company or organization which will export the coal, (b) (i) in what volume and (ii) over what period is it to be exported;

(3) whether he has reached a decision on the recommendation; if so, what decision.

†The MINISTER OF ECONOMIC AFFAIRS (Reply laid upon Table with leave of House):

(1), (2) and (3) During the third quarter of last year the Government accepted recommendation from the Energy Policy Committee that, subject to compliance with clearly defined conditions, the export of an additional quantity of coal from the Republic over a period not exceeding 20 years would be authorized.

The relevant recommendation of the Energy Policy Committee was formulated after various foreign and local firms had applied to the Secretary for Commerce for permits to export large tonnages of coal over an extended period of time and it was deemed necessary to take a policy decision on the question as to whether further large scale coal exports could be reconciled with the country's own long-term energy requirements and its proven economically mineable coal reserves.

On the basis of the Government's policy decision in this regard, a Committee of Heads of Departments subsequently analysed the applications for permits for large scale coal exports already received and formulated provisional recommendations for the allocation of such permits to six of the applicants.

These six applicant firms, as well as the tonnages of coal which each of them will be allowed to export over a period of 20 years if the findings of the Committee of Heads of Departments are eventually accepted by the Government and if the firms in question can comply with all the conditions which the Government has prescribed for the allocation of such permits, are as follows:

Transvaal Coal Owners Association: 100 million tons.

Anglo-American Corporation: 100 million tons.

South Cape Exploration (Pty.) Ltd.: 150 million tons.

Shell Coal S.A. (Pty.) Ltd.: 150 million tons.

General Mining/British Petroleum: 100 million tons.

CFP Group (Total Oil Co.): 50 million tons.

In addition to the abovementioned six applicant firms, there were also certain other firms which had applied for permits for the large scale export of coal.

However, the Committee of Heads of Departments which considered all the applications, did not find it possible to submit supporting recommendations in respect of all the applications.

After the Committee had completed its task, the Secretary for Commerce addressed letters in identical terms to each of the firms in respect of whose applications the Committee had formulated supporting recommendations, in order to advise them that he would be prepared to recommend to the Minister of Economic Affairs that export permits for the stipulated tonnages be issued to them as soon as he had received written confirmation from them of their ability to comply with all the conditions which were laid down by the Government with regard to further large scale exports of coal.

None of the six aforementioned applicants has, as yet, submitted written proof to the Secretary for Commerce of their ability to comply with the Government's conditions for further large scale exports of coal.

HANSARD D/10
18/4/75

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Meat exported from South Africa to Greece

*23. Dr. F. VAN Z. SLABBERT asked the Minister of Agriculture:

(1) Whether any meat was exported from South Africa to Greece during 1973 and 1974, respectively; if so, (a) what quantities, (b) on what dates and (c) at what price;

(2) whether any of the meat exported has been returned to South Africa; if so, (a) what quantities, (b) when, (c) at whose cost and (d) for what reasons;

(3) whether any decision has been taken as to the disposal of the meat returned; if so, what decision.

†The MINISTER OF WATER AFFAIRS (for the Minister of Agriculture) (Reply laid upon Table with leave of House):

(1) Yes.

(a) and (b)

Date	Tonne
20/1/73	275,8
27/1/73	48,7
17/2/73	10,6
24/2/73	30
3/3/73	168
17/3/73	264,3
25/3/73	142,3
1/4/73	74,2
7/4/73	28,9
6/6/73	599,8
9/6/73	254,8
30/6/73	19,9
26/7/73	20,6
27/7/73	102,8
28/7/73	6,3
8/8/73	172,3
10/8/73	7,2
11/8/73	61,2
12/8/73	1,4
12/9/73	30
6/10/73	509,6
23/10/73	176,8
27/10/73	159,9
30/11/73	17,1
7/12/73	223,4
19/1/74	351,2
30/5/74	200,1
22/6/74	65,1

...on Q. Columns 744-45

...both sides of the paper

(c) The meat was exported by private enterprise and the prices are not known.

(2) [illegible]

(a) and (b)

Date	Tonne
21/1/75	17
15/4/75	229

(c) Private transactions and the arrangements are not known.

(d) The consignments of meat did not comply with the requirements regarding dates of delivery.

(3) Yes. The Division of Veterinary Services decided that the bulk of the meat may be used for canning purposes under strict supervision of the Division. The remainder of the meat was condemned due to soiling during the handling process.

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780

1 78 A

2 9

Aussies scale down links

STAR 22/4/75

The Australian Government is one of the few still gnashing its teeth about trade with South Africa.

It announced yesterday that it had decided to scale down trade links here with the closure of either the Johannesburg or Cape Town office of the Australian Trade Commission.

The Prime Minister, Mr Gough Whitlam, evidently plans to fire a new political salvo over the trade links at a meeting of the Commonwealth Heads of Government in Jamaica next week.

South Africa can also expect to come under bitter political attack when the United Nations Committee Against Apartheid meets in Paris next week — with more talk about an embargo on arms supplies.

The moves by Australia and the UN comittee are unlikely to steer the big European traders away from the business track they have beaten down to South Africa.

78A

bid

STAR 22/4/75

Michael Chester, Financial Editor

South Africa looks set to boost trade with Western Europe by tens of millions of rands a year.

Political hatchets have been buried as the main industrial giants of Europe jostle to woo South Africa with proposals for stronger trade links.

West Germany, Britain and France have all launched special trade drives to win bigger shares of the local market — and all have made it clear they want politics shelved while they sit down to business.

The race to build trade ties is reflected in latest statistics. South African imports from the outside world soared to R1 380-million in the first three months of this year from R1 002-million a year ago.

Exports — leaving gold aside — climbed even faster from less than R672-million to more than R1 015-million.

Local businessmen have now fixed particular attention on a trade mission sent here by the London Chamber of Commerce to give new momentum to two-way trade with the United Kingdom.

Bustle

They were encouraged to hear Mr John Macdonell, leader of the mission and a director of merchant bankers Hill Samuel, state on arrival in Johannesburg that the British Government had given a clear green light to boost trade with South Africa.

Mr Macdonell told newsmen the new mission was out to repolish the UK image in business circles here — and win back Britain's old ranking as South Africa's biggest trade partner.

Britain will be facing a tough new pattern of competition.

West Germany, more inclined than most to ensure that politics do not trample on trade, overtook Britain as prime supplier to South Africa last year — and intends to battle to hold the ranking.

Evidence of the keeness can be seen in the bustle at the German Pavilion at the Rand Show at Milner Park.

See Page 29

Dr D K Rohwedder, State Secretary for the West German Ministry of Economic Affairs, speaking at the pavilion last night, promised South Afrca that its export products found a warm welcome in West Germany — and the market was "ready and friendly."

South Africa was now second only behind the massive United States market as the largest of all West German export markets.

There was no need to choose between trade with South Africa or Black Africa, he said. Bonn did its utmost to keep business and politics far apart.

The appearance of a powerful trade mission from France in early April — the first ever in South Africa to be led by a Cabinet Minister from Paris — emphasised how France also wants to win a bigger share of South African trade.

210
78 A
158

Iron ore demand likely to soar

STAR 23/4/75

Own Correspondent

TOKYO — Japan's iron and steel industry has been looking at its production prospects for the next 10 years, and the prognosis is good for iron ore and coking coal shippers.

The Iron and Steel Federation believes that in 1980 160m tons of raw steel and 130m tons of pig iron will be produced. By 1985 the figures will be 180m tons for steel and between 139 and 144m tons for pig iron.

According to Takeo Yabe, manager of the Federation's raw materials division, this will mean a requirement of 183m tons of iron ore to be imported five years from now and between 196 and 203m tons by the end of the decade.

Says Mr Yabe: "We don't expect any trouble, however, in securing the balance from Australia, Brazil and Africa, including South African projects which will be fully developed by then."

COKING COAL

Coking coal requirements will be 91,4m tons in 1980 rising to between 94,2 and 97,6m in 1985.

The Iron and Steel Federation expects Australia in 1980 to supply around 45 percent of the iron ore, Brazil 23 percent and Africa around 10 percent.

In 1985 the Australian supply will remain the same, but Brazil's will rise to 28 percent — due to major projects in the Amazon Basin in which Japanese steel mills have a 10 percent investment — and Africa shipping in with nine percent of the total.

The coking coal breakdown estimates that South Africa will provide 2,5m tons of the 1980 total, compared with Australia's 26m, America's 19m and Canada's 10m.

① 260B
② 244
③ 276
④ 78A

Germans may get uranium from SA

STAR 23/4/75

Own Correspondent

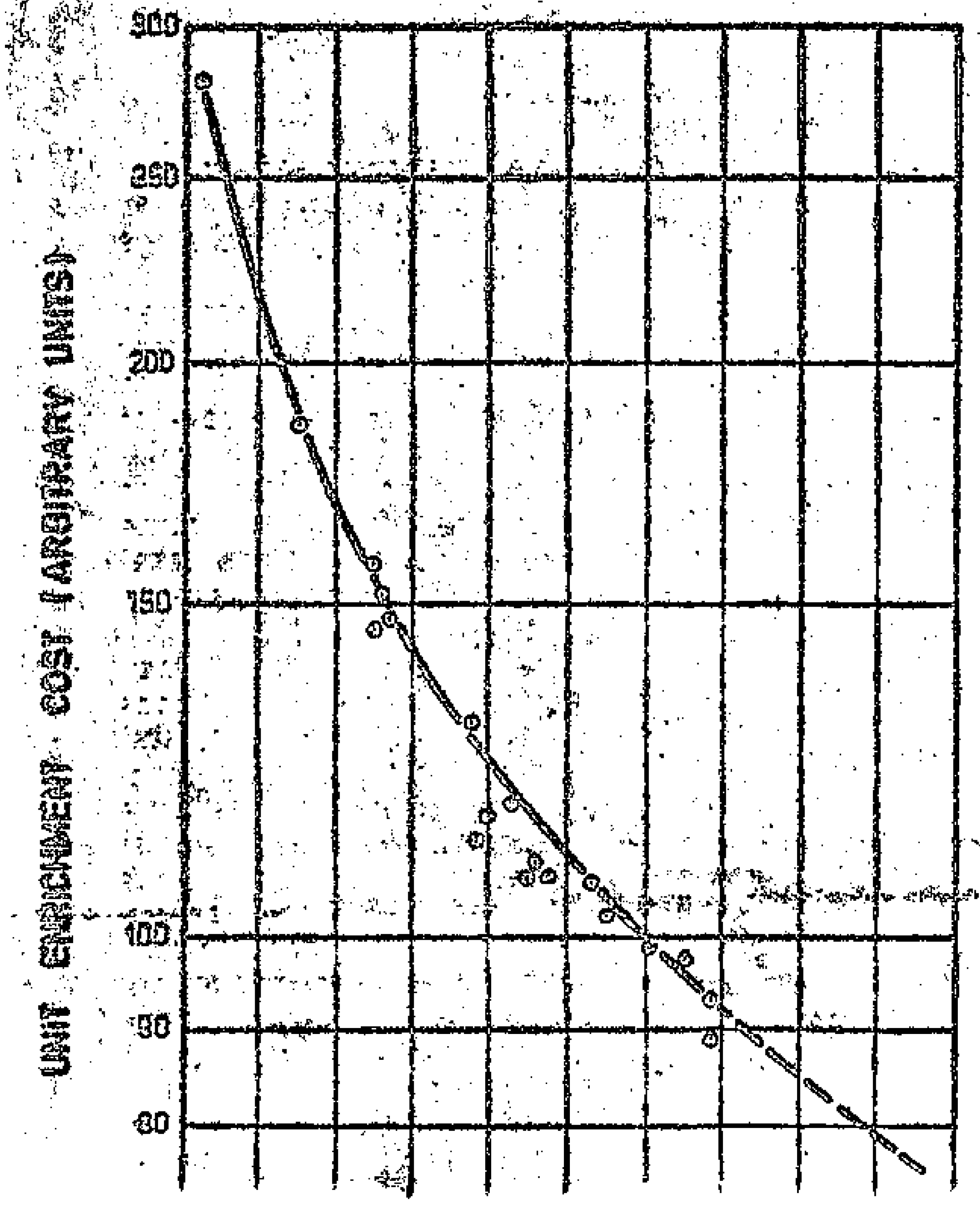
HAMBURG — South Africa has offered West Germany supplies of uranium to help the Germans over any shortage that may arise in their stocks of fissile material.

The Minister of Mines, Dr Koornhof, in talks with West German Economic Affairs Minister, Mr Hans Fridericbs at the Hanover Fair, discussed South Africa's new uranium enrichment process.

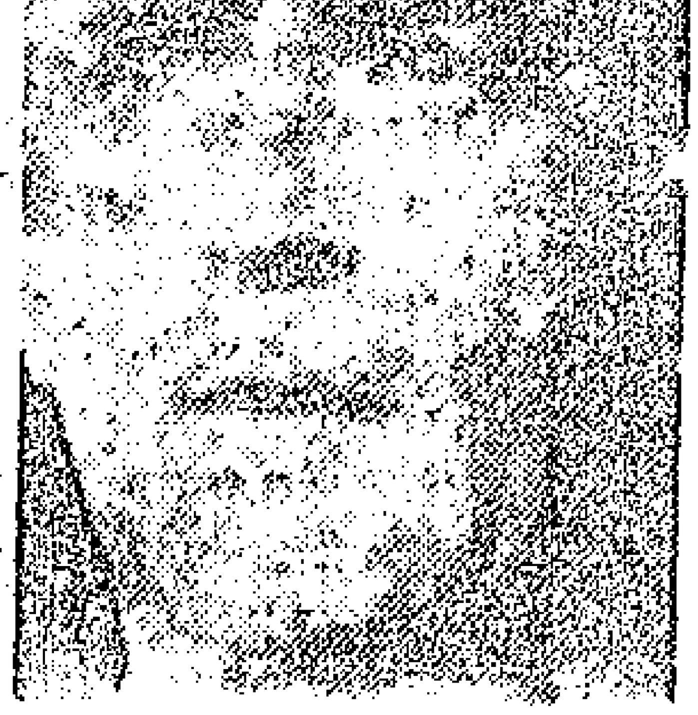
Dr Koornhof stressed the importance of South Africa as a future exporter of fissile material in an interview with the West German Press, in Hanover.

There were no legal restrictions on foreign participation in prospecting for uranium and mining of it in South Africa, Dr Koornhof emphasised, and no protectionist trade barriers were planned by the Government.

A view of part of the interior of the pilot plant — one of the cascade blocks in operation.



Big nuclear plant is planned



PARIS — The South African Government will shortly announce plans to build a 5 000-ton uranium enrichment plant for nuclear fuel manufacture at an estimated cost of R910-million (at October 1974 prices), Dr A J Roux, chairman of the Uranium Enrichment Corporation of South Africa (UCOR), disclosed here.

He also revealed that the process was an aerodynamic one, of the same basic type as the jet-nozzle

78 A

APRIL 27, 1975

TIGER FOOD FOR AFRICA

Afric

S-Times

1. 78A
2. 186

By JON ABBOTT

TIGER OATS is to spend R32-million in the next three or four years on additional facilities to provide food for Africa.

South Africa had a great potential for feeding the many African countries that still have to import food, said Rudy Frankel, chairman of Tiger Oats, when he commented on his review in the company's report published this week.

For this reason and because his company anticipated South Africa's population would reach 50-million by the turn of the century, Tiger Oats was gearing up now to feed those extra millions.

He said that with the exception of one African country, South Africa was exporting very little food to the rest of Africa. Tiger's main export markets are in Europe and the Far East.

He said that with the success of detente he expected South Africa to supply more and more food to the rest of Africa as well as its other export markets.

Tiger's main expansion projects, all of which should be complete in the next two or three years, are:

- A complex at Randfontein costing R20-million or more that includes maize and wheat mills which are already in production plus an animal feed plant that is nearing completion, a bakery, a margarine factory and other facilities;
- A R6-million maize and wheat mill at Richards Bay to meet the growing demand in Zululand and to reduce the pressure on the two existing Durban mills. This should be complete within about two years.
- A R6-million animal feed plant at Paarl, Cape. This is to replace the existing feed plants at nearby Maitland which cannot increase output any further.
- R3-million to increase the refining capacity of Universal Oil Products in Durban. That subsidiary will also be building a new solvent plant, and extra terminal storage facilities of Durban Bulk Shipping are to be built at Maydon Wharf.

During the last year the Tiger group added to its growing list of more than 100 companies by gobbling up the Bloemfontein Prodkor group, a family-owned concern of maize millers and distributors of food and feed products; National Nut and Preserves, processes and distributors of "Little Jay" nut products, and the Willows Mushroom Farms.

Tiger also took a substantial bite out of Kosskorr, manufacturers of "Ma Wagner" pies, by acquiring 50 per cent of the equity and it also purchased a half share of King Food Corporation. King Food produces "King Korn" malt, a prepacked product required for the preparation of Bantu beer.

Tiger also acquired the remaining 50 per cent of the shares of Durban Bulk Shipping which it did not already own, as well as the remaining 33,33 per cent of the shares of Model Bakery.

Tiger expanded its foreign interests by purchasing a 27 per cent interest in the British food company of J. Bibby and Son.

Tiger made a taxed profit of R18-million for the 18 months ended December 1974 on a turnover of R392-million. In his chairman's report, Mr Frankel says that the return calculated on total assets employed is a modest one of approximately 14 per cent before tax. In relation to sales the percentage profit after tax amounted to 4,8 per cent.

He says that industry and commerce are not being helped by the present high interest rates.

"There is little doubt that interest and finance charges have come to be regarded as cost items just like any other expense and this has undoubtedly helped to intensify the rate of inflation.

"The prevailing interest structure is acting as a deterrent to the private sector. This is particularly regrettable in the light of the necessity to increase the rate of industrialisation in South Africa to create employment for our rapidly growing labour force."

R

Japan sells 133 216 cars in SA

STAR 1/5/75

78A

Geoffrey Murray

TOKYO — Japanese auto makers had a record year in sales to South Africa in fiscal 1974 (ending March 31), according to figures just released by the Automobile Manufacturers Association.

As a whole they exported a record 2 575 387 vehicles to the rest of the world, up 18,7 percent over the previous year.

South Africa occupied third place behind the US and Australia, taking 133 216 vehicles against 98 144 in the previous year.

And there's a very good chance the Republic will move into second place in fiscal 1975 because of severe import restrictions imposed by the Australians who have cut Japanese shipments by over 80 percent in the last couple of months.

With a slumping domestic market last year manufacturers made a determined effort to keep afloat with a determined export drive. However, industry sources say exports are bound to be down this year because of a world recession.

There are also demands in Britain, fifth best customer last year, for strict quotas.

● DEARBORN — Ford Motor Co lost 11 million dollars (R7,7m) in the first quarter of 1975, the first time the auto manufacturer has failed to turn a profit in the initial quarter since it went public in 1956.

SA to drill 8 oil wells off Cape

STAR 1/5/75

Own Correspondent

CAPE TOWN — Soekor is preparing to drill up to eight wells off the southern Cape coast in its South African oil search, "and we think the chances are reasonable of finding oil there" a senior official of the exploration company said here yesterday.

Dr K W T Graham, deputy technical manager, told delegates to the country's first National Energy Conference: "Perhaps it is a bit of an exaggeration to speak of a breakthrough, but since December things have really started to clarify."

For the first time, he said, Soekor had "an accurate and healthy knowledge of the geology of the offshore St Francis Basin area, and the company "feels a lot better than before" about further exploration there.

Through consultation with the best people in the world Soekor was now optimistic of oil finds, and while the sumber of possible locations was crystallising every day there were eight pinpointed at present.

REASONABLE

The off-shore rig Sedco K, commissioned for drilling the site, was scheduled to arrive in January next year for a minimum two-year contract.

"I think that the chances are reasonable of finding some oil there," Dr Graham said.

In a paper outlining the search for oil in South Africa, Dr Graham said Soekor was no longer afraid of off-shore exploration:

Expert teams assisted by overseas experts were involved in the exploration.

Dr Graham also said more off-shore drillings would probably be made off the west coast.

Speaking about an off-shore gas find referred to recently by Dr P Koornhof, Minister of Mines, Dr Graham said the site was in a "generally hostile environment." The cost would probably be "rather high."

Optimism on oil ban

Raymond Whitaker

PARIS — A spokesman for the Organisation of African Unity is "optimistic" that Iran, South Africa's main oil supplier, can be pressed to stop fuel exports to South Africa.

Mr Dramane Quattema, the OAU's New York representative, said this yesterday following calls from a world anti-apartheid conference for the OAU to seek 100 percent enforcement of the oil embargo imposed by OPEC.

Mr Ouattema said the OAU had decided recently at Dar es Salaam to make such an approach to OPEC and was seeking UN backing, to broaden support for the measure.

"I am aware that Iran has entered some kind of special relationship with South Africa, but I am confident that the OAU can bring sufficient contrary pressure to bear," he said.

The OAU has appointed a member of its secretariat, Mr Venant Wege, to liaise with all anti-apartheid organisations. He said he was hoping to contact Whites in South Africa who oppose apartheid, and to establish relations with anti-racialist bodies there.

There were two main areas of cooperation between the OAU and anti-apartheid groups, in his opinion.

"We will tackle them in the African states in which they operate," he said, "and on their home ground — western Europe, the United States and Japan."

78A

SA-BRITISH 1975 TRADE FLOURISHING

Ivan Philip STAR 2/5/75

Exports from the United Kingdom to South Africa soared 57 percent in the first three months of 1975 compared to the same 1974 period. And South African exports to Britain also climbed — by a third.

Figures released by the British Department of Trade show the British export figure was R267m compared with R169m for the first quarter of last year. South Africa exported goods worth R207m (R160m) to the UK.

Leading South Africa's export drive were non-metallic mineral manufactures worth R78m (R36m) followed by metalliferous ores and scrap at R28m (R25m) and fruit and vegetables at R18m (R13m).

Britain's main exports to the Republic were non-electrical machinery, transport, and electrical machinery and applicances.

CONSEQUENCE

In all three of these sectors major increases were achieved, ranging from 65 to 78 percent.

As a consequence, South Africa's trade deficit with Britain for the latest quarter was R60m compared with R10m for the same period last year.

A spokesman for the British Consulate General commented that the trade results were "very gratifying."

It was pointed out that the three-day working week in the UK may have adversely affected exports in the first quarter of last year.

INCREASING

On the other hand, said the spokeman, examination of overall South African import figures indicated that the 57 percent rise in British trade was substantially greater than the increase from all areas.

It seemed, therefore that Britain was now increasing its share of the South African market.

Mr Tony Briggs, chairman of the South Africa-Britain Trade Association confirmed that the three-day week had adversely affected British output last year and added that exporters had built escalation clauses into export contracts, thus boosting the nominal value.

On the positive side, he said that there had been far greater efforts on the part of trade missions and exporters. British prices were more competitive and export guarantees were available under very favourable terms.

There had been big orders in the first quarter of this year from the gold mines and transport sector — and deliveries from British manufacturers were now as good as their competitors.

British companies, he added, are pushing exports hard because the demand for capital goods in the UK has declined.

HANSARD 12 Q. 856-7

2 May 1975.

~~1. 265~~
~~2. 220~~
3. 78A

X **St. Croix ore berth: Proposals**

*1. Mr. T. ARONSON asked the Minister of Economic Affairs:

(1) Whether he is now able to say whether he has received any proposals in respect of the St. Croix ore berth in Port Elizabeth; if so, (a) on what date were they received, (b) by whom were the proposals made and (c) when is it expected that a decision will be taken on the proposals;

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

†The MINISTER OF ECONOMIC AFFAIRS:

(1) Various proposals have been received.

(a) The proposals are dated 24 December 1974 and have been supplemented on 3 March and 7 April 1975 by one of the parties as a result of discussions and correspondence.

(b) I am not prepared to disclose the names of the parties involved.

(c) It is not possible to give an indication as to when a decision will be taken.

(2) Not at ths stage.

Mr. T. ARONSON: Mr. Speaker, arising out of the hon. the Minister's reply, can he give us an assurance that this matter will be treated as a matter of urgency?

†The MINISTER: Yes. I would, however, be glad if hon. members would stop publicizing people's private affairs.

Volume of imports will decline—Bank

STAR 2/5/75

78A

Neil Behrmann

The slowdown in business activity, slack demand and high inventory levels indicate that the volume of imports will decline in the next few months.

This is the view of Standard Bank in its latest economic review.

The bank backs this opinion by saying that commercial and industrial inventories rose by R1 600 m in 1974 and that it is unlikely that large additions will take place this year. To meet the demand for goods — which in turn led to this massive jump in stocks — the value of merchandise imports, excluding oil, rose by 50 percent last year.

In contrast to this fast growth, seasonally adjusted imports during the first quarter of 1975 were only seven percent higher than the previous three months.

PRONOUNCED

The downtrend in imports would have been even more pronounced, but for higher prices, huge public sector investment and harbour congestion.

The bank says that excluding sales of Krugerrands exports grew marginally and the only bright prospect is a better than expected outturn of agricultural crops which could free more maize for overseas sales.

Bid to stop arms for SA

Raymond Whitaker

PARIS — A step-by-step plan for implementation of a mandatory arms embargo against South Africa was spelled out yesterday by the Nigerian chairman of the United Nations special committee against apartheid, Mr Edwin Ogbu.

The most representative gathering of anti-apartheid forces ever held called for action against South Africa under chapter seven of the UN charter, which enables the organisation to take any steps necessary, including the use of armed force, to counteract a "threat to peace."

The meeting specified an arms embargo in its recommendations, but in an attached declaration on South Africa it said: "The international community must maintain and strengthen the military, economic, political, cultural and sporting boycott against the South African regime so that it is totally isolated."

Mr Ogbu outlined the following plan:

- After May 30—The deadline for South Africa to reply to the UN's demand to relinquish control of South West Africa — Mr Ogbu intends calling together the African caucus at the UN.
- The Security Council will then be called together.

"The proposal may be passed, with some of the Big Six abstaining," he said.

The proposed arms embargo, which includes radar and electronic equipment, export of patents and know-how, nuclear collaboration, exchanges of military attaches and personnel and investment in South Africa's arms industry, is by far the most concrete recommendation to come out of the conference.

PROTECTION FOR TEXTILI INDUSTRY

Own Correspondent STAR 5/5/75

F

CAPE TOWN — The Minister of Economic Affairs, Mr Heunis, has taken steps to protect the textile industry in its present state of recession, and has also clamped down on import permit malpractices.

Announcing the second-round import permit allocations in the light of prevailing economic conditions, Mr Heunis

● Moved to rescue the textile industry by granting only a 20 percent additional import allocation for clothing. This brings the total of permit issues for this year up to 60 percent of the total for last year.

● Issued instructions to the Department of Commerce not to issue import permits to any firm until it has submitted accounts confirming it is still a bona fide merchant with its own trading premises.

TOTAL ISSUES

Mr Heunis's import permit allocations, other than for clothing, were all an additional 40 percent, bringing the total up to 80 percent of tatol issues last year. These permit allocations were for consumer goods, confectionary and alcoholic beverages.

He said he was concerned about conditions in the textile industry and had decided that importation of clothing should be qept at relatively low levels "until the steps the government had taken to normalise the position in the textile industry had the desired effect. This was why a relatively low issue had been made for clothing."

On the steps he was taking to tighten up the issue of permits, the Minister said it had been brought to his attention that several so-called importers were no longer active in business.

Ivan Philips adds: These moves came after a protracted battle between textile manufacturers, who have had to lay off as many as 10 000 workers in the face of slumping sales, and clothing manufacturers, who claim that they need substantial imports because they cannot get all they need from the local textile industry.

When the Government stepped in last year with what amounted to emergency protective measures to take the pressure off textiles there was a sharp reaction from the clothing men.

On the other hand, there were claims that businesses with little or no previous connection with textiles had begun to import fabrics — encouraged by very competitive offers from overseas exporters who were trying to dispose of surpluses that had built up in the wake of world recessionary trends.

South Africa's textile industry, largely centered on Border areas — and unemployment in these on border areas — and areas touches a particularly sensitive nerve.

( ) See Page 32)

Hansard. 13. Q. column. 896–97.
6 May 1975.

78A

Information on Republic's trade with African States

*14. Mr. C. W. EGLIN asked the Minister of Foreign Affairs:

Whether an official in his Department gave information on the Republic's trade with African States to a representative of a French newspaper; if so, (a) on whose authority was this information given, (b) to what newspaper and (c) for what reason.

†The MINISTER OF FOREIGN AFFAIRS:

As I have already indicated in this House it is not our policy to furnish detailed figures in regard to our trade with Africa. Especially we do not give particulars relating to individual countries. No information on our trade with individual African states, i.e. beyond our known policy, has been given by an official of my Department to a representative of a French newspaper.

(a), (b) and (c) fall away.

Question......................................
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Hansard. 13. Q. columns 897-98
6 May 1975.

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Export quotas for meat

(1) ~~Agri Meat~~

(2) 78A

*16. Dr. F. VAN Z. SLABBERT asked the Minister of Agriculture:

(1) To what firms were export quotas for meat allocated in 1973 and 1974, respectively;

(2) in respect of what quantity of meat were export quotas allocated to each firm in each of these years.

†The MINISTER OF AGRICULTURE (Reply laid upon Table with leave of House):

(1)	(2)	
	1973 (tonne)	1974 (tonne)
South African Meat Producers Central (Co-op.) Ltd.	2 988	1 117
Spekenam Koöp. Bpk.	228	180
Karoo Vleisbeurs Bpk.	595	143
Springbok Canneries (Pty.) Ltd.	201	41
Rand Cold Storage and Supply Co. Ltd.	3 420	1 083
Federated S.A. Meat Industries Ltd.	228	180
Orchid Foods (Pty.) Ltd.	3 582	1 416
Siege Meat Industries (Pty.) Ltd.	5 190	2 056
Brixton Wholesale Meat Supply (Pty.) Ltd.	2 488	776
Imperial Cold Storage and Supply Co. Ltd.	243	180
W. L. Ochse Vleiskorporasie (Edms.) Bpk.	—	180
Braam's Meat Purveyors and Ship Chandlers (Pty.) Ltd.	—	180

IMPORT PERMITS

F.M. 9/5/75

No complaints

78 A

The scant attention given to last week's second import permit allocation for 1975 is an indication of how little importers need extra permits.

With more than adequate stocks on hand and sheaves of unused import permits in their filing cabinets, most businessmen can't complain about the allocation of 40% (bringing permit issues to 80% of last year's figure) for consumer goods, confectionery and alcohol.

The only sector with any cause for grumbles are clothing importers. They've been given only 20% of last year's allocation. It has been known for some time that Imports and Exports Director David de Villiers and his men have been limiting permit issues for clothing to protect the local textile industry. So Economic Affairs Minister Chris Heunis' announcement did not come as a complete surprise.

But the effectiveness of this measure will be significantly diluted because a large portion of our clothing imports comes from Rhodesia — not subject to permit control.

Nevertheless, what will GATT say? Since the General Agreement already frowns on our import control regime, the latest effort to protect the textile industry may not particularly affect international opinion.

In any case, argues De Villiers, the discrimination against clothing importers is likely to be temporary. There are already signs that the textile industry is recovering and, if the trend continues, it shouldn't be long before an extra clothing allocation is made.

The Minister also announced that each applicant for permits will in future have to submit an accountant's certificate confirming that he is a *bona fide* merchant with his own trading premises.

Despite the administrative burden this will place on his staff, De Villiers is determined to catch out those businessmen who have registered companies by the score for the sole purpose of obtaining additional import permits. He notes that more than 2 000 such companies were found when a similar exercise was conducted a few years back.

SWA trade a Japanese worry

78A

STAR 14/5/75

Own Correspondent

TOKYO — Japanese companies concerned are working on the principle that if they ignore the "Namibia problem" it will disappear.

But the current visit here of a United Nations delegation trying to pressure Japan into obeying United Nations decrees on South West Africa, has caused considerable embarrassment, as well as great anxiety over the United Nations threat to confiscate "Namibian" cargoes on the high seas as "stolen property."

Japan's prime concern is a contract signed with South Africa for the long-term import of 8 200 tons of uranium concentrates from the Rossing Mine in South West, beginning next year.

WARNED

The visiting United Nations delegation has been trying to persuade both business and Government leaders to cancel the contract and have no further dealings with South Africa which "would tend to encourage the continued occupation of Namibia as well as its economic explotation."

Japanese companies have also been warned by SWAPO representatives that once independence is achieved the new "Namibian" government will demand compensation for any raw materials removed.

Businesses here are becoming anxious because, with the wholesale withdrawal of American commercial interests, Japan, seemingly, is now the major customer of SWA resources, and this country doesn't like to be in such a politically exposed position.

A spokesman for the Foreign Ministry's African Division commented: "Since the United Nations passed its "Namibia" decree last September the Japanese Government, as a basic policy, has to cope with it positively.

"But the Government will have to consider the issue within the overall framework of its resources policy."

HANSARD 15

Q. 1032-4
23 May 1975.

1. 780

2. ~~189~~

Steel exported/imported

The MINISTER OF ECONOMIC AFFAIRS replied to Question *32, by Mr. H. E. J. van Rensburg:

Question:

(a) What quantities of steel were (i) exported and (ii) imported during the latest period of 12 months for which figures are available and (b) what was the average price per ton in each case.

†Reply:

(a) (i) and (ii) and (b)

Product	Tons exported	Average f.o.b. price per ton	Tons imported	Average f.o.b. price per ton
Profile products	282 661	R142-20	330 247	R252-24
flat products	316 522	R181-23	750 967	R239-34.

Sun Times (Bus Times) 25/5/75

78 A

EXPORTS of electrical machinery and appliances are expected to increase from R20-million to R37-million in the next four years.

This R750-million industry, the third largest consumer of basic iron and steel, has a somewhat limited export potential — largely because of its inability to produce at competitive prices for world markets.

Further, as far as the lighter side of the industry is concerned, many underdeveloped and developing countries have embarked on import substitution schemes of their own.

But as far as the heavier part of the electrical machinery and appliances industry is concerned, South Africa is well placed.

It is poised to secure a larger portion of the rapidly growing demand from the developing and underdeveloped countries, especially in Africa.

Solly Jackson, managing director of R. Jackson, the Johannesburg metal merchandiser, said: "The electrical sector is experiencing quite a solid demand. This is a steady sector of the industry, because as South Africa becomes more industrialised there is an increasing demand for electricity.

"The big consumers in this field are General Electric, Union Carriage and the many manufacturers of switchgear. The metals used are basically copper, aluminium and mild steel," he said.

The industry comprises the production of electrical equipment for the generation, storage and distribution of electrical power —generators, transformers and switchgear; electric motors; electrical apparatus, including household appliances; electric light bulbs; communication equipment — radio and telephones; batteries; and electronic valves.

The production of electric motors and apparatus (excluding cable and wire) responsible for about 28 per cent of the industry's production shows a continual downward trend.

This is due to a slowdown in domestic demand and fierce competition from imports.

This is borne out by the fact that imports as a percentage of local production have increased from 50 per cent in 1967 to about 63 per cent.

Production of electrical machinery and cables at present stands at R191-million (projected at R258-million in 1979) and other electrical appliances and equipment at R255-million (R403-million in 1979).

Imports of machinery and cable are R148-million (R280-million projected for 1979) and other appliance and equipment come to R132-million (R228-million in 1979).

Most imported products consist of heavy capital goods, such as electric motors, generators, transformers, electric furnaces, transmission and reception apparatus, switches and circuit breakers.

In general the industry has a low level of protection, which limits its ability to satisfy a larger part of the local need.

Total domestic demand is expected to rise from R327-million to R516-million in 1979 — a relatively rapid increase.

A substantial part of the industry's products — consisting largely of parts and components for maintenance and replacement purposes — is taken up by industrial users.

One notable exception is the construction industry, where products are used mainly for the construction of new buildings, or for the construction of overland electricity transmission lines.

F.M. 16/5/75

78A

Oh, Big Brother!

When the Second General Law Amendment Bill (now Act 94 of 1974) was published last year, Harry Schwarz MP warned that Section 2, which controls the flow of corporate information between SA and abroad, was so wide it would inhibit foreign investment.

That may have been an extreme view, but the measure has nevertheless caused sufficient nervousness and uncertainty to result, according to Commerce Secretary Joep Steyn, in a "steady flow of applications" to government from the business community for permission to furnish information to overseas principals. According to a spokesman in Steyn's office, an official in Pretoria has been specially detailed to deal with them.

This is no surprise. Section 2 is widely phrased and the penalties are severe (R2 000 or two years).

When the Bill was introduced in the Senate on October 28 last year, Minister of Economic Affairs Owen Horwood confirmed Senator Monty Crook's surmise that the measure was designed to protect officials of De Beers. When in the US, they risk being arrested and brought before a court to answer questions under the US anti-trust laws.

In an interview this week, however, Steyn and his deputy, Tjaart van der Walt, added a new dimension:

"SA refuses to submit to the kind of inquisition implied by the House of Commons sub-committee White Paper published towards the end of last year, which calls on UK companies with SA operations to incorporate all sorts of information about their SA interests in their annual statements. We will not stand for that sort of thing."

Referring to De Beers, Steyn argues that, had the measure been designed specifically for its protection, the clause would have been worded differently. Then why didn't his Minister say so when he took part in the Second Reading debate?

Senator Piet Swanepoel (UP) proposed an amendment to the wording of the section, making it clear it would be an offence to pass on business information *only* if this was done in compliance with any order, direction or letters of request "issued by or emanating from a court of law or governmental or statutory authority".

He and other UP Senators feared that, unless the source of such order or direction was clearly defined, the section

Joep Steyn . . . adding a new dimension

would have an extremely wide meaning and create confusion. It would, for example, include requests for information from non-government sources and so inhibit normal business practice.

This week Joep Steyn told the *FM* the information clamp was only being applied in cases where it was being sought as a result of an order served by a foreign government or its agencies on a holding company with an SA interest or subsidiary. Yet a Commerce Department directive this month to the FCI on the interpretation of the measure warns:

"Care should be exercised when information is requested by a foreign principal from a person over whom the law in SA has jurisdiction if the information is not normally supplied or not normally required by the foreign principal to conduct its business." This goes far beyond, say, labour and wages.

Recently, the Cabinet decided that where a foreign company holds less than 50% of a company registered in SA, the Minister will refuse permission for information to be sent abroad in response to an order issued by a foreign government. Foreign-controlled companies in SA should, in any event, refer requests for information to the Minister who "in applying his discretionary power, will treat each case on its merits".

Such applications should be accompanied by a copy of the questionnaire required to be completed by the SA company and by a copy of the company's proposed replies.

On March 21 this year, the position of SA exporters was clarified by

THE ACT'S EFFECTS

Overseas reaction to the corporate information curbs ranges from deep concern (Ford) to disdain (Polaroid).

Ford says it did not publish its annual report on employee conditions in SA this year because its counsel in SA warned it might violate the law.

IBM, however, takes the view that the SA authorities would invoke the law only if requested information were to find its way back to SA; that there would be no objection if such information is used outside the country.

Polaroid says it has no corporate presence in SA and doesn't care about the law. Its products are handled by an independent distributor, Frank and Hirsch. The latter, says Polaroid, has been providing information on its "efforts to upgrade occupational standards for non-Whites" all along.

The International Labour Organisation, however, has dropped SA from two studies of world employment standards because of the new law.

The ILO is probing pay scales and working conditions in the oil and metal-working industries. Ford, GM, Fiat, Siemens, Philips and General Electric are among the companies being canvassed.

ILO spokesmen told *FM*'s correspondent that at a meeting held last week, the companies protested at having to submit data on SA operations because of the new law and the ILO — since the studies are voluntary — decided to drop SA from its listing. (SA dropped out of the ILO in 1964 — the first conflict it had with any UN affiliate.)

ILO officials concede that they have no clear idea of what the new SA law actually requires — nor, they say, does anyone else. But they recognise there could be danger for participating firms so, in the interest of the larger goals of the two surveys, they thought it would be best to avoid trouble.

Government Notice R532 which permits them to furnish information to foreign governments in respect of export products.

Though these directives narrow the field of uncertainty a little, a vast area of confusion remains. For example, Jimmy Kruger, Minister of Police, says the law has been widely framed because there may be extra-judicial authorities in other countries "which are entitled to order all sorts of investigations".

What does this mean? Does this include newspapers, universities or research institutions seeking information of an economic or social nature? No one in authority will say. It is, like so many areas of government-business relationships, disturbingly at the discretion of the Minister.

Question.............................

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78A

Steel industry pours R2 000-m into future

25/5/75

Sun Times (Bus Tms)

ABOUT R2 000-million is expected to be invested in the iron and steel industry between 1973-79, with Iscor — producer of 72 per cent of South Africa's steel — bearing the brunt.

The basic steel industry is capital-intensive and unlike the long-term demand for its products — which increases at a relatively even rate — production capacity increases in a series of steps.

Before each enlargement of productive capacity, local supply is often unable to meet local demand. This switches to over-capacity as expansions are made, resulting in a continuing yo-yo situation.

Since 1969 the local steel industry has had increasing difficulty in meeting the expanding local demand.

More steel has had to be imported — from a relatively low value of R38-million in 1969 to R110-million in 1973.

Indications are that steel imports last year and this will be even higher.

One of the problems is that steel mills of international standard take several years to come on-stream.

New schemes need careful planning and timing.

In the State's new Economic Development Programme, large expansion projects will gradually come on-stream and will enable the industry to cope with new demands.

EDP planners have projected an increase in production of 10,2 per cent a year until 1979.

The planners believe that imports will decline from the high level of R110-million in 1973 to only R51-million in 1979.

Exports of basic steel products increased rapidly — by 12,1 per cent — between 1963 and 1973. Apart from the large contribution that came from the export of basic steel, the growth in the export of ferro-alloys also played an important part in the industry's commendable export performance.

Taking into account the planned large extensions to local productive capacity of steel in particular, coupled with the strong possibility of an export-oriented steel mill to be located at Saldanha Bay, the export target growth rate of 12,2 per cent a year — envisaged by the EDP —seems to to be within the industry's grasp over the next five-year period.

Domestic demand is expected to expand at a much slower rate than that of production and its growth has been set at only 7,1 per cent a year over the 1974-79 period.

This large growth differential is mainly attributed to the high rate of import replacement as well as the expected rapid growth in exports.

The main domestic industrial consumers of basic iron and steel products, in order of importance, are:

- Metal products;
- Machinery (other than electric);
- Electrical machinery and appliances;
- Transport equipment;
- Construction (especially civil engineering);
- Transport and communication.

Basic iron and steel products are: pig iron; ferro-alloys and steel products, such as billets, blooms, slabs or bars; hot and cold rolled and drawn products, such as sheets, tin-plate, terne-plate and black-plate; strips, rails, rods, wire rods and wires; castings and forgings.

To match the overall projected expansion in production, employment must grow at a rate of 6,7 per cent a year from last year to 1979.

However, thanks to automation, training and better use of its labour force, a relative improvement in the semi-skilled and skilled labour position could occur.

There is also the lure of recent wage rises in the iron, steel, engineering and metallurgical industries, which added up to 15 per cent to the wages of 70 000 Whites and 250 000 Black workers.

On the basis of a 46-hour week, the new increases mean the top minimum wage in the industry (for Whites) is now R87,40 a week.

Although the wage gap between Blacks and Whites substantially widened, in percentage terms the Blacks won rises almost twice those of White workers.

HANSARD 16 Q 1049 - 1052
27 MAY 1975

78A

Export Trade Promotion Services

*14. Mr. H. A. VAN HOOGSTRATEN asked the Minister of Economic Affairs:

(1) What amounts (a) were (i) allocated to and (ii) actually spent on Export Trade Promotion Services in 1973-'74 and 1974-'75, respectively, and (b) will be allocated in 1975-'76 to such Services;

(2) whether private industry makes optimum use of the financial incentives offered under these Services; if not,

(3) whether any reasons have been given to his Department why such use is not made of these incentives; if so, what reasons.

†The MINISTER OF ECONOMIC AFFAIRS (Reply laid upon Table with leave of House):

(1) (a) and (b) The subheads under which provision is made in the Vote of the Department of Commerce in respect of Export Trade Promotion Services for the three financial years concerned are as follows:

1. Trade publicity and exhibitions.
2. Financial Aid to the South African Foreign Trade Organization.
3. Financial Aid to Trade Missions to and from the Republic.
4. Exporters' Finance charges.
5. Financing of interest rates in respect of the Export Credit Re-insurance Scheme.
6. Interest Equalization to the South African Canned Fruit Export Board.
7. Financing of interest rates in respect of stocks held in warehouses abroad by exporters.
8. Renting of warehouses by exporters for the storage of goods abroad.
9. Expenses incurred by exporters in respect of approved primary market research abroad.
10. Expenses in respect of joint market research abroad by industrial organizations, marketing boards and similar organizations.
11. Cost of electricity used for the refining of base minerals.
12. Expenditure incurred by exporters in respect of airfreight on perishable produce.
13. Levies on export goods.
14. Special export railway tariffs.
15. Special railway tariffs for the transport of raw materials from the interior to export industries at the coast.
16. Compensation to the South African Airways in respect of special export airfreight tariffs for perishable produce from coastal cities.

The following are the amounts allocated and spent during the financial years (the 1974-'75 expenditure figures are still of a preliminary nature):

	1973/1974		1974/1975		1975/1976
Item No.	Allocated	Spent	Allocated	Spent	Allocated
1	46 000	384 000	472 000	446 380	563 000
2	155 000	155 000	165 000	165 000	175 000
3	255 000	26 000	150 000	109 384	160 000
4	7 975 000	4 836 000	8 000 000	8 760 690	8 500 000
5	1 000 000	192 000	250 000	—	600 000
6	41 000	—	—	—	—
7	500 000	—	50 000	—	50 000
8	250 000	—	50 000	34 988	50 000
9	200 000	—	50 000	2 416	50 000
10	200 000	—	200 000	9 626	50 000
11	2 000 000	—	2 000 000	2 636 202	5 000 000
12	—	—	380 000	176 662	500 000
13	—	—	100 000	26 747	100 000
14	22 300 000	7 400 000	20 000 000	9 330 573	18 000 000
15	1 500 000	—	1 400 000	—	1 400 000
16	—	—	150 000	102 802	240 000

(2) No.

(3) No, the exporters did not furnish reasons why they did not make optimum use of the incentives. In the opinion of the Department of Commerce exporters did not make full use of the concessions for the following reasons:

(a) The functioning of the schemes only penetrated gradually to exporters and for this reason the Department of Commerce was compelled to arrange seminars to inform exporters of the benefits which the facilities provided for them and which procedures they had to follow to avail themselves of these benefits.

(b) In practice it appeared that some forms of incentives appealed less to exporters than others. It will be observed, for example, that moderate overspending occurred under items 4 and 11.

(c) Many of the promotion schemes represented new fields and the Department of Commerce was unable to budget for the requirements with relative accuracy and it had to rely to a great extent on the findings and recommendations of the Reynders Commission as well as sample tests which had been taken. In some cases the amounts estimated were, therefore, of too liberal a nature while in other cases, again, they were too conservatively estimated.

(d) The slower tempo of economic growth in the Republic's most important export markets, as well as the delays to ships in South African ports and the disruption of activities in the port of Lourenço Marques, caused our exports not to attain the levels which were expected at the time when the 1974-'75 budget estimates were prepared.

FM. 30/5/75 (781)

BANDA'S BALANCING ACT

Reports that Tanzania is to get "boats from the East" for use on Lake Malawi is threatening to re-open the dispute over the Lake's boundaries. This would come at an awkward time for Malawi, which has found itself caught by the changing tide in Southern Africa.

It would threaten President Kamuzu Banda's fence-mending exercise with Black Africa, which has included numerous contacts with Tanzania, a State visit to Zambia in February, and the appointment of a Minister to the OAU.

These closer ties with northern neighbours have done little to change increasing trade with SA. For the first three quarters of 1974, SA moved into first place as a supplier.

Since the trade agreement in 1967, SA has increased its share of Malawi's imports from third place and a humble 7,6% of the market to 22,8% by the end of September last year. This has been mainly at the expense of Rhodesia, whose share has dropped from 39% in 1964 to 14% in 1973 (latest figures available).

The increase in purchases from South Africa has been largely a result of aid projects tied to the use of SA materials. These include a loan of R11m for the construction of the Nacala rail link and a loan of R8m for the construction of the first phase of the new capital Lilongwe.

After the publicity given to the first loan, both SA and Malawi have become coy over admitting that the rest of the R22m needed for the capital's construction also comes from SA. The loan of R19m for a railway between Lilongwe and the Zambian border is again tied to South African material and will give imports from SA another boost.

On the negative side of the two countries' increasing economic involvement is Malawi's decision to ban recruiting for SA's mines. So far President Banda has given no sign of relenting, though it may be that he is waiting to see which way Mozambique jumps.

In the meantime, the economy has shown it is capable of surviving without the South African mines. According to Minister of Finance Dick Matenje's March Budget, Malawi's foreign reserves stood at K68,5m (R54,3m) at the end of 1974, the equivalent of five months' imports.

Annual real growth in 1974 was 5%, in spite of a bad agricultural season and the dismal international scene. Imports remained static in volume but increased by 36,5% to K156m (R124m) due to increased prices, particularly of petroleum products. Exports compensated to some extent by an increase of 25% in value to nearly K100m (R79m), in spite of a drop in volume.

Malawi's foreign exchange receipts have had considerable help from the quarrel between Zambia and Rhodesia. Zambian tobacco, previously processed in Rhodesia, was a major contributor to Malawi's K12,9m (R10,2m) of re-exports in 1974.

Malawi Railways earned K1,2m (R1m) from shifting Zambian traffic in 1973 as a result of the border closure. A similar boost was given to the tourist industry, again at Rhodesia's expense. Visitors to Malawi increased from 33 000 in 1972 to 51 000 in 1973. Last year saw an 8% fall-off, mainly due to climatic factors.

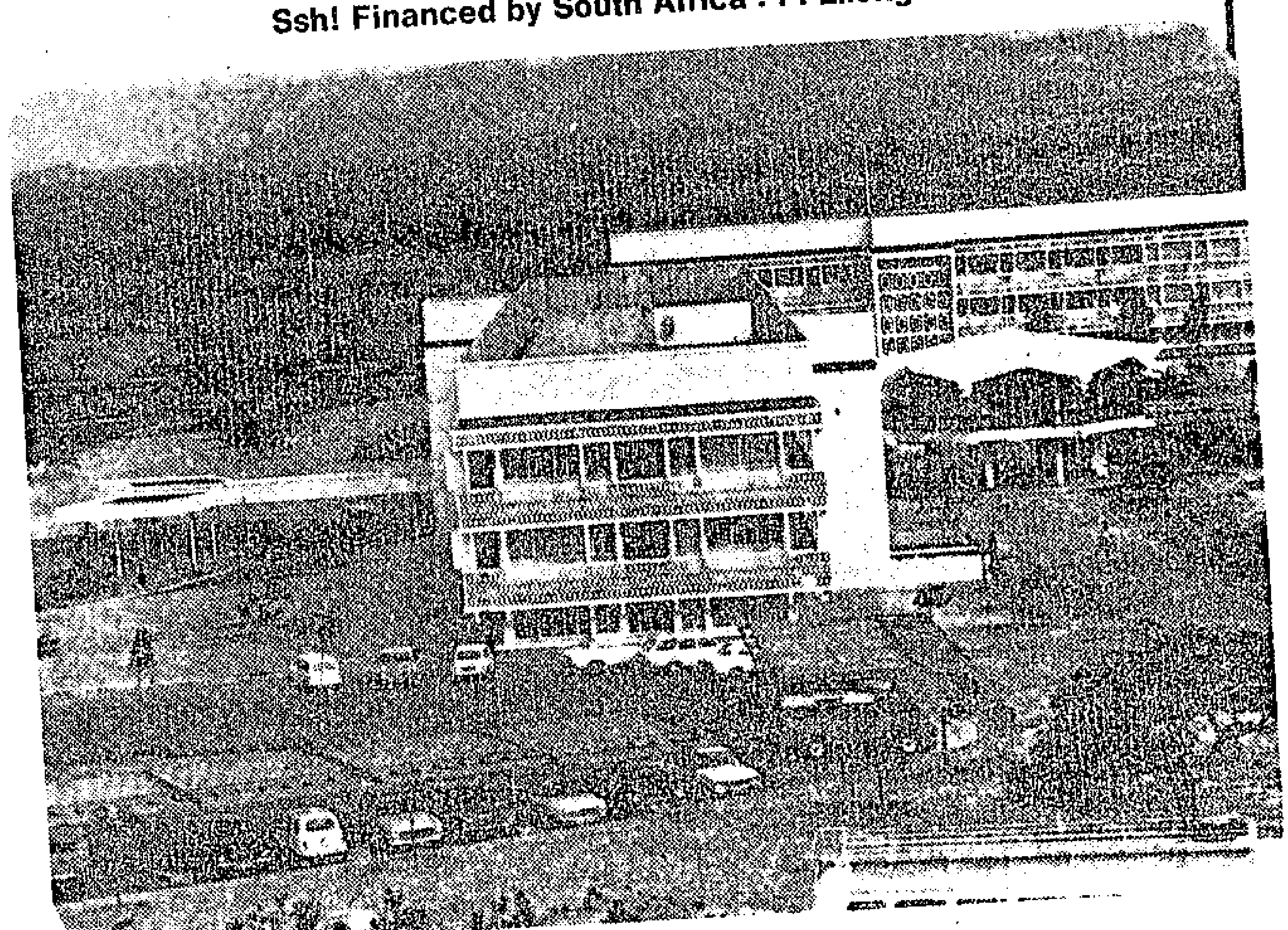
Malawi has thus been in the happy position of picking up the pieces of its neighbours' quarrels. However, guerrilla action in Mozambique in 1973 and early last year several times cut Malawi's rail links with Beira, serving as a reminder of its vulnerability.

Again, the canny Banda hedged his bets. By allowing Frelimo guerrillas to use southern Malawi he insured himself against (and contributed to) the Portuguese withdrawal.

A quarrel with Tanzania could spoil all this good work. Presumably the Tanzanians want to use their Lake Malawi boats for a service to Mozambique, with which political ties are stronger than transport ones.

Malawi also knows only too well that any action taken against Rhodesia by Frelimo after June 25 will hit Malawi's still-important trade with that country. And it's also a grim reminder that Malawi's future trade with SA can be conducted only with the blessing of Frelimo.

Ssh! Financed by South Africa . . . Lilongwe



FM. 30/5/75 (78A

ECONOMIC RELATIONS

Following détente

Trade follows the flag. So the International Association of Commerce and Economic Students (Aiesec) is following up détente moves with an examination of economic interdependence at its 9th Congress, to be held in Bellville, Cape on July 3-4.

Major drawcard is likely to be General Meir Amit, president of Koor Industries and a former chief of Israeli army intelligence. He will deliver a paper on *The Meaning of Interdependence.*

Johan Munnik, congress convenor, says of General Amit: "He was one of Israel's top fighting men who played a decisive role in the struggle for Israeli independence and is now engaged in that country's struggle for economic independence. He is now chief of the country's largest industrial group with 65 manufacturing enterprises in Israel."

Another speaker is Dr Norman Napo Raditapole, former Secretary for Agriculture in the Lesotho government and currently head of the agriculture department at Edesa, Anton Rupert's Swiss-based Development Bank for Equatorial and Southern Africa. He will deliver a paper on *Interdependence in Agriculture.*

Other participants are Dr Frans Cronje (chairman), Dr Henry Olivier (*Interdependence in Energy and Water*); Dr Wim de Villiers of General Mining (*Interdependence in Mining and Labour*); Anson Lloyd of the SA Foundation (*The Economic Future of Africa and the Possibility of a Southern African Economic Community*); Dr Jan de Loor, Deputy Secretary for Finance (*Interdependence in Finance*); Dr Piet Kieser of Safto (*Interdependence in Trade*). Assocom's Executive Director, Raymond Parsons, will sum up.

In addition, says Munnik, an invitation has been sent to Dr Robert Gardiner, Executive Secretary of the Economic Commission for Africa, to speak on *The Importance of Economic Co-operation between Countries in Southern Africa and Equatorial Africa.*

Businessmen from Zambia, Malawi and Lesotho have been invited to deliver papers.

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THE ARGUS, FRIDAY JUNE 6 1975

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Trade gap with Britain up R61-m

Financial Staff

SOUTH AFRICA'S adverse trade gap with Britain jumped dramatically to R65-million for the first four months of the year. A year ago imports exceeded exports by only R4-million in the first four months.

An upsurge in imports reflects the improvement in the South African economy and heavy buying of British equipment and goods.

Local exporters, however, did better, in spite of worsening business conditions in Britain, for exports rose from R237-million to R284-million for the first four months.

Imports of R240-million a year ago jumped almost 45 percent to R349-million.

In April, South African merchandise exports to Britain reached R82-million, against R72-million in March and R81-million in April last year.

Imports from Britain in April were almost R82-million against R88-million in March and R71-million in April a year ago.

The South African trade deficit was R60-million in the first quarter compared to R10-million in the first quarter of 1974.

A year ago Britain was hit by a three-day working week which lowered British exports in the first quarter of 1974.

But as a result of a big sales campaign, her exporters look like increasing their share of the South African market.

SA trade links

Argus 9/6/75

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The Argus Correspondent

JOHANNESBURG. — South Africa's success in detente in Southern Africa would make it increasingly easy for the European Economic Community to come to terms with major opponents to a trade relationship with this country.

Mr W. B. Holtes, chief executive of Safto, told a conference of the SA Institute of International Affairs in Pretoria on Friday that detente might also be extremely important in the country's broader economic and political relations with the EEC, the United States and Japan.

It might be instrumental in securing future investment in the total Southern African complex from Western Europe and the United States.

'This could be an important factor in the years to come owing to the tremendous shortage of capital in a world where insufficient creation of new capital takes place due to an excessiviely high rate of inflation and insufficient savings,' Mr Holtes said.

INDICATION

South Africa's successes in obtaining foreign investment for its homelands in South Africa would give a clear indication to its neighbouring territories to what extent it might be beneficial to them to join forces with South Africa in approaching the world markets abroad for investment funds.

He added that the structural problems relating to transport and harbour situations were of immediate and particular importance.

It was absolutely essential for South Africa to play its fullest role in world trade, and to have infrastructural facilities

Finance 2

which were not only sufficient for its own domestic requirements, but which also met the requirements of its neighbours and fitted in with the requirements of the world business community.

Dr C. L. Stals, general manager of the South African Reserve Bank, said that South Africa must play a major role in the monetary affairs of southern Africa.

Dr Stals said that during the past few years the South African Reserve Bank met the diverse requirements of Botswana Swaziland and Lesotho. Independence of the homelands and the changing situation in Mozambique, Angola and Rhodesia, widened this horizon further.

Dr Stals said that, at the end of last year, South Africa finalised economic and financial agreements with Swaziland, Lesotho and Botswana. These agreements included the linking of their currencies to the rand, foreign exchange control and access to the South African money and capital markets.

He said that there would have to be more agreements with other surrounding countries and because of the strength of the rand and developments in Mozambique, Angola and Rhodesia, the South African authorities should concentrate on monetary arrangements within Southern Africa.

HANSARD 18 Q. 1132

12 June 1975.

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Kruger Rands

338. Mr. T. ARONSON asked the Minister of Finance:

(1) (a) What was the total number of Kruger Rands supplied by the South African Mint in 1973-'74 and 1974-'75 and (b) how many of these were sold (i) overseas and (ii) in South Africa;

(2) (a) what was the total income from the sale of Kruger Rands (i) overseas and (ii) in South Africa and (b) what was the average price obtained in each case, during these financial years;

(3) what was the total number of Kruger Rands manufactured by the Mint in the period 1 January to 31 May 1975;

(4) what was the total (a) number sold (i) overseas and (ii) in South Africa and (b) amount realized in each case during this period;

(5) what is the anticipated total number of Kruger Rands to be manufactured by the Mint in 1975-'76, 1976-'77 and 1977-'78, respectively.

The MINISTER OF FINANCE:

The South African Mint's statistics are not kept in terms of financial years but in terms of calendar years. The reply is, therefore, expressed in terms of calendar years.

(1) (a) 1973—859 300.
1974—3 203 675.

(b) (i) Overseas:
1973—792 100.
1974—3 009 000.

(ii) South Africa:
1973—67 200.
1974—194 675.

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Offer of visit is rejected

STAR 13/6/75

Own Correspondent

PERTH — The Australian national executive of the Campaign Against Racial Exploitation (CARE) has turned down an invitation by the Woolworths organisation to send a representative free of charge to South Africa.

Mr Les Stone, a Cape Coloured migrant from Cape Town who serves on CARE's West Australian committee, said the national executive in Sydney, headed by a South African fugitive student leader, Neville Curtis, had refused the invitation "they would show us what they thought we should see in places like fish processing plants."

Mr Stone said CARE was planning major demonstrations against South Africa across Australia this year.

DEMONSTRATIONS

The West Australian branch of CARE has just started its current anti-South African campaign by demonstrating outside Woolworths supermarkets in Perth suburbs. The purpose is to try to discourage the public from buying South African fish and other goods of which Woolworths is a major distributor.

A top executive of Woolworths Western Australia Limited said today: "We will not be intimidated. We will sell any goods which Australian law allows us to sell."

Iran holds a key for S African exports

RDM 16/6/75

Industrial Editor

SOUTH AFRICAN companies seeking export markets should look at the Middle East, and Iran in particular, according to the South African Foreign Trade Organisation's manager for that region.

Mr David Markham, who has just returned from a tour of the area, warns exporters that the only way they are likely to succeed in these markets is to meet potential customers on their terms.

In a report in Safto's monthly journal, Safto Exporter, Mr Markham gives some suggestions.

Companies going into these areas must give prices on a CIF and F basis in an internationally acceptable currency, preferably American dollars. They should also be prepared to guarantee prompt and consistent delivery.

Iran is the Middle Eastern country providing the greatest potential for South African exporters, particularly where joint ventures are contemplated.

Goods in demand include chemicals, automotive parts and accessories, machine and hand tools, as well as raw materials for the whole spectrum of industry.

A point to bear in mind is that Iran appears to be running into a short-term liquidity problem, says Mr Markham.

There is a growing tendency for some Iranian importers to go for goods which suppliers can provide with favourable extended payment terms. In many cases the price and quality of the goods is of secondary importance to the availability of credit.

On joint ventures, Mr Markham says it is now no longer sufficient for a South African company to offer only specialised skills and technology. It must also contribute at least 30 per cent of the capital required.

Of the other Arab states, Dubai still appears to be reeptive to trade with South Africa. It could prove to be a satisfactory means of broaching other markets along the Persian Gulf, for it acts as a market place for other states. There are also regular shipping facilities.

SEMINAR

Companies requiring more detail on these Middle Eastern markets would benefit from attending a seminar Safto is holding in Johannesburg on June 26.

The seminar will concentrate on Iran.

Mr W. E. McKay, of the Standard Bank, and Mr D. H. Lewis, director of Creal and General Exports, will provide information on how to negotiate payments and give details of the situation there.

There will be discussion on how to invest in Iran and the tax and legal aspects involved.

Other speakers will deal with shipping links, and how several companies have already penetrated this market.

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NOW SA AIMS TO BE STEEL EXPORTER

STAR 20/6/75

Fanie Kruger,
Industrial Editor

Increases in the price of steel varying between 13 percent and 17 percent, averaging 15 percent, were announced today by the Secretary for Industries, Mr P F Theron.

At the same time, the levy on imported steel was increased by R2,90 a ton.

Mr Theron says the South African steel industry has had to import steel at prices as much as 50 percent higher than the locally produced steel.

The average 15 percent rise is understood to be what the industry sought from the Government.

OUTPUT COSTS

One of the main reasons for the increase is that the Government wants to make South Africa not only self-sufficient, but also to become an exporter of steel when there is an upswing in the economies of the country's trading partners and the present stagnant international steel market revives.

At the same time the production costs of steel producers, the main one being Iscor, have soared.

Wage increases have raised Iscor's wage bill by about R14m while coal prices have put about R35m a year on the full bill.

The financing of the cost of each ton of steel sold has increased by 50 percent to R27 in the past year alone.

A hefty increase in the steel price became inevitable when Iscor dropped heavily into the red in the year ended June 1974 and showed a loss of R37 603 000, compared with a profit of R3 954 000 the previous year.

Despite an increase of about 25 percent in the steel price from June last year, it is expected that Iscor will again suffer substantial losses in the year ending on June 30.

Iscor is busy with multi-million rand expansion schemes, including the Sishen-Saldanha ore export project, the new works at Newcastle, big expansion at Vanderbijl and Pretoria.

The corporation is planning even further expansion in the Pretoria area, to keep pace with expected future demand after catching up with the present backlog.

During the past financial year, R504 496 000 was spent on expansions.

The increase on the levy of imported steel by R2,90 a ton is less serious. Imports totalled 531 000 tons in the last financial year.

This was expected to drop to about 196 000 tons in the first half of this year and to 65 000 tons during the second half.

After this South Africa should slowly switch to the position of an exporter of raw steel and semi-processed steel on an expected rising international market.

Waiting for the West

F.M. 20/6/75

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Non-gold exports are stagnating. And no sustained revival is in sight until next year — after our major trading partners' economies have picked up

A healthy balance of payments is a vital base for the next business upswing, expected to get underway early next year. So far the spotlight has fallen on contributions from lower imports, stepped-up capital inflows and a higher gold price.

How about non-gold exports?

Last year, merchandise exports ran to a record R3 345m or about 15% of GNP. Though this year's earnings (to April) are 14,4% up on the corresponding months of 1974 (R1 362m as against R949m), this merely offsets cost inflation at home.

Exporters have certainly felt the icy winds of recession blowing from the major industrial countries. Market prospects, particularly for minerals, depend above all on recovery in the US, Europe and Japan, the first signs of which are beginning to appear.

The **diamond** trade, for instance, is looking for stronger demand in September and October, particularly from the US, which takes about half of total world production. The market is quiet at present ahead of the Antwerp holidays next month.

WHAT'S UP — AND DOWN

	Exports Rm		
	1974	1975 — 1st half (estimate)	1975 — 2nd half (guesstimate)
Diamonds	370	175	195
Maize	227	135	121
Sugar	233	120	90
Copper	192	60	70
Platinum	150	75	50
Wool	130	65	55
Citrus	92	35	61
Deciduous fruit	84	95	25
Manganese	65	45	40
Canned fruit (excl pineapples)	60	15	35
Asbestos	58	30	40
Wheat	36	—	—

Chief victim of the slowdown in demand has been high-quality large stones (over two carats), and De Beers will no doubt concentrate on the marketing of these stones in the months ahead. Demand for smaller stones has held up well and stocks are low.

Platinum earnings for the year will be significantly affected by the slump in the producer price which stood at $190 an ounce for six months of 1974 but is now at only $155.

Though producers need a substantially higher price to maintain profitability, their ability to up selling prices depends above all else on international demand.

The market has absorbed a large amount of metal in the past two years and the immediate outlook for an improvement in industrial demand is not rosy. The jewellery market is still holding firm though. Demand and prices could, however, improve in the wake of a further weakening in sterling and the dollar and a rise in the gold price.

Manganese earnings are barely affected by changes in the free market price, as ore is sold on annual contracts which ensure a stable income. Though export volumes this year will probably be much the same as 1974, receipts should be up.

Continuing firm demand, despite the steel industry slowdown and high stock levels, can probably be ascribed to importers taking advantage of favourable freight rates. But fatter stockpiles mean that demand is unlikely to rise significantly soon, despite the likelihood of a pick-up in steel production towards the end of the year.

The expected turnaround in Western economies should have a particularly marked effect on **copper**. For the time being though, the market is still in the doldrums. US brass and copper mills are running at only 40% of capacity and stocks are high.

Compared with an average 1974 London Metal Exchange copper price of £877, the average so far this year has been around £550. Prices have been held up by sustained "long-term investment" buying, but no improvement is likely before September.

SA's copper export receipts depend heavily on LME price levels, as any change in the price is invariably for the purchaser's account.

A morsel of good news is that, despite weak demand, SA is likely to export a greater quantity this year thanks to its reputation as a reliable supplier, in contrast with production cutbacks by Cipec member countries.

Asbestos exports will be well up on last year's levels. World supplies have been slashed as a result of fire at one Canadian mine and a pit collapse at another, as well as a four-month long strike.

Demand for asbestos has been helped by its use in irrigation, sewage and housing projects in the newly-rich oil-producing nations. In addition, asbestos cement has become more competitive following steep hikes in steel and plastic prices.

Largely as a result of the oil crisis, demand for **uranium** is also booming. There is a current dearth of supplies following delays in construction of nuclear power stations and consequent production cutbacks a few years ago.

Prospects for farm exports are generally not too bright. Last year's R36m **wheat** bonanza, for instance, will not be repeated. The current crop is only just big enough to meet local demand and there is no exportable surplus at all.

On the other hand, it should be remembered that SA is not normally a net wheat exporter. The size of next season's crop will only become clear early next year.

Canned fruit exports have also taken a knock: sales so far this year are only half those for the same period last year.

Heavy stockpiling at the beginning of 1974 and a 25% slump in consumer offtake are most to blame. But the Canned Fruit Export Board is hopeful that 1975's total sales will pick up to reach about 75% of 1974 earnings.

Main reasons for the Board's optimism are the advertising campaign being mounted in Europe and the stability of canned fruit prices, other than at distribution points. Prices have not been raised at all this year, thus sharpening the competitiveness of this product.

This year's **maize** crop of 10,5m tons comes close to last season's record 11m. Moreover, the Maize Board expects to export 3,5m tons in 1975 (2,1m last year). The sharp increase is because very little maize left the country in the first six months of 1974.

Two factors may dent SA's earnings:

- Rail and port congestion has already compelled the Maize Board to cancel three cargoes this week. More cancellations could follow;
- The price outlook is bearish. As a

Pulling in the dollars . . . SA's chief export commodities

result of slack demand for feedgrains and signs of a good US crop later this year, Chicago market prices have slipped from over R100 a ton last October-November to around R70.

SA tender prices (and thus export receipts) tend to follow Chicago prices quite closely, though at a premium to the latter since local prices are quoted free alongside elevator (fae), while the Chicago price is an internal one. There is also sometimes a discrepancy in white maize prices, as the Chicago quotation is for yellow maize.

Lower world prices will also hit **sugar** earnings. At the start of the current season (May 1) estimated foreign earnings were R250m. But with the subsequent drop in the London Daily Price (because of slack demand, large stocks and expected bumper crops) and with a fair amount of the season's export crop still unpriced, earnings are now likely to be considerably lower.

Judging from futures prices on the terminal market (last week about $130 a ton for March to October next year), another upward spurt to match last year's leap is unlikely.

Deciduous fruit has had a record season. All plums, peaches and almost all grapes have already been sold, though some 40% of the apple crop (which makes up the bulk) still has to be disposed of.

Since most buyers are in the middle and upper income brackets, the drop in real incomes has barely affected the demand for fruit. The German market has been especially buoyant. Bad news for the coming season is that a massive French apple crop is in the offing.

Foreign demand for **wool** has picked up recently, particularly in Germany and

Oranges . . . a roaring start

France. Thus, while the Wool Board had to withhold about 20% of offerings between September last year and mid-April, all wool offered in the past two months has been sold.

While the Board is optimistic that most of the supply will be taken up when auctions resume in September, prices will probably be close to the reserve level. Significant price rises are unlikely until the end of the year. Hopes are centred on the Japanese who bought only 1m bales this season but could be in the market for up to 1,5m in 1975/76.

The **citrus** season got off to a roaring start in terms of both volume and prices. Mediterranean countries were able to sell almost all their fruit before SA entered the market, so stocks are low.

The Citrus Board is confident demand will remain high for the rest of the season, despite competition of lower-priced fruit from Brazil, Argentina and the US. Partly to meet this competition, the Citrus Board is marketing a slightly lower grade fruit — known as Odda — in selected markets.

On balance, the outlook for the main props of our export trade over the next half-year is much the same as for the first half of 1975 and not much different from 1974. And while the economies of our major trading partners remain in the doldrums, the performance of other, smaller exports is unlikely to be much better.

So, until the much-heralded revival abroad actually becomes reality, our hopes and fears for the current account will continue to be focused on gold. And at the moment that's not particularly reassuring.

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TEXTILES F.M. 20/6/75

(1) 78 A

Same old yarn? (2) 197

Often at odds with one another the textile and clothing industries are, with any luck, about to return to the conference table.

For some years, and particularly in the textile manufacturing sector, various sectional interests have clashed.

Also, textile producers have wailed that they can't get by without high tariff protection or import control, or both. Garment manufacturers, on the other hand, have complained that they can't get what they want when they want it.

Something, quite clearly, had to be done (*FM* May 23).

The textile industry has been in the doldrums for some time — both here and overseas. There have been more than 1 000 retrenchments in SA since April. Total lay-offs have topped 10 500.

Thus the so-called dumping of cheap cloths from similarly hard-pressed manufacturers around the world has led to cries of protest from domestic textile producers. Especially since order books are now 40% lighter than a year ago.

Problem was that the various factions in the textile sector, rather than get together and present the Board of Trade & Industries, with a common front, have persisted in knocking on the Board's door with individual cries for help.

On June 1 and 2 the BTI therefore invited representatives from the clothing and textile industries for concurrent talks. The idea, it seems, was for the Board to explain its views on tariff protection and import control policies. The opportunity was also taken to suggest that the various interests get together to find common ground.

The idea was neither breathtaking nor revolutionary. In February 1974, for example, the clothing and textile industries got together and agreed on levels of tariff protection for woven fabrics. Details of that agreement were never made public and, though due to become effective on July 6, they've never seen the light of day.

There's also the now all but defunct Textiles Apparel Committee of the FCI. It was set up more than two years ago to create an open forum for discussion. Members from the clothing sector, however, refused to even discuss questions of tariffs and import control, never mind agree on general policies.

Now, and concurrent with the talks at the Board of Trade, another attempt is being made at seeking co-operation in the textiles manufacturing sector. A steering committee has been set up under the chairmanship of Cedric Graham, MD of Feltex Fabrics at Uitenhage.

Initially embracing spinners, weavers, dyers, finishers and knitters, the committee is aiming to create a body equivalent to the garment makers' National Clothing Federation. A draft constitution is currently doing the rounds and it could be that a federation of textile manufacturers, or similar, will result.

"Such has been the upheaval in the textile industry," says Graham, "that capital investment has been at a dangerously low ebb for some years. And unless we can get it together, and quickly, a serious shortage is in the offing."

Graham must also be conscious of the fact that the prime objective of the embryo committee must be to engender not only a spirit of co-operation, but to create a mood of confidence. Only then will investors be drawn back into an industry which, says the Department of Planning, needs another R191m capital investment to sustain the required 6,5% pa growth rate over the next five years.

But there's hardly that ring of confidence yet.

FRANCE, S.AF[illegible] IN ENT[illegible] CORDIALE

SUNDAY TIMES Correspondent

PRESIDENT Valery Giscard d'Estaing of France has made a major policy decision to increase and strengthen his country's relations with South Africa.

He has major plans in the financial, industrial, defence and diplomatic spheres — though he has not announced it in public.

His defence experts are urging him to sign a treaty to succeed Britain in Simonstown.

France also wants a bigger share of the South African trade cake. Last year it was a mere R240-million — only one-fifteenth of total French trade with the African continent.

France is anxious to win a South African contract for a R1 000-million nuclear reactor, and was the first to put in a tender for it.

France also wants to build a uranium enrichment plant in South Africa, instead of a projected plant in Australia, at a cost of more than R1 000-million.

France has also invested millions towards the [illegible] of four container ships for Safmarine. These [illegible] ply the Cape Town–Le Havre route.

Other French fields of investment include a project to build a telecommunications space satellite and another to modernise South Africa's telephone service.

French arms sales are still a carefully shaded area, but Mr d'Estaing has made it clear that he will never agree to an arms embargo. The South African Minister of Defence, Mr P. W. Botha, recently ordered two French Agosta-type submarines.

Britain's abandonment of the Simonstown treaty [illegible] at a moment when France has decided to strengthen its military presence in the Indian Ocean and not abandon [illegible] area like Britain.

Simonstown would be ideal, enabling France to use it for both its Atlantic and Indian Ocean fleets.

Meanwhile the abrogation of the Simonstown treaty was described by Mr Julian Amery, one of Britain's most experienced defence experts, as probably the most "dangerously foolish" military blunder in post-war Britain.

In the Middle East, South Africa [illegible] soon to upgrade the status of its diplomatic representation in Israel to full embassy level.

[illegible] sources said [illegible] of the [illegible] purposes of Dr [illegible] visit to Israel last week was to discuss the issue with senior Israeli leaders.

The Department of Foreign Affairs yesterday officially admitted that the accreditation of South Africa's consul-general in Lourenço Marques, and consul in Beira, ends on Tuesday.

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ILO hits apartheid 'trading partners'

78A

STAR 25/6/75

Raymond Whitaker, London Staff Reporter

GENEVA — South Africa's economic partners were sharply criticised yesterday at the International Labour Organisation, with Britain singled out for a particularly heavy attack.

The occasion was the tabling of the ILO director-general's 11th annual report on apartheid, and the half-hour debate was filled with African invective against the three big powers who vetoed South Africa's exclusion from the United Nations — Britain, France and the United States.

Lip-service

They and other Western nations, were accused by an African trade unionist of being as bad as traffickers in heroin and morphine because of their economic links with apartheid.

Mr Alun Morgan, the British Government delegate, tried to reaffirm his government's commitment to oppose apartheid and "all it means" and expressed "abhorrence" of apartheid.

But the following speaker, Mr Dennis Akumu, secretary-general of the Organisation of African Trade Union Unity, was loudly applauded when he told the conference:

Future action

"Britain nourishes its investments in South Africa and, in common with other NATO countries, it has an agreement to supply South Africa with all the arms it needs — that is indeed paying lip-service to the principle of opposition to apartheid."

He remarked bitterly: "It seems racism is only bad when it works against Whites, not when Whites inflict it on Blacks."

The Dutch worker delegate, Mr C N M Commandeur, said: "The search for profits has no limits. The most sordid interests of capitalism are considered to be above human dignity and justice."

Mr Commandeur is the secretary of the Netherlands Catholic Federation of Trade Unions.

The hardest-line speech came from Mr P Macha a worker delegate from Tanzania, who urged support for the guerrilla movements and called on the director-general to name South Africa's economic allies with a view to future action.

But African frustration with the failure to bring down apartheid was expressed most forcefully by Mr Gilbert Pongault, secretary of the African Committee for Trade Union Co-ordination of Action against Apartheid, who made the "drug traffickers" accusation.

Cooled

American tempers at the ILO seem to have cooled following a walkout on Monday night. After boycotting the first vote yesterday — a record vote condemning Chile, held over from Monday night — the American Government and employers' representatives took their seats again in the ILO assembly.

It is understood that the United States delegation has accepted the apology of the ILO president for an incident on Monday night, when he failed to see the government delegate, Mr Edward Persons, who was trying to speak.

Some comfort for the Americans was afforded when a vote to exclude the Chilean worker delegation failed through the abstention of more than half the delegates.

The US delegation had been against the move.

78A

W German drive to expand trade with SA

Cape Times 26/6/75

Cape Times Correspondent

BONN. — West Germany regards South Africa as an "outstanding" trading partner and expects last year's record 32 percent jump in trade between the two countries to expand even further in the next few years, a Bonn Economic Ministry spokesman said yesterday.

He was commenting on the fact that Germany last year overtook Britain as South Africa's largest trading partner.

He said Germany's need for raw materials and the Republic's need for industrial goods made the two "ideal partners".

Bonn stood by the principle that economic and political ties were separate, and that trade did not imply political support for any foreign government's policies.

There was "no question" of Bonn trying to regulate wages paid by German companies in South Africa to their Black employees.

EXPORTS

German exports to South Africa — mainly machinery, vehicles, electronic goods and chemicals — climbed a massive 52,4 percent to 3,6 billion deutschmarks or approximately one billion rands last year.

Pretoria's exports to the Federal Republic increased 35 percent to 2 billion deutschmarks or R500m and were largely made up of raw materials (for example gold, chrome nickel, copper, wool).

Sales of finished products — (mainly Kruger rands, according to informed sources) — reached R117m.

German investments in SA soared 36 percent to R120m. In spite of the increase, South Africa slipped from third place among Germany's overseas suppliers in 1973, to eighth place in the first quarter of 1975.

This is due to the vastly increased value of oil imports from Opec countries into West Germany, which has placed countries like Iran and Libya ahead of the Republic.

The spokesman said Germany — which has virtually no domestic raw materials — would need increasing quantities of most South African metals and minerals, particularly, in view of Germany's programme to boost domestic nuclear power, uranium

Commenting on charges by the German anti-apartheid movement that Bonn's trade links promoted apartheid and its hitherto unsuccessful call for a withdrawal of investments in South Africa, the spokesman said: "The West German Government does not share this view. On the contrary, one must ask whether investment does not, in fact, improve the position of the Blacks.

DISTINCTION

"We maintain a distinction between trade and politics. That means that political difficulties which may crop up — for example at the United Nations — should not be allowed to hinder economic exchange."

Asked about recent proposals by a church study group on South Africa, by which the Government would regulate working conditions of Black workers in German companies, the spokesman said: "The German Government itself does not carry out any trading and investments and therefore has no means of regulating conditions. We don't prescribe to companies what they should do here, and we won't do it in South Africa either."

78A

F.M. 27/6/75

UNBROKEN EGG RECORD

Eggs are one commodity that consumers get at bargain prices — cheaper than anywhere else in the world except South America and Spain. And, happily the Egg Control Board confirmed this week that no imminent consumer price hike is expected, even though the producer price of eggs was raised by 1,5c/kg to 37,25c/kg, earlier this month, against a retail price of around 60c.

What forces are at work in this industry, which is controlled by a non-subsidised statutory board and where there is no wholesale or retail price fixing?

"Healthy, controlled surplus of production is the necessary evil which sets this trend of stable prices through fair competition" — that is how the ECB describes its policy.

- **Healthy surplus:** local consumption is growing at a rate of 8%-12% pa, and production is seasonal. Production always outstrips demand, sometimes by too big a margin for comfort.
- **Controlled surplus:** Under the Production Control Act, the Minister of Agriculture is empowered to restrict additional output.

The only minimum fixed price is that which packers pay on the floor to producers, and is calculated to give only a marginal profit, not to encourage overproduction.

Until this month the minimum price had not been increased since December 1973. The uncontrolled wholesale and retail prices have remained low as there have been no shortages. From the producers' point of view, it is not a high profit margin business and still involves too many people. Stricter control over expansion may be needed.

- **Export losses:** ECB buys up surpluses for export — mainly as egg pulp. Last year, because of this, it incurred a R3m loss due to sharp increases in freight costs and packaging.

This loss is recovered from consumers by a 3c a dozen levy. The ECB feels the consumer is paying considerably less for eggs now, than would have been the case had it not ensured there was a surplus throughout the years, by a fine balance of encouragement on the one hand and control of output on the other.

This ECB policy might sound like a very elementary lesson in economics, but it could be food for thought for other agricultural control boards.

SA trade with booming Iran is expanding

78A

STAR 26/6/75

Industrial Editor

Iran, with a booming economy and destined to join the ranks of the major industrial nations of the world, has considerably expanded trade with South Africa in the past five years, Dr F Sotoudeh, Consul-General for Iran, told a Safto conference in Johannesburg today.

Dr Sotoudeh said that Iran follows an independent policy and now has trade partners in most parts of the world.

"We feel that in the wide world where economy plays a major role in relations between the nations, differences in ideology and systems of government should not be a barrier to a good trade partnership."

Referring to the good economic relations between Iran and South Africa, he said that he had found that South Africans were keen to have contacts with Iran.

According to the Ministry of Commerce of Iran, the value of goods imported by Iran from South Africa increased from about R2,7m in 1969 to about R24m in 1973 and in the first half of 1974 it was R47m.

Iran's exports to South Africa have also increased correspondingly, although the most recent figures show a slight decline.

With a population of 33m, Iran has an annual development rate of 40 percent.

On the programme for today's Safto conference or Iran, Mr D J Markham, regional manager of Safto for the Middle East, speaks on Iran as a market and other authorities dealt with payment negotiations, investment and taxation and joint ventures.

In a recent report published by Safto, Mr Markham said that Iran offers the greatest potential in the Middle East for South African businessmen.

78A

SA call for trade links in Africa

ARGUS 3/7/75

GREATER economic co-operation between the states of Southern and Equatorial Africa was advocated by the Minister of Economic Affairs, Mr J. C. Heunis, at Bellville today.

Spheres which he suggested as holding potential in this respect were:

- Increased trade exchanges between the nations of the region, to offset losses of marketing opportunities by their geographical isolation from the big markets of the world and the tendency towards agricultural protection among the developed nations.
- Joint initiatives for diverting to this region a greater portion of the investment capital and trained manpower available elsewhere.
- Joint exploitation of the region's tourist attractions.

SA OFFERS

From South Africa's side, it could offer other states in Southern and equatorial Africa:

- Technical proficiency in the agricultural, pastoral and mining fields.
- Limited amount of capital to promote the economic advancement of the region as a whole.
- Medium-term credit facilities to help other states to finance the purchase of capital equipment from South Africa and industrial, mining and infrastructural projects of an income-generating nature using expertise of South African companies.

Mr Heunis was addressing the congress of the South African branch of the international Association of Commerce (AIESEC) on the growing inter-dependence of the states of equatorial and Southern Africa.

COMMON INTEREST

He believed the states of the area had been inclined to place too much emphasis on their differences, instead of looking at the many fields in which they shared a common interest and in respect of which co-operation could bring lasting benefits to their peoples.

It was necessary that all differences between the nations of the area be removed before they could live in peace and work together for their mutual benefit.

Differences continued to exist between other nations of the world, but these did not prevent them from co-operating with each other in a constructive manner in all fields of common interest.

The basic objective of co-operation between nations was the improvement of living standards and the progress of

78A

ARGUS 4/7/75

EUPHORIA DANGER SEEN IN DETENTE

IT WOULD BE dangerous to see recent detente moves in Southern Africa from the standpoint only of the Republic of South Africa, the chief economist of the SA Federated Chamber of Industries, Mr A. Hammond-Tooke, said in Bellville today.

'The fact is that detente, like happiness, means different things to different people,' he told the congress on economic interdependence between countries in Southern and Equatorial Africa.

Mr Hammond-Tooke said in a paper to the congress it would be foolish for anyone in South Africa to believe great new vistas of economic imperialism had been opened up, or even that South Africa could and should become the great catalyst for development on the continent.

VITAL ROLE

'I believe that we in South Africa have an important and indeed vital role to play in the future of Africa. I do not believe, however, that we should be apostles for a new pan-Africanism, preaching the kingdom of economics as the new religion of salvation of the continent,' he said.

Referring to economic conditions in Africa, Mr Hammond-Tooke said unemployment was increasing in most independent African territories and food production was decreasing in some states.

He felt it was necessary to dispel the present 'aura of euphoria' which had tended to creep into thinking in South Africa in regard to detente. If South Africa were to assist countries in Africa, it had to be fully cognisant of the real problems that faced them in development.

'We must beware of the self-righteousness of the Samaritan who gave alms to the poor,' Mr Hammond-Tooke said.

There was a danger South Africa might be pictured as 'the font of all aid and economic assistance' and claims on South Africa from neighbouring territories, including its own Bantu homelands, might become an intolerable burden on its economy.

In providing economic aid to Africa, South Africa had to become acutely aware of the fact that interdependence implied a measure of dependence.

Claims for economic assistance on South Africa from other countries in the sub-continent could be expected to increase substantially. South African business should timeously expand the Republic's production capacity in the expectations of the new trade and aid demands.

78 A

WINE EXPORTS TO UK UP

Business Times 5/7/78

Weekend Argus Bureau

LONDON. — South Africa was the only major country supplying wine to Britain which showed an increase in shipments and their value in the first five months of the year, according to overseas trade statistics issued by the Department of Trade.

These show Britain's wine imports during May as being down 34 percent in volume and 27 percent in value against May last year. The total value in May stood at R11,6-million.

But the five-month figures are even more depressing — in one sense — and so enhance the South African success.

Total wine imports in the period were down by 72 percent against the same period last year, and down in value by 19 percent, to R58-million.

Against this, imports of wine from South Africa rose by 23 percent in volume and close on 37 percent in value of R1,3-million.

West Germany was South Africa's closest rival in terms of percentages. German wine arrivals were down by nearly 4 percent in volume but up by nearly 7 percent in value to R61-million.

The Cape Times, Thursday, July 10, 1975

(78A)

Rail jam: 50 trains idle

(78A)

Cape Times 5/7/75

By PAUL DOLD

Financial Editor

SOUTH AFRICAN clothing manufacturers are to make a new application to the Board of Trade and Industries for effective measures to prevent the dumping of foreign-made clothing, industry sources disclosed yesterday.

Last year it is estimated that about one in five garments sold in South Africa were imported. The total value of imports in the 12 months, including handkerchiefs, was R57,6m.

Hong Kong was the main supplier (R10m), followed by the UK (R4,3m), the US (R3,2m), Taiwan (R2,8m), South Korea (R2,1m) and France (R2m). Local factories are worried about the high level of imports from the Far East.

South African manufacturers are to approach the Board of Trade around the middle of next month and it is understood that they will be pushing hard for the adoption of more efficient procedure to stop dumping. Under the Gatt regulations, the system is complicated and time-consuming with examinations having to be made of the manufacturers' books. Of course, not all Gatt members play by the rule book. Australia, at the insistence of its clothing industry, has taken quick and effective action to stop dumping.

Any steps to stop dumping by South Africa normally involves at least three Government departments, and by the time action is taken the damage has been done There seems certain to be a request for a basic floor price coupled with a duty.

Employment in the knitwear industry is down by 20 percent on a year ago, and it is clear that the local industry will receive a sympathetic hearing.

With about 800 factories making clothing in South Africa, there is certainly no lack of competition. The industry has also been helped by the National Productivity Institute, and over the past year some progress has been made.

The Cape Times, Thursday, July 10, 1975

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Rail jam: 50 trains idle

Cape Times Correspondent

EAST LONDON.—About fifty trains laden with goods for export and domestic use are lying idle in sidings in the Transvaal because a huge volume of traffic has clogged the South African rail network.

Rail traffic to Natal, which had been stopped completely on Tuesday was moving slowly again yesterdy but on a restricted basis, in an effort to overcome the backlog which is seriously affecting deliveries of cement and maize throughout the Republic.

The public relatons officer of the SAR, Mr T du Toit, said that 45 trainloads had been "staged" in the Western and Eastern Transvaal on Tuesday.

"We were forced to stop traffic to Natal completely. However, the situation has eased slightly and we are accepting traffic again. The traffic is still being restricted until the situation returns to normal."

EMPHASIS

Mr Du Toit said that the reason for the jamming of the network was the emphasis the Railways had placed on the delivery of coal for the winter months.

"We expect the situation to improve as the winter passes," Mr Du Toit said.

Meanwhile the executive director of the South African Cement Producers' Association, Mr V L Houreldt, has denied that there is a shortage of cement as such, and placed the blame for shortages on the Railways.

"Shortages of cement are affecting Natal, especially the North and South Coast areas, the Eastern Cape, and parts of the Orange Free State.

"A similar but not so serious shortage is being experienced in the Transvaal."

AWARE

He emphasized that the Railways were aware of the situation and were doing everything possible to alleviate it.

Restrictions placed on traffic to Natal were likely to have a serious effect on the export of cement to Iran and other countries, Mr Houreldt said.

"I must emphasize that I am not optimistic about the shortage and warn the cement users to expect sporadic shortages over the whole of South Africa except the Western Cape.

"I must also repeat there is no shortage of cement at the factories."

The maize shortage, which has lasted from the beginning of June, is likely to ease with the allocation of 12 000 maize trucks to the Maize Board.

Trades union pressure

STAR 15/7/75

78 A

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ACCRA — The Organisation of African Trade Union Unity (OAUTUU) has initiated a move aimed at stopping the flow of migrant labour and goods to South Africa as part of a world-wide trade union action against apartheid.

Mr J D Akumu, secretary-general of the organisation based here, told a Press conference yesterday that discussions on the issue had started with the World Federation of Trade Unions, the International Confederation of Free Trade Unions and the World Federation of Labour.

Mr Akumu, however, expressed concern over the recent visit to South Africa by trade union representatives from Britain and the US. He said their action was in conflict with the 1973 International Trade Union resolution against apartheid.

Mr Akumu said the trade unions in Britain and the United States had, however, not indicated whether they would join the world-wide action. — Sapa-Reuter.

78A

French interest in SA mining

ARGUS 17/7/75

DURBAN. — France is interested in the rare minerals and advanced technology to be found in South Africa, a top French politician has said here.

Mr Jean-Philippe Lecat, a former minister of information in the Pompidou Government, is on a three-week tour of South Africa as head of a French Government committee studying the problem of the world's decreasing supply of raw materials.

'Here you have interesting achievements in technology and there are many materials, such as minerals, that France would like to have,' said the 40-year-old MP.

There is a great opportunity for co-operation between France and South Africa.'

PRESIDENT

He indicated a specific interest in uranium — the mineral which is a by-product from gold mining — and the operation of producing oil from coal at Sasolburg.

At the end of the tour, Mr Lecat will meet the Minister of Information, Dr C. P. Mulder, and the Minister of Mines, Dr P. G. J. Koornhof, in Pretoria.

During his two-day stay in Durban, he has met the State President, Dr N. Diederichs, and discussed the sugar industry with senior officials. He has also invited Kwa Mashu and the Tongaat Sugar Estate.

'I was very impressed with facilities at Tongaat for the different race groups,' said Mr Lecat. 'This problem of relationships between the peoples of South Africa is the subject of very important debate in France.'

On political relationships between the two countries, he would say little, except that French foreign policy was not to interfere with internal problems of other countries, but to continue trying to force closer economic links.

78A

TENTATIVE U.S. RULING COULD HIT SA EXPORTS

17/7/75 The Argus Correspondent

JOHANNESBURG. — The tentative ruling by the U.S. Treasury that imports of ferrochrome from South Africa must be regarded as 'subsidised' and should carry a heavier 'countervailing' duty may confront the whole SA export programme with serious new posers.

In fact, it may open a Pandora's box for a number of nations around the world that offer special incentives to exporters of a wide range of goods.

For South Africa, it could mean a second look at the whole pattern of export incentives operated under the plan that emerged from the report of the Reynders Commission on export promotion.

Under this plan, ferrochrome exporters enjoy a number of benefits — including reduced electricity charges and rail rates and tax deduction of overseas promotion costs.

SERIOUS

The implications of the U.S. Treasury's tentative ruling are serious. Estimates for South Africa's ferrochrome production for this year range around 500 000 tons, worth about R65-million, and the industry is expanding rapidly.

Among major South African groups engaged in the production of ferrochrome are Barlow Rand, Anglo Transvaal and Amcor. Two big plants are now being built by Johnnies and by Union Carbide in partnership with General Mining.

If the U.S. decides to apply the subsidy ruling over the whole spectrum of imports, the repercussions will be very widespread.

It is well known, for instance, that industries, several of them with big export ambitions, have been set up or are planned in the homelands and border areas.

These industries enjoy a wide range of special incentives, ranging from cheap infrastructural services to housing subsidies and what amount to tax holidays. Financing is made particularly easy for them at attractive interest rates.

A sizeable proportion of South Africa's Black population relies increasingly on these industries for its livelihood and hopes for future development.

POLLUTION

The South African Government has not yet made its position on this matter public — and ferrochrome exporters, on the assumption that almost any statement could rebound and that the position is still in the melting pot, appear unwilling to commit themselves.

78A

SA EXPECTED TO CHALLENGE U.S. ON CHROME

18/7/75 The Argus Correspondent

JOHANNESBURG. — The South African Government is expected to challenge the tentative ruling of the U.S. Treasury to the effect that SA ferrochrome exports are 'subsidised.'

Diplomatic sources say that a reply has already been sent to the US Government.

A spokesman for the US Consulate in Johannesburg agreed that the ruling had potentially wide ramifications — particularly as it is now revealed that about 30 products from several other countries in the EEC and South America are likely to be affected.

The US move results from the passing of a new Trade Reform Act last year which was intended to clarify the US position on an international basis in readiness for the multilateral trade negotiations now taking place in Geneva.

It is also learned that many Americans are concerned that damage inflicted on the SA trade in ferrochrome could drive the US into greater reliance on supplies from the Soviet Union which, besides South Africa and Rhodesia, is the only other major supplier of chrome.

Questioned on whether the US Government had been able to establish if supplies from the Soviet Union were also 'subsidised', the US Consulate spokesman pointed out that in terms of the new Act the US Treasury only made determinations when complaints were laid.

He agreed that if a complaint were laid in respect of the Russian supplies action would have to be taken. Nobody, to his knowledge, had laid such a complaint, yet.

Meanwhile, Dr H. J. J. Reynders who led a commission that recommended special incentives to promote the beneficiation of South African ores, said

Finance 2

yesterday that he believed that all these recommendations were within the provisions of the General Agreement on Tariffs and Trade.

He pointed out that the United States had its own problems with GATT over the export of agricultural products.

He believed that South Africa should continue with its policy of encouraging beneficiation — and added that he would make exactly the same recommendations even now.

(78 A) Financial Editor ARGUS 18/7/73

SOUTH AFRICA'S monetary authorities, who would like to see an improvement in this country's balance of payments, will probably regard the June trade figures today with mixed feelings.

The figures show that the long-awaited decline in imports has begun. This item declined last month to R410,3-million — the lowest monthly import figure this year.

But exports last month dropped as well — to R279, 7-million, again the lowest monthly figure this year, resulting in the visible trade deficit for the month at the not inconsiderable figure of R130,6-million.

For the first six months of the year, South Africa had an adverse balance of R783,7-million, compared with R749,5-million in the same period last year, figures published by the Department of Customs and Excise show.

NOT GOLD

The figures, which do not include sales of gold, show that from January to June goods valued at R2 743,5-million were imported, while goods worth R1 959,8-million were exported.

In the same period last year goods worth R2 215,8-million were imported, while exports came to R1 466,3-million.

Imports from the various world zones, with the figures for last year in parentheses, were:

Africa, R109,7-million (R118,3-million); Europe, R1 629,2-million (R1 261,1-million); America, R533,1-million (R416,5-million); Asia, R410,3-million (R370,1-million); Oceania, R48,1-million (R38,6-million); and other unclassified goods R13,1-million R11,2-million).

Exports, with the figures for last year in parentheses, were:

Africa, R225,3-million (R211,5-million), Europe, R1 094-million (R885-million); America, R291,3-million (R168,1-million); Asia, R314,1-million (R198,6-million); Oceania, R17,8-million (R20,8-million).

Other unclassified goods; R1,1-million (R1-million) and ships' and aircraft stores, R16,2-million (R11,3-million).

	Imports Rm	Exports Rm	Deficit Rm
June	410,3	279,7	130,6
May	475,5	318,0	157,5
April	477,4	346,3	131,1
March	449,2	337,9	111,3
February	445,2	312,8	132,4
January	485,9	365,1	120,8

S Africa 'economic power of the future'

Cape Times 18/7/75

(78A)

Mr Lecat

SOUTH AFRICA was one of the economic powers of the future, a former Minister of Information in the French Government, Mr Jean Philippe Lecat, told journalists in Cape Town last night.

France was taking the lead in increasing trade at all levels between South Africa and Europe, he said. Mr Lecat is on a tour of South Africa as a guest of the South Africa Foundation.

At present a member of the French Government's raw materials committee, Mr Lecat lost his Information portfolio when his Government changed after President Pompidou's death.

He said that the press and television could play an important part in changing the attitude of European countries towards South Africa.

He said that the average Frenchman knew little about South Africa or its problems. If these problems and what South Africa was doing to solve them were presented fairly in the press and on television in Europe, public opinion would change.

"I plan to try and arrange a series of television programmes on South Africa in France," he said.

France did not interfere in the internal problems of other countries, and did not allow other countries to interfere in France's policies.

South Africa's policy of détente with African countries was an encouraging sign, and he did not envisage a clash between France and the French-speaking African countries over French-South African relations, Mr Lecat said.

UK trade mission

Cape Times 19/7/75 (78A)

YET ANOTHER high-powered British trade delegation is coming to South Africa. The Manchester Chamber of Commerce and Industry is mounting its second trade mission to the Republic and arrives at the Rand International Hotel in Johannesburg on July 8.

The mission will also visit Durban and Port Elizabeth and arrives in Cape Town (the President Hotel) on July 22 and leaves on July 27.

Local business men who would like to meet the mission are asked to contact the British Consulate.

The leader is Mr R W Brocklehurst, managing director of Neuss, Hesslein, Kempton Ltd, export organization of the Haighton and Dewhurst group. They manufacture furnishing fabrics, printed, single-sided and duplex brocade weaves as well as cotton and rayon piece goods.

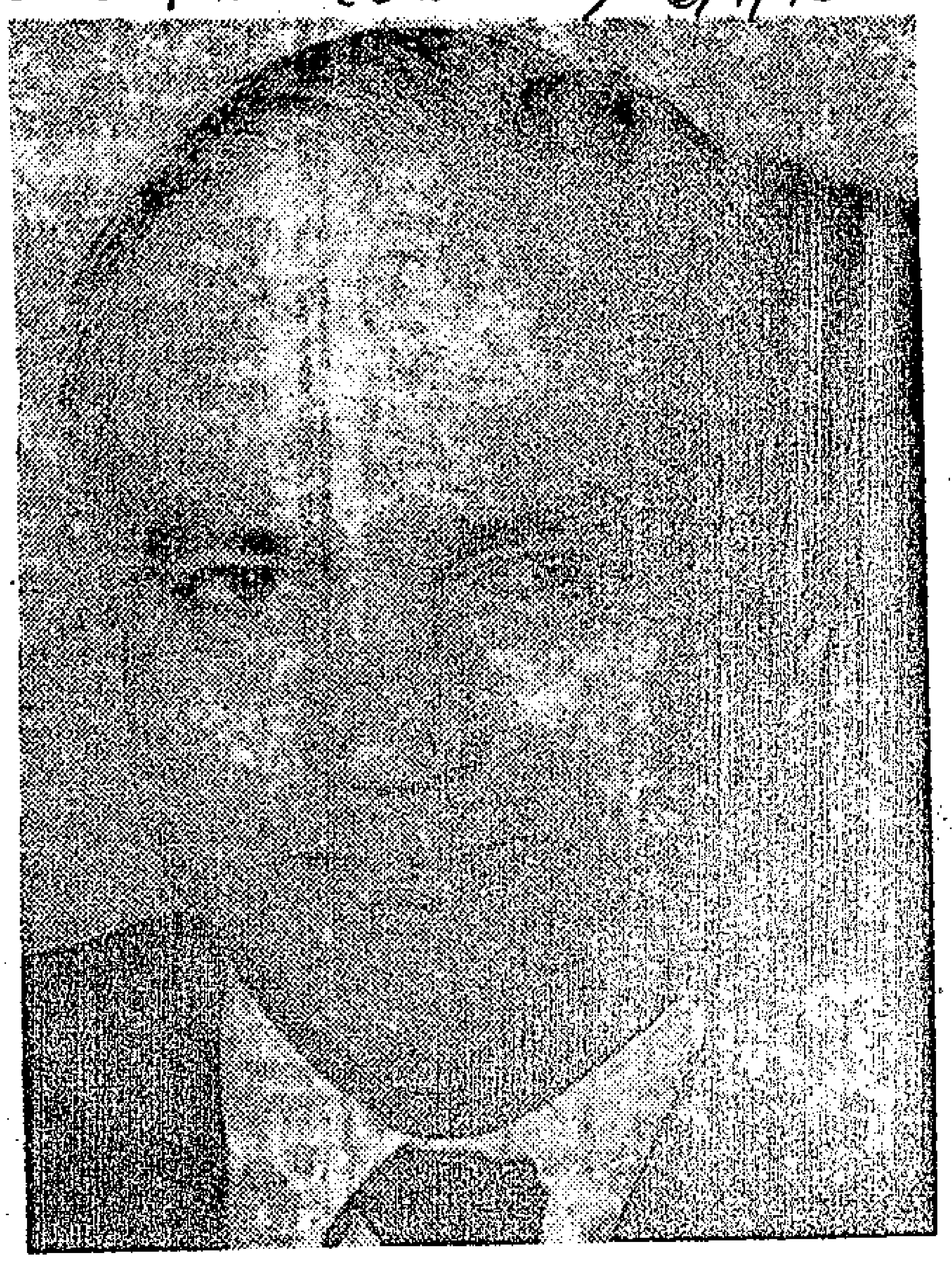
Transfer Paper Printers — manufacturers of transfer paper for the textile printing trade — will also be represented.

The other firms include Brierley Sons & Co. (ventilation engineers, fans for textile and paper-making machinery, leather-finishing machines (spraying and drying) dust collectors and ancillary equipment); Analex Ltd (scientific instruments); Flexibox (mechanical seals and flexible power transmission couplings); Fluvent Electrical products (switch and fusegear manufacturers); J J Harvey (reconditioned wood-working machinery); Irwell Plastics (industrialized and specialized fabrics); W S Haigh (manufacturers of sheet metal machinery); Hawke Cable Glands (manufacturers of transformer breathers, flame-proof junction boxes and mechanical compression type electric cable glands and David Moore & Co (sleeping bags).

78A

Textiles: More State shields

Sunday Times (Bus Times) 20/7/75



Dr Sebastian Kleu . . . Behind the scenes.

By GORDON KLING

STRONGER Government support for the South African textile industry in the form of more protective measures against imports is likely to emerge from discussions between the ailing fabric makers and the Board of Trade, headed by Dr Sebastian Kleu, on future tariff policies.

The announcement of the measures, which will be made in the next few weeks, will not end the continuous head-on collision between the textile makers, who say they need a firmer footing for the R20-million annual investment they have to make to keep going, and the country's 900 clothing manufacturers.

This is also anticipated by Dr Kleu's BoT which is making behind-the-scenes efforts to encourage closer co-operation between the two conflicting parties, and has appealed to them to act in the national interest.

The BoT has urged the clothing makers, who claim that greater protection for the textile industry will only increase its inefficiency, to get together with the textile chiefs more often to discuss trends and future growth areas, and if possible, commission joint studies to forecast future market requirements.

The BoT outlined Government philosophy at a recent meeting with the textile industry in Pretoria to remove uncertainty in connection with future tariff protection, and in particular to clear up the question marks surrounding the new duties announced in Parliament last September.

Sources in the industry reveal that major changes in policy include the willingness to grant protection to all sectors of the industry, including protection against substitute products.

The BoT now accepts the argument about disruptive competition (dumping) and in future formulate duties based on a floor price system will be the rule, and not the exception.

Where substitution can be proved, the industry should now apply for protection. Rebates will no longer be granted to clothing manufacturers on the basis of making, a greater variety of fabric available, or to allow exclusivity.

They will be allowed only where a fabric is not produced locally, and where it can be proved beyond all reasonable doubt that a substitute is not available, or where the Customs Department defines goods to be rebated for effective import control.

In the cotton and synthetic fibre sector, the BoT is likely to grant duties on higher priced fabrics, having previously aimed them at cheaper ones, in order to encourage the local industry.

The industry has reviewed the current tariff structure, and is applying for protection under the new policy while pressing for the maintenance of import control until it is implemented.

Royce Bowen, managing director of South African Nylon Spinners, cites 10 000 unemployed workers in the R450-million industry, and plants down to as low as 40 per cent of capacity as examples of how far the problem has worsened.

"We are operating at less than half of capacity, and this is almost entirely due to imports," he said.

Mr Bowen acknowledges that the future does look brighter, largely because the clothing manufacturers have used up excess stocks, but he adds that the company should be able to handle all local requirements until mid-1977 — something that won't happen without more protection.

Mr Bowen says the current unemployment is a needlessly imported crisis, because there has been no decline in total spending on textiles in South Africa.

"The nominal balance between local and imported clothing fabric, as an overall figure, is about 60 per cent local and 40 per cent imported. The 40 per cent gives the local garment manufacturing industry considerable freedom to pursue all their legitimate objectives of fashion, variety, competition, price, innovation, raw material security and growth.

"The garment manufacturing and importing interests employ about the same number of people as do the textile makers (about 110 000), but only one tenth of the capital.

"Our figures show that since the removal of duties in 1973, a net increase in retail sales of clothing of 8 per cent has been accompanied by a 44 per cent increase in imports.

"The Achilles heel in the regulation of the textile industry here has been the ability of the importers to continuously exploit the defects in the duty structure.

"The inbuilt lags and deficiencies in the system deprive the science-based, capital-intensive manufacturing industry of the legitimate essential volumes.

"The interests of the clothing makers are safeguarded by the National Clothing Federation and by Assocom, and their protected position was achieved with the support of the manufacturing sectors."

Eddie Gabriel, past chairman of the Cape Clothing Manufacturers' Association, and a director of quoted Desiree International, disagrees. He alleges that the textile makers are a cartel that the loosely organised clothing makers find hard to combat.

"The textile industry knows better times are around the corner, but it is pushing for greater protection now while the figures still look bad. The quality of many local fabrics is very poor and this is one of the reasons imports are necessary.

"Other reasons include slow deliveries, price, and lack of variety. The local textile manufacturers should specialise in the basics and upgrade quality, rather than attempt to produce higher fashion fabrics."

There are signs, however, that the emotion-charged attitudes prevalent in the whole industry are softening in the face of Board of Trade pressure.

Mr Gabriel accepts that South Africa is used as a dumping ground for fabrics, and he agrees that there should be protection against this.

The BoT has also allayed clothing makers' fears on the pace of development of the local textile industry. They have been told by the board that it does not believe the rate of development should be forced.

Meanwhile, the textile industry is embarking on a major modernisation and improvement programme to make its fabrics more acceptable.

Evidently tiring of the prolonged conflict, the BoT has decided to keep close track of the situation itself. It intends to introduce a monthly questionnaire on information not supplied by the textile industry. The survey will cover trends, production capacities, prices, orders, stocks and other variables.

23/7/75

(78A)

The Argus Correspondent

JOHANNESBURG. — General Mining has confirmed that it has opened negotiations with the new Frelimo Government in Mozambique on plans to smooth the export route for chrome ore to world markets.

Unconfirmed reports from Mozambique say that General Mining is investigating proposals to spend more than R4-million on building a special new ore wharf and loading plant at Lourenco Marques to help solve the port delays that have cost South African chrome exporters big slices of overseas markets.

If the talks are successful it will mark the first major South African investment in Mozambique since the Frelimo takeover.

As a relatively low-priced mineral, world trade in chrome ore is extremely sensitive to transportation costs and this situation steadily eroded South Africa's competitive position. Furthermore, deliveries could not be guaranteed and this encouraged consumers to seek alternative supplies even though some of these were of lower quality than South African material.

Even when conditions were unaffected by political events, loading facilities at Lourenco Marques were not particularly satisfactory.

Work has been in progress for some time to improve the Steelpoort rail line which connects up with the main one to Lourenco Marques. What has to be eliminated is the port bottleneck to ensure fast loading and quick turn-around of vessels.

It can be assumed that new wharf and plant would be planned to handle bigger ships than the existing facilities.

25/7/75

78A

1 72
2 216
3 244
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The Argus Financial Editor

AS a result of the world energy crisis South Africa is heading for a coal export boom which will boost its foreign exchange earnings by hundreds of millions of rands over the next decade and make coal the country's second most important export after gold.

Current estimates indicate that the opening of the new harbour at Richards Bay next April could immediately result in coal exports worth about R200-million a year.

And coal export worth about R1 000-million a year by the middle of the next decade is a strong probability.

This figure may appear large in relation to the South African economy. But it is not unduly big in terms of energy costs. The fourfold increase in the oil price for example, is costing South Africa an extra R700-million a year, a Government spokesman announced recently.

Higher price

Centring attention on South Africa's coal export boom is the announcement by several coal mines in the Anglo American group that the price of coal exported to Japan has been raised from 24,70 dollars to 34 dollars (R24,28) a ton f.o.b at Lourenco Marques.

They say further negotiations will be required for the establishment of prices to apply from April next year when deliveries will start through Richard's Bay. They add that 34 dollars will represent the floor price for negotiations.

It is a measure of the changed outlook for coal that when the Japanese contract was first negotiated in 1973, the fob price was fixed at R8,48 a ton rising to R9,68 a ton by 1983.

With the coal industry having firm contracts to export 8-million tons a year from next June and the possibility being called on to supply a further 4-million tons a year, export earnings from coal could rise to between R200-million and R300-million a year.

78 A

F.M. 1/8/75

(1) 78A

FRUIT EXPORTS

Juicy prospects

Preliminary estimates of the Deciduous Fruit Board (DFB) indicate that the financial results of the 1974/75 export season will be considerably better than last year (gross proceeds R84,2m) and probably even better than 1972/73's R89,3m.

Whether pay-outs to farmers (R54,8m in 1972/73 and R43,2m last year) will rise much, though, the DFB is loath to say. Sharply increased ocean freight and other pool costs, it points out, are likely substantially to exceed last year's R41,2m.

The Board says, however, that the volume of fruit shipped this season is likely to be a record, possibly even better than 1971/72 when about 850 000m³ of fruit was exported.

A feature of this season's export performance has been the bumper pear and applé crops, exports of which are expected to be 30% and 20% up in volume, compared with last season's 22 698 t of pears and 145 687 t of apples.

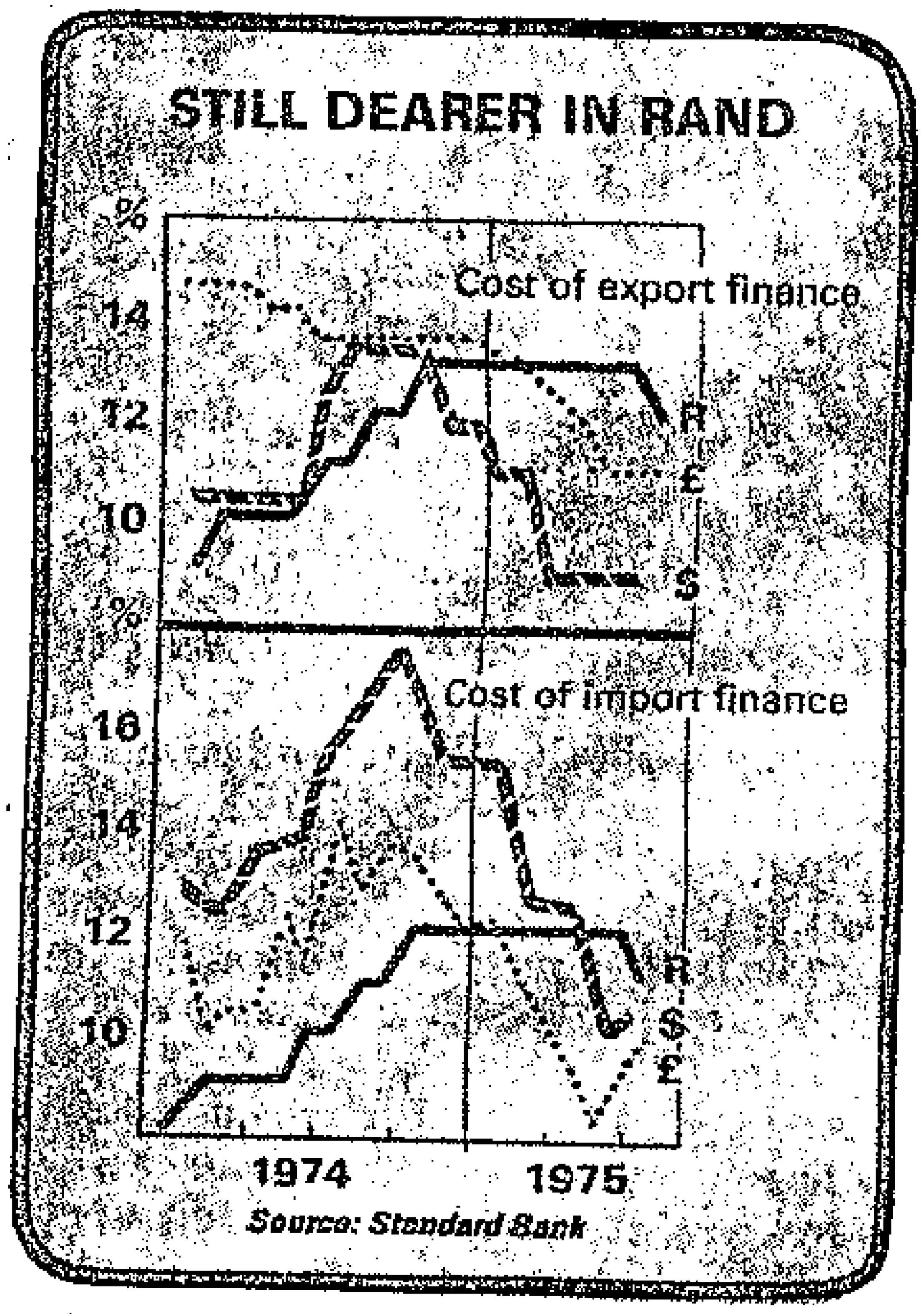
Prices obtained for apricots were 40% higher than 1973/74, but the volume was 17% down on last year's 81 t. Likewise, realisations on peach exports were 50% higher, but exports were 20% off last year's 771 t.

The volume of grapes exported is expected to be about the same as last season's 27 567 t. So far, about 60% of the table grape crop has been sold and the average prices obtained thus far are better than last year.

DFB anticipates that the volume of apples exported will be nearly 20% more than last year's 145 687 t. About 33% of the export crop has been sold at prices higher than 1973/74.

78A

Financial Mail
8/8/75



The foreign reserves are under pressure because interest rate differentials are narrowing, and because some people still think the rand will be devalued. What should be done?

A ticklish problem

Who would have thought it possible? The economic downswing is now entering its second year, imports are slipping, the foreign reserves are still worth more than R2 000m — yet what is Church Square's chief concern? It is the balance of payments.

The Bank claims it has no worries about the underlying trends of imports, exports, the gold price or long-term borrowing, or about the size of the current deficit (which for calendar 1975 looks like being larger than for 1974).

Rather, it is concerned about the drain on the reserves, caused, it believes, by persistent speculation against the rand.

In a bid to stem this speculation, Horwood last week crossed his heart that he would not devalue, and early this week the banks were summoned to Church Square where the Governor, Dr Bob de Jongh, repeated the pledge.

A further Ministerial announcement, with measures designed to make the pledge stick, is expected. What form will the measures take?

In the first place, there are likely to be some exchange control measures. The banks will no doubt be reminded that it is generally against the rules for importers to transfer funds abroad prior to shipment, or for exporters to hang on to foreign exchange for longer than 30 days. In addition, steps will probably be taken to make it easier for traders to take out forward cover against exchange rate risks.

One suggestion is that the "seven-day" rule should be abandoned; it precludes traders from taking out forward cover later than a week after the underlying transaction.

Another is that the Reserve Bank should be prepared to offer its 1% forward cover for longer periods than six months.

Next, there are likely to be measures to encourage more foreign borrowing, and here one suggestion is that Church Square should stop turning down applications by local businesses to borrow abroad, just because the money is to be used for "unproductive" purposes.

Some people think the Bank should go even further and offer forward cover facilities to borrowers, as it does to importers and exporters.

It is also possible that De Jongh will permit the banks themselves to borrow abroad, although with so much liquidity around they would need quite a bit of encouragement to do so. One possibility would be to reduce their liquid asset requirements against foreign liabilities (and perhaps even go further and raise them simultaneously against local liabilities).

Also on the exchange control front, it has been suggested that the rules governing blocked rand ought to be relaxed to encourage the inflow of long-term foreign funds.

Horwood has rightly emphasised that there will be no tightening of import control, so the next important policy area is interest rates.

The graph shows that, even after including the cost of forward cover, it is marginally still cheaper to finance imports and exports overseas than to use local overdraft facilities. However, acceptance credits (and the grey market) are a good deal cheaper than overdrafts and if overseas rates continue to harden traders could turn more and more to local facilities.

Bear in mind, too, that the banks are flush with excess cash because government is spending heavily and commerce and industry, faced with a deepening recession, are busy de-stocking.

The banks would therefore be only too willing to extend further credit to importers and exporters.

Does this mean Church Square should now attempt to prod local interest rates upwards? It could do so in several ways.

The acceptance rate could be edged upwards by ruling that the banks should hold a smaller proportion of their liquid assets in acceptance paper (or alternatively, if it were practicable, a ceiling could be placed on their use for foreign trade financing).

On a more general level the Reserve Bank could embark on open market operations — ie start selling securities on the cheap — to harden rates in the money market. And if that were not enough it could start raising the banks' supplementary deposit requirements, which would immediately lead to a firming of rates all round.

In short, the Reserve Bank has a large armoury of weapons should it wish to use them. The more drastic ones, like raising supplementary deposits, or liquid asset ratios against local liabilities, would strike a severe blow against business (and stock exchange) confidence, which would be damaging to the whole economy. They should therefore be used only in the event of a serious balance of payments crisis — which the present one is not.

It is true that the gold price could take a knock if the Reserve Bank were forced to unload a large part of its gold stock to buy foreign exchange. But both the Bank and the rest of the public sector have extensive overseas borrowing facilities (as well as the option of postponing certain foreign loan repayments) and if necessary these should be used to the full to tide the reserves over the current crisis.

For after all, if the authorities are so sure that the basic balance of payments is sound, and that there will be no devaluation, they should not be afraid to back their view with hard cash.

① 78A
② ~~133~~
③ ~~184~~
④ 197

78A

F.M. 8/8/75

A stitch in time

At long, long last plaintive calls for unity in the textile and clothing industries look like being heeded. Following a top-level meeting at Johannesburg's Carlton Centre last week, former sectional interests have agreed to compromise and form an Advisory Council for the Textile Industry. The move is not before time.

Textile producers have long maintained that they couldn't make ends meet without either tariff protection or import control, or both. Garment manufacturers, on the other hand, have often complained that they simply couldn't get what they wanted when they wanted it. And, even if they could, it wasn't at the right price.

Result was that sectional interests in both industries were forever beating on the Board of Trade's door with their own particular — and some said short-sighted — pleas for special consideration.

No one expects such pleas to cease overnight. Nor does any one really expect raw materials pricing and availability to suit everyone. But something, quite clearly, had to be done (*Inside Industry* May 23) to create a degree of unity.

Prime mover was SA Nylon Spinners' deputy chief executive Peter Beazley, who tells the *FM* that the 40 or so invitations to sectional heads of both industries were all taken up. "No punches were pulled," he says, "but the meeting got by without direct confrontation and a real spirit of co-operation emerged."

With Beazley as chairman, the new Advisory Council will compromise 17 members — most voting with profit and loss accounts behind them and not as "professional committee members".

The 17-man committee will include three representatives from the cloth manufacturing sector; three from retailing; five from garment manufacturing; three from raw material production and one each from Assocom and the Handelsinstituut.

Problem has been, says Beazley, that many big guns haven't supported their own (sectional) associations. With this new initiative, and by roping the big guns in, Beazley claims: "We'll now be able to command the ear of the top men."

While a firm constitution has yet to be laid down there's widespread relief that the bickering is about to stop and the way is now open for constructive argument.

The first meeting is scheduled for Durban in two weeks' time.

78A

Duty on knitwear to go up 50pc

W/E ARGUS (Bus Ag) 9/8/75

By Tom Hood

THE Government is to raise import duties on knitted clothing from the Far East by as much as 51 percent in a bid to protect the country's ailing knitwear industry from the dumping of cheap goods.

The higher duties follow appeals by manufacturers whose businesses were hit by imports. The loss of orders to the Western Cape industry is estimated at 25 percent last year, leading to substantial staff cuts at factories.

The new duties are calculated by weight. For example, a garment landed at a fob price of R1,50 formerly carried a duty of 92c, making a total of R2,42.

The new duty is increased to R1,35, giving a total of R3,77. With insurance, freight and landing charges the landed price rises to about R4.

Duties on clothing imports from Western Europe are unchanged: a garment with a fob price of R4,33 still carries a duty of R1,52 making R5,85.

About one garment in every five sold in South Africa last year was imported. Total value of imports including knitwear was R57,7-million.

The chief suppliers were Hong Kong (R10-million), Britain (R4,3-million), United States (R3,2-million), Taiwan (R2,8-million), South Korea (R2,1-million) and France (R2-million).

Apart from its sympathy for the knitting industry, the Government heard claims that the low-price imports were being marked up to within 50c of the local garments and that profits of 200 and 300 percent were being made.

Manufacturers feel they will now be able to match the price of imported knitwear.

Mr Elion Cousins, president of the National Knitting Industry Association, described the increase as substantial.

'It comes fairly near what the manufacturers were seeking and what they required to maintain the industry.

'In some cases we could not even buy the raw material to start working on the garment for the prices at which imports were being sold. They were obviously being dumped or subsidised.

'This will allow the industry to get back on its feet and offer work to more people.'

RA

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FIR

FO IS

By BRENDAN RYAN W/E ARGUS (Bus Arg) 9/8/75

SOUTH AFRICA has become the largest supplier of deciduous fruit to Europe in the southern hemisphere, providing more than all the other southern exporting countries combined.

Commenting on the record sales achieved by deciduous fruit exports in the 1974-75 season, the chairman of the Deciduous Fruit Board, Mr P. G. van Breda said South Africa supplied half the apples exported from the southern hemisphere to Europe and more than half the pears.

Gross revenue from deciduous fruit sales in Europe for the 1974-75 season is provisionally estimated at R110-million compared with R84-million the previous season.

But it is still not known how much the fruit growers will receive of this figure because of the rapidly rising costs of exporting the fruit.

"All costs of shipping, marketing and producing have shot up over the last year," said Mr van Breda. Farmers received R43,2-million from the 1973-74 season.

The good sales were attributed to very good crops locally coinciding with a shortage of fruit in Europe. High prices for the exported fruit were also achieved and maintained.

The estimated total intake of apples by the Deciduous Fruit Board for 1974-75 was 9 536 000 cartons of which 8 547 000 cartons were exported to Europe. In the 1973-74 season 1 577 000 cartons ... to Europe.

This year 2,1-million cartons of apples were sold in Germany compared with 1,4-million the previous year and 2,35-million cartons of grapes were sold compared with 1,8-million the previous season.

In Britain 2,95-million cartons of apples were sold compared with the previous season's 3,25-million and 1,65-million cartons of grapes were sold compared with 2,28-million previously.

Mr van Breda said the declining value of sterling was the main reason for this. The DFB tried to keep uniform prices for fruit throughout Europe and the falling pound was forcing down prices in Britain. Large quantities of fruit could not be sold at lower prices in Britain as speculators would move in and buy to resell it on the Continent. Consequently fruit sales in Britain were restricted.

The Deciduous Fruit Board was also opening up other markets — although the main market was Europe. This season fruit was exported to the Persian Gulf for the first time and 250 000 cartons of apples were sold to Iran.

"We are trying to expand sales as the markets will bear it," said Mr van Breda.

See also AGRICULTURE - Fruit.

78 A

France to curb SA arms sales

Sun Times 10/8/75

SUNDAY TIMES Correspondent

KINSHASA, Saturday
PRESIDENT VALERY GISCARD D'ESTAING of France today announced a halt in French arms shipments to South Africa, but sources close to the President made clear that French submarines and at least some aircraft would not be affected by the ban.

President Giscard D'Estaing, winding up a three-day official visit to Zaire, told a news conference at Inga: "We will not sell any more arms to South Africa. I gave a directive along these lines to the Government."

A presidential source explained, however, that the embargo will, in fact, apply specifically to ground weapons and certain aircraft, but Mirage jet fighters, built in South Africa under licence, and two submarines ordered by South Africa, would not be affected.

France, in spite of its close relations with most of Black Africa, has been South Africa's main arms supplier. Neither Britain nor the United States sells weapons to the Republic. In addition to three Daphne class submarines and Mirage jets, South Africa has French helicopters, missiles and armoured vehicles.

France has in the past announced that it would not supply weapons to South Africa for internal use, but was willing to sell the Republic arms for its external defence.

The SUNDAY TIMES Correspondent reports from Paris that the reason for the Giscard decision is a complete mystery in Paris, where the news startled South African diplomats.

Only last night they celebrated the end of a successful six years in Paris of the Ambassador, Mr A. B. Burger, who will go to another post.

There is no doubt that President Giscard did not inform Pretoria or the South African Embassy in Paris in advance

[illegible] prod[illegible] op—el[illegible]

BETER produksiemetodes in di[illegible] town in Natal het daartoe ge[illegible] gelope [illegible] maande sy produk[illegible]

In dieselfde mate is die broeke-afdeling se produktiwiteit met 35 persent en dié van die afdeling vir seunsbroeke met sowat 50 persent verhoog, het mnr. Willem van Zyl, besturende direkteur, aan Sake-RAPPORT gesê.

Charlestown se fabriek, wat in 1964 gestig is, is eintlik die land se baanbreker sover dit grensgebiede betref. Op aandrang van dr. Hendrik Verwoerd self het dr. Albert Wessels, stigter en voorsitter van Veka, 'n fabriek op Charlestown laat oopen in afwagting van die voordele wat grensnywerhede later sou kry.

Baie diens

[illegible] desentralisasie-beleid in [illegible] aangekondig is, was Charlestown nie een van die [illegible] ekonomiese groeipunte nie en die groep was [illegible] om sy eerste [illegible] in [illegible] plaas. 'n Tweede fabriek is in 1971 in Newcastle geopen en die twee fabrieke is tot onlangs as twee outonome eenhede bedryf en bestuur.

Hierbenewens het die groep ook twee fabrieke in Kaapstad gehad, nl. die ou bekende Bertishfabriek (met sy Embassyreeks) in Soutrivier en 'n hemdefabriek (Consulate en Tern) in Parow. Laas-

[illegible] genoemde [illegible] stap in 'n [illegible] nalisasie[illegible] verkoop.

Genoem[illegible] program [illegible] verder ge[illegible] fabrieke [illegible] organiseer[illegible] briek bed[illegible] word, met[illegible] groep [illegible] drie fabri[illegible] [illegible] die [illegible]

Volgens [illegible] voorsitter [illegible] die onlang[illegible] kostebespa[illegible] R230 000 [illegible]

Die [illegible] kooporgan[illegible] mate ook [illegible]

[illegible]

By [illegible]

Dit vat hulle net nege maande om 'n rou man te laat klere maak, waar ander vervaardigers soms tot twee jaar sukkel.

Sukkel

Maar hulle vind die Bantoes baie geskik vir die klerebedryf. Trouens, mnr. Alfons Runde, hoofbestuurder (produksie) van die Veka-groep, sê hy vind die swart werkers selfs beter as die Europeërs,

[illegible] Wolkekrabber-woonstelle se dae getel

Deur ALPHONS DU TOIT

DIE dae van woonstel-wolkekrabbers vir huurdoeleindes is ge[illegible] Boukostes is reeds te hoog en boonop skiet hulle die hoogte teen 'n tempo wat skrikwekkend is vir die toekomstige woonstel[illegible] naar.

Die gevolg is dat voorgenome woonstelgelenaars 'n hewige vrees ontwik[illegible] het vir die sekuriteit van hul beleggings. As gevolg van hierdie vrees is daar afgelope drie jaar feitlik geen woonstelgeboue opgerig wat slegs bedoel is vir verhuring nie.

Die toestand het die behuisingsprobleem tot 'n krisispunt gebring sodat ongemeubileerde woonstelle feitlik onbekombaar is.

Die oplossing, volgens die vooraanstaande eiendomsdeskundige mnr. Willi Isaacs, lê in die bou van troshuise, duplex-woonstelle en sogenoemde ryhuise (town houses) onder die Wet op Deeltitels. Daar is verskeie voordele onder hierdie skema vir beide die eienaar of ontwikkelaar en die koper.

Die bouer van 'n skema onder die Wet op Deeltitels word verseker van 'n goeie opbrengs, mits hy sy projek in 'n goeie gebied oprig en sorg dat dit naby skole, winkels en 'n goeie busdiens is.

Die koper, aan die ander kant, belê sy geld in vaste eiendom, plek dat hy dit maandeliks weggee bloot aan huur. Tweedens plaas die koper en sy gesin hulle in 'n omgewing wat sterk sekuriteitsbewus is.

[illegible] voordeel vir die koper onder Deeltitel is dat sy maandelikse paaiemente vir belastings en instandhouding [illegible] laag is. Volgens mnr. Isaacs dit van R10 tot R60 [illegible] meer luukse eenhede.

Die pryse van eenhe[illegible] der die Wet op De[illegible] wissel [illegible] en is [illegible] van ligging, getal [illegible] en so meer. 'n Enke[illegible] kamereenheid mag v[illegible] vir sowat R1[illegible] 000, ter[illegible] groot woonstel met [illegible] slaapkamers, twee [illegible] mers en ander luuks[illegible] [illegible] vir meer as R[illegible] aangebied kan word.

Uit 'n sosiologiese o[illegible] sê mnr. Isaacs, sal die [illegible] van wolkekrabber-wo[illegible]

10 August 1975

Rapport. [illegible] '84

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78A

Arms: Bad news for Pretoria

Cape Times 11/8/75

Cape Times Correspondent

PARIS. — France will still sell South Africa submarines, helicopters and honour all outstanding arms contracts under a complex new conditional embargo worked out by President Valery Giscard d'Estaing. But there is bad news for Pretoria.

Last night Minister of Defence, Mr P. W. Botha, was maintaining a tight-lipped silence on the French arms freeze.

South Africa builds French Panhard armoured cars and Mirage fighters under licence and these will "be carefully examined", Giscard promised.

REPERCUSSIONS

So — South Africa will not suffer immediate military shortages, but the shock statement by Giscard in Zaire on Saturday could have serious repercussions.

For Giscard also made it clear that he and host President Mobutu Sese Seko "agreed in the absolute condemnation" of apartheid and "shared concern" over the "Namibian peoples".

Weekend television in France showed South African officers in uniform attending a French military display, followed by shots of White South African police hitting Blacks with batons during a riot.

DISTINCTION

In 1962 France made the distinction between arms used for repressive purposes and heavy weapons for defence against an external enemy.

Military sources said yesterday that France did not consider that helicopters were military aircraft and these would continue to be sold to South Africa.

The policy change may be due to the fact that Giscard wishes to obtain raw materials from Zaire.

78A

Cape Times 11/8/75

Bank rate goes up

PRETORIA. — The increase in the ratio of minimum liquid assets to short-term liability to the public in respect of commercial banks and other financial institutions as from July 31 was designed to reduce excess liquidity in both the banking system and the private sector as a whole and to reinforce the firming tendency recently shown by short-term interest rates, the Governor to the SA Reserve Bank, Dr T W de Jongh, said in a statement here yesterday.

Dr De Jongh said:

"In addition to the measures announced today by the Minister of Finance to counteract speculation against the rand as reflected mainly in the present unfavourable leads and lags situation in South Africa's balance of payments, and to encourage the inflow of capital in general, the Reserve Bank has decided to make the following adjustments to its monetary policy:

"(1) The bank rate is increased from 3 to 8½ percent per annum with immediate effect.

"(2) From the date of certification of its monthly statement (BA form No. 7) for the month ended July 31, 1975, each commercial bank shall be required to maintain liquid assets (including reserve balances) amounting to not less than the aggregate of:

(a) 40 percent of its short-term liabilities to the public;

(b) 2 percent of its medium-term liabilities to the public,

(c) 5 percent of its long-term liabilities to the public, and

(d) 10 percent of its liabilities under acceptances.

"Since those ratios were formerly 45, 28, five and 10 percent, respectively, this implies an increase in the commercial bank's minimum liquid asset requirements of four percent of their short-term liabilities to the public.

"(3) As from the date of certification of its monthly statement for the month ended July 31, 1975, each banking institution other than a commercial bank or a discount house shall be required to maintain liquid assets (including reserve balances) amounting to not less than the aggregate of:

"(a) 47 percent of its short-term liabilities to the public;

"(b) 2 percent of its medium-term liabilities to the public;

"(c) 5 percent of its long-term liabilities to the public, and

"(d) 10 percent of its liabilities under acceptances.

"For these banking institutions this implies an increase in their minimum liquid asset requirements of 2 percent of their short-term liabilities to the public.

"The required notices to give effect to these changes will in due course appear in the Government Gazette.

"(4) The above measures will be accompanied by appropriate adjustments in the Reserve Bank's transactions in Government securities and interest rate policy in general", he said.—Sapa

Tougher bank control

RDM. 11/8/75

A RELAXATION of the exchange control restrictions on incoming funds so as to improve the facilities for forward cover, was announced in a statement here today by the Minister of Finance, Sen O. P. F. Horwood.

At the same time the Governor of the Reserve Bank, Dr T. W. de Jongh, announced an increase in the bank rate from 8 to 8½ per cent with immediate effect.

Other adjustments in monetary policy announced by the Reserve Bank include an increase in the minimum liquid asset requirements of commerical banks of 4 per cent of their short term liabilities in the public and 2 per cent in the case of banking institutions other than commercial banks or a discount house.

These adjustments in the monetary policy were in addition to the measures announced by the Minister of Finance, Sen Horwood, to counteract speculation against the rand as reflected mainly in the present unfavourable leads and lags situation in South Africa's balance of payments position, and to encourage the inflow of capital in general, the Reserve Bank said.

The new measures would be accompanied by appropriate adjustments in the Reserve Bank's transactions in Government securities and interest rate policy in general.

They formed part of a conservative credit policy which at present had two principal objectives, the Reserve Bank said.

The first was to strengthen the balance of payments in general and, in particular, to correct the unfavourable leads and lags situation.

The second main objective was to reduce the rate of inflation by preventing domestic credit and the quantity of money and near money from rising at an excessive rate.

In taking these various steps, the Reserve Bank said the monetary authorities remained fully conscious of the need to maintain a satisfactory rate of real economic growth in South Africa.

The relaxation of exchange control restrictions announced by the Minister of Finance and the new monetary measures taken together could assist in providing adequate funds to South African enterprises thus sustaining economic expansion, while at the same time helping to redress the balance between domestic and foreign financing of the Republic's expanding production and trade, the Reserve Bank said.

In the final analysis, the curbing of inflation and the maintenance of a sound balance of payments position remained essential prere...

authorities to authorised dealers.

In respect of existing arrangements under these headings, firms affected by this regulation will be afforded a reasonable transition period within which to move to a position of full compliance with the new requirements.

In addition to the new exchange control measure, a circular has been sent to authorised dealers instructing them to ensure full compliance with the existing regulations in regard to import payments and export receipts.

Authorised dealers are specifically required to ensure, firstly, that importers do not transfer funds abroad in payment of import prior to the date of shipment of the relative goods to South Africa, and secondly, that export proceeds are remitted to South Africa within 30 days after the receipt of payment

The authoriti... these malpracti... very serious light... not hesitate to dea... ly with those v... travene the regula...

The normal ... period for wh... Reserve Bank w... forward exchange... respect of import... extended from ... months...

The Reserve B... also consider ... forward exchange... application for... longer than 12 mo... quired for the im... of capital goods v... delivery periods a... der extended cr... rangements.

Application for ... exchange co... authorised dea... respect of foreig... raised in their ow... and approved by e... control will be fav... considered.

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14/9/12

Financial Staff

An extra 20 percent 'dumping duty' will also

duties, says Mr Aaron Schuman, managing

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sales.

The higher duties, which apply to imports from all overseas countries, will be trebled in many cases and because of a weight factor will hit children's wear harder than adult clothing.

The Government announced the heavier duties at the weekend.

They are designed to protect South African knitting manufacturers from cheaper imports and try to reverse the industry's downturn and unemployment.

clothing from Hong Kong.

Fifteen months ago higher import duties raised landed prices here by between 40 and 50 percent.

The new duties are at two rates: below 200 grams it is 35 percent or R1,60 a 100 gram net, less 65 percent of the free on board price.

Over 200 grams the duty is 35 percent or R1,20 a 100 gram net, less 65 percent of the fob price.

The old duty was 35 percent or 70c a 100 gram

Mr Schuman said the landed price of a man's cardigan would rise from R3,65 to R5,16c because of the new duty.

A cardigan for a child aged from four to six years will now have a landed price of R3,38. Last week before the new duty, the price was R88c.

The cardigan for children aged between seven and 14 now has a landed price of R3,26. A week ago the price was R1.

A man's heavy cardigan priced R12,95 in the shops would now cost R19,95, forecast Mr Schuman.

There will be price re[illegible] ance and a sharp fal[illegible] imports.

'The shops are not s[illegible] of merchandise and shopkeeper is going to ahead with this increas[illegible] 99 shops out of 100 cancel their orders or [illegible]duce the quantities.'

On a small consignm[illegible] of 2 400 children's ca[illegible]gans from Hong Kong Schuman is being aske[illegible] pay R4 351,82 duty. A w[illegible] ago he would have only R1 476,54.

Their original [illegible] R2 087, before shipp[illegible] freight, insurance and [illegible] charges.

SAR blamed for exports hold up

SUN TRIB (FIN) 17/8/75

Financial Reporter

RELUCTANCE by the railways to give private enterprise the go-ahead to establish a bulk handling installation in Durban harbour — it would have overhead conveyor systems running over railway property — is holding back foreign exchange earnings.

So argues Mr N. W. Murray, a sales manager of Rennies Consolidated.

Nor is this his only criticism of the railways. Recently he said the feeling was general that unless drastic action was taken by the railways to supplement rail lines, increase the supply of rolling stock and multiply the human resources to handle this rail traffic, "the lack of carrying capacity is likely to become a national embarrassment."

"There is good and sufficient reason why private enterprise should be encouraged to use its capital, know how and human resources to supplement harbour facilities, particularly in the field of bulk exports," he said.

Moreover the lack of detail which the railways have given out about its plans for bulk exports — which cannot be handled adequately at Durban or Lourenco Marques — is delaying the opening of new mines and is agitating chrome exporters.

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Flortime carpet hits export boom

SUN TRIBUNE (FIN) 17/8/75

By CHRISTOPHER MORRIS

FLORTIME, the Durban carpet company in the Feltex group, has pushed up its export volume by more than 100 percent in the last nine months — in spite of mounting difficulties — thanks to commitment to an ambitious export plan three years ago.

Among the firm's achievements in the export field during this period have been:

- Exporting to countries in North and Central Africa which — at a political level anyway — are antagonistic to South Africa.
- Being awarded orders by firms in Portugal since the upheavals there a year ago.
- Selling to the United Arab Emirates (Trucial States) in spite of a recent ban imposed on imports from South Africa.
- Sending larger orders to Australia in the face of growing antagonism to South African goods.
- Creating new export opportunities in a highly competitive market aggravated by a downswing in the fortunes of carpet firms in Europe.

The firm has increased its sales abroad to more than 20 percent of total productivity from the 10 percent a year ago.

The men responsible for Flortime's success in the export field are general manager Peter Honeyman and Brian Thomson, commercial manager.

"One of our largest markets at the moment is the Middle East and although certain doors have been shut to us because of the ban imposed by the Trucial States, we are still enjoying considerable success there", says Mr Honeyman.

"And this has not been easy due to the very tight competition from carpet manufacturers in Europe.

"In Iran I met a representative from a Belgian carpet factory who had been instructed to sell below cost if necessary in order to liquidate stock. The firm had a cash problem and could not pay its workers or retrench them without having a fight with the unions.

"The reason for our success is that three years ago we not only thought about entering the export market, we became committed to it."

And the decision is paying dividends now.

"We had an inkling that the South African economy would take a tumble and so we went overseas. And since we do not sell on extended terms, this has helped our liquidity position at home."

Flortime is sending more than 1 000 rolls of carpet to the Middle East each month and some of it is going round Africa and through the Mediterranean to the Lebanon, beating European firms who have a distance advantage.

The firm also exports to the Far East, Australia, the Arab states, Iran, countries throughout Africa and a few countries in South America, including Brazil.

"We do not compete on price, as that is out of the question; we win by supplying customers abroad with exactly what they want, even if that necessitates a special production run.

"In one case we had the problem of having too good a quality product. We had to lower it for that particular market."

The company has received help from the South African Government in the form of standard export incentives but considers that more help should be given.

"It employs locals in commercial offices in most cases, which in itself is good, but these people have no knowledge of conditions in South Africa as they are never brought over here to get a first hand impression."

Flortime has to turn down orders from abroad for fear of disrupting supplies to the local market: Three orders from Brazil and the Middle East for 450 000 square metres were recently refused.

Flortime expects a bright future "as long as we maintain our efficiency and remain committed."

There is a moral to the story for other South African firms, says Mr Honeyman: "Don't go into exports half-heartedly and don't sell only surplus stock on the export market . . . that gives South African exporters a bad reputation."

Sunday Times extra

ESSOP TO OPPOSE LONDON BOYCOTT CALL

By HOWARD LAWRENCE

CALLS by British trade unions and anti-apartheid groups for a boycott of fresh and canned fruit and wines from South Africa have made the Suid Afrikaanse Landbou Werkers Unie, based in Beaufort West, decide to send Mr Solly Essop to London to explain that a boycott will do Blacks irreparable harm and increase Black poverty.

In a telephone interview from his Beaufort West home, Mr Essop, who is the independent CRC member for Bokkeveld, confirmed that he will be going to London to "fight against the boycott and so fight for the wellbeing of Black farmworkers".

"I have nothing against people who are opposed to apartheid," Mr Essop said, "because I share the reasons people have all over the world for rejecting apartheid, but I am opposed totally to any activity which purports to be on behalf of Blacks in this country but which increases their suffering and poverty."

He had agreed with the appeal to him to put the farm labourers' case in London "because I know what a boycott will do to them, as I have been committed for many years to their plight."

Mr Essop was one of the people responsible for pressure on the Government which led to the Government abolishing the Master and Servants laws last year.

He has also been the prime mover in negotiations with the Agricultural Unions in the Republic which led to the recent decision of the Boland Agricultural Union to radically change the conditions in which farm workers have worked and lived in the Republic.

"It must be realized," Mr Essop said, "that if a boycott of South African fruit and canned fruit were successful it would cause economic chaos in the agricultural set-up in this country, but the farmers will not be as seriously affected as the Black workers.

"A drop in exports because of a boycott would result in farmers not being able to keep up with changes they have decided on for their workers, especially in the Western Cape.

"It would lead to unemployment among a section of the Black community who cannot afford to be unemployed. It would lead to social chaos and widespread poverty," Mr Essop said.

He felt that anti-apartheid workers in Britain "surely do not want to increase the suffering of the Blacks, and this will be inevitable if they go ahead with their boycott call.

"We have fought for many years for drastic change in the status quo as it affects Black farm workers and in the past year we have made tremendous strides in getting the Government and the farmers not only to acknowledge the evil of the old system insofar as Black farm labourers are concerned, but also to take action in this regard," Mr Essop said. "A boycott would only put us back in square one."

Boland farmers had agreed in principle recently, to pay farm workers a decent wage, to provide housing and recreational facilities, training and schools, "and this is more important to us than any boycott on their behalf by people overseas," Mr Essop said.

Mr Essop also slammed the Labour Party of Mr Sonny Leon for having made a call to British Trade Unions last year for a boycott of South African fruit and canned products.

"The Labour Party boycott call was the most irresponsible act any Black group in South Africa could have undertaken," Mr Essop said, "because it showed a callous disregard for the plight of the most oppressed group in South Africa — the farm workers".

On September 3, Mr Essop said, he and his group would be meeting the Agricultural Union for talks based on the union's recent agreement on workers conditions on the farms.

"My organization will also be writing a long memorandum to the Labour Party of Britain and the Co-Op organizations who have decided not to handle South African agricultural products, explaining the harm that a boycott will do to the farm workers.

Mr Solly Essop

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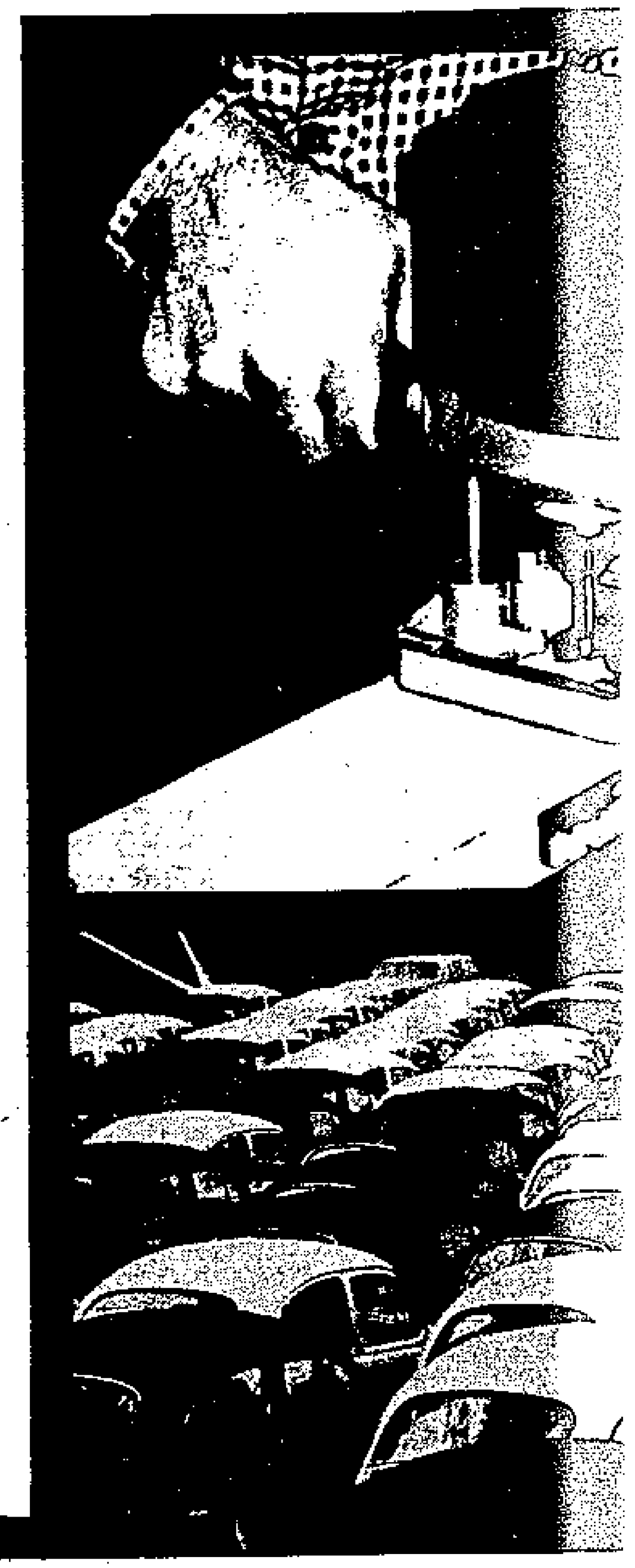
MERCURY 25/8/75

Germany's part in the industrial development of South Africa



Last year South Africa imported goods worth R927 million from Germany ... another rung in the ladder of progress that has made Germany South Africa's most important trading partner in Europe.

That exports lag behind this figure is due to the fact that Germany in the main provides the transport equipment, the machinery, electroechnical and precision products that South Africa needs for the development of its vast mineral and agricultural resources.

These manufactured goods account for close on 70 percent of South Africa's imports from Germany while copper, gold and coal and a range of agricultural products from karakul pelts to wool and fruit account for 50 percent of the goods exported by South Africa to Germany.

While imports from Europe's industrial giant consist basically of sophisticated equipment in return for minerals and agricultural produce there is a growing trade in smaller products from South Africa's factories ranging from knitwear to items of electronic equipment and even pianos.

As a sidelight to the variety of South African products finding buyers in Germany is the fact that the automatic vending machines at the Munich Olympics were supplied by a Johannesburg company.

The present trade links with the Federal Republic of Germany were forged in 1951 but the link between the peoples of Germany and South Africa goes back far longer for it was from Germany that many of South African pioneers came and settled and today it is estimated that about one quarter of a million South Africans are of German descent.

MERCURY 25/8/75

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Two-way trade takes a big upward leap

WEST Germany is now firmly established as South Africa's second largest trading partner, states a report by the South African Foreign Trade Organisation.

Total trade between the two countries has more than doubled in value in the last five years, and in 1974 amounted to nearly R1 250 million.

For the first time the Federal Republic has become South Africas major supplier and the third, behind Britain and Japan, on the list of South Africa's customers.

Last year saw an especially sharp rise in this two-way trade. West Germany increased her exports to South Africa by nearly 53 percent to R926,8 million, thus becoming our main foreign supplier.

South African exports rose at an even higher rate and, at R318,5 million, were nearly 68 percent more than in 1973.

What is even more significant is that these increases were greater than the overall percentage increases in imports and exports of both countries. South Africa and West Germany are each finding in the other a fast - expanding market for their products.

Advantage

Clearly, this boom in mutual trade creates a highly favourable climate for further export expansion by individual South African firms.

It is doubtful whether full advantage is being taken of all the opportunities that exist in the West German market, expecially for manufactured goods.

Many manufacturers quite possibly do not believe that there could be a demand for their products in so industrialised a country.

At present, minerals, base metals and other industrial raw materials make up the bulk of South Africa's exports to West Germany and will continue to do so for some time. It is likely, though, that these materials will gradually be required to undergo a greater degree of processing in this country — a development which will be very much to South Africa's advantage.

The importance of West Germany as a market for metals and minerals must not, however, be allowed to detract from its importance as a market for a much wider range of goods. West Germany has immense purchasing power and the capacity to absorb a large volume of both industrial and consumer products.

South African manufactured goods in many fields have already proved themselves acceptable and successes have been scored by exporters of clothing and even of such unlikely items as optical instruments and pianos.

Foodstuffs

An area which currently offers exciting prospects for South African firms is foodstuffs.

West Germany has long been a big food importer, and as the standard of living becomes even more advanced the demand grows for an ever - increasing variety of imported foodstuffs.

The United Kingdom has traditionally been a major supplier to the West German market, but the high rate of inflation in Britain and problems with deliveries are causing West German importers to look elsewhere. And, according to a SAFTO executive who has just returned from West Germany, they are quite prepared to obtain supplies from South Africa.

Opportunities of this nature are numerous. Broadly speaking, any product with some distinctive feature, whether it be of quality, design, application, specialised technology, price or simply of novelty, should find a market in West Germany.

SOUTH AFRICAN MAIN EXPORTS TO WEST GERMANY
(Source: S.A. Department of Customs and Excise)

	1974 R000s	1973 R000s
Live animals, animal products	879	1 614
Vegetable products	31 464	17 613
Animal and vegetable fats, oils and waxes, and products	1 262	3 633
Prepared foodstuffs, beverages and tobacco	24 945	19 024
Mineral products (excluding certain mineral oils)	43 731	29 844
Chemical and allied products	3 970	2 222
Hides, skins and leather goods	6 073	4 246
Paper-making materials, paper and products	255	268
Textiles and articles	24 319	21 806
Precious and semi-precious stones and jewellery	117 875	33 060
Base metals and products	58 739	51 522
Machinery, electrical equipment and parts	3 366	3 040
Vehicles, aircraft and parts	346	342
Precision and measuring equipment	971	849
Works of art, etc.	184	63
Other	525	533
Total	318 526	189 679

Fruit exports well up

RDM. 26/8/75

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CAPE TOWN. — Indications are that gross proceeds from South African deciduous fruit exports will total R119-million for 1975, compared with an earlier estimate of R110-million, says the Deciduous Fruit Board chairman, Mr P. G. van Breda.

The previous high for any season was R89 300 000 in 1973, and the 1974 figure was R84 200 000.

Revised assessments indicate payments to producers this year will be about R61-million, against the previously estimated R55-million and last year's payments of R43 200 000. — Reuter.

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British exports to SA recover

RDM 26/8/75

LONDON — British exports to South Africa made a big recovery in the first half of this year, according to a report by the London Chamber of Commerce and Industry.

The report said exports to South Africa rose to £335-million, compared with £241-million in the first six months of 1974.

Exports to the Middle East and North Africa rose from £439-million in the first six months of 1974 to £918-million in the same period in 1975.

The Arab share of total British exports rose from 5,6 per cent to 9,7 per cent.

The percentage share of British exports going to the European Economic Community fell slightly over the same period — from 34,2 per cent to 31,7 per cent.

However, exporters are increasingly worried that domestic inflationary pressures could make British prices uncompetitive, says the Chamber. — Sapa-Reuter

New petrol price hike forecast

MERCURY 28/8/75

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PRETORIA—Petrol consumption still had to be limited through speed restrictions to save foreign exchange, the Minister of Economic Affairs, Mr. J. C. Heunis, told the Transvaal National Party Congress yesterday.

The Minister said that, although South Africa was still on the official embargo list of oil-producing nations, consumption was a more acute problem than supply.

He pointed out that the additional cost in foreign exchange through the increased oil price was R900 million a year. Another increase was being predicted.

This would cost more foreign exchange and increase production charges and eventually prices.

There were other ways to help security than putting men into uniform, he told delegates who had asked for a 100km/h speed limit for light vehicles.

"We must not underestimate the effect on our economic and political stability of our economic enemy — inflation," he said.

"It has been calculated that if each of us had kept to the speed limits — and we did not — we could each have saved R102 a year in petrol costs.

"Scientific tests have indicated that, irrespective of the size of a vehicle, or whether it has an automatic or manual gear box, consumption increases by 14 percent when the speed increases from 60 to 80km/h."

Thus consumption increased, the higher the speed. It had also been shown that maintenance costs, in spite of increased prices of parts and labour, were reduced at slower speeds. — (Sapa.)

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FISH: A TEAR FOR EARNINGS

F.M. 29/8/75

The volume of raw fish landed by the inshore fisheries of SA and SWA in the 1975 season is not expected to differ materially from 1974. Sadly there will be no repeat of the splendid earnings investors enjoyed last year.

Although final figures will not be available for another month or so, it seems clear that the SA quota of 406 000 t will be filled. In SWA, where the quota is split 60%-40% between pilchards and "other" species, landings of pilchard will come pretty close to the permissible 568 300 t, while anchovy landings will again fall short of the allowed 372 200 t.

The Oceana group's 1975 interims, published this week, are a portent that other members of the SA/SWA fishing family will show similar 15% declines in earnings per share in the latest six months compared with last year's performance. Costs have risen against static production volumes, while prices on international markets have declined (in the case of fishmeal) and sales of other products have slowed (in the case of canned fish).

Another aggravating factor, one that is particularly worrying fishery scientists, is the sharp drop (from 4% to about 1,5%) in fish body oil yields in the Cape anchovy fishery.

Industry costs rose about 20% during the season and would have risen further but for a sharp drop in the price of imported tomato puree (used in canning). It is now hoped to persuade suppliers to bring prices into line with lower foreign prices.

To concern about the mounting cost of labour, fishing, tin cans, and the drop in fishmeal export prices has now been added the fear that earnings will be further eroded by the high cost of holding stocks of canned fish, which looks like persisting.

At the beginning of the 1975 season in SWA (the major source of canned fish) the industry confidently predicted a pack of 12m cartons, compared with 10,3m in 1974. But the deepening recession in the UK and Third World markets trimmed the target to about 10,5m cartons while there's no certainty of avoiding a sizeable carry-over into 1976.

Foreign sales look like slowing down for a number of reasons:

- The industry's decision to sell in rands. This has been an automatic price inflator and has met with some consumer resistance. Similarly, sales in Europe have been affected by recent currency fluctuations in which prices expressed in US dollars have resulted in automatic hikes in domestic equivalents.
- The possibility of a severe setback in markets developed in Black Africa, notably Zaire.

In 1973 Zaire took 400 000 cartons of canned pilchards. Last year it took a staggering 1,4m cartons and there were early hopes this season that sales could be expanded even further. Instead, Zaire's worsening balance of payments has raised grave doubts about its 1975 purchases. The same fears extend to other African markets, Zambia among them.

- Although quite a sizeable market has developed in the Pacific islands (in spite of fierce competition from the Japanese), the Philippine Islands have maintained their boycott. This market could be worth 2m-3m cartons. In the longer term, fish canners are hopeful that advances in SA détente politics will ultimately break the boycott. But no one is banking on it.

Fortunately, there's been strong demand on the home market, which this year may take more than 50% of production for the first time.

New techniques have resulted in more pilchards getting into the can and fewer being processed into fishmeal and fish body oil.

Earnings from fishmeal will be sharply down on last year, although production will be roughly the same (between 250 000 t and 260 000 t). The entire 1975 output has been sold, about 60% of it at the "controlled" domestic price of R200/t and the exportable surplus at R155-R192 cif (about half last year's record realisations).

Here again the international outlook is uncertain since the price of fishmeal has become irrevocably tied to that of soya meal.

Under normal conditions the price should be 150% of soya, rising to about 160% if the cost of adding amino acids to soya (to bring it up to the fishmeal protein equivalent) is taken into account.

At present the gap is considerably narrower, although this is not necessarily significant in view of stocks of both commodities in the hands of producers. Fishmeal's price behaviour next year will also be determined by the huge US soya crop (38 Mt) now in the ground and how it is disposed of.

It is argued that if the huge crop depresses soya prices, and if grain prices maintain their current peaks, US farmers will plant less soya next year which could result in a tight protein situation. Whether Russia again comes into the grain market with huge orders will also be a factor.

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Financial Mail

De Jongh . . . realism at last

Monetary policy, says Governor de Jongh, is now aimed at curbing inflation and righting the balance of payments. If you want to know what happened to growth, ask Senator Horwood

Reaping the whirlwind

F.M. 29/8/75

The most significant piece of economic news in the past seven days was not the Governor's annual address. Nor was it even the announcement that Pretoria is to float a long-term loan yielding a record 10%. Nor the PM's call for wage and price restraint.

Important though these developments are, they are not half as crucial as the assurance, given last week by Finance Minister Owen Horwood, that government is finally making "every effort" to curb its spending.

It has been excessive government expenditure more than anything else that has boosted the money supply, thereby worsening our latest balance of payments difficulties and underpinning our high rate of inflation. And it is because of our BoP and inflationary problems that Church Square has been forced to make a major course correction in its monetary policy.

A little over six months ago, when the first signs of recession became apparent, the Reserve Bank was only too happy to see a rapid rise in the money supply and a fall in interest rates. Yet paradoxically, with the recession now biting more deeply, it has decided to tighten its grip on the money supply and raise rates.

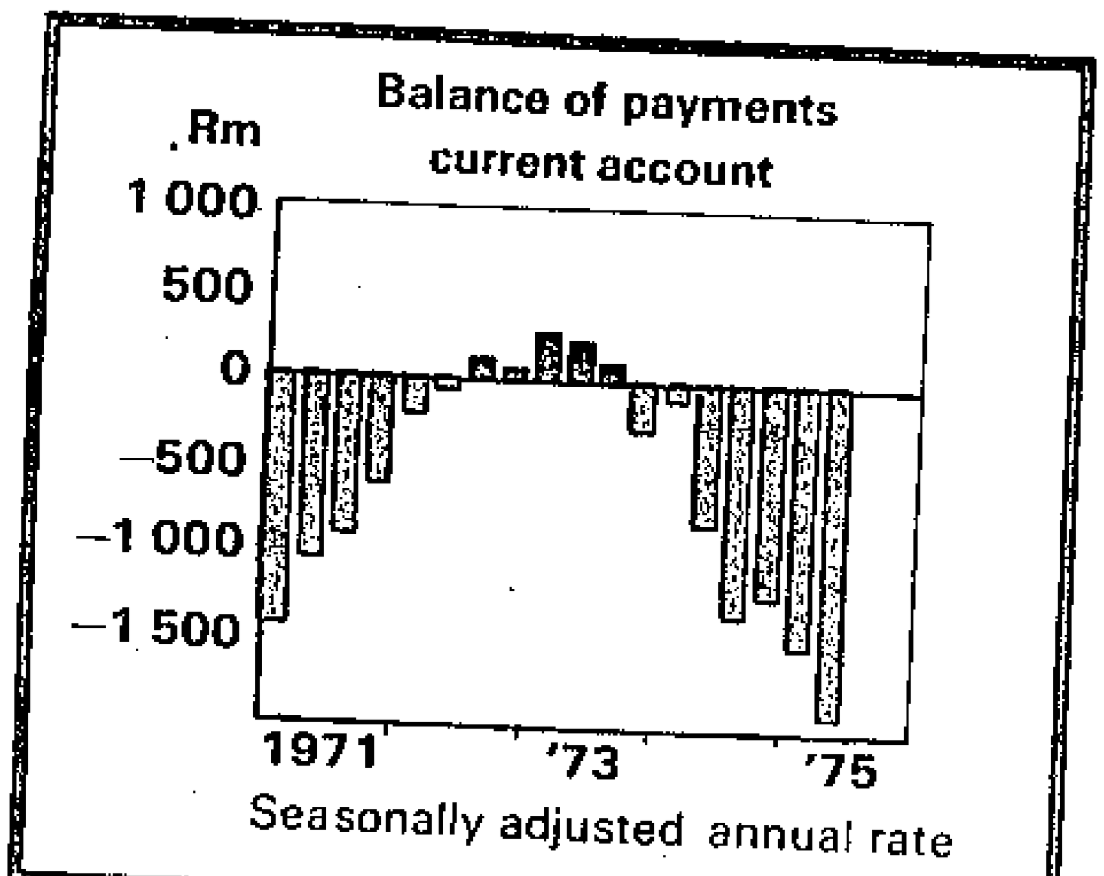
From the point of view of domestic economic conditions, the timing of this switch could hardly have been less appropriate. As the next story shows, most economic indicators are pointing decidedly downwards and — were it not for our inflation and balance of payments problems — it would normally be time to expect some further reflation of demand, rather than a new drive to tighten credit.

That excessive government spending is indeed largely to blame for this setback is clear from remarks made last week by Governor Bob de Jongh.

Government consumption expenditure, in real terms, he pointed out, rose by no less than 12% in 1974-75 (compared with a 1% rise in fixed investment and a 3,5% rise in household spending). This, coupled with a lower rate of increase in revenue receipts, led to a substantial increase in the Exchequer's overall deficit, which compelled government to draw down its balances with the Reserve Bank and borrow from the banks.

As a result, the net claims of the banking sector on the government sector rose by no less than R885m — the chief cause of the increase in money and near-money.

This has definite inflationary implications. As De Jongh points out, while the recent inflation was more a reflection of upward adjustments of government-administered prices and rises in import prices and salaries and wages, strongly rising government spending has been and remains a decided threat to price stability.



"In any analysis of the current inflation in SA," he says, "account must be taken of the potential inflationary effect on demand of the increase in real government consumption expenditure of 12% during the year ended June 1975, particularly in view of the fact that the net claims of the banking sector on the government sector increased substantially during this period."

As for the effect of government spending on the BoP, De Jongh was quite specific. The increase in official outlays had played a major part in bringing about unfavourable leads and lags during the second quarter of this year.

"It did so in three ways. Firstly, it contributed directly to a further increase in the supply of money and near-money. Secondly, it provided banking institutions with excess liquid assets and thereby made it easier for them to expand their domestic credit to the private sector in substitution of foreign trade credits. Thirdly, it assisted materially in bringing down domestic interest rates to levels which, in some cases, were lower than comparable rates overseas."

In other words, it all boils down to excessive government spending — something which the *FM* roundly condemned at the time of the March Budget, but which Senator Horwood strongly defended on the curious grounds that "strict fiscal and monetary policy is not, in today's conditions, the proper remedy against inflation".

The chickens have certainly come home to roost.

Hopefully, the latest government stock issue will repair some of the damage by channelling more of the nation's savings into government coffers. At least then a smaller proportion of government spending will need to be financed through the creation of new money.

But a proper solution must wait until government prunes its spending. Diverting savings from the private to the government sector means higher interest rates, tighter money and — consequently — stagnant private sector investment. And without sizeable increases in private investment one can bid goodbye to the Economic Development Programme — and its 6%-plus growth target.

Horwood's announcement that government is now at last "making every effort to economise on expenditure" is therefore the most welcome news SA has heard for a long time.

SUNDAY TIMES EXTRA, AUGUST 31, 1975

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Sunday Times extra

MR GEORGE FORTUIN, CRC executive member for rural areas and Coloured settlements telephoned me this week to "make it clear, with the full support of the other members of the CRC executive" that they "disassociate" themselves from Mr Solly Essop's call on British trade unions not to boycott South African fruit and canned goods.

Mr Essop said last week that he will be going to London to explain that such a boycott will hit the farm labourers hard and as these workers were the poorest section of the Black community, they could ill-afford the affects of a boycott.

Boycotts are fine for with plushy jobs, fat

Mr Fortuin told me that the Labour Party have written to the Trade Union Council of Great Britain "to warn them against Mr Essop".

"The Labour Party asked for a boycott and we are not prepared to go against that call," Mr Fortuin said, and added: "We want a boycott because nothing has changed in South Africa."

Manner

Mr Fortuin is wrong. Much has changed, especially the manner in which apartheid is being fought.

In previous years, opponents of apartheid were dedicated people who opposed apartheid without "protection" from the Government.

They were not paid a salary of R1 000 a month by the Government to "fight apartheid". They did not reject apartheid by participating in apartheid institutions. They were totally opposed to apartheid. And they still are.

That has changed.

In previous years, farmers, and the Government, were deaf to calls for a better deal for farm labourers. The Government refused to abolish the Master and Servants Act and farmers refused to pay farm workers a decent wage, or build decent homes for them or establish amenities.

Now the Government have done away with the Master and Servants Act. The farmers have acknowledged the plight of the farm workers and have decided to do something about it.

STRAIGHT TALK By Howard Lawrence

That has changed.

And this is a beginning which Mr Fortuin, who has so often claimed to be a champion of the farm workers cause, should build on.

He and his Labour Party CRC executive, and all the other CRC members who want a boycott of South African fruit and canned goods, should ask themselves just what do they think they are doing.

They are asking for more poverty on the platteland. They are asking the British to increase and intensify the suffering of the farm workers. They are asking for

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FM. 5/9/75

WAGE DEMANDS

Backing the PM

Reactions to the Prime Minister's appeal last week for wage and price restraint have been unanimously favourable.

Export industries in particular are pleased that Vorster recognised the need to give exports special encouragement in an export-led economy. Comments Wim Holtes of Safto:

"We were delighted to note that the export industries were specifically mentioned. An export orientation is now much more reflected in government policy."

The appeal has also been welcomed by the mining industry. Tom Main, economist at the Chamber of Mines, points out that costs in the mining industry have already outpaced inflation and are now increasing at a rate of 25%-30% pa.

Dr Hennie Reynders of the SA Federated Chamber of Industries, a member of one of the six specialist committees appointed by Minister of Economic Affairs Chris Heunis to draw up concrete anti-inflation proposals, welcomes the voluntary element in the appeal, and thinks it will work provided the entire country swings behind it.

A spokesman for the Public Servants Association commented: "We will not at this stage go for wage and salary increases, on condition that the private sector and other divisions of the public sector show similar restraint."

Speaking for the unions, Robert Kraft, economist and assistant general secretary of Tucsa, and a member of two of the anti-inflation committees, said:

"We reiterate the commitment we made earlier this year, to exercise great wage restraint. I think it was a good speech by the Prime Minister."

Dr Errol Drummond of Seifsa, who sits on a record-breaking four of the six committees, added:

"The announcement is a desirable step in the light of the inflationary period through which we have been, and the guidelines no doubt will lead to positive steps in arresting the current spiral."

The six committees have the following broad terms of reference:

- **Publicity and educational campaign** *(chairman: Dr Lawrence McCrystal, Executive Director of the Grocery Manufacturers Association).* The campaign will be aimed specifically at each of the various interest groups in the economy — commerce, consumers, industry, and so on.
- **Short-term productivity of the labour force** *(chairman: Dr Sebastiaan Kleu, Chairman of the Board of Trade and Industries)* This committee is to recommend steps which can be taken to promote productivity in the short-term.
- **Long-term productivity of the labour force** *(chairman: Johan Botha of the Department of Labour).* It will deal with labour productivity matters in the long-term.
- **Fiscal and monetary regulations and policy** *(chairman: Johannes Kitshoff, chairman of the IDC).* The committee is looking into the effects of monetary and fiscal measures on the rate of inflation, with particular reference to the rate of expansion of the money supply.
- **Legislation and regulations** *(chairman: Dr Piet Riekert, Economic Adviser to the PM).* This committee will examine cost-increasing effects of existing and future legislation, and will aim at taking remedial steps.
- **Salary, wage and price increases** *(chairman: Joep Steyn, Secretary for Commerce and Price Controller).* This body is expected to recommend a formula for limiting salary, wage and price increases, to be applied voluntarily by the private and public sectors.

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Heunis on need to expand world trade

Dispatch 12/9/75

JOHANNESBURG — The Minister of Economic Affairs, Mr J. C. Heunis, speaking at the annual meeting here of the South Africa Britain Trade Association (Sabrita), said the need for an expansion in world trade had never been greater than at present.

It was far easier for governments to chop and change their international trading patterns than to rebuild what was destroyed as a result of these changes, and to retrace their steps in an attempt to restore previous international relationships. Somehow it was always the trade sector which suffered the worst of these blows.

"It had always been South Africa's policy to trade with the whole world on a non-discriminatory basis, irrespective of the internal political and economic policy of the countries concerned," the Minister said.

The South African market was, by international standards, already one of sizeable proportions. This market was bound to expand even further during the next decade or two.

According to the latest economic development programme, South Africa's expenditure on large-scale development projects in both the public and private sectors was estimated at R38 000 million. A large proportion of this expenditure was bound to be for purchases of essential imported supplies.

"It is indeed heartening to know that suppliers in the United Kingdom continue to take cognisance of the South African market to the extent that they do, and I have observed with interest the number of trade missions scheduled for South Africa from the United Kingdom," the Minister said.

Countries other than the United Kingdom had shown a similar interest in the South African market, and they were promoting their opportunities in this country as never before.

"It would indeed be a sad day for South Africa and the United Kingdom if their citizens should no longer display any faith or interest in the preservation of the very close and mutual beneficial trading ties that had been built up between the two nations over such a long passage of time, or if either of the two governments should resort to actions and public statements whcih would seriously impair the favourable political climate with the aid of which these close relationships had become established and expanded.

"I have great faith in the ability of the businessmen of the two countries to exert moderating influences on whatever decisions may be taken at official levels, which may be in conflict with the objective of maintaining politically unbiased trade and economic co-operation between the two nations," the Minister said. — SAPA.

78A

Dispatch 15/9/75

Oranges by the million

PRETORIA — Sales of South African oranges to Iran will be about three times higher this year than ever before, according to Mr R. G. Hauptfleisch, commercial manager of the Citrus exchange.

A total of 1,5 million 15kg export cartoons will be shipped to Iran, and better gross average prices are expected than those of last year. The better prices will, however, only marginally improve the growers' earnings because of increased costs of production and transport.

Excess quality fruit that could not be sold at an economic price overseas would, as usual, be sold in South Africa, and consumers should benefit from the export quality and low price, Mr Hauptfleisch said.

NB. It is to be hoped Mr Hauptfleisch is correct in his final remark. Earlier this year it was announced that because of the vast surplus of citrus fruit, it was anticipated farmers would be forced to plough it into the ground; that charitable organisations would be able to collect the fruit free of charge; and that much would be available at low prices. Those low prices were not particularly noticeable.

— BUSINESS EDITOR

78A

Time to take a profit on coals

RDM 15/9/75

Investment portfolio by EDWIN ARNOLD

THERE is some gentle London interest about for our coal counters on the view that they will afford some good jobbing opportunities.

Given the narrowness of the coal market, this London support plus some South African institutional buying is holding the market up. My belief is that this stability affords readers a good profit taking opportunity.

Generally speaking, the coal sector is overvalued and sustained by sentiment not fundamentals. The sector is on an average dividend yield of 4,5 per cent. This is far too low.

But sentiment, that always potent market force, is anticipating a wonderful long-term future with juicy dividends at the end of the rainbow.

The trouble with the long term is that it never proves to be as rosy as the market thinks. Reality always dawns and share prices lurch downwards. It is impossible to predict when the present, over-inflated bubble will burst, but I think it could happen within the next six months.

RICHARDS BAY

I am not saying coal doesn't have a future. It does. But from an investment point of view, the downside risk is now much greater than the upside potential. Taking profits or cutting losses now makes sense.

First, consider Richards Bay. To hear some people talk, expanding its capacity of 12-million t to 24-million t can be done with the wave of a wand.

The present plant is costing R35-million and to expand it to 24-million t, given the extra capacity already installed, would cost another R10-million.

By the end of 1975 the feasibility studies should be completed on expanding the plant's capacity 20-million t. The 20-million t figure is the coal capacity figure for the railway line after allowing for other non-coal users' claims on the line.

Coal export contracts for 12-million t have been signed. So we are talking about another possible 8-million t distributed among those groups with export permits and strong claims by virtue of their present orders for the extra capacity.

This boils down to Shell/Barlows, Anglo American and General Mining and its associates.

To lift the railway line's capacity to more than 20-million t will mean having to double the track line. And this the Railways is not at all keen about until it has gained operational experience running the 1 200 metre-long coal trains.

Given the railways lack of experience with these trains, and new rail line commitments elsewhere, it will probably be 1980 before we see a double line to Richards Bay.

Potential for volume exports is thus limited for a good five years ahead; and waving wands is most unlikely to shorten this time scale.

SPENDING

Then there is the huge capital expenditure programme facing the coal industry. This is variously estimated at between R900-million to R1 100-million over the next decade. This figure includes the new Sasol, Iscor coking coal plans, and Escom's needs, so the total faced by the private sector is not quite so daunting.

But it is still large. And it excludes the significant capital expenditure impact that the five-day week will have on the mines.

Putting exact figures on capital expenditure at this stage is impossible. But there are some rough guides.

DEBT

The Transvaal Coal Owners Association mines, for example, will probably have to raise output in the next few years by 12-million t. A ton of capacity in a new mine costs about R12 to start up. But probably only a half to a third of this expansion will come from new mines.

The rest will be achieved by expanding existing operations; financed out of cash flow and profits. The cost a ton of expanding existing capacity is about R5 a ton.

Thus capital expenditure on the 50-50 course would be R92-million, while the two-thirds/one-third pattern would be R81-million. Either way, that expenditure must mean reduced dividend potential.

It also suggests a lot of debt financing and possibly a few rights issues. These cash calls and needs, looming as they are over the horizon, are hardly the stuff that bull markets thrive on.

Nor can one see the Government granting generous domestic price increases. If we see R1.15 a ton increase this time round it will be a fair bit more than most of the producers expect.

Can you see the Government doing more, given the crucial anti-inflation battle that is facing us?

The Petrick Commission recommendations may shed more light on the entire pricing system. But recommendations are one thing, parliamentary approval and action quite another.

PREMIUM

My guess is that the Government will encourage the development of new mines with a special pricing policy for them alone while keeping the price control going for existing operations.

The effect of the premium price received from exports is often over-estimated by the bulls. The premium is spread across the board for the TCOA producers. So export premiums on 6-million t to 6 500 000 t are effectively spread over 24-million t of current TCOA domestic output.

On the not unreasonable view that the export contracts were sold on the scale up, we can expect a premium a ton of about 50c. Not the R1 plus that some talk of.

BETTER DAYS

Finally, commonsense tells one that future export contracts will be for higher quality coals. It follows, too, that there will be a tendency towards a surplus of lower quality coals in South Africa.

The lower quality mines, as in other mining fields, will suffer more as time goes on.

As Natal Ammonium chairman, Mr J. A. Hyman, noted last week "one must not lose a sense of proportion" about the coal scene. I would recommend getting out on London's back, sit on the cash and wait for better days.

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78A

TRADE POLICY

Wrong emphasis?

One of the more provocative papers prepared for the Economics Society's conference in Johannesburg this week was Professor Trevor Bell's analysis of SA's foreign trade and productivity policies.

Bell, a development economist from the University of Natal, Maritzburg, contends it was a mistake for SA to switch from import substitution to export promotion. He fully recognises that "continued import substitution involves intermediate and capital goods, which is a more difficult task (than import substitution in the consumer goods sector) because the market is smaller relative to optimum capacity, and because a higher quality of labour, technological know-how and management is required."

Even so, he argues, failure to press ahead "will leave the economy with an unduly small capital goods sector from the point of view of efficient resource allocation, and it will also tend to increase the external vulnerability of the economy."

He also suggests the Commission on Export Promotion, which was chaired by Dr Hennie Reynders, was wrong to express anxiety over SA's relatively slow growth in labour productivity. A rate of growth in productivity slower than that in many industrial countries may, in fact, be exactly what SA, with its burgeoning population, needs.

"The positive side of (SA's) relative slow rate of increase in labour productivity is a relatively rapid rate of growth of employment." And a comparison of growth rates in SA and the key industrial countries "suggests that SA has been outstandingly successful in increasing the volume of employment, and that a very high ratio of additional employment to additional output, the reciprocal of low productivity growth, is a striking feature of the SA economy."

Asked to comment, Reynders pointed out that what he and his fellow commissioners had advocated was not the abandonment of the policy of import substitution but simply greater emphasis on export performance, an area of policy that had previously been neglected.

He referred to page 630 of the Commission's report where it said: "As regards long-run objectives, the Commission is in favour of pursuing both export promotion and import substitution," it says.

One cannot help feeling, however, that Bell has raised some crucial issues which have far-reaching implications for many of SA's economic imperatives. More the pity, therefore, that his case for continued import substitution rests more on circumstantial evidence than on direct evidence drawn from local industrial experience.

plan for SA

By BRIAN GROBBLER, Motoring Edi

THE new chief executive of Leyland South Afri Murrough, told a national motoring press confer Town at the weekend that the state-owned Britisl given him a mandate to increase market share, in and set the platform for continued expansion in

R35m will be spent over the next four years.

Mr Murrough, who took over from Mr Basil

already a vast extension had been made to the engine plant in the Cape at Blackheath to manufacture the new E series engine.

"Of capital R5,7m, has been

22/9/75
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4 Capital

Bid to improve SA's balance of payments

Cape Times Correspondent

JOHANNESBURG. — The rand has been devalued against the United States dollar by a massive 17,9 percent with effect from today.

The Minister of Finance, Senator Owen Horwood, said in a statement that the action was taken to strengthen South Africa's balance of payments.

He said it would also prevent a further slowing down of the South African economy.

Senator Horwood conceded that the move was inflationary, but promised that the Government would take steps to contain inflation.

Yesterday's shock move follows a wave of speculation on the future of the rand. Last week, as the gold price plummeted and the United States dollar strengthened on world foreign exchange markets, millions of rands were withdrawn from South Africa as a precaution against devaluation.

Banks estimate that 250m dollars were bought by speculators on Friday alone.

The size of the devaluation, which itself was not unexpected, took economists and business men by surprise.

This does not mean that your savings in banks and building societies will be reduced by 17,9 percent. But it does mean that a wide range of imported goods will cost substantially more and it adds a new twist to the inflationary spiral. It also means that you will be able to buy less with the same amount of rands if you

with export orders will also get more rands for their sales.

Another beneficiary is local industry. The prices for imported goods will go up and more people will switch to buying domestically produced goods.

This will help to revive flagging sales and boost the internal economy. And it will also make the Republic export goods cheaper in the British market which is still our single biggest trading partner.

Car prices

But it also means belt-tightening for all South Africans, as the standard of living in real terms will also fall. The price of cars and petrol will go up. The liquid asset requirements of the banks will also be raised soon.

This means credit will become that much harder to get. It also means that there will be pressure on bank lending rates and in-

No rise in TV sets — for a while

JOHANNESBURG. — In spite of devaluation no increase in the price of radio and TV receivers was expected in the next four to six months, Dr Boris Wilson said last night.

Dr Wilson, chairman of the Co-ordinating Council for the TV industry and chairman of the SA Radio and TV Manufacturers Association, said:

"Most manufacturers of radio and TV receivers have to order well in advance to have stocks for the next four to six months. As new orders are placed or components have to be replaced there is no doubt about a price increase."

Car prices and motor spares could rise by 10 percent. But when the new prices will be introduced will depend on the amount of

Cape Times 22/9/75

Swift reaction to rand devaluation

MR JAN HAAK
[P]RESIDENT OF THE [AF]RIKAANSE HANDELSINSTITUUT

[sai]d the devaluation of [th]e rand would of necess[it]y have an inflationary [eff]ect particularly because [of] higher prices for oil [an]d raw materials and [oth]er equipment.

[T]hese, he said, would in[evi]tably become more ex[pe]nsive.

[M]r Haak, a former [mi]nister of Economic Af[fai]rs, said the current [hi]gh inflation rate could [lea]d to a quick erosion of [th]e devaluation benefits.

[T]his made it even more [im]perative that all sec[tio]ns should support the [Go]vernment's anti-in[fla]tion programme, details [of] which would be an[no]unced soon.

"If we are successful in [the] inflation fight the be[nef]its of devaluation can [be] exploited and the [fou]ndations laid for [fur]ther growth when [eco]nomic recovery starts [amo]ng South Africa's [ove]rseas trading part[ner]s."

[T]he sharp drop in the [pri]ce of gold with the in[cre]ase in the value of the [US] dollar made the rand [dev]aluation unavoidable.

[M]r Haak claimed that [swif]t reaction of the Gov[ern]ment had ruled out any speculation against the country's economy.

The devaluation could assist in adjusting the balance of payments without serious sacrifices in growth.

This would lead to a more balanced economic growth and make possible a better and more stable business planning climate.

The devaluation, Mr Haak said, should encourage local industrial development and make South African products more competitive with imported goods.

The rand income from gold mining and export of metals and minerals would be much higher while other exports would also be stimulated.

The devaluation would also stimulate the inflow of overseas capital, particularly as speculation against the rand would be eliminated.

A UNITED PARTY SPOKESMAN

said that the devaluation by a massive 17.9 percent was a grim indication of the way in which South Africa's balance of payments and internal fiscal policies had been allowed to get out of hand.

"Rapidly rising external payments on oil and defence have to some extent been unavoidable. They have, however, been accompanied by extravagant overspending by the Government and by gross negligence in controlling the priorities of state corporations.

"These permissive fiscal policies were based on the facile assumption that the widening gap in our balance of payments could for ever continue to be bridged by an ever increasing gold price. Now Russian grain purchases and the progressive demonetization of gold, both of which were predictable, have temporarily weakened the gold markets. The Government has improvidently left itself no option but to resort to the desperate remedy of devaluation.

"It is a desperate remedy because, as with certain drugs, the side effects can be more severe than the disease it seeks to cure. In terms of the weakened rand, defence and oil costs will rise much higher. Inflation, which already threatens the very foundations of our economy, will grow even worse.

"Taxation will be increased to unprecented levels. Our sustained growth on which the social and political peace of South Africa ultimately depends will be seriously undermined. Certain sectors of the economy will receive short-term benefit from devaluation.

"Significant is the fact that whereas some three years ago when the price of gold was around 42 dollars South Africans enjoyed a fair measure of prosperity. With gold presently selling at three times this amount the Government has been unable to contain costs of living, and South Africans are all significantly worse off. In the long run we will all lose because of the present devaluation. Sunday the 21st of September is a black day in the economic history of our country.

"In the absence of Mr David Baxter, MP Constantia, who is overseas and who is the United Party's chief spokesman on financial affairs, this joint statement is issued by Mr H A van Hoogstraten, MP Cape Town, Gardens, UP spokesman on economic affairs and by Mr Derek de Villiers, MP, secretary of the UP caucus secretariat, with the approval of Sir De Villiers Graaff."

MR GORDON OXFORD
Chief general manager of the Standard Bank of South Africa,

said the rand devaluation and increase in liquid asset requirements meant there was likely to be further upward pressure on interest rates and that the availability of credit would be reduced.

It would mean adjusting the whole economy and living standards and the cost of imported products such as motor cars were bound to rise.

Mr Oxford said that because gold played such a central role in the economy, the Minister of Finance, Senator Horwood, had been forced to protect the profitability of the gold mines and indirectly to prevent any further pressure on the gold price.

If people speculated against the rand as importers paid off oversea commitments, short-term money left the country and the gold and foreign reserves came under pressure and the Reserve Bank was forced to sell more gold.

With the gold price under pressure, this was not an attractive prospect.

MR DANIEL FRANZSEN,
Deputy governor of the Reserve Bank,

said the Reserve Bank hoped to announce, as soon as possible this week, the new liquid asset ratio requirements for banking institutions.

Liquid-asset requirements for commercial banks are: Short assets 49 percent, 28 percent medium term, 5 percent long term and 10 percent under acceptances.

Devaluation wrong — Schwarz: Page 4.

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Cape Times 29/9/75

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78A

Wilson 'no' to fruit boycott

By GEORGE MANUEL

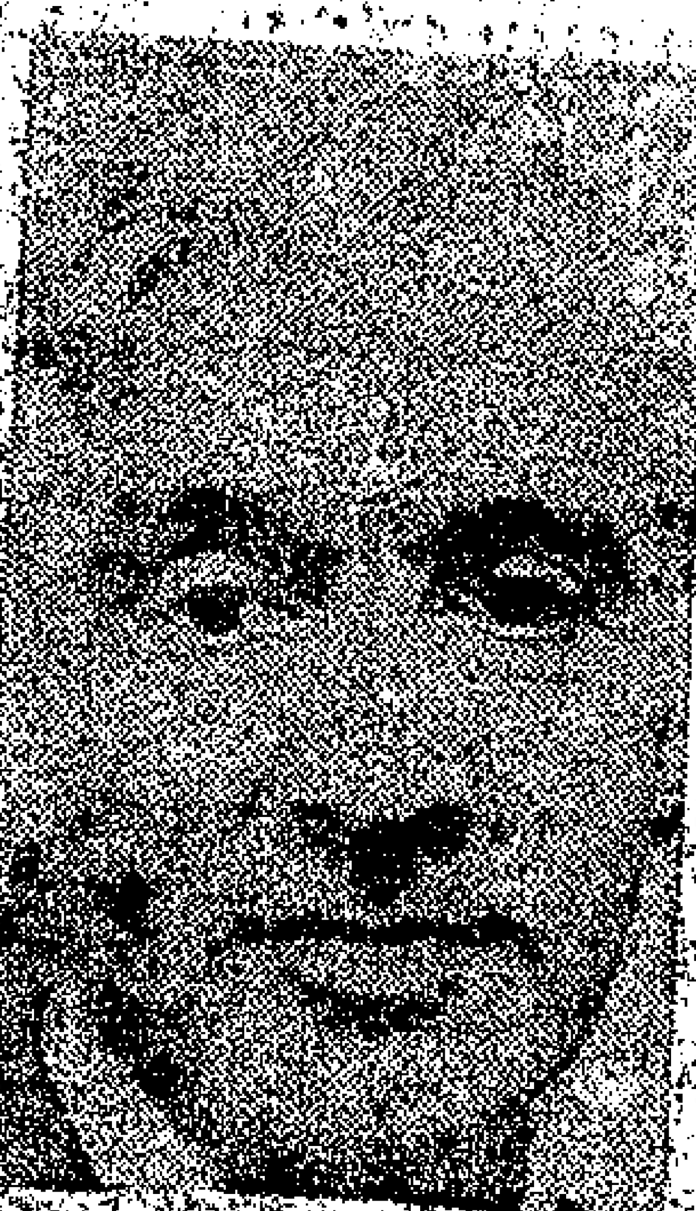
THE BRITISH Prime Minister, Mr Harold Wilson, has informed Mr Solly Essop, Independent CRC member for the Bokkeveld constituency that Britain has no intention of boycotting South African fruit.

Speaking from his home in Beaufort West yesterday, Mr Essop said that he had received a letter at the weekend from the British Prime Minister's secretary which gives Britain's attitude quite clearly to the calls made by the Labour Party of South Africa and others in Britain for a boycott of South African fruit.

Mr Wilson was replying to a letter from Mr Essop asking that Britain should not heed calls for a fruit boycott.

In the reply, Mr Wilson's secretary writes: "I can assure you that it forms no part of Her Majesty's Government policy towards South Africa to impose a boycott on the import of South African fruit."

Mr Wilson



Mr Essop

Mr Essop told Mr Wilson he represented the Bokkeveld constituency where fruit was produced on a large scale. His Coloured Labour Party opponent in the CRC elections earlier this year had appealed to Mr Wilson for the imposition of a boycott.

He (Mr Essop) on the other hand had opposed such a boycott and had been returned to the CRC with a majority of 4 900 votes. He said fruit producers in his constituency made use of Coloured labour. If Britain imposed a boycott the Coloured workers would suffer and lose their jobs.

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S.A's oil import costs to soar

78A

Mercury 30/9/75

Financial Editor

THE annual cost of South Africa's imports of oil will now be more than 2 066 million dollars compared with 1 680 million dollars before the rand devaluation and increase in the crude oil price.

This calculation has been made by the Financial Mail which writes that current crude oil imports are about 400 000 barrels a day.

Minor quantities of refined product are imported from the Sonarep refinery in Lourenco Marques, for Eastern Transvaal consumers and further tonnages of specialised products, such as solvents and aviation gasoline, also have to be brought in.

Annual imports are estimated at 140 million barrels. The average landed cost before devaluation was 12 dollars a barrel, which gives a total oil import bill of 1 680 million dollars.

The effects of devaluation of the rand, the increase in the price of crude oil and the previous June, and devaluation of five percent would mean an increase of about 23 percent, to South African consumers.

SERIOUS IMPACT

The increase wil have a serious impact on the country's balance of payments and on the cost structure of everything connected with petroleum in South Africa.

Meanwhile in Europe the dollar climbed sharply on foreign exchange markets yesterday in response to the oil - exporting countries (Opec), decision to increase prices by 10 percent.

Dealers said Opec helped the dollar's international standing by agreeing to retain the United States currency for calculating oil bills.

Opec had been considering switching to special drawing rights (Sdrs), the reserve asset on the International Monetary Fund, as an accounting unit.

Because of the dollar's greatly increased strength in recent weeks, the United States is in a better position to absorb the price increase than other industrial countries whose currencies have become cheaper in dollar terms.

TRADE SURPLUS

Dealers also referred to the strong American trade surplus — 1 035 million dollars in August —and the United States' chances of achieving independence from foreign oil.

Yesterday sterling fell to 2,0325 dollars from 2,0445 on Friday. The dollar rose to 2,6750 marks from 2,6605 and 4,5775 French francs from 4,5425.

The British pound also weakened slightly against other European units. The short-term implications of the oil price increase were expected to be more severe for Britain than for other Western industrial countries.

With inflation running at nearly 27 percent over the past 12 months and its balance of payments still weak, the British economy was regarded as particularly vulnerable to the effects of the price increase. — (Sapa-Reuter.)

ARGUS 2/10/75

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Safmarine, Iscor in joint iron ore venture

AN ORE-CARRYING shipping fleet is to be built up by Safmarine and Iscor for the R500-million iron ore project at Saldanha. They have formed a joint company to acquire the first two ships.

This is disclosed in Safmarine's annual report.

A new 165 000 ton ship to be named Sishen for bulk ore has been ordered from Japan and is due for delivery in 1977. The 154 000 ton Vanguard, in which Safmarine holds a 50 percent interest, will join Sishen as the nucleus of South Africa's ore carrying fleet.

The report says the project should result in material savings of foreign exchange as the freight element is large for ore cargoes.

The use of these ships should bring a satisfactory return.

CONTROLLING

Safmarine will be the controlling shareholder for the purpose of taking up certain shipping rights secured by Iscor in its sales contracts.

The directors say the past financial year has been mixed. The bulk division experienced favourable conditions for most of the year, but freight rates have sine declined in line with the present slackness of world demand.

However, there are now signs that rates may become firmer as a result of world agricultural imbalances.

The oil tanker market continues to be severely overtonnaged and many large tankers are being laid up for lack of remunerative employment.

The corporation intends to form a new company to take over the entire operations of three companies, two of which are already subsidiaries — Aero Marine and Manica. The other is Freight Service Holdings.

The new group will be strong financially and able to provide facilities economically. It should be able to compete effectively in the highly competitive fields of ship-agency and related activities.

Taxed profit in the year ended June rose to R20,4-million (R16,2-million) equivalent to earnings a share of 69 (62c)

Heunis offers State aid to ore processors

ADM 2/10/75

78A

By CHRIS CAIRNCROSS
Industrial Editor

PORT ELIZABETH. — The Government has devised a new export incentive scheme designed to stimulate increased activity in the processing of the country's large store-house of minerals and ores for export.

This was announced by the Minister of Economic Affairs, Mr Chris Heunis, in a speech read out for him by Mr P. J. Theron, Secretary for Industries, at a banquet last night marking the close of the Federated chamber of Industries' annual executive council meeting.

Mr Heunis, who is ill, said the scheme is the result of recommendations of a committee appointed recently by the Economic Advisory Council.

The export scheme goes into immediate effect and will last for five years.

Mr Heunis said that while it is clear little or no help is required from those corporations already processing minerals for export, there are other industries which, being only marginally profitable, may need help to develop their productivity "to the great advantage of the economy".

He said prospective processors of local minerals for export may now apply to the Department of Industries and other authorities for assistance.

Mr Heunis outlines the following forms of assistance:

- The rebate of 25 per cent on the prime bank lending rate applicable under the export promotion scheme may be extended to exports classified under the processed minerals category.

At the present prime rate, this concession amounts to a non-taxable subsidy equal to about 1.25 per cent of the value of the annual exports of processed minerals.

- Loans by the Industrial Development Corporation for part of the capital requirements of a processor at "attractive" rates, with a minimum of 6 per cent against a normal rate of 12 per cent.

The higher the portion of the product exported the lower will be the rate of interest.

- Beneficiation allowance in terms of the Income Tax Act to a maximum of 20 per cent of the cost of equipment, and a maximum of 15 per cent of beneficiation plants.

Mr Heunis said these allowances may be granted in addition to allowances normally available to manufacturing and mining undertakings, and in addition to any tax concessions for which the operation concerned may qualify in terms of the decentralisation scheme.

- A rebate of up to 20 per cent on the cost of electric power.
- In cases where railage costs are an important factor and adversely affect the possibilities of export, railage rebates will be allowed on the transport of the main raw materials to the processing plant, and of the products to the coast.

Mr Heunis said that as a general criterion it will normally be a requirement that there should be a substantial input of local raw materials, of about not less than 50 per cent.

"Processing should also be real — say an added value of at least 100 per cent."

flotation and milling processes.

"Assistance in terms of the processing scheme will, therefore, not be available to undertakings based on production principally for the domestic market," he said.

"If they should need support to operate on this market, the traditional channels of assistance by means of customs tariff protection and the normal facilities of the IDC are available."

Mr Heunis said that those companies producing mainly for the domestic market but having surpluses which they wish to export, could qualify for assistance in terms of the existing export promotion scheme.

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'Time to question borrowing policies'

RDM 2/10/75

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(2) Capital
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4 170
5 78 A

78 A

PORT ELIZABETH. — The recent devaluation, while dramatising the structural problems associated with the country's balance of payments, was also the inevitable consequence of longer and more fundamental problems of the economy, Mr Dan Benade, FCI president, said yesterday.

"It highlights, for instance, the whole question of the adequacy of industrial protection, the competitiveness of the South African economy and the relative rate of domestic inflation."

Mr Benade said it also raised the question whether "we are investing our borrowings wisely."

"It is only good business to use borrowed capital for investment in adequately productive areas, to permit the eventual amortisation of external loans," he said, pointing out that many businesses have gone bankrupt on the policy of borrowing to maintain uneconomic operations.

Referring to the battle plans being made to eradicate the cancer of inflation, Mr Benade attempted to pour cold water on suggestions that the "disciplines of unemployment should be allowed to settle the excessive demands of wages and prices."

He said international experience has shown unemployment has failed to reinstate the "iron law" of markets.

"Dare we in Southern Africa play the supply and demand game with our workers, to which the president of Rhodesia's Association of Industrialists has alluded?" Mr Benade asked.

He warned that however necessary it becomes to reduce inflation levels, the momentum of growth — "so essential to the smooth transition of events in Southern Africa" — must be maintained.

"We must remind ourselves that we live in an environment which is intolerant to failure.

"It behoves all of us, therefore, to study the mistakes of others and to take timeous and concerted action to protect our very survival."

Mr Benade said the country's present circumstances did not permit us to hold the view that "things will have to get worse before they get better."

He said that South Africans have, for years, been talking about financing Government expenditure in non-inflationary ways; of making better use of total national resources; of determining expenditure priorities; and of wasting less.

"But I do not see sufficient evidence of the sort of co-ordinated planning needed to implement these measures. Now is the time when a co-ordinated strategy must be made explicit.

Southern Africa trade bloc: fact or fantasy?

Star 2/10/75.

78A

Tony Koenderman

Economic pragmatism, South Africans fondly believe, must eventually triumph over political ideology. The detente exercise has, for the first time in years, given some solid foundation to this belief.

But the dream of a Southern African Common Market, which has been revived, may remain no more than a dream for a long time.

Certainly, it is largely economic necessity which made it all possible, by forcing Zambia's President Kenneth Kaunda to seek some other course than total confrontation with the White South.

For this country too, a huge economic prize could be on offer.

With a huge market all over the sub-continent eagerly waiting to soak up SA exports of cars, mining machinery, textiles, fertilisers and a host of other manufactured and primary products, the conviction is growing that a golden era could be dawning . . . for South Africa.

Boosted sales in SA's "natural" markets would bring down unit costs of production and improve the viability of local industry.

But is this scenario realistic? The true prospects may be much more modest.

Obstacles

On the face of it, there is scope for increased trade between South Africa and the rest of the continent. The rest of Africa accounted for 19 percent of SA's foreign trade 15 years ago. Today the figure is 14 percent.

Clearly, if political barriers are lowered, the two-way flow could be increased, perhaps to its former level.

But there are economic and political obstacles to overcome.

Parallel production and trade patterns exist in all the countries of Southern Africa. Though they differ in degree, the uniform pattern is essentially one of importing manufactured goods and exporting primary products.

Obviously South Africa and, to a lesser extent, Rhodesia, could meet some of the demand for imported goods which is now met by imports from Europe, America or Japan.

But much South African manufacturing industry already needs substantial protection from imports because it does not enjoy the same economies of scale.

Resist

Industries which cannot compete on their home ground surely will not be able to compete in export markets.

South Africa's sheer size and economic strength is also intimidating to its neighbours. (It accounts for 22 percent of the gross domestic product of the entire African continent, 40 percent of manufacturing output and 53 percent of energy consumption.)

Its smaller neighbours will always resist the tendency to become no more than markets for the output of the giant. It may be, too, as FCI economist Arthur Hammond-Tooke believes, that much of the political fulmination against the Republic stems from the fear of economic domination.

The closest link SA has with other African states is in the South African Customs Union — which can be shown to be more to the advantage of South Africa than to its poorer partners.

A UN economic report on Botswana, for instance, said the diversion of consumers from cheaper overseas imports to more expensive South African manufacturers results in the "subsidisation of South African industry by Botswana."

Emphatically, then, any "grand design" for firm bonds in the form of an economic community is a no-no. Such unions seldom work, anyway.

The path ahead is more likely to follow the course advocated by Prof G M E Leistner, of the Africa Institute: low-key co-operation, often limited to individual projects which can be implemented with a minimum of political overtones.

The development of a Southern African power grid is already surprisingly far advanced and will probably expand further—with the advantage that physical links are more durable than any others.

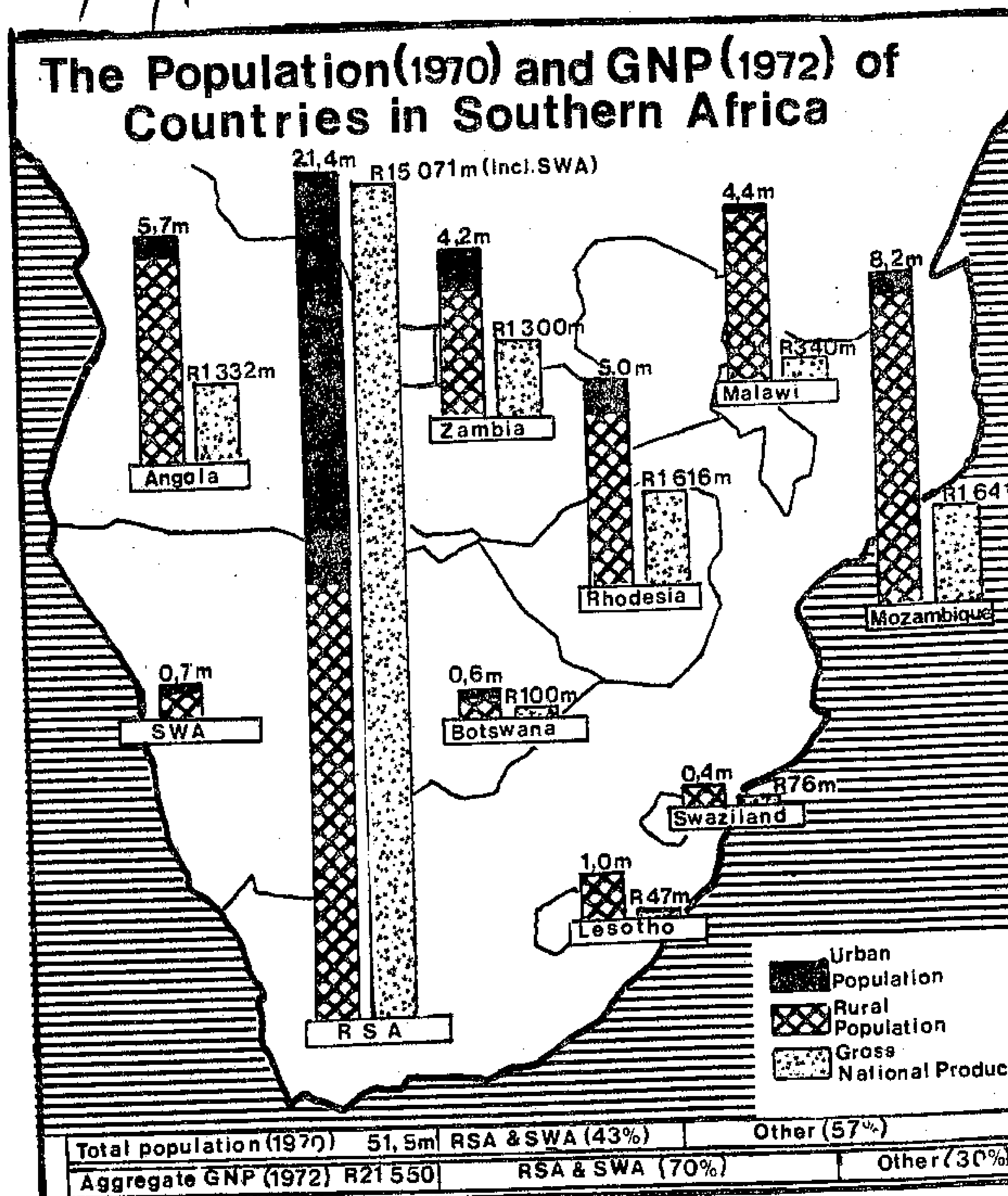
Despite their mutual hostility since 1965, Zambia and Rhodesia are inseparably joined by the umbilical cord of Kariba, and have continued to co-operate in running it.

The exchange of know-how—the export of South African vaccine or hybrid maize seeds — could be significant to Zambia or Mozambique.

South African construction firms are already active elsewhere in Black Africa, and could become more so.

Mercabank, in a pamphlet on the Southern African market, points out that the considerable labour migration between the countries of the region acts effectively as a substitute for commodity trade.

South Africa is better placed than any nation to provide economic aid and assistance to the other nations of the region, and by doing so could benefit both economically and politically.



Source: MERCABANK

The Southern African common market in years to come?

(75A

Action to end R2m sugar drain

By Vic Hanna

SHREWD DEALERS CARVE INTO OUR EXPORT MARKET

AS MUCH as 40 000 tons of sugar have left the country over the last two years which, although being sold overseas, has cost the country well over R2 000 000 in lost export earnings.

The sugar was sold on the local market, at around R120 a ton, converted to "sugar containing products" (such as jelly powders or crystals) and then exported overseas where the price went as high as R1 000 a ton in November last year.

Also sugar has been moving out of the country as "ship's stores" as international shipping lines calling at South African ports have been taking advantage of the low domestic price to stock up, not only for their own use, but possibly for their sister ships — not calling on South Africa — as well.

Over the last 21 years the average increase in domestic consumption of sugar has been 3,5 percent.

But during the 1973/74 sugar season — April to April — local consumption shot up 7,9 percent, then eased slightly to 7,4 percent in the 1974/75 season.

Sugarmen attribute this abnormal increase to increased per capita demand due to higher incomes — particularly among Africans — and the effectiveness of the sugar advertising campaigns.

Measures

But these factors would not seem to account for the very high increases over the past two years.

As soon as the Sugar Association realised what was happening it introduced measures designed to cut off the outflow of cheap sugar. And it had good reason to do so. Although sugar costs R123 a ton on the local market it actually costs more than R170 a ton to produce. Also, every ton of sugar sold locally meant a decrease in the amount of sugar which could be exported. With overseas prices substantially higher than the local price domestic sales eat into gross revenue potential of the industry.

On September 1 last year the association introuced a permit system for ship's chandlers which meant that after that date very little went out under the guise of "ship's stores".

Shrewd

But the problem was the "sugar containing products". A permit system was introduced at the end of August last year to clamp down on the outflow. But shrewd exporters were still able to by-pass the system until last month when a further tightening up proceduce was officially gazetted.

These measures have cut back on the amount of sugar leaving the country at domestic prices. But while the world price remains higher than the local price there will always be an incentive to buy sugar locally — at the subsidised price — and sell it overseas at a profit.

78 A

SA to sell 1,35-m tons of maize to Taiwan

~~(1) Agric Maize~~ ARGUS 6/10/75
(2) 78 A

THE Maize Board reports that it has just concluded an agreement with the Ministry of Economic Affairs of the Republic of China for the export of 1,35-million tons of South African maize to Taiwan.

The maize will be exported over a three-year period, beginning immediately after the present agreement expires on May 31 next year, the board says in a statement.

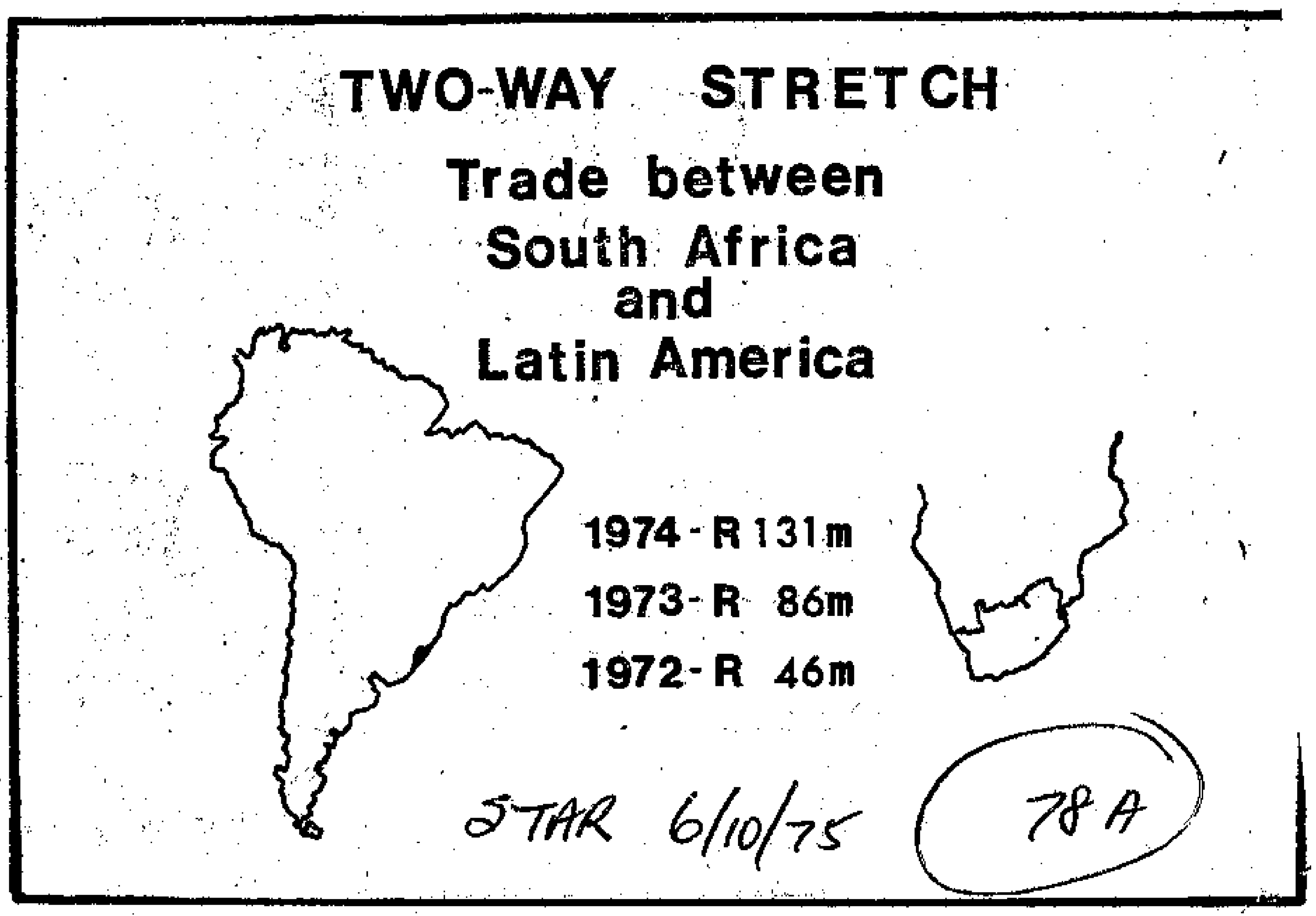
The agreement follows talks with members of the trade mission which is currently visiting South Africa under the leadership of Mr Y. T. Wong, director-general of the Republic of China's Board of Foreign Trade.

The previous agreement was signed in January 1973.

JUSTIFIED

At the conclusion of the first agreement the Maize Board said it believed that such long-term contracts could make a valuable contribution towards stabilising the market for South African maize in Taiwan and also towards furthering trade in general between the two countries.

The conclusion of this second agreement, together with the fact that a mission consisting of 20 members is visiting South Africa to promote trade in a wide range of goods, shows that this expectation was justified, the board's statement says.



SA trade with Latin America booming

Tony Koenderman

Trade with Latin America is enjoying an unprecedented boom and, say the experts, "this is only the beginning."

From R46m in 1972, the combined value of two-way trade rose 88 percent to R86m in 1973 and jumped another 52 percent to R131m last year — while overall trade rose 45 percent.

The first quarter of this year saw another small rise of 5 percent over the same period of 1974.

This shows in practical terms the benefits flowing through from Mr Vorster's "other detente."

Says Mr Richard Kern-Martin, the SA Foreign Trade Organisation's Latin American expert: "I believe 1974 — the year of soaring oil prices — will be regarded as the turning point in the economies of quite a few Latin American countries.

DESPERATE

"As their import bills rose, so they became aware of the desperate need to boost exports. To do this, they must develop their industrial potential, and this creates a tremendous demand there for capital goods and the kind of skills and technology which we can sell them.

"This is where the greatest potential lies for us."

The pattern is already established. AE & CI is investing in explosives factories in Brazil. Anglo American has bought interests in Brazilian gold mines. Major construction contracts in Peru and Uruguay have come the way of South African firms.

What has South Africa going for it in Latin America?

First, the political rapprochement — notably with Paraguay — has made a big difference to our standing, says Mr Kern-Martin. Though Paraguay is a small country with limited potential as a trading partner, it provides an example of what South Africa is prepared to do.

EXPENSIVE

Second, many Latin American countries would rather trade with the outside world than with each other. But European markets have become very expensive, and frequently bedevilled by long delivery delays. Domination by the United States is also resented.

So the Latin Americans are looking for stronger links with "peripheral countries" such as South Africa.

The climatic and socio-economic similarities between the two continents form another plus factor. This means, for example, that machinery designed for use in South Africa is also right for Latin America, whereas the more sophisticated equipment made in the United States and Europe often is not.

Latin America is beginning to realise what an advanced, highly industrialised country this is. The sugar conference last year in Durban polished our image tremendously with the South American delegates present as a technologically advanced nation with much to offer.

One drawback, however, is that many Latin American economies are in dire straits as a result of rising oil prices, and have imposed tight import control. Mismanaged economies (Argentina is currently groaning under an annual inflation rate of more than 200 percent) and world recession (Colombia is having difficulty selling its manufactured exports) contribute to a patchwork of economic problems across the continent.

Best placed are the oil-rich countries (Venezuela, Ecuador and Bolivia, with Brazil predicting oil self-sufficiency by 1977).

FOOD

Food products still comprise a large proportion of our trade with Latin America. Exports to Venezuela more than tripled last year to R29m — of which R24m was food products, and for this reason trade figures are subject to possibly wild fluctuations.

Brazil and Mexico were the next biggest buyers of our products.

Brazil also dominated in our imports from the region, supplying R31m worth last year — nearly half the total. Other big suppliers were Argentina and Chile.

Trade with the region, which was in deficit in 1972, showed a favourable balance in 1973, and last year was almost exactly in balance, with our exports worth R65,4m and our imports R65,8m

PHILOSOPHY

1975

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STAR 10/10/75

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US exports to South Africa jeopardised

The Star Bureau

WASHINGTON — South African purchases of United States products worth hundreds of millions of dollars have been jeopardised.

The latest in a series of attempts to modify the United States policy of denying South Africa loans from the Export-Import Bank has failed, say reliable sources here.

The exact figure is subject to speculation but expert sources here say it may run as high as 500-million dollars (R330-million).

This is close to the figures cited at the end of May by the Export-Import Bank in a statement on its involvement in trade with South Africa.

The statement said the Eximbank had on its books firm South African orders worth 200-million dollars and tentative orders worth an additional 800-million dollars.

Eximbank provides financing and guarantees to stimulate American exports but has, since the mid-sixties, been forbidden to extend credit to South Africa.

Instead, it provides only medium-term insurance and guarantees which, in South Africa's case, are virtually risk-free.

Repeated efforts by US exporters to have these restrictions lifted have resulted only in one minor modification, which allowed the US to provide 10-year guarantees instead of the previous five years.

Now South Africa is in the market for major purchases including the new oil-from-coal plant, and the bidding from hard-pressed industrial countries is fiercely competitive.

Eximbank officials refused to provide specific information about the 600-million dollars in tentative orders which may, at least in part, be at stake.

Package

They say negotiations are still under way and that US exporters may yet be able to put together an attractive package of terms without additional Eximbank help.

At the State Department, the main defender of the restrictions on Eximbank credits, officials say there is no question of easing the restraints, although requests for a policy modification from the business community have been discussed.

Officials at the State Department dismiss the question of the value of lost orders as sheer speculation.

Leaders

These officials say the US appears to have held its own in "those fields in which we are world leaders" — such as aircraft and computers.

They note that South African imports from the US during the first seven months of this year were running ahead of last year's total of 1 100-million dollars.

This is virtually double the rate of US exports only three years ago.

What is clear is that the US is paying a price for a policy of disapproval of South Africa, and that this price may well escalate rapidly to hundreds of millions of dollars.

78 A

(1) Agric - General (2) 78 A. Cape Times 11/10/75

Costs cloud export trade in fruit

WESTERN CAPE and South West exporters of canned and deciduous fruit, wine and fish products could earn more than R350 million this year as a result of South Africa's devaluation which may add as much as 18 percent to earnings. It would have been more, were it not for the fact that a good deal of foreign sales are conducted in rands.

In most cases, however, anticipation of higher earnings in the short term future is clouded by inflationary expectations of worse to come, both at home and in foreign markets. There is general agreement that, unless something can be done to check cost increases arising from the devaluation the balance of payments outlook will remain bleak.

Cape fruit growers have just completed a magnificent export season, but the devaluation has come too late to boost earnings.

Gross realisations abroad were R119 million compared with R84 million last year. But there appears to have been a terrific rise in costs — some estimates are as high as R59 million. Net pay-outs to farmers will therefore be about R60 million.

Looking ahead to the 1975/76 season, which opens in about two months time, the Deciduous Fruit Board (DFB) says it would be misleading to speculate since any favourable effect on gross earnings will be influenced by exchange rate adjustments between now and the time the next crop is sold.

"In general we may expect that the advantages from sales, when expressed in rands, will be cancelled out by increased cost of shipping freight and anticipated rises in production and packaging costs," said a DFB statement this week.

A "bullish" trend in fruit exports, say the Board, is the rise of German demand which, given a continuation of 1974/75 trends, could soon begin to overtake sales in Britain. On the other hand, the Board anticipates increased competition in Europe next year, due to a much bigger 1975 crop, particularly in French apples.

The possibility of calls for restrictions on third country imports should not be dismissed, it says. Moreover, large devaluations in Argentina could boost competitive apple exports from that country.

To exporters of canned deciduous fruit, whose cash flows have suffered from the cost of holding large, slow-moving stocks, devaluation has doubtless brought great relief. Selling largely in rands, and mainly in the UK (60 percent), the industry had its back to the wall until the devaluation announcement.

As a result, exporters have readjusted their sales expectations to the original R60 million (after scaling down their hopes to R48 million), and they are further comforted by the expectation that stock carryover into the new season will be minimal.

In addition, there will be financial windfalls from sales in Canada and Japan, which are expressed in dollars.

Total exports of wine last year were worth R7,8 million — an "exceptional" year, comprising 120 000 hectolitres of wine and about 20 000 hectolitres of spirits.

About 70 percent of foreign sales are invoiced in rands, but the cancellation of export price increases, announced in London last month, has been ordered in an attempt to maintain sales volume.

The current export outlook is depressed because of heavy over-production of wine in the EEC. Likewise, sales in Canada, which are in dollars, are unlikely to bring gains on last year, because of a sharp drop in consumption.

Fish canners in South Africa and South West Africa hope to earn more than R70 million from this season's pack. The main sales areas are in the UK (in rands), the US (in dollars), Zaire (in dollars) and Europe (in various currencies).

Canners, who were concerned about sluggish sales, are hopeful that these will now accelerate, especially in markets where Japanese competition is fiercest, such as the Pacific islands. Sales to neighbouring African States (Angola, Rhodesia, Zambia and Mozambique) should quicken with the new price attraction.

Fishmeal export deals for the current season have been concluded, but there will clearly be rand windfalls in cases of dollar payments effected after September 22.

In all, exports are expected to yield about R30 million — with another R22 million coming from sales on the domestic market at a fixed R200 a ton.

Fishmeal exports, which are traditionally sold in dollars, should yield increased benefits next year when the world price is expected to rise as a result of an anticipated smaller world soya crop.

Rock lobster sales, which usually realize about R10 million mainly in the US, should also yield appreciably more this season. — Financial Times.

78A

Wine benefits as rand value falls

W/E Argus (S.A.) 11/10/75

Financial Staff

DEVALUATION of the rand has enabled the South African Wine Farmers' Association to reverse the sterling price increases put on bulk wines in August due to the weakness of the pound.

The increases — a 'few pence a gallon' — were imposed on August 15 to offset the fall in the pound, which was reducing the rand revenues of the wine industry.

'Now we have been able to go back to the prices fixed in January, retain our competitive edge, be fair to consumers and still give the growers in South Africa a bit more in terms of rands,' said Mr Henry Damant of the association.

A spokesman for Gilbeys at Stellenbosch said he expected devaluation to give a further boost to South African wine exports to Britain, which were running 28,6 percent up by volume and 35,2 percent more in value after the first eight months of this year.

South African wine arrivals totalled 2,4-million litres in August to bring the total for the year to 6,5-million litres.

These figures show South African wines continuing to run against the falling trend of British wine imports, down nearly 14 percent by volume and 17 percent by value in the first eight months.

However, a spokesman for Stellenbosch Farmer's Winery did not foresee a noticeable change in exports in the near future. He said there had been substantial cost increases locally and freight rates had also gone up.

German wine (up 4,5 percent in litres and 9 percent in value) and Spanish (up less than one percent in each case) are the only other wines showing increased sales to Britain.

UN prepares court fights over exports from SWA

78A

Star 11/10/75

The Star Bureau

NEW YORK — The United Nations Council for Namibia has asked for a special budget allocation of R90 000 to finance possible court action during 1976 against organisations trading in raw materials from South West Africa.

This suggests a new round of legal battles over the administration and international status of South West Africa may begin in any of several countries now involved in the importing of raw materials from the territory.

Legal experts here believe the courts in these countries may be asked to decide the validity of a UN "decree" passed on September 27 last year to protect the natural resources of the territory, and a UN resolution empowering any member state to seize and confiscate any cargo emanating from South West Africa.

OPINION

Both the "decree" and the resolution follow the last advisory opinion of the International Court of Justice at The Hague which, in effect, declared South Africa's administration of the territory illegal.

The UN claims the right to lead South West Africa to independence — and created the Council for Namibia as an instrument for achieving this — while the South African Government has rejected the court's opinion and refuses to recognise the council.

So far there has been no test case to decide the international authority of the council, or the legality of its "decree" to protect the natural resources of South West Africa.

EXPERTS

The council consulted some of the world's leading experts on international law earlier this year.

The advice of the legal experts, apparently was for the council to go "the long way round" and fight the matter laboriously through the individual civil courts of each country involved in the importing of raw materials from South West Africa.

PROOF

The biggest problem facing the council in seeking to get its "decree" upheld, is to prove satisfactorily that the raw materials actually do emanate from the territory.

Since virtually all South West African exports go through South Africa — even Walvis Bay is part of South African territory and forms an enclave in South West Africa — the proof which the council would need in most countries is not easy to obtain — especially if the South African Government wished to obstruct the council's effort.

FM 17/10/75

Blow to free trade

78A

Maize for Taiwan . . . the Board's got it in the bag

Grain traders are furious at the export contract signed last week between the Maize Board and a visiting Taiwan trade mission. "They've pinched our customers again," complains a well-known exporter.

The new 1,35 Mt deal follows on the government-to-government contract signed two years ago and due to expire next May. The earlier contract also raised a lot of dust but the Maize Board has not heeded exporters' protests. In fact, says GM Hendrik Hickley, the Board's negotiations with Taiwan were begun at the specific request of the Taiwan authorities.

But private exporters remain adamant. They say such deals, which bypass the tender system used to sell the balance of our maize exports, are unacceptable because:

- Private traders pioneered the market in Taiwan only to have it snatched away from them in January 1973. Prior to that 27 cargoes had been sold through the tender system to Taiwan buyers. Says one trader: "If the Board had found themselves a new market, I would take my hat off to them. But they've merely taken ours";
- Farmers (and thus the balance of payments) benefit more from tender sales than inter-government deals. Traders claim that, before 1973, Taiwan buyers always paid higher-than-average prices for our maize, thereby forcing Japanese, European and other bidders to raise their offers. Now, with a large buyer out of the free market, they reckon tender prices are lower than they might otherwise have been and that Taiwan is getting its maize at a lower price.

But Hickley reckons he can't find any evidence that prices realised by the Board after conclusion of the agreement are lower than before. However, he refuses to disclose the price formula on which the agreement is based.

Taiwan seems to think it is getting a bargain. So much so that Taipei has banned all maize imports from SA other than those coming in under government contract. Hickley claims not to be aware of any such ban but, in any case, points out that the Taiwan government has sole control over grain purchases and prefers to buy direct from the Board. But the traders counter by pointing out that purchases from the US are made from private companies.

Ironically, farmers support the Maize Board's direct deals with foreign governments. They have been pressing for years for private traders to be cut out of the selling process, believing the traders are unnecessary middlemen. But with their expertise and wide international contacts through the world's giant grain trading companies (Bunge, Tradax, Continental and others), the traders are selling our maize far more efficiently than the Board could ever hope to do without setting up a huge costly intelligence and trading operation. They also point out that they have never failed to take up everything offered for export by the Board.

Hickley stresses, however, that the Board would never sell such large quantities outside the system to endanger its existence, and that it would only sell direct where efforts by exporters to sell abroad would not have borne fruit. That's an assurance exporters won't easily forget.

In the meantime, all who are worried by the rising power of the control boards and their steady encroachment onto the terrain of private enterprise will give the grain traders their full backing.

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(2) 78A

British 'yes' to SWA ore

STAR, 21/10/75

LONDON — The British Government has rejected a call to end a contract to buy uranium from South West Africa.

The plea came in the House of Lords from a Labour Party left-winger, Lord Brockway, who said the ruling party, when in Opposition, had decided to terminate an agreement under which the Rio Tinto zinc company was in a consortium with the South African state-owned Industrial Development Corporation to mine uranium in SWA.

The peer urged the Government to terminate Britain's dependence on the South African Government.

"What right has South Africa to plunder the natural resources of Namibia, and what right have we to accept that plunder?" he asked.

Government spokesman Lord Lovell-Davis replied that the contract was for the delivery of 7 500 short tons of uranium oxide beginning towards the end of this decade. The material would be further processed in Britain for use in civil nuclear-powered reactors.

Lord Lovell-Davis said that during a review of policy on South Africa the British Government had decided against any interference with the contract and this was announced last December.

"There is a world shortage of uranium and this is particularly true of non-processed uranium ore," he said.—Sapa-Reuter.

78A

Sugar pact is worth R300m to Republic

Natal Mercury 21/10/75

Industrial Reporter

JAPANESE sugar importers have revealed a three-year sugar pact with South Africa which at today's prices is worth at least R100m a year to this country.

D Agric - Sugar
? 1976 A

The agreement provides for the sale of 350 000 tons of raw sugar from next year — the importers may take more than this and there is an annual extension of the agreement.

Sales to Japan have been buoyant with sales in excess of 500 000 tons in recent years. Since exports started in 1962 — and by the end of this year — the Natal sugar fields will have sent 4,69 million tons.

Confirming the agreement yesterday the S.A. Sugar Association said that the Japanese importers considered that the time was opportune to arrange long term agreements with their traditional suppliers of sugar, which include South Africa, Australia, Thailand and Brazil.

The price to be paid will be negotiated annually and will be related to world export prices as determined on the London sugar exchange. Yesterday the daily price was just above £:50 (R1?0) a ton.

At current prices the agreement is worth at least R100m each year, and if Japan takes as much as it has in previous years a large slice of South Africa's sugar export earnings will be assured until 1979.

It is not clear why the Japanese importers have announced the agreement now. It was signed about a year ago after members from the consortium known as Group of Japanese Importers and Refiners visited South Africa.

It is significant in that a long term agreement has been reached with obvious advantages for producers and consumers; also that the deal was done as the London daily sugar price started to skyrocket and there was talk of sugar reaching £1 000 (R1 750) a ton this year.

According to a Sapa - Reuter report, Japan has signed long - term agreements with Australia, Thailand and Brazil this year and trade sources indicated that Cuba was proposing a five - year arrangement for sugar sales to Japan.

789

Trade will continue, Germany tells UN

STAR 22/10/75

NEW YORK — West Germany will continue trading with South Africa in spite of the row over so-called nuclear collaboration, the United Nations has been told.

Bonn's ambassador Baron Rudiger von Wechmar contradicted African attempts to link the West German Government with helping South Africa towards becoming a nuclear power.

But in Bonn, Government sources say the West German Chancellor Helmut Schmidt has ordered a review of inter-governmental co-operation schemes with South Africa to prevent any illegal contracts.

Observers believed the review would apparently cover any sensitive area of co-operation affected by international restrictions.

This means ensuring, in particular, there is no infringement of the nuclear non-proliferation treaty or of the Bonn Government's ban on arms for South Africa.

GUARANTEED

According to informed sources an intra-ministerial committee has been set up to consider an application for an export guarantee by the Kraftwerk Union nuclear firm, which is hoping to export an entire nuclear energy plant to South Africa.

A decision is expected by the end of next month.

Approval by the committee would open the way for a final tender by KWU, which is facing competition for the 2 000 million mark (about R700 million) deal from France and an American-Swiss

CO-OPERATION

...nied any military nuclear implications in South Africa and West Germany's trade.

He told the UN special political committee:

"There has been no co-operation between the Federal Government and South Africa in the uranium enrichment sector.

"It is simply not true that a transfer of German know-how enabled South Africa to develop its own process."

A West German company and the South African Uranium Corporation had entered into a private enterprise agreement in 1973 to study the feasibility of the new South African process and the German jet nozzle enrichment system.

The upshot was that the South Africans preferred their own system.

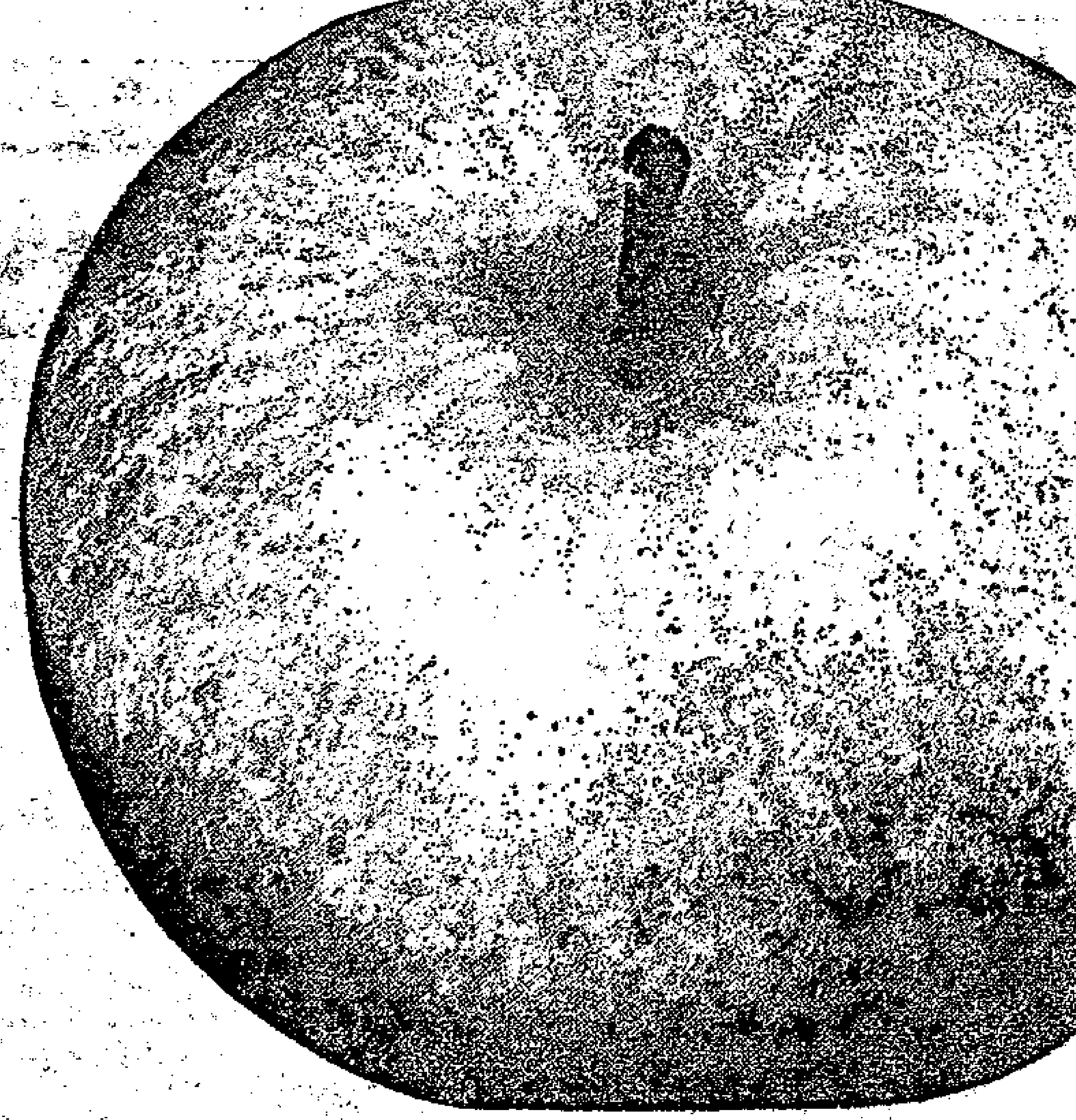
He said: "There are at present 117 nuclear power stations operating in 15 countries. It would be absurd to suggest that those nuclear power stations are serving military purposes." — The Star Bureau and Sapa-Reu...

78A

THE ARGUS, WEDNESDAY OCTOBER 22 1975

(D) Agric - Fruit
(2) 78 4

Apple exporters face a rotten time



The Argus Correspondent

BRUSSELS. — South African apple growers face the threat of a disastrous export season in Europe as a result of a big apple surplus in the European Economic Community.

Several EEC countries are already considering the introduction of import controls on all southern hemisphere suppliers — but the EEC Commission is likely to reject such drastic measures and instead call for 'voluntary restraint.'

Last year South Africa cashed in on a poor European apple crop and earned more than R70-million from the sale of 8,5-million cartons — which amounted to a total export of 170 000 tons.

But this year the European crop appears set to surpass the 7,7-million tons of apples produced in the record harvest year of 1969/70. Already it is being termed, in Common Market jargon, an 'apple mountain.'

It is understood that most pressure for restraint in southern hemisphere deliveries has come from the Dutch Government which asked the EEC commission to limit the import of apples from South Africa, Australia, New Zealand and Argentina.

What is puzzling officials in the South African Deciduous Fruit Board is that the appeal for restraint should come so early — before the final crop figure is known and before the southern hemisphere season has had time to get under way.

At the time of the 1969-70 surplus the appeal for restraint to South African exporters went out in January, when it was realised that the apple mountain would not have been eaten away by the time the southern hemisphere apples came on the market.

Britain and West Germany are the biggest consumers of Cape apples. Last year between them they consumed more than 5-million cartons, with Belgium, Holland and to a lesser extent Denmark consuming the rest.

This year the community budget will have to cough up R14-million in compensation to French apple growers so that their 220 000-tons of surplus can be bought and destroyed.

One of the problems facing South African exporters is that the space on refrigerated ships is booked more than a year in advance, so restraint is not as easy as the EEC commission might want.

It would also be difficult for the Fruit Board to divert the apple shipments to other markets.

The biggest threat — and one which South African marketers do not want to contemplate at this stage — is an EEC-imposed import ban, similar to the current 15-month old ban on beef imports.

784

Cash is cash — it doesn't smell

Germans brush Bonn scandal aside

SUN. TIMES (B.T.) 20/7/75

By PAUL SCHUMACHER : Pretoria
SA Representative of Der Spiegel

WEST GERMANY's business community is ignoring the great "Bonn scandal" in its thrust towards greater trade and investment links with South Africa.

Further political backlashes which might occur through publication of more details from documents stolen from the SA Embassy in Bonn are discounted, even though they contain a wealth of evidence on German-South African trade collaboration.

West German businessmen are more aware than ever of the economic potential of South Africa.

A trade delegation from the most powerful industrial organisation in West Germany today, the Bund Deutscher Industrie (BDI), arrives in South Africa early next month.

It will hold talks with South Africa's top economic and political brass including Jan [illegible] (IDC), Dr R.L. Straszacker (Escom), Dr Piet Koornhof (Minister of Mines), Dr Anton Rupert (Rembrandt) and the Governor of the Reserve Bank, Dr Theunis de Jongh.

Included in the programme is, ironically, a visit to Pelindaba nuclear research station, starting-point of the scandal.

Sources within the delegation make no secret of the kernel of their talks: "Business, business, business." There will be no deviation from the old German proverb: "Geld stinkt nicht" (money doesn't smell).

Trade figures support this down-to-earth attitude. In the first five months of this year West German exports to South Africa jumped to R499,4-million, 20 per cent above the figure for the comparable period of last year.

South Africa's exports to the Federal Republic rose to R[illegible],4-million (up nearly 50 per cent).

This unfavourable gap is likely to remain for some years but the SA Government is trying to narrow it with attractive export incentives.

Devaluation has raised the value of the deutschmark by nearly 10 per cent. This might have only short-term benefits, but German investment in South Africa is almost certain to grow.

Present German investment in South Africa is put at R1 000-million and about 400 manufacturers, sales and service organisations have set up shop here.

West Germany has recently supplanted Britain as South Africa's most important trading partner; outside Europe, only the US and Japan provide bigger markets for the West Germans.

Basic West German feeling towards South Africa is best summed up by Dr E. Henkel, director of the chemical giant BASF (which has just announced major expansion in South Africa): "We have confidence in the future of South Africa. We hope that the basic political problems will be solved peacefully."

~~(1) 81~~
(2) 78 A
~~(3) 65~~

78A

Zaire trade ties give boost to detente

Sun Express 2/11/75

By MARTIN SCHNEIDER
Political Editor

SOUTH AFRICA'S detente exercise has entered an important new phase as the Republic continues to win invaluable trade and diplomatic goodwill with Zaire, potentially one of Africa's wealthiest and most influential states.

The huge central African republic's gradual entry to the "detente club" headed by Mr Vorster and Dr Kaunda has been underlined by fresh disclosures that Zairean importers of South African goods will continue to receive supplies despite their mounting payment problems.

Zaire's inability to pay on time its import bill has been caused by its shortage of foreign exchange and a decrease in the demand for its exports in the face of a world-wide economic recession.

But the State-backed Johannesburg-based Credit Guarantee Insurance Corporation has now told South African exporters to Zaire it will maintain cover on export risks "even though there may be delays in payment".

It is clear the decision has been taken in the knowledge that export risks will in turn be covered by the Government, which is anxious to maintain goodwill with Zaire as part of a long-term process to establish more formal trade and diplomatic ties in Black Africa.

The decision will almost certainly give fresh impetus to Mr Vorster's bid to eventually establish in Africa a powerful bloc of politically independent but economically inter-dependent anti-Communist states.

There is considerable speculation that this concept figured prominently in Mr Vorster's talks with Zambia's Dr Kenneth Kaunda during their Victoria Falls meetings on August 25.

The Rhodesian constitutional deadlock continues however to be a massive stumbling-block retarding any meaningful progress towards Mr Vorster's objective.

Zaire's attitude towards South Africa has meanwhile changed significantly in recent months and President Mobutu Seso Seko has generally maintained a low profile in his dealings with South Africa.

"With regard to Zaire only we confirm that, for the time being, and until explicit notification to the contrary is given by us, we will maintain cover even though there may be delays in payment."

CGIC have a re-insurance agreement with the Department of Economic Affairs and it is clear the Government has now given the insurance corporation the go-ahead to extend its non-payment cover.

A logical step for the Government would be to eventually extend to Zaire a revolving line of credit enabling it to maintain trade — and allowing South Africa to further establish its political credibility with Black Africa as a whole.

Go for your gatt

F.M. 7/11/75 78A

Legislation against dumping looks set to be tightened up.

An Inter-Departmental Committee formed about three years ago now recommends that the legal provisions "be suitably revised at the earliest opportunity". After seven years SA could fall into line with the General Agreement on Tariffs and Trade's (Gatt's) Anti-Dumping Code.

Industry has complained bitterly for years about dumping, and demanded that government take interim measures against it. Dumping is the selling of goods in quantity at prices below wholesale prices in the exporter's home market, after allowing for transport and other costs.

The Code was established in 1968, but SA was among several countries which didn't accept it. The Code cannot be accepted without changing the entire legislation, and it was felt that it was more suited to industrial countries than semi-developed economies, like SA. Australia and New Zealand were in the same position, and it is only since the contracting parties again asked SA to adopt Gatt's code that a committee was appointed to examine it in depth. (Australia and New Zealand endorsed the Code about two years ago).

It was also felt that with the multilateral trade negotiations under way, SA would be in a better bargaining position if it came under the Code. The Committee with members from the BTI, the Departments of Commerce, Industries and Customs and Excise, now recommends adoption because the Code would be "of benefit to the Republic".

It still rests on a local manufacturer, though, to supply the proof that there is dumping. Sometimes manufacturers, hit by low-priced imports, apply the term "dumping" to all low-priced competition, whether or not the products are supplied at prices below those charged by the exporter in his home market.

The extent of dumping is the margin between domestic values (exporter's home market price) and the selling price in the country of import. Domestic value is defined as the price of identical or similar goods when sold in the "usual wholesale quantities" under fully competitive conditions in markets of the country of export the duty would be about the same under Gatt, only, administrative procedures would be slightly different. If domestic values can't be established, under present legislation Customs is free to follow virtually any method of ascertaining them. This is usually done by means of an economic exercise, determining the cost of the raw materials and computing transport and other costs. There is no prescribed method of ascertaining the domestic values under the Customs Act.

Under the Gatt Code, SA would have to follow the method prescribed, which is to determine the price of a similar product exported from that country to a third market.

Manufacturers complain that at present it takes too long to impose anti-dumping duties. By the time measures have been taken, they maintain, some local industries have suffered extensive damage.

The latest case of dumping was last year, when the bottom fell out of the textile market. Representation had to be made to Parliament for emergency duties to be imposed, and by that time the local market had been badly damaged.

Under the Code, while investigations are being made, a duty is imposed on the goods according to the manufacturer's complaint. If the complaint is unfounded, or the duty imposed is too large, there is an immediate re-imbursement.

Under legislation in force since 1914, with minor amendments, the BTI receives the complaint from the manufacturer, passes it on to Customs for investigation, and the margin — extent of dumping — is passed back to the BTI. The BTI then recommends the duty to be imposed and Customs collects it.

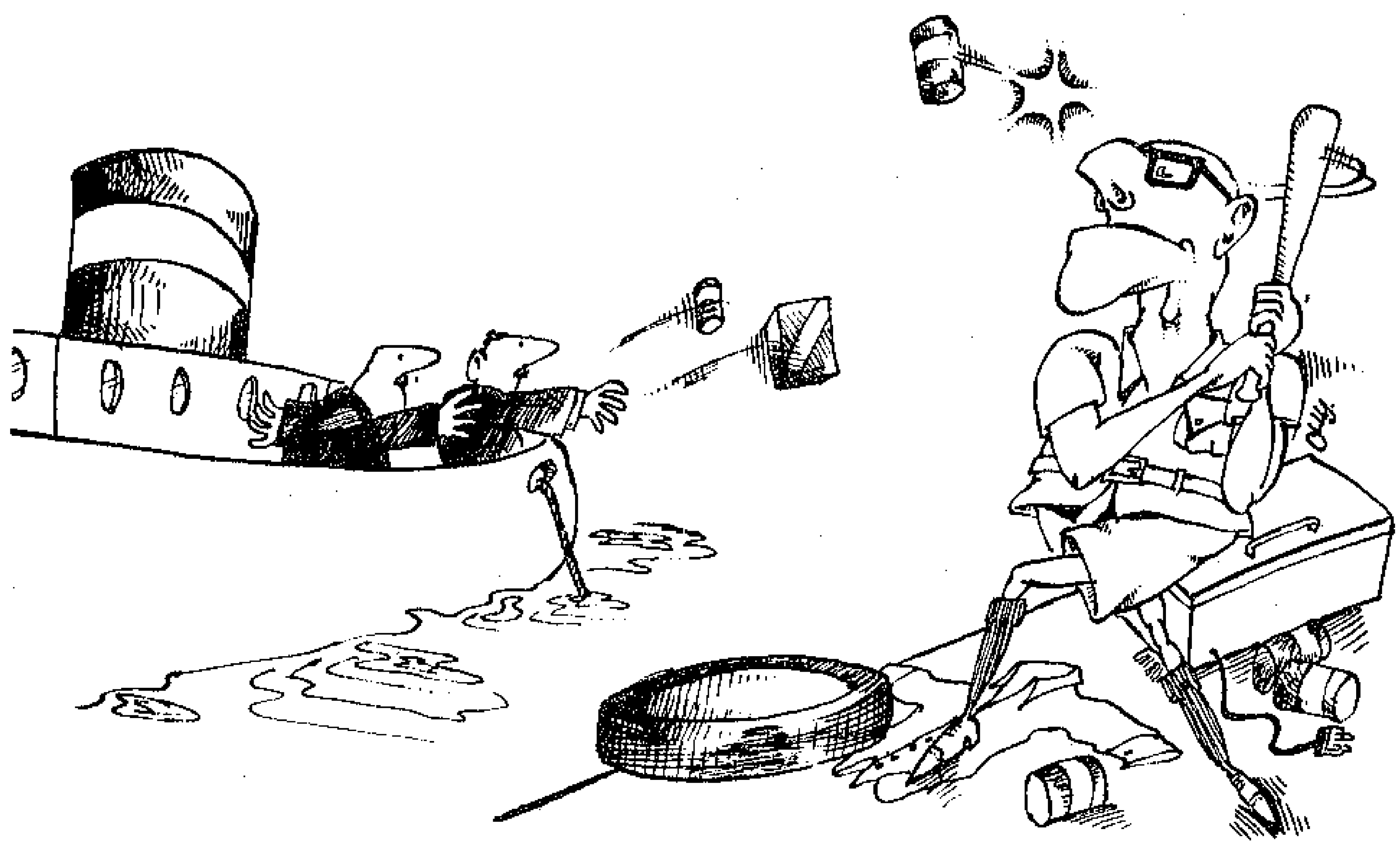
Under Gatt's Code, the BTI would establish the extent of dumping and Customs would simply collect the prescribed anti-dumping duty.

More democratic

Gatt's Code is also more democratic. The present autocratic legislation is a closed procedure and the duty is imposed after the case has been proved behind closed doors, as it were. Under the Code, the BTI advertises the dumping allegations and names the exporter, who then has a chance to make representations.

Dumping is an acknowledged commercial practice and no legal action is ever taken against the exporter.

One of the clauses of Gatt's Code which will be significant to SA, where new industries are being continually established, is the provision that an anti-dumping duty can be imposed where dumping materially retards the establishment of a possible new local industry.



Mercury, Saturday, November 8, 1975.

Ban oil sales to S.A. call

DAR-ES-SALAAM — Tanzania's Government - owned Daily News yesterday called on Arab oil countries to ban oil sales to South Africa.

The newspaper, which usually reflects official thinking, said the Arab States would be well advised to remember that reciprocity was important in international relations.

Tanzania, with many other African States, severed relations with Israel at the time of the 1973 October Middle East war and backed the Arab struggle to reclaim the occupied territories.

"Africa has long considered the Arab people's struggle as her own," the Daily News said.

"A total oil embargo against South Africa by the oil - producing Arab States would definitely confirm the truth that the Arab and African peoples' struggles are complementary."

The newspaper's comments tend to reflect reported African dissatisfaction with the small-scale recompense the Arab Governments, particularly the oil producers, have given African States for cutting ties with Israel.

Demands have been made at meetings of the Organisation of African Unity in the past 18 months for increased Arab aid to help African countries offset setbacks caused by the high price of oil.

The Daily News said the only thing that would deal a death blow to "the racist regime" in South Africa was to cripple its economy, particularly if it were denied oil and other important raw materials.

"Perhaps now that the UN, through its special political committee, has once again committed itself to an oil embargo against South Africa, our Arab friends whose countries produce oil should look at this whole question afresh," the editorial said. — (Sapa-Reuter.)

784

JAPANESE READY TO TURN THE SCREWS ON SA MINES

W/E ARGUS (Gas. Argus) 8/11/75

(1) 78 A.

(2) ~~220~~

The Argus Correspondent

TOKYO. — Japanese ferro-alloy makers are hoping to force South African manganese and chrome ore mine operators into a drastic cut in prices for 1976 shipments during coming contract negotiations.

Interviews with officials of leading companies indicate a feeling that there is justification for this because the financial position of the ferro-alloy makers here has deteriorated under the impact of a major recession, while the South African mines are in a more comfortable position, especially since the rand devaluation.

The ferro-alloy men are caught in the middle. They are under pressure at home from the steel industry to reduce the prices of raw materials.

Steel is in the doldrums, with total production in fiscal 1975 (until next March) expected to get no higher than 99-million tons, against last year's 114-million and the record 120-million tons two years ago.

The steel mills have heavy stockpiles of raw materials and would dearly love to cut imports. Failing that, a price reduction is the next best thing.

Ferro-alloy makers have decided their best target is South Africa. This feeling is based on three main considerations. First is the rand devaluation, plus a less severe rate of inflation than other parts of the world. Second is the fact that the country has several projects being introduced which will increase production of chrome ore. Hence a high price due to tight supply is no longer valid.

Thirdly, the European iron and steel industry is in an even worse recession than Japan and, therefore, it would be advisable for South Africa to deal with Japan as a continuing good customer.

78A

UK import curb threat to S Africa

R.D.M. 12/11/75.

By HOWARD PREECE

A SETBACK to South Africa's hopes of sharply boosting exports through the benefits of devaluation is looming with growing indications that Britain may impose new import curbs.

In 1974, Britain was easily the biggest customer of South Africa with sales to Britain totalling R961 600 000.

This level was achieved with the help of many food and raw material items that might not be included in any new British clamp-down on goods pouring into that country as the balance of payments situation steadily worsens.

But South Africa needs to strengthen the base of her merchandise exports and the British market is a natural major target.

Mr Denis Healey, the Chancellor of the Exchequer, has said that Britain's application to the International Monetary Fund for a $2 000-million lifeline does not rule out new British import controls providing the IMF is consulted.

ASSURANCES

It is believed, however, that the IMF would agree to only limited controls at the most and then with strict assurances that they would be dismantled as soon as the British balance of payments situation showed sufficient improvement to permit the removal.

The British Government is under pressure from both rank-and-file Labour Party members and trade union leaders to bring in import controls.

The Home Policy Committee of the Labour Party National Executive — which, unlike the Cabinet, has a left-wing majority and is the most powerful rival to the Cabinet apart from the Trades Union Council — has proposed that the Cabinet and the NEC consider the case for import controls at their next joint meeting in a fortnight's time.

The committee has called for a £3 000-million cut in British imports.

Although the motion did not specifically call for new direct curbs political sources say it was clearly intended to put further pressure on the Government to do so. The British Government is heavily dependent on the TUC for its domestic economic policy and there is majority support within the TUC hierarchy for import controls.

BOOKS

A team from the IMF office in Washington is expected to visit London to "examine the books". Unlike the practice with further drawings on IMF loan "tranches", the Government will not be required on this occasion to sign the sort of "letter of intent" on policies which might prove politically embarrassing.

However, under the heading of "no change in domestic policies" the Government will have to reiterate its previous assurances that it does not intend to introduce sweeping controls on imports.

It will have to satisfy the IMF that, although another substantial balance of payments deficit is expected next year, the underlying trend is one of improvement.

In this connection, a key point will be when exactly the Government envisages a movement into balance of payments surplus, so that some of the previous accumulated overseas loans can be paid off. At present the line in Whitehall is that this will happen "in the medium term" — a period which takes us anywhere up to 1980, when North Sea [illegible] revenue ought to [illegible] a major contribution.

G.78 A.

~~2 Energy~~

R.D.M.
13/11/75

Money-spinner uranium on the way

By EDWIN ARNOLD
Mining Editor

THE VAST potential foreign exchange earnings for South Africa from a large-scale uranium enrichment plant — plans for which were outlined by Dr Piet Koornhof, Minister of Mines, yesterday — are shown by the latest figures on installed nuclear capacity from the Organisation for Economic Co-operation and Development.

These show a sevenfold increase estimate from 79 000 megawatts (mw) in 1975 to 546 000 mw in 1985.

A typical 1 000 mw light water rector needs 450 t of uranium oxide initially and around 165 t annually for reloads over a life of 25 years.

Recent estimates forecast demand increasing from 22 700 t of uranium oxide in 1975 to 140 000 t in 1985 and 245 000 t by 2000. Cumulative demand between 1975 and 1985 is expected to be 780 000 t, which will rise to 3 400 000 t by 2000.

The figures are mind boggling and make one ask if that sort of demand can be met. The answer is probably yes, but only if uranium prices rise sufficiently to bring on the required production.

The big worry is whether the basic nuclear construction programme can be afforded. The OECD forecasts that the 1975-80 basic construction programme would cost around $150 000-million before allowing for cost escalations and overruns.

South Africa is the world's third largest uranium concentrate producer, according to United States Bureau of Mines figures, with a 1974 output of 3 266 t out of total world output of 22 045 t.

This output is a by-product from gold mining, but will jump next year when Rossing comes on stream as a pure uranium producer.

According to United States Bureau of Mines figures, South Africa and South West Africa together account for 22 per cent of the West's 1 100 000 t of $10 a lb reserves. The United States has another 28 per cent at this price while Canada and Australia have 20 per cent and 12 per cent respectively.

UNIQUE

In Paris earlier this year Dr Roux, head of the Atomic Energy Board made it clear that South Africa was determined to upgrade the ultimate selling value of these reserves by a factor of two or more by using its unique enrichment process.

According to overseas sources, the viability of a 5 000 t a year plant has been costed out on a selling price of $74 a kilogram (around $3-3,64 a lb). This compares with long-term enrichment contract prices of around $100 a kg.

South Africa's plant would be the world's sixth commercial enrichment facility — after the United States, Britain, Russia, Holland and France.

The cost of a 5 000 t a year plant was estimated in April at the Paris meeting at R910-million.

This figure excluded the cost of electricity but included R130-million for further research and development and testing plus 15 per cent for contingencies and 5 per cent for in-house project engineering.

SECRECY

Uranium contracts, prices and costs of production are shrouded in secrecy so it is impossible to calculate the benefits to the mines now or in the future. But one would expect that as spot uranium prices improve so will the prices for long-term contracts.

The Government will reap the profit from the added value difference between its enriched product and the raw concentrate.

Overseas sources are cagey about what enrichment production costs are, but concede that the South African process is thought to be about 30 per cent to 40 per cent cheaper than present and planned rival processes. So, generally speaking, the balance of payments could receive a big boost from the mid-1980s onwards.

And then there is the industrial and technological spinoff for South Africa. A total of 234 South African companies are taking part in the present uranium enrichment project which is managed by the Government's Uranium Corporation.

Mercury - 13/11/75

(1) ~~Agri - Fruit~~

(2) 78 A?

Beefing up the fruit industry

Mercury Correspondent

PRETORIA — The Minister of Agriculture, Mr. Hendrik Schoeman, said in Pretoria yesterday that special legislation was being prepared to step up the efficiency of South Africa's fruit industry — already a multi-million-rand foreign exchange earner.

Addressing the annual congress in Pretoria of the S.A. Nursery Association, he said the new legislation — which he hoped to introduce at the next parliamentary session — would make it possible for super grade plant material to be made available to producers.

In the 1974/75 season, total sales of fresh, canned and dried deciduous fruit in South Africa and overseas earned nearly R193 million.

RAISED

On the foreign markets, fresh deciduous fruit earned more than R84 million, canned fruit R60 million and dried fruit R1,4 million.

Experts believed that the general level of efficiency in the industry could be raised by 25 percent if exclusively health and true - to - type propagation material could be supplied to producers.

The gross income from vineyard producers was about R75 million a year, while the Government derives an income of about R120 million a year from the wine industry through excise tariffs on wine and brandy.

784

ADDRESS BY SENATOR THE HONOURABLE OWEN HORWOOD, MINISTER OF FINANCE, AT THE SOUTH AFRICAN-GERMAN CHAMBER OF TRADE AND INDUSTRY, JOHANNESBURG, ON 14 NOVEMBER 1975

For Release : 19h30 on 14 November 1975

Every year brings new achievements in the trade and financial relations between South Africa and Germany. This is not surprising. Both South Africa and Germany have open market economies. Free enterprise flourishes in both countries and experience shows that liberal trade and payments policies provide the best possible foundation on which private business can be conducted between our two countries. Abundant business opportunities in South Africa are a magnetic attraction for enterprising and efficient businessmen from Germany, as

well .... 2/.

well as from other countries.

The South African and the German economies are remarkably complementary in important respects. South Africa is a large importer of transport equipment, industrial machinery, electrical goods, chemicals and other manufactured products, and Germany is a large exporter of these goods. On the other hand, South Africa is a large exporter of mineral products, other raw materials and foodstuffs, and Germany is an importer on a large scale of these goods. German investors are continually seeking opportunities for foreign investment on a sound productive basis, and South Africa is an admirable outlet for foreign investment. These are but a few of the reasons making for the strong growth and the

importance .... 3/.

importance of South African-German trade and financial relations; a more detailed catalogue would fill pages, perhaps a whole volume.

It is no wonder, then, that the most recent Annual Report of the South African-German Chamber of Trade and Industry records so much progress in business advanta=geous to both countries. South African exports to Germany rose (by value) by 35 per cent and German exports to South Africa by no less than 53 per cent during 1974. For the first time in history, South Africa imported more, by value, from Germany in 1974 than from any other country. Last year also marked the entry into force of the Double Taxation Agreement between South Africa and Germany. The existence of this

Agreement .... 4/.

Agreement will no doubt facilitate profitable income-producing activities between our two countries. I note from the Report that Germany has already reached the position of being the second largest source of direct and indirect investment in South Africa.

We warmly welcome this development. German capital is doubly welcome where it is accompanied, as is usually the case, by the provision of technical know-how and licence agreements. On the South African side we have noted, and appreciate, the outstanding record of German companies in entering into local partnership arrangements with South African interests. Many profitable and enduring business relationships have been built on this basis and some of our strongest industrial enterprises have been created in this way by private business co-operation.

The .... 5/.

The growth in two-way trade and industrial activity has been paralleled by the development of financial and banking connections. The financial markets of South Africa have grown in size and significance to a degree where South Africa has become a financial centre of international standing. The German banking system serves an open economy with world-wide connections, so that it is not only desirable but probably essential for it to develop and maintain the most effective associations possible with financial centres in other parts of the world. This is particularly so where there are significant flows of current trade payments and investments, as is the case between South Africa and Germany.

It .... 6/.

It is to the credit of German banks that they did not fail to perceive these opportunities in South Africa. They have found excellent opportunities in a country with abundant mineral resources, which is hungry for development capital, and with the capacity to absorb and use capital productively, both in the private and the official sectors. These banking and financial connections have served both countries well in facilitating the flow of real resources between them; they have helped to build markets for goods and services on both sides; and they have contributed to stimulate production and employment and to raise the quality of life not only in South Africa and Germany, but in some degree in other countries whose economic well-being is also connected with theirs. The growing interdependence

of .... 7/.

of so many countries in the world economy means that the benefits of advancement in any one country may be transmitted more readily from that country to others.

The South African-German Chamber of Trade and Industry has played an important and valuable part in these developments. The establishment of the Chamber in 1949 was a far-sighted act of business statesmanship. The renowned German economic miracle of the nineteen-fifties was still in its tender and vulnerable infancy, and the emergence of a fully-fledged modern industrial state in South Africa still seemed a rather distant ideal on our side. The enterprise and perserverence that spurred on the activities of both the German and the South African members of the Chamber over the past

twenty-six years are in keeping with the spirit of survival and revival in Germany and with the pioneering spirit of South Africa. Goethe expressed it well when he said: "Nur der verdient die Freiheit wie das Leben die täglich sie erobern muss". South Africa and Germany both have reason to be proud of their achievements during the past twenty-six years.

The objects of the Chamber to foster and strengthen two-way trade, to encourage investment and manufacture and to give assistance, information and advice have been followed through with a remarkable degree of success. The fact that the Chamber operates as an independent, impartial and non-political organisation has been, and still is, I am sure, a major factor in this success.

I should now like to comment briefly on the prospects for economic growth, price stability and balance of payments equilibrium in South Africa for the period immediately ahead.

There can be no doubt that the South African economy is experiencing a very testing time at present, in a world environment of low or even negative growth, high inflation and severe balance of payments difficulties for most developed countries. Whatever the world environment may be, we shall spare no effort to improve upon our own situation in this respect. It is true that the growing interdependence of different countries in the world economy means that no country can isolate itself from adverse developments that prevail in so many

other .... 10/.

other countries. It is, however, also true that sound and determined economic policies in one country may alleviate the difficulties in that country and also yield some benefit to other countries.

In South Africa we are fortunate to have enjoyed a very high rate of growth in 1974, and the slackening so far in 1975 has not reduced employment or increased unemployment as it has done in so many other countries. We ought therefore to find it less difficult to live through a phase of consolidation during which we may lay down sound foundations for a renewal of the vigorous growth cycle that is such a long-standing feature of the South African economy. The strengthening of our infra-structure and the major projects under way in both

the .... 11/.

the private and public sectors will enable us to generate substantial increases in output and the level of employment in the years ahead.

As far as price stability is concerned, we continue to be concerned about the high rate of price inflation afflicting not only our country but so many other developed countries. The collective campaign against inflation initiated by the Government, with the co-operation of private enterprise and labour, has already produced worthwhile results, even at this early stage. Further measures will be taken as they become appro= priate in the period ahead and the situation is being kept under very close review.

As regards the balance of payments, the devaluation of the Rand in September, however reluctantly it was undertaken, was essential to assist in the restoration of balance of payments equilibrium and to protect our foreign exchange reserves. There are already signs pointing to an improvement in the South African balance of payments position. Economic recovery in the United States and in other major countries would, of course, stimulate increased demand for raw materials exported by South Africa and would also improve the terms of trade. As for gold, I would expect the price to strengthen rather than to weaken and this could well be an important positive influence, not only for the balance of payments but for the economy as a whole.

I have the fullest confidence that we are on the threshold of a major new phase in South Africa's development and of further possibilities for a phenomenal growth in trade, industry and financial transactions between our two countries. And I have no doubt at all that the South African-German Chamber of Trade and Industry will go from strength to strength, that it will continue to bolster the economic relations between our two countries, and that this will contribute to strengthen the economies both of Germany and of South Africa.

I wish you well, and I thank you.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE MINISTERY OF FINANCE.

PRETORIA. 14 NOVEMBER 1975.

EEC WARNING TO SA APPLE EXPORTERS

W/E ARGUS (Fous. Argus) 15/11/75

78A

2 ~~Agric - Fruit~~

Financial Correspondent

BRUSSELS. — The European Economic Community has warned the South African Government that it should not expect apple exports to Europe in the coming season to equal the record sales achieved last season.

In a letter signed by the EEC commissioner responsible for agricultural policy, Mr Pierre Lardinois, the EEC draws South Africa's attention to the current difficulties it is having in its own apple market.

There is a glut of apples in the community and hundreds of tons of the fruit are having to be destroyed.

Countries like South Africa are traditional apple exporters to the EEC during the late winter and spring in Europe.

Mr Lardinois has called on South Africa, Australia, Argentina and Uruguay to 'manage' the EEC market and also provide the commission with information about the country's production prospects.

For the moment, as Mr Lardinois points out, there is no question of the EEC seeking a self-restraint agreement with South Africa — or measures of another type.

His letter is merely intended to caution South African producers that the EEC market this year may not live up to their usual expectations.

EEC apple production this year could exceed 7 000 000 tons — about 500 000 tons above the average yield since 1970. French authorities have already bought in some 80 000 tons of the French crop.

At least one country, Holland, has suggested import controls to prevent a big surplus from piling up. But Mr Lardinois is believed to be vehemently opposed to the idea. One reason given is that he believes it is too early to act and secondly, an apple import ban would be tricky politically.

The major apple exporting countries are the same as those which were hurt by the EEC's ban on beef imports 15 months ago. New controls, unless absolutely vital, would further jeopardise the EEC's trade relations with these countries.

South Africa's apple exports last season — including those to Japan — were worth about R75-million — a record and R25-million above the figure for the previous season. Apples also accounted for about two-thirds of the country's total deciduous fruit exports.

South African apple exporters are aware that conditions overseas could be more difficult this season. But they are not too pessimistic about the outlook for South African apple sales in Europe.

They believe that the high quality of South African apples will ensure a reasonable demand for them in Europe. They also point out that they stand to gain from the recent 17,9 percent devaluation of the rand.

1. ~~18A~~ 18A
2. ~~Agric - Fruit~~

Export boom for citrus producers

Mercury 19/11/75

Agricultural Correspondent

THE CITRUS EXCHANGE chairman, Mr. Gustav van Veijeren, announced from his farm at Malelane yesterday that the 1975 export season just ended was the best experienced by citrus producers.

"Not only is the quantity the largest ever sold, but the proceeds are a record figure. The total exports will be more than 25 million cartons, some 2 000 000 cartons more than the 1974 record crop. The industry's total gross turnover will exceed R123 million, against just over R100 million last season. The net foreign currency earned by citrus this year will be about R75 million compared to R56 million in 1974."

On the devaluation of the rand, Mr. van Veijeren said its effect on growers' income had not been significant as the bulk of the crop had already been sold.

But it will affect the 1976 season, although its benefits will be eroded by the rise in packing, production and distribution costs as well as the increased costs of ocean freight and overseas distribution charges.

Fruit from Southern Hemisphere wanted, Elgin farmers told

ARGUS 20/11/75

Agric Fruit

7.78A

Staff Reporter

MR JACK FRENCH, European adviser to the Deciduous Fruit Board, who is on a special visit to South Africa, told local farmers at Elgin on Tuesday to 'be of good heart' as Southern Hemisphere fruit was wanted everywhere.

Mr French is an expert on the apple industry.

He is a very successful grower in his own right in Canterbury, England, is chairman of the central horticultural committee of the National Farmers' Union, and is also a member of the advisory committee of the European Economic Community.

He said: 'It is four or five years ago since I was last here, and a look at your orchards around here has impressed me enormously.'

'NEXT DOOR'

Mr French is based in Brussels, and he told members: 'We have in Brussels a sound basic arrangement where you have a voice, and we discuss everything of interest to the grower. As far as I am concerned you are the farmer next door.'

Mr French said 36 percent of the people in Britain voted for entry into the Common Market.

He said: 'We fight for our markets. It is tough and we also listen to threats from behind the Iron Curtain.'

Mr French gave statistics of the amount of fruit exported from various countries and outlined the general structural organisation.

He concluded by saying that Southern Hemisphere fruit was the finest in the world. The world expected it to be on the market and Cape fruit had found its

1. Capital.
2. ~~Agri~~ - Sugar.
3 78 A
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SUGAR: THE AMERICAN CONNECTION

Sun. Tribune
23/11/75

By Vic Hanna

THE South African Sugar Association has arranged a 25 million dollar borrowing facility with one of the largest banks in the United States.

The facility was arranged by the general manager of the association, Peter Sale.

The 25 million dollar line of credit has been made available on the basis of a year to year review. Should the facility be used the interest rate payable by the association will be linked to the current market rate at the time of taking up the loan.

Negotiations were opened with the bank some time ago and during August this year a two-man investigating team from the American bank visited South Africa to study the sugar industry.

"We are not borrowing the money at the moment," says Peter Sale, "but by establishing the facility we have cleared our credentials with the American bank."

The arrangement provides for the association to take up the loan in any currency of its choice.

Peter Sale is particularly happy with the terms of the arrangements especially as the association is not paying commitment fee for the facility.

Peter Sale ... "We've cleared our credentials"

25m dollar loan facility

And by establishing its credentials with one US bank means that the association now becomes a known quantity on the American money market and can deal with other institutions without lengthy familiarisation discussions.

The Sugar Association up to now has used London banking facilities to finance the dealing that it undertakes on the world sugar markets.

The degree to which it is operative on the international money scene was proved last year when loans totalling R230 million were arranged by Peter Sale.

The American connection was needed, he says, to provide flexible financing arrangements for the association.

"When one operates on the US sugar terminal market one has to put up money by way of deposits in domestic US dollars. So we had to arrange a facility of this kind."

By the end of this year the association will have delivered a total of 125 000 tons to the US since the termination of the Sugar Act at the beginning of this year.

In terms of that Act, South Africa's quota to the US was 55 000 tons. So the termination of the Act has led to a huge surge in sugar deliveries to the US. One of the reasons in delivering higher tonnages is to establish a past performance of delivery so that, in the event of a re-introduction of a quota system, there is the possibilty that South Africa's allocation could be higher than before.

"The American refiners have shown a distinct liking for the quality of South African sugar which, coupled with the rapidity with which we can ship from our Durban terminal, has provided us with a very good market," he says.

As yet the association has not opened an American office similar to the one in London because "we do not want to run the danger of being classified as trading in the States with consequent taxation problems."

"At the moment we prefer to deal through brokers."

With the association becoming more active on the overseas market similar tie-ups with banks in Canada, West Germany and Japan are a distinct possibility.

Sugar hopes for US high

RDM 25/11/75

78 A

DURBAN. — South Africa hopes to increase sugar sales to the United States next year over the 125 000 t sold in 1975, says the South African Sugar Association general manager, Mr Peter Sale.

Mr Sale, who has returned from the United States, says South Africa will have sold and shipped 125 000 t of sugar to the United States in the year to December, 1975.

So far 100 000 t have been delivered with the balance sold but awaiting shipment. In 1974 South Africa sold 55 000 t of sugar to the United States under its quota system.

Mr Sale says that while he was in the United States, he secured a $25-million line of credit. This will be used to finance requitements for overseas marketing operations.

The association uses the futures markets in London and New York to a fair extent. This is to secure firm prices for part of the crop, and in some instances bridging finance is required for these operations.

The price of sales to the United States is based on ruling prices at the time or on futures quotations.

However, any future increase in exports to the United States will depend on crop performance and the requirements of other trading outlets.

78A

SA mission to Paris hopeful of big trade growth

Star 24/11/75

Own Correspondent

PARIS — South Africa's big trade delegation flew into a shivering Paris last night full of high hopes for a considerable expansion of economic relations with France in the near future.

While I was assured that arms deals were definitely not on the official agenda, it was clear that the French intended to make an intensive and aggressive thrust for commercial exports to the Republic, once regarded in Paris as a sole trading enclave of the British, Americans and Germans.

The leader of the 22-man delegation, Deputy Secretary of Commerce, Mr T F van der Walt, told me: "First we shall split up into two working groups: one on chemical products and the other on raw materials.

STABLE

"In fact we are giving effect to decisions taken in South Africa during the visit there earlier this year of the French Minister for External Trade, Mr Norbert Segard.

"Now what we all have to do is to get the private sectors together so that they can begin their discussions with a view to expanding trade and developing economic relations. We are certainly optimistic at this stage that all will go well."

The green light for the present talks, which are seen here as far reaching, was given following the visit to South Africa in April of Mr Segard, who met many leading bankers and industrialists during a four day visit accompanied by a score of France's top businessmen.

Up to then, France's main exports to South Africa had been electronic and mechanical equipment, as well as arms, but it became clear that the French, who had really only recently come to realise what a reasonably stable market South Africa had to offer, wanted to boost their exports in all sectors from clothes and woollen manufactured goods to light and heavy machinery, technical expertise and even a fishing enterprise.

The April mission was understood to have stressed France's know-how in carbo-chemistry and made it clear that France was keen to pay a share in the expansion programmes of Sasol, which has been in operation now for several years and which produces from coal more than five percent of the Republic's oil.

Sasol 2, costing about R1 000m, should come on stream in the early 1980s.

Interest is also directed at similar programmes envisaged by Iscor and Escom.

While trade statistics can sometimes prove to be misleading, it is clear that France's exports to South Africa today rank sixth after West Germany, Britain, the United States, Japan and Italy.

South Africa, whose exports to France have increased nearly five-fold in the last 15 years, enjoyed a favourable trade balance with France up to 1965, but the French soon caught up and their exports to the Republic have increased 11 times.

South Africa trails in 13th place as a supplier of goods to France. Arms deals including Mirage jets and Daphne submarines, repeat not included in these figures.

Little change in SA's import control policy

RDM 2/12/75

787

Staff Reporter

SOUTH Africa's import control policy for next year will be substantially the same as that for this year, according to the Minister of Economic Affairs, Mr J. C. Heunis.

A statement in Pretoria yesterday said a Government notice would soon be gazetted setting out the import control policy to be followed next year.

On the subject of advance permit allocations, Mr Heunis said he had decided to grant in advance to importers an allocation of 40 per cent of the total permits issued to them.

This applied to commodity groups for which import facilities were determined from time to time in the form of global quotas — groups such as consumer goods, clothing, confectionery and alcoholic beverages, including whisky.

This permit allocation was equivalent to the advance granted for 1975 and further issues of import permits for the commodities in question would be reviewed during May, 1976.

"The advance permit allocation upon which I have decided for these classes and kinds of goods, would not be issued to importers automatically," he said. Applications must be made in writing to the director of Import and Export, Private Bag X192, Pretoria.

TRADE FIGURES ARE RELEASED

Mercury 4/12/75

78A

LONDON. — Britain imported goods valued at R102 117 150 from South Africa in October, bringing to R774 795 000 the total for the first 10 months of the year, according to figures released by Britain's Department of Trade.

October exports by Britain to the Republic amounted to R120 502 750, making a 10-month total of R998 492 250.

Britain's principal export to South Africa in October was non-electric machinery, transport equipment, non-metallic mineral products and electric machinery.

Meanwhile, Britain imported goods from South West Africa in October to the value of R8 702 750.

Britain's exports to SWA in October were worth R332 500 and totalled R1 625 750 for the 10-month period. — (Sapa.)

More thought for food is essential

Star 9/12/75

South Africa lacks proper food scientists — and without them she is heading for an inevitable food crisis says PROFESOR B H KOEPPEN, Professor of Food Science at the University of Stellenbosch.

The food industry, by whatever standards it is measured, is the world's largest and this is hardly surprising. Food is man's most basic requirement.

As the world faces the prospect of its population doubling by the turn of the century, while climatic and topographical factors set limits to agricultural potential, food will become an increasingly scarcer and more valuable commodity.

Food scientists and technologists face the challenge, not only of eliminating all wastage in the processing and preservation of agricultural produce, but also of short-circuiting many conventional agricultural procedures by developing nutritious foods more quickly and efficiently from new and unconventional sources.

South Africa is by no means immune from this impending food crisis, or from the need of scientific resources to combat it, and the prospects for the future are alarming.

According to World Bank statistics, South Africa has one of the highest population growth rates in the world and it is the second highest in Africa.

At the same time, we are currently wasting food to the value of R500-million annually, according to an estimate by the Director of Agricultural Information of the Department of Agricultural Technical Services.

South Africa is nevertheless one of the world's major food exporters, and despite the fact that so much of the country is unsuitable for agriculture, the Republic has the potential to support a population of at least 50-million, according to Government predictions.

Yet such predictions appear to disregard the indispensability and continually increasing importance of processing and preservation in the food chain, and our own food industry leaves much to be desired.

Of food exports totalling R904-million last year, the value of sugar exports (R233-million) was greater than that of all other processed foods combined. There is surely much room for improvement.

Moreover, although many of our manufactured foods are of excellent quality, there is no room for complacency. Many are being produced under licence from overseas companies, while throughout the industry heavy reliance is placed upon imported machinery, imported technology, numerous imported ingre- degree of self-sufficiency, then we must start by developing our own brain-power and technical expertise.

South Africa boasts more agricultural scientists than all the other countries of Africa combined, yet for the past 24 years we have been producing an average of less than two food scientists each year. In addition, facilities for training food scientists and technologists exist at only one university in the country and are totally inadequate to meet the country's present, let alone future, needs.

In this respect, the most industrialised and prosperous country in Africa is put hopelessly to shame by developing countries such as Ghana, Nigeria and Libya.

At the technician level, the situation is equally alarming. In most civilised countries schools exist for the training of bakers, confectioners, butchers, brewers and other technicians for the various branches of the food industry. Additionally, legislation on technical and professional training ensures that licences are issued only to those who attain the necessary degree of competence.

No similar training schools, established in terms of legislation governing the food industry exist in South Africa.

It is left to each branch of the industry to train or obtain its technical personnel as it thinks best.

One has to be professionally qualified to practise as a doctor, dentist, or pharmacist, but any Tom, Dick and Harry can set himself up as a food manufacturer. Is it, therefore, surprising that there is so much room for improved efficiency in our food industry?

Lack of adequately qualified personnel and an inefficient system of control also permit ignorant, even unscrupulous, manufacturers to flout food laws by marketing adulterated foods, or by making unsubstantiated or false claims for their products. Food legislation exists to protect the consumer, but the best laws in the world are useless unless they are enforced.

Without adequate provision for education in this important field, these much needed changes will not be possible, and the country's looming food crisis, with all its dire consequences, will not be averted. It is of vital importance to everyone that immediate action be taken to rectify the situation.

Citrus breaks records in crop and cash

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2. ~~Agric Citrus~~

Star 12/12/75

3

Farming Editor

Citrus earned a record R75-million in foreign exchange for the country this year. Production and total earnings were both records, says the chairman of the Citrus Exchange, Mr G van Veijeren.

'd be added to

The past season "was the best ever experienced by the country's citrus producers."

Total earnings were R123-million. Last season's record earnings were R100-million.

Total exports were about 25-million cartons — about two-million more than the previous season. Export earnings were up by about R19-million.

4. Are you satisfied with tutor? Yes/no
Comment

The Middle East came into its own as an important buyer of South African citrus. Iran bought about 3,5-million.

Mr van Veijeren said the increased sales in the Middle East could be attributed to the absence of import restrictions, strong buying power and a desire to improve the lot of the average citizen.

DEVALUATION

He said devaluation in South Africa contributed to an increase of about R4-million in gross turnover. The export season was almost at an end when devaluation was announced.

5. (a) What in your opinion aim of tutorials be
(b) Do you feel these goal ved during the year?

Next season it is expected to make a bigger contribution but the advantages will be eroded by increased production, distribution and packaging costs.

SUN. TIMES 14/12/75

Move to smash US embargo[e] against S Africa

By RICHARD WALKER

NEW YORK, Saturday.

A CONCERTED double thrust against the arms embargo and trade loan limitations — the two big ways the United States censors South Africa — is in motion, wi h South African officials, lobbyists, senators and congressional supporters all pi'ching in.

The plan, which calls for an all-out campaign and quick victory, hits the White House in its weakest, most receptive mood in years. It exploits two compelling factors:

- President Ford is up for re-election, with a Right-wing challenge breathing down his neck.
- The Angola war is forcing a hasty re-think of America's Africa tactics.

Slated for the breakthrough are the financial arrangements behind the billion-rand Sasol 2. Fluor, the American petrol-chemical giant, has the construction contract and other big US, groups are involved in what will be the biggest plant of its kind in the world.

The recent visit of Dr Eschel Rhoodie, Dr Mulder's right-hand man, is understood to have been closely connected with these events.

The Sunday Times Correspondent in London reports that in a controversial move the British Government has made it easier for British companies to invest in South Africa and struck a decisive blow against anti - apartheid groups who want a ban on British investment in the Republic.

Against the pressures from anti-apartheid lobbyists, even those in the Labour Party, Mr Peter Shore, Minister of Trade, announced that he would not ask for disclosure of British investment in South Africa unless more than 50 per cent of a company was in Briti[sh con]trol.

Previously, any [com]pany owning mo[re than] 10 per cent of the [shares] of a South Afric[an] company was requ[ired to] disclose it's inv[estment] and to submit reg[ular re]ports to the Briti[sh Gov]ernment on prog[ress in] helping improve co[nditions] for Black workers.

Mr Shore gave n[otice of] his move in a wri[tten re]ply in the House [of Com]mons on Friday. [He said] he was issuing furt[her gui]dance on the Gover[nment's] requests for dis[closure] from British com[panies] with South Africa[n hold]ings.

PS 23.9.1975

13. General comment

12. Should there be more or fewer tests? Essays and tutorial exercises?

have you found staff and tutors. Comment

From bluechip export earner to an uncertain future — all in the space of two years. What are the problems facing the sugar industry?

Sugar's sour outlook

F.M 19/12/75

SA's R603m sugar industry — one of the country's most important foreign exchange earners, expected to bring in R211m from exports this 1975-76 season — will be facing a crucial time in 1976.

In less than two years it has moved from being as near a blue-chip agricultural investment as one could possibly expect to one hedged about by uncertainties, both locally and internationally.

This remarkable change has been caused by a combination of a sharp drop in the international sugar price, two reductions in the local price, and rapidly escalating costs incurred by millers and growers.

For more years than the industry cares to remember, local production and domestic sales have been cornerstones of the industry. Indeed, the Sugar Act decrees that not a ton of sugar may be exported until local market needs have been fulfilled.

More recently, however, exports have played an increasingly vital role. More than 1Mt was exported in 1967/68 and 1972/73; and while the value of these exports can't be gauged by the London Daily Price, which reached a giddy R650/t in November last year (average local price: R107/t) they are a major factor. Sugar's economy has thus more recently relied on the development of overseas markets; three years ago exports took up 52% of total production. It was as much as 58% in 1967/68.

But metrication, two domestic price cuts totalling 20% (bringing refined sugar down from R132,78/t to R108/t and brown from R126/t to R101/t), and increased African wages, have all since contributed to a surge in local sales. They increased nearly 8% in 1973/74, 7,4% last season and this season are expected to climb another 6,7%, from 1,053 Mt to 1,124 Mt.

This has led to a spectacular turnaround in local and export sales, with the former expected to take 61% of this season's total production.

The danger of this situation is clear. The average price of local (white and brown) sugar is R106,96/t, and, with the

(1) Agric - Sugar
(2) 78 A
(3) 186

industry reckoning overall sugar production costs at R182/t, it means this season exports are subsidising 61% of production by about R75/t. That's all very well so long as export prices keep up. Fortunately, even with the plunge in the LDP this year, SA's export prices will be sufficiently buoyant — through hedging and forward pricing — to earn nearly R298/t.

The crunch, of course, will come if world prices stay down. Since the foundering of the 1968 International Sugar Agreement at end-1973, export prices have been chaotic. Last year the LDP, averaging £300/t, peaked at £650/t, plunged back to £128/t in June this year, and is now running around £160/t.

Those sort of gyrations can play havoc with earnings — more particularly when coupled with a crop fall. Earlier drought, which reduced SA's estimated sugar production by 100 000 t to around 1,835 Mt, and a falling LDP has brought this season's expected proceeds down from R361m to R338m.

There have been other setbacks too. Another 50 000 t of sugar expected from further allocations of caneland (6 000-7 000 ha) has not fully materialised, while three mills (Amatikulu, Malelane, and Union Co-op) are also expected to lose nearly 100 000 t in estimated production because of technical problems.

Moreover, heavy rains during the past 2-3 months of harvesting have resulted in the worst cane-sugar ratios in 30 years. Today it is 9,23 and is expected to worsen to 9,35 (against last season's 8,97). That means a loss of 77 000 t on this season's expected 17,152 Mt of cane.

Another global problem is that during the last two years, high prices, allied to the further strain of high oil prices, have had a marked effect on world consumption. Consumer resistance and the shift by some manufacturers to glucose syrups has led to a marked drop in important markets like the US (down 14%), Canada and Japan (down 26% at one stage, and now busy trying to cancel or defer some of its big import contracts because of the continuing domestic consumption decline).

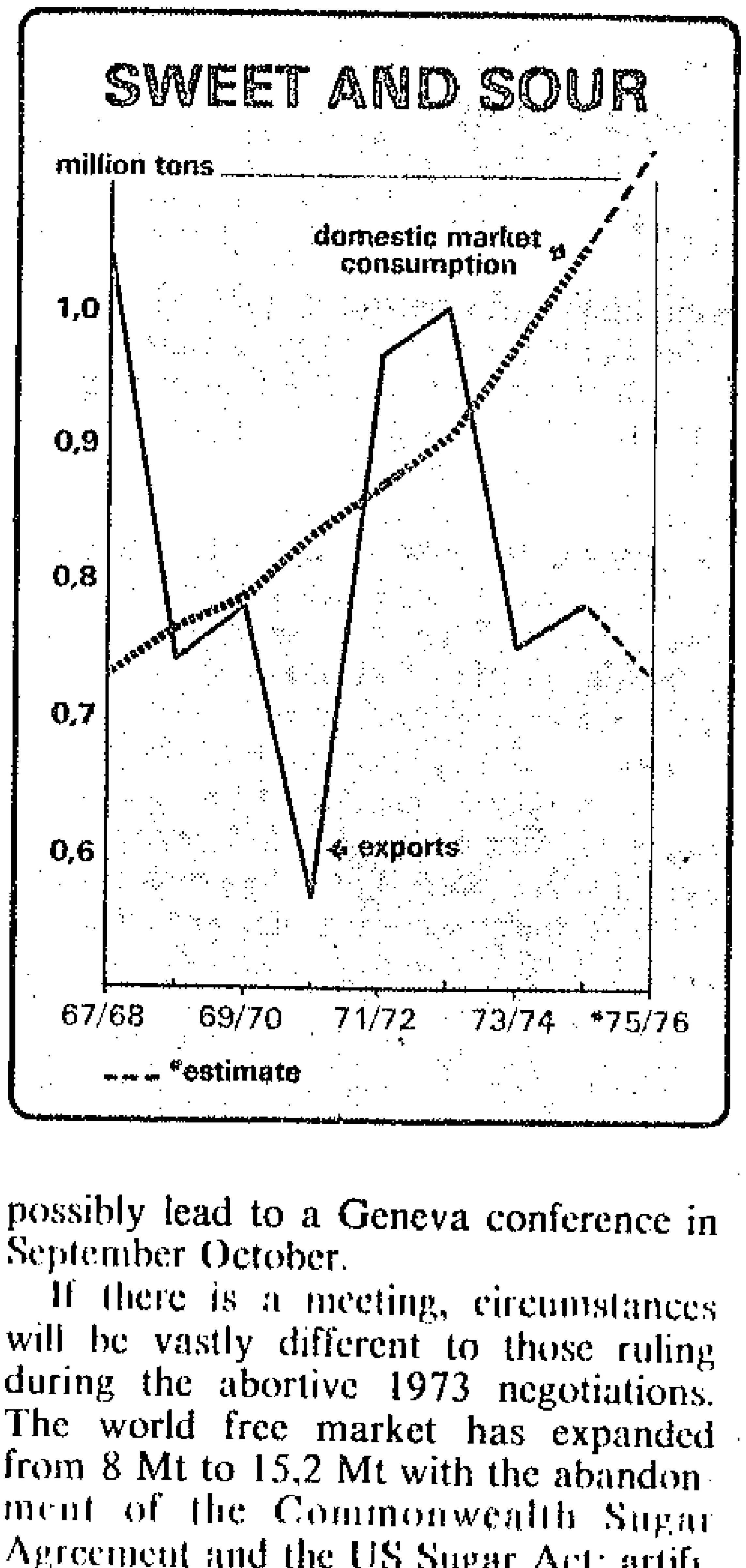
All told, the world is reckoned to have lost 5 Mt of potential sales through the initial flattening out of the normal 2,5 Mt/a consumption increase and the subsequent reversal. True, high prices have generated some expansion, but it's only been sufficient to replenish run-down stocks.

At one stage it was generally believed that Russia, because of its bad beet crop this year, would need to buy on the free market, and so lead to another LDP push. But this is no longer likely.

As a result, the LDP has been on a £148/t-£168/t plateau since end-September and the general feeling in the SA industry is that it would be unwise to expect more than an average £150 during 1976. This appears confirmed by the £166/t quoted earlier this week for May 1977 futures, the furthest forward assessment.

It's this prospect that makes the chances of negotiating a new International Sugar Agreement seem reasonable. Certainly last month's International Sugar Council meeting saw the first display since November 1973 of any political will for a new agreement.

Importers and exporters seem ready to accept £150/t as a reasonable base for a new ISA. It is already the EEC intervention price, as a guarantee to its beet producers. The IS Council is now working on a draft agreement which could possibly lead to a Geneva conference in September-October.



If there is a meeting, circumstances will be vastly different to those ruling during the abortive 1973 negotiations. The world free market has expanded from 8 Mt to 15,2 Mt with the abandonment of the Commonwealth Sugar Agreement and the US Sugar Act; artificial sweeteners are a continuing threat; Unctad is intruding into all commodity agreements; Latin American Caribbean countries have suggested a reasonable world price would be 20-30 USc/lb compared with the 11c maximum suggested in 1973; and some groups have even investigated sugar SDRs.

Should there be a new agreement based on £150/t (in real terms about the same as the £80/t talked about in 1973) it would probably take some time for the market to stabilise sufficiently for prices to move up any appreciable extent.

It's cheap, but for how long?

On today's production a price of £150/t would mean a drop in export earnings, as there'd need to be an average LDP of £186/t to meet this year's average export price of £298/t. But assuming a crop of around 2 Mt next year and an export surplus of 850 000 t, a £150/t price would still earn R214m, or about the same as this year.

Either way, an LDP of £150/t or a new ISA based on the same price, still means the SA sugar industry is committed to gearing itself to a steadily growing local market, where every ton sold is at a production loss.

Indeed, sugarmen are adamant that there is no way of expanding the industry on today's returns of 7% on conservative replacement values for growers, and 14% on book value for millers. These returns, fixed five years ago, are reckoned to have been made completely inadequate by inflated costs, and have for the last six months been the subject of a BTI investigation.

The danger of leaving things as they are have been stressed by SA Sugar Association chairman Anson Lloyd, who has pointed out that at today's local consumption rate it would take a mere 12 years to absorb the entire existing 1972/73 production record of 1,913 Mt — implying a complete loss of the export market, and foreign earnings.

To allow returns to be more realistic, sugarmen believe there should be a gradual increase in the local price of sugar.

But the burning question is whether Minister of Economic Affairs Chris Heunis can afford to agree to a price hike in today's economic climate, more particularly in the light of his own anti-inflation push.

Some in the industry might fondly imagine that if they are able to demonstrate a clear need for a price increase, they'll get it. Pretoria, however, could well regard a price increase in so basic a commodity as politically dangerous.

Even if an eventual price increase is inevitable, it could be that next year will see Heunis continuing to allow an under-recovery of costs and using the Price Stabilisation Fund — which will reach about R110m this season — as a buffer.

He dare not, however, allow the PSF to run down too far, because if that were to coincide with a bad crop and/or a low world price it could mean wiping out the fund altogether in one season.

Heunis cannot forever ignore the need for expansion to safeguard foreign exchange earnings. However, he might choose to start phasing in increased returns only in 1976-77. For to do so any earlier, he might argue, is far too risky, economically as well as politically.

In that event 1976 will see the SA sugar industry praying harder than ever for good weather and a reasonable world price.

The top reporters

As standards continue to improve, there are big changes at the top in this year's annual *FM* accounts award. Our congratulations to PP Cement

Winning the *FM* Award for the best company report of the year has never been easy. Even before the Companies Act, 1973, came into force at the beginning of the year, a report had to be better-than-good to make the Top Twenty.

Now in the twelfth year of this Award, a report has to be excellent to make the grade, thanks to the higher disclosure levels made mandatory by the Act. We're delighted, of course, even though the new legally required minimum standards have made the job of distinguishing between the excellent that much harder.

That many companies go beyond the letter of the Act's requirements in giving shareholders information is as it should be. Yet there are a lot whose statements fall short of what we, and the University of Pretoria's Bureau of Financial Analysis, would like to see.

Tukkie's and *FM* jointly — and thoroughly arbitrarily — agree the rules, and the Bureau's computer assesses the reports. We believe, for example, that shareholders are entitled to know exactly what accounting policies have been used, and why. We think it's important that investors should know, via an analysis of shareholdings, the spread of ownership. We don't think it's enough to disclose a parent company's existence: we think shareholders are entitled to know the percentage of control held.

So, although reporting levels have improved considerably over the past decade (and they again rose appreciably last year, particularly at the top end of the spectrum) there's plenty of room yet for betterment. And, judging from the number of 'phone calls received recently about the rules governing the *FM* Award, there are more than a few companies keen to rank among the front runners.

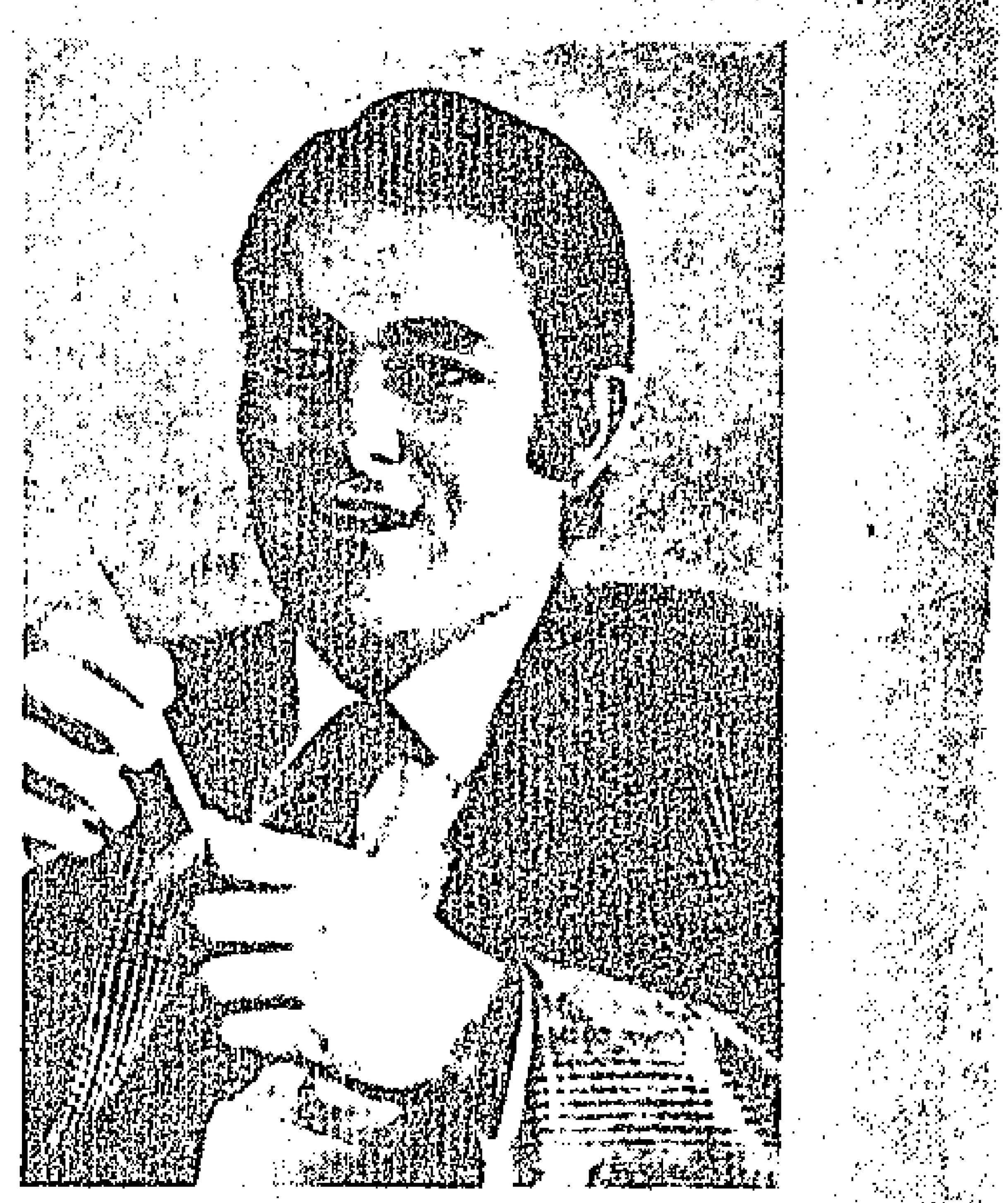
All should keep trying; the changes we had to make to the marking rules for the 1975 competition (to allow for the higher legally required standards) produced

TOP TWENTY

Pretoria Portland Cement
Ovenstone Investments
Rennies Consolidated
*Protea Holdings
Scotts Shoe
*Massey Ferguson
Putco
*Williams, Hunt
*SA Breweries
*Cullinan
Kohler Brothers
Edworks
CNA Investments
*SAAN
Frasers
OK Bazaars
TW Beckett
Crookes Brothers
*Stein Brothers
Man-About-Town
Below the line:
SA Druggists
Stuttaford

In last year's Top Twenty.

PP Cement's Luyt . . .
a solid performance



OIL's Ovenstone . . .
a fine catch

France to continue arms sales

16/1/76. DD.

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(2) 78A.

PARIS — Although South Africa's stand in Angola has been condemned by governments throughout Europe, France has reiterated that it will continue to sell arms to Pretoria.

Meanwhile France's new arms sales policy has emerged after a bitter public feud between Cardinal Francois Marty of Paris and Premier Jacques Chirac.

The Cardinal had blasted France for "making an institution of selling arms."

But Premier Chirac's reply was brutally frank: "The French arms industry is essential to our survival and we will continue arms sales, unconditionally, to foreign countries."

Government circles confirmed this included South Africa. — DDC.

Cape Times 5/1/76

Coal to earn R100m for SA

Own Correspondent

JOHANNESBURG. — Coal exports are expected to earn "an absolute minimum of R100m" for South Africa during 1976, according to Mr Alan Tew, chairman of the Transvaal Coal Owners' Association.

He estimated that 10m tonnes of South African coal would have been exported through Richards Bay by the end of the year and that this figure could climb to about one million tonnes a month in 1977.

The Assistant General Manager (Operating) of the South African Railways and Harbours, Mr Hennie Loots, announced yesterday that the first 28 trucks of coal arrived by rail at Richards Bay at the weekend. This is low-grade coal which will provide stability and drainage for the high-grade export coal which will be stock-piled from the middle of January.

CONTRACTS

Mr Tew said that the Transvaal Owners' Association had initial contracts with Japan, France, Germany and the United States for 2¾m tonnes of coal. The Natal Associated Collieries have contracted with Germany to supply about 650 000 tonnes during 1976.

"The Anthracite Producers' Association have very important contracts with France and the Low Countries also," said Mr Tew. He said that South African anthracite was made solely from Natal coal.

To cope with these huge exports, the South African Railways and Harbours have extended and added to their rail links with Richards Bay. At a cost of about R700m.

Coal in the Witbank area was being loaded by the "balloon track" system, a spokesman said.

Richards Bay opening

THE Richards Bay harbour costing more than R600 million will be officially opened by the Prime Minister, Mr Vorster, on April 1.

A statement by the Minister of Transport, Mr S L Muller, said Safmarine, the national shipping line, would be the prominent figure in the opening ceremony with its flagship, the SA Vaal, breaking the symbolic ribbon on entering the harbour.

In a joint venture, the Transvaal Coal Owners Association and the Railway Administration would participate by commissioning the coal-loading terminal and beginning the loading of the first coal shipment for Japan.

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2 78 A
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Gentle start to R100m export coal run

20/1/76 RDM

78A

By GLENN GARVEN

WITH a deceptively gentle hiss and groan the first train in a R100-million-a-year coal export scheme chugged slowly out of Witbank yesterday afternoon.

Fully loaded with 2 625 tonnes of coal in 50 specially-built trucks, the train will haul the coal 500 km to Richards Bay. The coal will then be sent to Japan, the firts part of South Africa's giant contract to supply the heavily industrialised nation with fuel.

Only a small group of Railway officials was at Blackhill Station to wave the train away on her historic journey.

Drawn by four special diesel locomotives, and later on her journey by six, the train is scheduled to arrive at Richards Bay early this evening.

OPENING

The coal will be stored at the harbour until the project is officially opened by Mr Vorster on April 1.

First stage of the journey was to Ermelo, about 90 km down the line, where she stopped for the night.

Travelling is by daylight only, as crews are undergoing on-the-spot training for the new locos during the trip. In charge of the train is Mr S. Taute, the Railway's test and design engineer.

MOUNTAINS

At Sheepmoor two more locomotives will be added to cope with the steep gradients over the mountains into Natal.

The trucks and locomotives have been built exclusively for the coal run. The SAR has ordered 1 400 of the trucks.

Several stations have been built along the new route. Another feature is that it has been built so there are no level crossings on the line.

The Railway hopes to have four trains a day running by the end of March, and loads of up to 76 trucks are envisaged.

~~183~~

78A

Germans praise [illegible] in Ho[illegible]

1 78. A.
2. 101

Weekend [illegible]

BONN. — A 30-man [illegible] visited South Africa in [illegible] report on the prospects for [illegible] and the Black homelands.

The members of the delegation returned home convinced that the chances of a peaceful solution to the race problem had improved considerably through 'the inward and outward detente policy of the Vorster Government.'

In their report to the German Federation of Industry they speak warmly of the 'open-mindedness' of the homeland authorities.

A spokesman said in an interview the aim of the report was to present a balanced picture of the situation in South Africa.

The report says: 'In accord with the Federal Government, the delegation sees no political cause to restrict trade and capital traffic with South Africa. Other Western countries proceed in the same way.

Manpower

'Even many Black African states that make ideologically motivated claims on South Africa maintain intensive economic relations with this country, or are striving to attain them.

'Governm[illegible] tives, [illegible] Departme[illegible] made it [illegible] they would [illegible] to [illegible] negative [illegible] South Africa [illegible] higher German [illegible] of South Africa [illegible]

The delegation [illegible] apart from [illegible] of raw mater[illegible] energy, [illegible] power [illegible] tion condition[illegible]

"The aver[illegible] growth rate [illegible] population [illegible] The general [illegible] the Death [illegible] poration cited [illegible] gation an estimat[illegible] ing to [illegible] African men [illegible] labour market [illegible]

Higher [illegible]

'Together [illegible] wage costs, a [illegible] productivity [illegible] also be [illegible] often [illegible] the indus[illegible] conditions.

[illegible]

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~~1, 180~~
3, 78B

Rising factory output spurs export growth

STAR. 10/2/76

Ivan Philip

Production by the manufacturing industries is climbing, and a steady increase in overseas sales has now made exports of factory goods a potential challenger to the traditional giant — gold — as a source of foreign exchange.

A rise in the manufacturing production index of 2,5 percent in the final quarter of 1975 carried the index to 202,6 — meaning output has more than doubled since 1963/64 to add to potential export muscle.

South Africa's status as an exporter of manufactured goods, and particularly engineering goods, is growing fast. And the direction of these exports is by no means exclusively to underdeveloped regions.

Much of the new impetus is towards the industrial giants and the oil producing countries.

Even so, the South African Foreign Trade Organisation is far from satisfied with the overall pattern of export trade.

Safto points out that the country's merchandise exports were worth nearly R4 000m last year. But, of this total, R1 400m was accounted for by agricultural products, diamonds and Krugerrands.

This, in Safto's view, is a dangerously high proportion — particularly because some of these commodities face uncertain conditions.

Dr J P Kieser, Safto's general manager, emphasises that manufactured goods, unlike commodities, enjoy a relatively high degree of price stability, even in difficult economic times.

Manufacturers must overcome the feeling that they cannot compete on export markets, says Dr Kieser. He believes many of them have the kind of quality goods that the world needs.

He points out that South Africa already exports 500-ton body presses to the world's motor industry, pianos to Germany, kitchenware to the United States and road graders and precision variable-speed gearboxes to many industrial and developing countries around the world.

He is not perturbed at the thought of selling coals to Newcastle. "I believe in it because Newcastle knows all about coal — and recognises a good product."

But Mr W B Holtes, chief executive of Safto, warns that, if the export opportunities are not to be lost, the Government must reassure industry that export incentives are not going to fall under the axe of anti-inflation cuts.

The quickening pace in Western economies will open up new opportunities for South African exporters this year, says Mr Holtes, but it will also bring keen competition from SA's rivals.

South Africa must make the best of the advantages offered by devaluation, he said.

The South African business community understands the need for increased exports — but will no doubt understand it even more fully as local market conditions become less rosy in the immediate future.

"An accelerating level of exports is essential," he said, "to prevent the balance of payments deficit from becoming unmanageable and to avoid becoming the branch office of our European and American money lenders."

Important exports go to Chile

CT 18/2/76

Shipping

By GEORGE YOUNG
Shipping Editor

SOUTH AFRICA'S biggest exports to South America go through the Magellan Straits to Chile in the Pacific. Yesterday the well-laden motorship Springbank was here, almost to her marks thanks to a formidable consignment of steel work for construction work in Chile, consigned from the Reef through Durban.

Andrew Weir's Bank line, one of the more conservative, but nonetheless one of the most flourishing British companies, runs this service to the Pacific. Theirs are the only ships connecting the Republic with the West Coast of South America and while periodical political upheavals are as much part of Chile as with other east coast countries including Argentina, there is important business with the west coast.

The Springbok with her steel work in the holds, and a formidable consignment of drummed cargo on deck, has gunnies and jute from the Far East among her cargo and a profitable voyage is assured.

A pilot will fly down from Valparaiso to meet the Springbank before she enters the Magellan Straits and at a cost of about R10 000 to the ship will remain on board until the vessel reaches destination. Some of the cargo is consigned to Quito, high in the Andes mountains.

Andrew Weir is supplying its fleet with bigger and faster carriers, but has remained loyal to long established trades which even in the days of sailing ships, kept the company's fleet active.

While regarded as among Britain's most consistently profitable companies, the Bank line publishes its reports in a Scottish rural paper and in the Springbank officers told me they do not remember ever seeing an annual report.

78A

Pressure still rests on balance of payments

RDM 9/3/76

By ELIZABETH ROUSE

THE focus is back on South Africa's pressing material problems in an investment analyst's newsletter.

South Africa's balance of payments will continue to remain under pressure and a most difficult economic time faces the country, says a broker's analyst.

The Reserve Bank's relaxation of the stringent ceiling on bank lending so that advances can be 3,5 per cent up on last December's total by the end of March, with a 0,5 per cent monthly rise conditions, the likely outcome will probably be a decreased ability to contain thereafter, is seen as no more than a palliative.

78A

What the brokers say

"What has given rise to the temporary relaxation is the 25 per cent increase in bank sector credit to the private sector in January.

"Although nobody is saying so, it seems that much of this must have arisen through import finance."

One of the reasons for the record adverse trade balance in January must have been fears of a further rand devaluation.

What has become quite clear is that interest rate differentials are not sufficient to over-ride currency fears.

So far, last September's devaluation has not had telling impact on South Africa's trade position and tough measures are called for to halt capital outflows.

That, hopefully, should come about as major trading partners improve their own economic positions.

The broker's analyst disagrees with those critics who see the higher rail rates as inflationary.

"First, a large part of the burden will fall on export prices which are most easily able to shoulder the increases because the external cost of the rand is so much cheaper than it was.

"Second, with consumers already reeling under the more stringent economic sume, which is vital if Pretoria's anti-inflation programme is going to succeed.

"Costs will certainly rise, but the general rate of increase in the new tariffs is below the prevailing rate of inflation and we do not believe that the SAR Budget will give much impetus to the cost spiral."

A trust house analyst is worried about South Africa's prospects of raising loans in the Eurobond secondary markets.

Markets dealing in South African securities are nervous at best because of the political situation. The required yield on South African bonds is now more than 2 per cent higher than that on similarly dated and denominated New Zealand bonds.

"Under such circumstances, the prospects for South Africa raising new loans in those markets must begin to look questionable, in spite of the strong institutional demand for new issues.

"It could not have happened at a less opportune time since the country's reserves are strained and, with exports still lagging, there is a pressing need to borrow the foreign exchange to pay for strategic imports."

The analyst's attitude to industrial shares is ambivalent. On the positive side, he says, the yields available on blue-chip counters are almost embarrassingly attractive.

Against this, the short-term picture remains unencouraging because of a continuation of relatively tight money conditions and high interest rates, factors which militate against a rise in industrials.

The gold picture looks better. The broker's analyst says now that the Swiss have joined the French in saying that they will be buyers of International Monetary Fund gold if the auctions threaten to disrupt an orderly market — and the Germans appear to favour such a move — the gold price seems to be returning to more rational levels.

78A

SA-W German trade 'growing all the time'

Cape Times Staff Reporter 17/3/76

THE new Ambassador for the Federal Republic of Germany to South Africa, Mr Hans-Joachim Eick, said in Cape Town yesterday that Germany had been criticized for maintaining trade with South Africa, but that "it is our vital interest that we trade, and we don't discriminate against any country."

At noon today Mr Eick presents his credentials to the State President.

"My primary concern is to find an understanding of southern Africa's problems as quickly as I can, inform my Government, and intensify the exchange of information, views and opinions at all levels," the new ambassador said.

There was concern in Germany for the problems besetting southern Africa but that the German Government would help in any way it could to bring about a peaceful solution, he said.

Trade ties between Germany and South Africa were growing all the time. Germany was South Africa's second biggest supplier of goods and in 1974 actually surpassed Britain in exports to South Africa. This country was Germany's third biggest overseas trading partner.

"We have been faced with criticism from Black African countries and others for keeping up trading relations with South Africa," Mr Eick said. "But Germany is a country that depends on exports. One out of five German workers earns his living through exports. It is in our vital interest that we trade, and we don't discriminate against any country."

Mr Eick has been ambassador to Uganda and Cambodia and has served in missions to Moscow, Salisbury and Tokyo. He has been deputy spokesman for the Ministry of Foreign Affairs.

784

Trade gap narrows — but still worrying

RDM 26/3/76.

By HOWARD PREECE
Financial Editor

THE trade gap between imports and exports narrowed to R141-million last month compared with January's record shortfall of R257-million.

Exports rose from a dismal R268-million to R329-million while imports fell from the monthly record of R526 500 000 in January to R470-million, the lowest since the 17,9 per cent rand devaluation last September.

But the trade gap, as measured by Customs and Excise, for the first two months of this year was a fraction under R400-million compared with a comparable 1975 deficit of R272-million.

The fall in imports will encourage hopes that the exceptionally high January figure was boosted by stockpiling and that the combination of price deterrent by devaluation and economic deterrent by near-standstill growth will continue to act as a restraint.

Unfortunately, however, about R120-million a month on average has to be added to the import bill for oil and military equipment, and little or restraining effect is likely to be felt on those two.

Also, while exports were R61-million up in February on January about R32-million of this improvement was simply due to a hefty boost in Krugerrand sales.

In the overall balance of payments picture this is offset by lower value on bullion output, so exports are still far from healthy.

It should also be noted that welcome though the improvement in the trade gap was last month, it was still well above the figure for both October and November last year. There is still a long way to go.

Economists normally expect things to get worse before they get better on the balance of payments current account after a devaluation — in jargon it is the J curve — but the trouble with South Africa is that its exports are too dependent on world trade and price trends and too little on a competitive edge for the rand from devaluation.

What is sure is that there noting in the trading position is nothing that should encourage Senator Horwood to make any optimistic assumptions in his Budget next week.

78A

Oil, arms imports cost R1 100m

RDM 6/4/76

By HOWARD PREECE
Financial Editor

IMPORTS of oil and military equipment cost nearly R1 100-million last year, about R250-million more than in 1974.

In 1973 the total was little more than R250-million. The upsurge in the gold price in 1974 led to a hike too in the value of net gold output from R1 796-million to R2 565-million.

This offset the tremendous rise in oil prices — and it is these that have been critical, not military equipment, most of which is paid for in South Africa — and cushioned South Africa from the full impact of the energy problem that sent the major Western countries tumbling into an economic recession.

But last year there was a small drop in gold value to R2 450-million.

Although the rate of increase in spending on oil and military equipment eased last year the burden was enough — and is enough — for South Africa to find the recession catching up with her.

Now we must wait for the Western countries, primarily the United States, to pull us out of that recession as they continue on the economic recovery path.

In the circumstances it must be assumed that the 2,5c a litre additional excise imposed on petrol in the Budget is aimed at deterring consumption and thus relaxing the strain on the balance of payments as well as pulling in about R150-million in estimated additional revenue.

The impact of oil and defence spending can be seen by contrasting the full export and import figures from the Reserve Bank with those supplied by Customs and Excise.

These latter exclude spending on oil and defence, but include, unlike the Reserve Bank, exports of Krugerrands.

The Reserve Bank puts Krugerrands under the general gold value output.

In 1973 Customs and Excise figures for imports were, after revision, R3 275-million.

The Reserve Bank gave the total at R3 548-million, which indicates that between R250-million and R300-million was spent on defence and oil imports.

By 1974 Customs import figures had risen to R4 900-million, but the Reserve Bank level had soared to R5 723-million — an oil and military bill of about R825-million.

For 1975 Customs and Excise has imports at R5 600-million, but the Reserve Bank has the total at R6 681-million to give spending on oil and defence at close to R1 081-million.

It is worth remembering, too, that while Customs had exports at R3 933-million the Reserve Bank lowered the total to R3 618-million after excluding Krugerrands.

If these simple adjustments had been read into the monthly figures from Customs and Excise a year ago, the balance of payments crisis that enveloped South Africa last year would not have been avoided but it would at least have been officially expected.

There can be no excuses

78A

Bid to bar sale of electronic equipment to SA

RDM 26/4/76

Own Correspondent

LONDON. — A Labour MP has written to Prime Minister Mr James Callaghan asking him to stop the export of a consignment of electronic equipment to South Africa.

Mr Bob Hughes, vice-chairman of the Anti-Apartheid Movement, says it has been alleged that the Hasler company of Croydon is at present manufacturing a 64-line message-switching unit, worth between R400 000 and R800 000, ostensibly for Hasler (South Africa) but actually destined for Rhodesia.

Mr Hughes, MP for Aberdeen, says that whether the unit is eventually installed in Rhodesia or in South Africa, it can be fitted into the South African "Advokaat" long-range military surveillance system with headquarters at Silvermine, Cape Province.

It is at present under construction at Croydon but is not expected to be completed until 1977. A Hasler spokesman said last week that it was not the firm's policy to discuss details of contracts with outsiders.

Mr Hughes says in his letter to the Prime Minister: "It is possible that if the government were to stop delivery of the equipment, it could be completed at the parent plant in Switzerland.

"But the company is currently tendering for some R32-million worth of equipment for the Post Office, having already supplied some R3 200 000 of telex exchange equipment, and might reasonably be expected to hesitate before jeopardising such an opportunity in order to defy government instructions on sanctions."

Hasler (Great Britain) is a subsidiary of Hasler (Switzerland), a company involved in the design and manufacture of communications equipment.

The British firm was set up five years ago as a marketing and development centre.

The company has supplied a similar kind of message-switching system to the British Post Office. Basically it accepts messages which can be security rated, and the messages are then transmitted to any number or all of 64 terminal units.

Mr Hughes has told Mr Callaghan that at the beginning of 1974 the company was approached by the South African subsidiary with details of the contract.

At the same time, he alleges, some Rhodesians visited Switzerland to discuss matters and as a result he fears that this internal company order will pass to Rhodesia.

Such a move, he says, would involve a serious breach of sanctions regulations, "and in my view the Government should insist on the contract's termination."

78 A

Lurie sees a revival ahead

STAR 26/4/76

CAPE TOWN — The downward phase of the current business cycle should bottom out by the year-end and a revival in the economy can be expected in 1977, the immediate past president of the JSE, Richard Lurie, said yesterday.

He told a Jaycee "Focus on Investment" group that the Balance of Payments would improve largely as a result of a boost in commodity exports. An exception would be maize exports, which would drop due to a very much lower crop.

He noted also that the future of the gold price would be of vital concern to the BoP and therefore the economic outlook.

REDUCED

"Nevertheless, the economy has entered a classic deflationary stage where inflation has already been checked and should be further reduced by the end of the year," he added.

Mr Lurie said a gloom following events in Angola and continuing Rhodesian developments was not warranted. This could result in some slowdown of foreign investment in South Africa, the effects of which would be anti-inflationary in the short-term, but would pose a serious deterrent to growth in the long run. — Reuter.

74

HANSARD NO. 15 10/5/76

Advertisements in United States/Britain
987

889. Mr. R. M. DE VILLIERS asked the Minister of Information:

What was the total cost of publication in (a) the United States and (b) Britain of the advertisements dealing with the possibility of (i) holding the next Olympics in Pretoria, (ii) having the headquarters of the UN Economic Commission for Africa in Johannesburg and (iii) an organization like NATO having a base at Simonstown.

The MINISTER OF INFORMATION:

Total expenditure as follows:

(a) United States — R261 747-00.

(b) Britain — R138 751-00.

The expenditure was spread over two financial years.

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(f) Can the room be darkened easily? Are there sufficient power supplies for any projected visuals or recorded sound?

Visuals

(a) What equipment will you have at your disposal? Will there be an experienced projectionist available?

(b) Are there any suitable visuals or other aids (e.g. films, videotapes, sound tapes, slides, etc.) already available?

(c) What facilities are there for obtaining or making others you may need?

Budget

Has a budget already been prepared? If so, how much money has been allowed for:

74

HANSARD NO. 15

Audio

Exchequer account

817. Mr. H. H. SCHWARZ asked the Minister of Finance:

(1) (a) What total nett issues, excluding borrowings, were made from the exchequer account during January, February and March, respectively, in each of the years 1974, 1975 and 1976 and (b) what were the total nett receipts, excluding borrowings, during each of these months in each of these years;

(2) what was (a) the total amount of borrowings, (b) the amount of borrowings from the foreign sector and (c) the total surplus or deficit, excluding borrowings, during each of these months in each of these years;

(3) (a) what were the total issues, excluding borrowings, and (b) what was the total surplus or deficit, excluding borrowings, during April 1974 and April 1975, respectively;

(4) (a) what is the latest available figure of the total surplus or deficit, excluding borrowings, for 1976 and (b) in respect of what date is the figure given.

The MINISTER OF FINANCE:

		1974 R000	1975 R000	1976 R000
(1) (a)	January	379 775	544 652	587 706
	February	301 830	470 769	608 085
	March	907 529	949 807	627 937
(b)	January	400 543	477 386	575 669
	February	463 655	503 653	499 376
	March	464 484	491 008	697 810
(2) (a)	January	231 956	641 792	550 974
	February	210 396	256 245	791 625
	March	439 998	396 141	474 122
(b)	January	35 610	41 091	898
	February	Nil	Nil	733
	March	16 757	Nil	6 689
(c)	January	(Cr.) 20 768	(Dr.) 67 266	(Dr.) 12 037
	February	(Cr.) 161 825	(Cr.) 32 884	(Dr.) 108 709
	March	(Dr.) 443 045	(Dr.) 458 799	(Cr.) 69 873

		1974	1975
(3) (a)	April	350 199	465 789
(b)	April	(Dr.) 73 574	(Dr.) 127 821

(4) (a) R50 873 000 (Dr.)

(b) 31 March 1976.

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(c) What facilities are there for obtaining or making others you may need?

Budget

Has a budget already been prepared? If so, how much money has been allowed for:

74

HANSARD NO. 15   14/6/76

Economic Co-operation Promotion Loan Fund

1013

795. Mr. H. H. SCHWARZ asked the Minister of Foreign Affairs:

(1) (a) What amounts have been advanced from the Economic Co-operation Promotion Loan Fund since 1 April 1975 and (b) to whom;

(2) (a) what amounts have been repaid to the Fund since that date and (b) by whom.

The MINISTER OF FOREIGN AFFAIRS:

(1) (a) A total amount of R7 096 935-22 was advanced from the Economic Co-operation Promotion Loan Fund during the 1975-'76 financial year.

1014

MAY 1976

(b) Advances were made to various countries in Latin America, Africa and Asia. While the details of some of these have been announced there are others which cannot for practical reasons be divulged at this stage.

(2) (a) R15 000.

(b) See (1) (b) above.

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Visuals

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(b) Are there any suitable visuals or other aids (e.g. films, videotapes, sound tapes, slides, etc.) already available?

(c) What facilities are there for obtaining or making others you may need?

Budget

Has a budget already been prepared? If so, how much money has been allowed for:

74

HANSARD NO. 20

Export coal contracts 1238

1014. Mr. T. ARONSON asked the Minister of Economic Affairs:

(a) What are the maximum tonnages allowed for export coal contracts and (b) over what period of time will these maxima be exported.

The MINISTER OF ECONOMIC AFFAIRS:

(a) Except for the provisional export authorities in respect of 650 million tons which have been issued to certain applicants provided they can comply with all the conditions which the Government has set for the final confirmation of these export authorities, fixed export authorities for 198 million metric tons of coal have been issued to different exporters.

(b) Over a period of 20 years.

Audio/visuals

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(e) Will everyone be able to hear? Will you need to use a microphone? Is there a public address system already installed? Will there be any distracting noises and can these be silenced during your presentation?

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Visuals

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(c) What facilities are there for obtaining or making others you may need?

Budget

Has a budget already been prepared? If so, how much money has been allowed for:

SUN. TIMES (BUS. TIMES) 2/5/76

Safto chief: No need for gloom

78A

Mr Wim Holtes . . . Minerals revival

By DAVID PINCUS

NO GLOOMY deductions should be made from the fact that South Africa's visible trade deficit increased by another R149-million in March, compared with the R141-million increase in February, says Vim Holtes, chief executive of the South African Foreign Trade Organisation (SAFTO).

"It is still far too early to assess what the year will be like," he said. "I believe that it will be almost as good as last year, which was about 18 per cent up on 1974.

"Audited figures for 1974 show that we exported goods worth R3 345,1-million and imported goods worth R4 916-million. The trade deficit was R1 570,9-million.

"Preliminary figures for 1975 show that exports were R3 932,7-million (up about 18 per cent) and that imports were R5 599,7-million, up about 14,3 per cent."

Mr Holtes was commenting on figures released this week by the Department of Customs and Excise, which show that in March, South Africa's import bill, which does not include oil and military supplies, rose to R565-million, compared with R470-million in February.

Exports, including Krugerrands, but excluding gold, rose to R416-million from R329-million in February.

The Department of Customs and Excise calculated that the trade gap for the first three months of this year was R548-million, compared with R382-million for the first quarter of 1975.

Mr Holtes' optimism is based on the revival of the economies of the United States and some European countries, as well as the revival of the demand for minerals.

"There has been a particularly good revival in minerals," he said. "Copper and nickel are moving up and companies here are finding it difficult to supply. That's a good sign."

78A

Heunis rejects use of import controls

DD 5/5/76.

CAPE TOWN — The Minister of Economic Affairs, Mr Heunis, yesterday rejected the use of import controls as a means of protecting local industry.

Addressing the executive council meeting here of the Federated Chamber of Industries, Mr Heunis gave a "serious warning" to businessmen stockpiling imported goods in anticipation of stricter controls.

"Many of them will burn their fingers and, through holding excessive stock, endanger their liquidity," he said.

Devaluation had provided protection for most sectors of South African industry, but where an additional incentive was required, the proper instrument was the customs tariff and not import control.

"Through abrogating the price mechanism and completely removing the need to compete with foreign goods, import control over a wide spectrum of goods stimulates the development of inefficient and uneconomic industries."

The bulk of South Africa's imports — 86 per cent — now consisted of capital goods, raw materials and intermediate goods.

"To have any meaningful effect, quantitative restrictions must curtail these imports, and that could only be done by seriously restricting growth," he said.

Import control would have an inflationary effect by restricting the supply of goods and the degree of competition, while increasing demand through stimulating domestic investment and building up excess liquidity in the economy.

In view of the sound cash position and the prospects for improvement in the current account, and the expected lessening of the current account deficit, he found it strange and disappointing that in recent months there had still been several unfounded and unsettling rumours of an impending devaluation or stricter import control.

"In particular I wish to refer to that naive group of people who believe that the rand will depreciate every time the price of gold on the private market shows a temporary decline," Mr Heunis said.

"The strength of our currency depends on a much more complex set of factors than mere short term movements in the price of gold."

Unfortunately, he said, some of the unfavourable leads and lags on the balance of payments resulting from devaluation rumours had been facilitated by bank credit.

"It will be a sad day for banking in South Africa if continued speculation against the interest of our country tilt public opinion towards demand for ever greater control over banks in order to ensure conduct in accordance with the national interest," he said.

A delegate told the council meeting that the campaign against inflation — and the economy as a whole — would be given a tremendous boost if everyone in the country worked an extra half-hour a day.

Mr J. J. Abderhalden, of the Cape Chamber of Industries, said the tendency to shorten working hours should be halted or even reversed at all levels. — SAPA.

784

Minerals exports take off

RDM 8/5/76.

By ADAM PAYNE
Mining Editor

THE long-awaited revival in metals, of benefit to the South African base minerals mines, is here and the figures of export sales for the first quarter confirm it.

Antimony, manganese, "miscellaneous" — which includes platinum and uranium — chrome ore and copper are all firmly up on the comparable figures for 1975.

The pointers are that the upward surge will gather momentum, after allowing for the fact that the returns are boosted by the September devaluation.

Mr Merton Dagut, head of Nedsual's economic unit, said the primary factor was the United States economic revival. Germany, he said, was less certain of its upswing because it depended for 60 per cent of its exports on the European market. Japan's economic indicators were encouraging.

"All this suggests that world consumption of our minerals will increase in volume and value," he said.

"Although there are stocks of various metals in speculators' hands, there are indications that final converters hold relatively low stocks which must be replenished.

"Some metal prices have been firming for about five months, with occasional reactions, but the trend is upwards.

"Although there is an element of speculative buying, the underlying improvement seems wellfounded."

The quarterly returns by [the] Government Mining [En]gineer show one of the [bi]ggest rises in "miscellaneous" exports at R222 415 000, compared with R174 229 000 in the first quarter last year. This 28 per cent increase reflects the improvement in both the platinum and uranium markets.

Uranium orders boosted the profits of Harmony and Buffelsfontein in the quarter and all producers are now looking to better sales, especially when contracts written at low prices are completed.

Platinum is slowly getting into a faster stride, and with the revival of the United States and Japanese economies, industrial sales — the backbone of the trade — should improve.

Earlier this week, Mr Fred Bamford, chairman of Samancor, recalled that there had been slowness in signing manganese orders at the beginning of the year, but recently all except a couple of the main orders had been signed. He predicted that sales this year would be about the same in volume but higher in value.

The Metals Week manganese ore quote last week was raised from $1,38 a long ton unit to $1,47 a long ton unit for metallurgical grade such as that sold by Samancor. This price is c.i.f. United States ports.

The GME's returns show manganese exports marginally up at R19 933 000 (R19 264 000) in the first quarter.

OPTIMISTIC

Antimony has already started a good year, bearing out the recent statement of the Consolidated Murchison chairman, Mr P. R. Wilton, that oxide demand is particularly strong and the metals market is firm.

Antinomy exports for the first quarter totalled R4 988 675 — an increase of 27 per cent on the 1975 figures.

Copper exports were up at R25 883 000 (R21 707 000) — an increase of 19 per cent.

Mr G. A. MacMillan, chairman of Palamin, was cautious about the outlook for 1976 in his statement published earlier this year, but he told the annual meeting last week that he was optimistic about better results, although heavier taxation would eat into Palamin's expected better earnings.

Chrome has doubled its exports figures in the first quarter, in spite of a 16-day hold-up at Maputo because of a cyclone. The value of chrome ore and concentrates exported in the quarter was R6 983 000 (R3 019 000). Chrome sands exports rocketed from R9[...] to R3 069 000.

78A

VRYSTELLINGSTYD : 20h00

TOESPRAAK GELEWER DEUR SY EDELE J.C. HEUNIS, MINISTER VAN EKONOMIESE SAKE, BY DIE EERSTE STAATSTOEKENNINGS VIR UITSTAANDE UITVOERPRESTASIES, (CARLTON HOTEL, JOHANNESBURG, 26 MEI 1976)

Geagte Regter Hiemstra en mevrou Hiemstra, Eregaste, Verteenwoordigers van die Suid-Afrikaanse Nuusmedia, Dames en Here:

Hierdie is 'n unieke gebeurtenis in ons land se strewe na vermeerderde uitvoerverdienstes.

Dit is nie slegs 'n unieke gebeurtenis vanweë die feit dat die heraldiese perkamentrol wat u, Regter Hiemstra, sopas aan my oorhandig het, vir die eerste keer 'n verskanste reg aan die Departement van Handel verleen om namens die Regering toekennings te maak

aan/.....

aan Suid-Afrikaanse uitvoerders wat uitsonderlike uitvoerprestasies behaal nie.

Dit is eweseer ook 'n unieke geleentheid in dié sin dat ons almal vanaand eer kan betoon aan vier Suid-Afrikaanse ondernemings aan wie die eerste Staatstoekennings in ons landsgeskiedenis vir besonder lofwaardige uitvoerprestasies toegewys is. En hierdie toekennings word vanaand vir die eerste keer in ons landsgeskiedenis gemaak kragtens 'n skema wat heel onlangs vir die eerste keer in Suid-Afrika in werking gestel is.

For all these reasons this is, indeed, a memorable occasion. And the four winners of the 1976 Export Awards Competition, whose names will shortly be announced by me, deserve the highest praise for their outstanding export achievements which have gained for

them/....

them the honour to be the first Export Award winners in South African history.

They have brought great credit onto themselves for the commendable qualities of initiative, perseverance and imagination which they have displayed in their efforts to consolidate and to expand their participation in the intensely competitive field of export business.

I would, therefore, like tonight to pay a warm tribute to these four companies. But I would, at the same time, also like to express my deep appreciation of the fact that so many other South African companies, both big and small, had entered the contest for the first South African Export Awards.

These/....

These companies were all very worthy contenders for this year's awards. And I trust they will not be discouraged by the fact that they did not succeed this time. I also hope they will be even more formidable competitors in the contest for next year's Export Awards.

I trust, furthermore, that the many other South African companies which are actively engaged in our country's export business but which, for one reason or another, did not compete for the 1976 Awards, will be worthy contenders for next year's awards.

The criteria which have been set as guidelines for the allocation of these awards are, indeed, of a very onerous nature. And it is, therefore, only right and proper that the winners of these annual Export Awards should be appropriately honoured for

the way/....

the way in which they have excelled themselves in their respective contributions to the expansion of South Africa's export earnings.

Our nation can prosper only by means of a substantial increase of its production of all goods and services, both for domestic consumption and for export.

South Africa's rapidly rising foreign expenditure on imported goods and services demands that an ever greater portion of this mounting expenditure should be financed by means of higher earnings from our exports of goods and services.

In fact, the expansion of our export trade has become the economic lifeblood of our nation primarily also because increased exports will promote the attainment of a healthy balance of payments

position/...

position and a sound rate of economic growth which, in turn, will provide adequate employment opportunities and satisfactory living standards for all its people.

I readily concede that the proceeds of gold sales abroad, as well as the influx of foreign capital, still play a vital role in our pursuit of external financial strength and stability.

But I believe South Africa should, of necessity, reduce its heavy reliance on these two sources of external finance for the maintenance of equilibruim in its balance of payments. And substantially increased export earnings constitute the sole means available to it for achieving this vital objective.

The Export Award Scheme, coupled with the various export incentives provided by the Government, are all intended to stimulate increased export consciousness amongst South African

producers/...

producers and manufacturers, as well as a determination on their part to sell more of their goods and services abroad. However, they should always bear in mind that successful participation in the export business will require high qualities of initiative, imagination and perseverance from them. Moreover, a successful export business can be built up only on the basis of continuous deliveries, aided by the maintenance of a high degree of business ethics that will instill confidence amongst overseas buyers in South Africa's dependability as a supplier of the needs of other nations. What is more, success in this highly competitive field of business demands the continuous faithful observance of quality standards at prices that will prove attractive to foreign buyers.

Hoewel/...

Hoewel onverwerkte grondstowwe van die landbou- en mynbou= sektore nog steeds 'n uiters belangrike rol in die Republiek se totale uitvoere speel, lewer ons uitvoere van vervaardigde goedere, veredelde grondstowwe en konstruksiedienste reeds 'n groot en snel toenemende bydrae tot die land se uitvoerverdienstes.

Ek glo dat daar nog heelwat moontlikhede vir die ver= meerdering van ons uitvoere van mynboutoerusting, sekere tipes kapitaalgoedere asook konstruksie- en ingenieursdienste bestaan. Suid-Afrika kan dit natuurlik nie bekostig om summier sy uitvoere van onverwerkte gronstowwe te staak en algeheel na die uitvoer van vervaardigde goedere, veredelde grondstowwe en gespesialiseerde dienste oor te skakel nie. Ons moet veel eerder streef na 'n ge= leidelike uitfasering van ons uitvoere van grondstowwe, en 'n

progressiewe/...

progressiewe vervanging van hierdie uitvoere, met relatief lae opbrengste in die vorm van vreemde valuta, deur uitvoere van ver= vaardigde goedere, verwerkte en half-verwerkte grondstowwe, en gespesialiseerde dienste van die ingenieurs- en konstruksiebedrywe wat groter buitelandse verdienstes sal oplewer.

You may well ask now: what have we, as one of the relatively young trading nations of the world, accomplished thus far with our export efforts?

I believe I can best answer this question by giving you a few facts that may perhaps not always come prominently to your mind.

Last year South African commodity exporters earned foreign currency for this country to the value of some R3 600 million, and

earned/...

earned this substantial amount of foreign currency with the export of a wide variety of goods.

I ask you merely to think of our high quality fresh and canned fruits and wines which provide constant satisfaction to the most discriminating consumers in many countries of the world. Last year passengers on an international airline flight from Teheran to Frankfurt commented favourably on the excellent quality of our "Outspan" oranges and "Cape" apples which were served to them as the main fruit dish at their luncheon during the flight.

But think also, for a moment, about our other foodstuffs which regularly provide sustenance to the peoples of other countries. Quite recently an African state appealed to us for supplies of maize in order to feed its hungry citizens. At the same time we

are exporting/...

are exporting a variety of fresh tropical fruits, fresh and canned vegetables, pr served fish and sugar to nations in need of these products.

And think, for a moment, of the vital role which our high quality merino wools, mohair and hides and skins are playing in the manufacturing processes of other countries. And think, also, of the important contributions which our minerals such as iron ore, chrome ore, manganese, copper, asbestos and platinum, as well as our various alloys, are making to the manufacturing output of the industrialised nations.

And think, for a moment, about the highly skilled engineering,

construction/...

construction and mine development services which South African companies are providing to other countries. The latter's successes in these particular fields have already won great laurels for South African ingenuity and South African workmanship. These com= panies have built railway lines, hydro-electric installations, irrigation projects, and sugar and cement factories, and have sunk mining shafts in other countries. Admittedly they have benefited financially from these activities, just as our country has benefited from the foreign earnings they have derived from their operations in other countries.

But, what is equally important, is the fact that, through their efforts they have contributed to the economic development of other countries. And they have thus also gained international

recognition/....

recognition and respect for South Africa's ability to meet the most exacting needs of other nations.

And, last but not least, think of the valuable shipping services which our national merchant marine is providing, not only to our importers and exporters, but also to those of many other nations in Europe, North America and the Far East.

Senior representatives of all the South African private sector interests to which I have just referred, are present here tonight. These undertakings deserve the praise and gratitude of all South Africans for the valuable contributions they are making not only to our country's foreign earnings but also to its reputation as a

worthy/...

worth partner of the international trading community.

Die bestendige uitbreiding van ons uitvoere van vervaardigde goedere, veredelde grondstowwe en gespesialiseerde dienste sal nie slegs die land se buitelandse verdienstes ten goede kom en nuwe werkgeleenthede vir sy mense skep nie. Dit sal ook daartoe bydra dat 'n groter deel van sy toenemende kommoditeitsbehoeftes uit eie bronne instede van by wyse van invoere voorsien sal word wat op sigself 'n heilsame uitwerking op die betalingsbalans sal hê.

Maar die keersy is ingelyks ook waar, naamlik, dat ons as 'n saak van hoogste prioriteit daarna moet strewe om ons produksie van goedere en dienste met die oog op die groter bevrediging van ons eie behoeftes uit te brei en te verbreed. Want op hierdie wyse sal ondernemersgroepe ook daarin kan slaag om bykomstige produksiekapasiteit met die oog op groter uitvoere te skep.

Die land/...

Die land se buitelandse besteding op invoere het reeds 'n omvang aangeneem wat ernstige buitelandse finansieringsprobleme vir hom meebring. Dit is dus noodsaaklik dat alle Suid-Afrikaners voortaan 'n nuwe lojaliteit teenoor die goedere en dienste wat uit ons eie bronne vervaardig, geproduseer of gelewer word, sal open=baar en by hulle aankope 'n besliste voorkeur aan Suid-Afrikaanse goedere en dienste sal verleen.

Dit geld nie alleen vir verbruikersgoedere nie, maar ook vir 'n groot verskeidenheid van kapitaalgoedere, ander tipes van duursame toerusting en noodsaaklike dienste wat eweseer in 'n veel groter mate as tans uit Suid-Afrikaanse bronne bevredig kan word.

Die ekonomiese/..

Die ekonomiese heil van die land kan slegs verseker en bevorder word deur 'n standhoudende uitbreiding van sy totale produksie van goedere en dienste en veral ook deur 'n meer inten=siewe poging tot die veredeling van die groot hoeveelhede grond=stowwe wat jaarliks uit ons eie bodem voortgebring word. Maar, om in hierdie so belangrike doelstellings te kan slaag, is dit noodsaaklik dat mense met ondernemerstalente wat bereid is om hulle menslike en finansiële vermoëns in die betrokke rigtings te waag, verseker sal wees van die getroue ondersteuning van alle verbruikersgroepe in die land.

Dit is nou 'n besondere voorreg en 'n eer vir my om oor te gaan tot ons hooffunksie van die aand, naamlik die oorhandiging van die 1976 Uitvoerprestasietoekennings aan die vier suksesvolle mededingers.

It is/...

It is now a great privilege as well as an honour for me to announce the names of the four winners of the 1976 Export Awards.

And, let me add, these awards were decided upon by me as a result of the recommendations of an independent panel of experts consisting of one of my senior official and representatives of a number of important private sector organisations.

UITGEREIK DEUR DIE DEPARTEMENT VAN INLIGTING OP VERSOEK VAN DIE MINISTERIE VAN EKONOMIESE SAKE

KAAPSTAD

26 MEI 1976

78A

Import curbs hinge on payments

RDM 29/5/76.

By CHRIS CAIRNCROSS
Industrial Editor

IT WAS confirmed yesterday that the Government has considered a cash deposit scheme for imports among other contingency measures if the flood of imports continues.

But it was stressed that the balance of payments position will have to deteriorate much more than presently expected before such a step would be taken.

And even then conditions will have to be sufficiently bad to convince both the International Monetary Fund and the General Agreement on Trade and Tariffs — from whom permission will have to be obtained — that the measure is necessary.

The official hope is that the tough monetary and Budget policies will be enough to slow down demand for imports; that the country's export performance will continue to improve; and that together these features will narrow the trade gap sufficiently to put South Africa back on the straight and narrow by the end of the year.

The effect on the gold price of Wednesday's IMF gold auction will partly determine whether this hope could be fulfilled.

It appears the authorities have already discounted a drop in the gold price to $120 with possibly a further short-term slip to $110.

However, one should bear in mind that the auctions are being held every six weeks and that a $10 drop in the gold price is not something South Africa can shrug off, as it means an effective annualised loss of potential earnings of about R200-million.

If the effect of the auction proves to be more sobering than the Government expects the odds are it will have to resort to one or other contingency plans that are in the "melting pot".

And the possibility of an import deposit scheme being one of them cannot be ruled out.

Certainly there seems to be some consensus that such a measure would be preferable to another devaluation, if the situation should deteriorate to such an extent.

However, the measure should never be regarded as a possible solution to the country's balance of payments problems, but merely an emergency short-term treatment of the symptoms to allow the economy some breathing space to sort itself out.

But then it is also argued that if it is time that must be bought, this can be achieved by borrowing more extensively abroad. It is pointed out that South Africa can still borrow a lot from the IMF if it has to.

78 A

Govt plan threatens small man

Cape Times 23/7/76

By GORDON KLING

Industrial Reporter

THE Government-introduced import deposit scheme has been accepted as necessary bitter medicine in the Cape — although it could push smaller industrial concerns, particularly clothing manufacturers, into a critical position.

This is the view of worried business chiefs. They said big firms would be able to obtain finance internally but the smaller man would encounter difficulties as banks struggled to keep down their overdrafts.

Organized commerce and industry in Cape Town called hasty meetings to study the move.

The scheme requires importers to lodge deposits equal to 20 percent of the value of their goods with the Government for six months, interest free.

Imported goods will inevitably rise in price as a consequence and capital will become scarcer, but this is considered preferable to a devaluation of the rand as a means of improving the country's balance of payments.

Serious blow

The president of the Cape Chamber of Industries described the move as a serious blow. Mr Smith said he was still not certain of all the implications.

"Does the Government want us to transfer hard cash to it or will it accept bank guarantees?" he asked.

The director of the Cape Chamber of Commerce, Mr B MacLeod, believed a strong fall-off in imports would result which could give the Reserve Bank a breathing space to build up foreign reserves.

Opposition financial spokesmen predicted a sharp increase in unemployment and the number of bankruptcies.

But the two spokesmen, Mr Harry Schwarz of the Progressive Reform Party and Mr David Baxter of the United Party, welcomed the fact that the Government had not opted for a further devaluation of the rand.

Short term

Mr Schwarz said the measures would add to inflation and in the short term help the balance of payments.

The gold price drop was not the only problem. There was also the reduction in the inflow of foreign capital. To restore overseas confidence in South Africa the Government would have to bring about meaningful change.

"South Africa's economic problems are also its political problems," Mr Schwarz added.

Mr Baxter said the measures would lead to a further slowing down of the economy.

The chairman of the Central Economic Affairs Committee of the SA Federate Chamber of Industries, Dr S J P Smit, said in Pretoria that "a real solution to South Africa's propensity to import" must be sought by developing import replacement within the economy.

Scheme bolsters borrowing abroad

Cape Times 4/8/76

Industrial Reporter

THE recently introduced Government scheme requiring importers to lodge interest-free deposits worth 20 percent of the value of their goods for six months with the Reserve Bank is to be used to bolster South Africa's already high overseas borrowings.

This was disclosed by reliable Reserve Bank sources yesterday in Pretoria. They said it would be preferable if importers borrowed foreign money to finance their deposits rather than strain further local tight liquidity conditions. This would also help the balance of payments in the short-term. The scheme was expected to draw R50m to R70m from the economy before the approval of foreign loans by the Reserve Bank.

Banking circles see the bank's move as nudging private enterprise to assist the Government with its overseas borrowings.

Under the scheme, importers can go to commercial banks and request offshore borrowings without prior approval of the Reserve Bank.

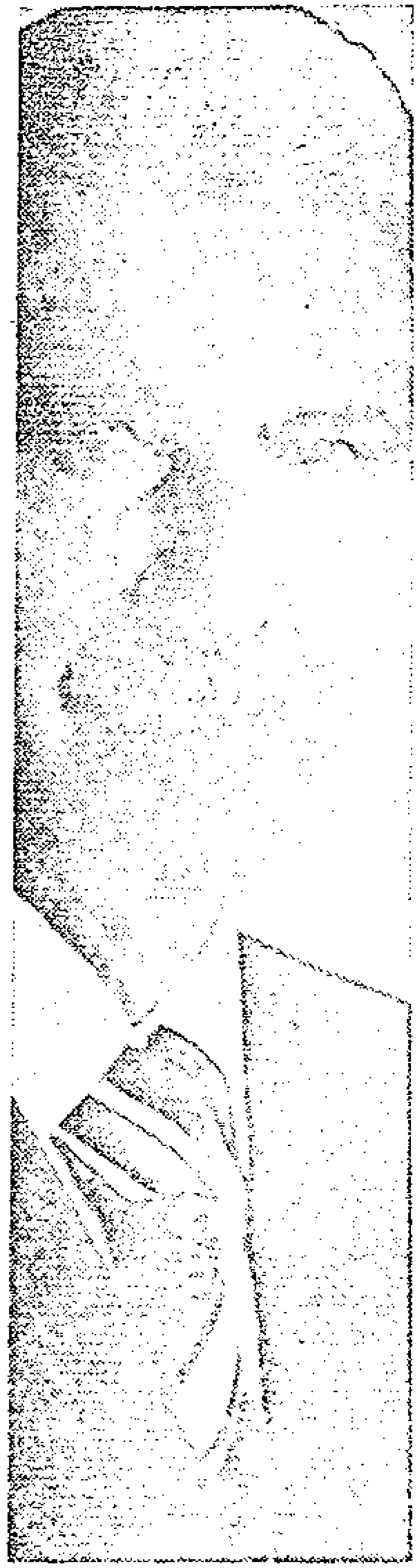
Bankers see no difficulty in raising the money. The general manager of Barclays Western Province, Mr T N Chapman, said short-term funds were readily available for purposes of the scheme at half the cost of local money.

● South Africa's protective tariff on imported goods was nothing but a "protection for inefficiency", Mr Sam Stuppel, managing director of Half Price Stores, told commerce students at the University of Stellenbosch this week.

In a speech he criticized the system whereby goods, "which can be imported from overseas at a low cost, have placed on them a punitive duty so that they land here at a price which the man in the street cannot afford".

South Africans must tighten belts, says expert –

RATION PETROL ...AND DO IT NOW



Dr M. D. Marais . . . start chopping

By DEREK TAYLOR

THE GOVERNMENT must introduce petrol rationing and rigorous import controls urgently.

This is the view of Dr M. D. Marais, doyen of South Africa's industrialist-economists and former member of the Prime Minister's Economic Advisory Council, who told the Sunday Tribune yesterday: "The time has come for drastic steps to be taken with speed.

"South Africans must get used to the fact that we are all going to have to drop our standard of living," said Dr Marais. "We just cannot afford the level of expenditure which has for so long depended upon a high price for gold."

o PETROL RATIONING: "We cannot afford the amount of petrol we use and current measures to reduce it are not working. We must ration it."

o IMPORT CONTROLS: "I do not normally favour controls of this kind but the situation now demands them. We must fit our imports to our exchange resources.

"Too much money has been leaving the country through exchange control loopholes. Urgent and effective methods must be found to block them.

"The Government has based its plans on the assumption that gold would go to two hundred dollars and stay there until doomsday," said Dr Marais.

Vast capital projects which now total R20 000 million must be reconsidered.

"We must get our priorities right and start chopping and postponing," said Dr Marais.

Sasol II, the proposed uranium enrichment plant, the atomic power station and certain railways expansions would have to be postponed.

Projects to improve the lower-income groups participation in the economy should be given a high priority.

South Africa had borrowed too much abroad — much of it in short-term loans — and it w increasingly difficult to borrow more.

"In London and places like Frankfurt the like the continuing symptoms of Soweto.

"But we will have to continue to borr amounts to m tain stability and our reserves — that is when we are going to h lems," said Dr Marais.

"Our last devaluation proved no solution would be fatal to devalue again. Foreign will not invest in a falling currency," he said

Monetary or fiscal measures could not s present situation — it called for direct meas the sooner they were applied the sooner th take effect. Internal liquidity must be retain

"I must stress — and the Rhodesian e has amply demonstrated this — that there is dous scope for replacing imports with our o factures," said Dr Marais.

"This must be given equally urgent atte encouragement within a scheme of import he said.

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17/8/76 NM

Don't devalue say experts

Mercury Correspondent

PRETORIA — Prominent economists yesterday warned the Government against a further devaluation of the rand.

They were commenting on a persistent devaluation rumour and statement by a Cape Town University economist, Mr. Gerrit van Zyl, that South Africa would have to devalue if its inflation rate remained higher than that of the United States.

The chairman of Union Steel Corporation, and a former member of the Prime Minister's economic advisory council, Dr. M. D. Marais, said South Africa was essentially an importing country.

On balance, therefore, it would lose more through higher priced imports after a devaluation than it would gain in bigger exports.

Any advantages devaluation might hold were insignificant and short term.

Dr. Marais claimed, too, that the monetary and fiscal adjustments made by the Government would not restore South Africa's foreign reserves to the necessary level.

Only direct measures like a stricter control of imports and a complete rationing of fuel would help.

Massive foreign exchange savings would follow fuel rationing, he said.

The chief economist of Barclays Bank, Dr. Johan Cloete, said because of internal political and economic problems the rand at this stage was regarded as a weak currency.

The fact that it was floating with the dollar — a strong currency — aggravated the situation.

Another devaluation during the next six months could do nothing but harm to the economy.

It could only worsen the inflation problem and would not significantly improve the country's balance of payments.

It would shock the confidence of foreign investors and discourage the inflow of capital.

Dr. Cloete warned, however, that if there was a further fall in the price of gold the whole picture could change.

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Whisky imports curbed by Govt

27/9/76 STAR

Imports of whisky and other luxury goods are being curbed by the Government.

A Department of Commerce spokesman says these curbs are not expected to produce shortages, but Mr Barney Kramer, head of a chain of liquor stores, claimed today that there could be a shortage of whisky by mid-November.

The goods affected by the curbs range from whisky to perfume and clothing and the spokesman said the decision to curb imports had been taken after liaison with organised commerce.

He said slightly less whisky was being allowed into the country this year, but shortages were not expected because of falling consumer demand following the country's economic slowdown. Also, there appeared to be substantial stocks in the country already.

However, Mr Kramer said 30 to 40 percent of whisky sales in South Africa took place from mid-October to mid-December. A shortage was likely by the middle of November — particularly of certain brands.

He said the economic slowdown had not yet affected whisky sales, but added that these could fall if companies abandoned the practice of giving bottles of whisky as Christmas presents.

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SA facing world boycott threat

DD 7/12/76

LONDON — South Africa will be shut off from the industrialised world for a full week from January 17, the Brussels-based International Confederation of Free Trades Unions said yesterday.

A spokesman said plans for the spectacular boycott, which would mean the grounding of all aircraft and the sealing of all ports to goods and passengers to and from South Africa, were reaching an advanced stage.

"We are confident the boycott will go ahead and that it will register with South Africans as the most decisive protest against apartheid's refusal to allow even basic lawful union rights to black workers. It will be a worldwide boycott," said a spokesman for Dr Otto Kersten, the ICFTU secretary-general.

He said American and Canadian national unions had already indicated their support.

He said the African Organisation for Trades Union Unity had received guarantees from Libya, Egypt and other countries on the air routes to Southern Africa to refuse overflying and landing rights for a week "at least" from January 17.

"With Australia, New Zealand, Latin America and Asia in full support we have every reason to believe the boycott decision our national executive member nations took on November 26 will be carried out. We hope to shock white South African complacency," the spokesman said. — DDC.

F.M. 26/12/76

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(3) 68

CISKEI BICYCLES

High road to exports

SA's bicycle exports should get a hike from plans to establish a bike manufacturing plant in the Ciskei at Dimbaza, near King William's Town.

MD of the new company, Micro Steel Cycles, is PE businessman Ronnie Kruger, former director of Go-Plus Motors, WV/Audi dealers in PE. Kruger says he already has export orders from the Middle East for 5 000 bikes, and he claims there are other good export possibilities too.

The plant is scheduled to open mid-1976 as a joint venture between PE investment company Anvette Investments (Pty), of which Kruger is chairman, and the German manufacturer Heidemann-Werke, one of the biggest bicycle makers in Europe.

"We plan a high-quality cycle which is at present being designed in Germany for SA conditions. Local manufacture will be 50%, with other parts coming from Hong Kong."

The factory will be built by the Xhosa Development Corporation and employ 50 Ciskeians at the start. Cost will be R250 000, and modular construction will facilitate easy expansion. Machinery costing R370 000 will be installed for the manufacture of three models.

Apartheid faces tougher onslaught

30/12/76
Star

Andre Meyerowitz

BRUSSELS — South Africa's race policies will meet sharper and more informed opposition from Europe in the coming year, with anti-apartheid action groups in an unexpected new role.

Black unrest in South Africa since June has been given extensive coverage by Europe's Press, radio and television stations.

Developments in Rhodesia have also been highlighted and presentation has, for the most part, been fair.

A result is that people in Europe have become more knowledgeable about the subcontinent's problems — and have the feeling that Southern Africa is on the boil.

RESEARCH

Politicians can no longer get away with mere anti-apartheid slogans: to be able to demonstrate their perception they have taken to research and reading as never before.

This has led to a change in the relative importance of anti-apartheid action groups — a shift of role and emphasis that has surprised even themselves.

Until recently the main impact of these sometimes scruffy organisations, which few people took too seriously, has been in their public campaigns and demonstrations.

SOURCES

But now, because they have been documenting apartheid over the years, they are being drawn upon as sources of information by those who play real politics.

Political groups in several European countries — notably those of socialist bent but not excluding conservatives — are paying increasing attention to what the activists have to say and are even soliciting their views.

The more these politicians are persuaded that the township unrest presages greater violence, the more they can be expected to lobby governments.

The anti-apartheid organisations are beginning to realise that a single government expression of distaste for apartheid can be worth 1 000 placard-waving demos.

A tactic they are adopting — paradoxically, in the context of South Africa's laws — is to play on the fear of communism.

Their argument is that even indirect support for apartheid is poor investment because it could lead to chaos and ultimate communist takeover of South Africa.

PROTECTOR

Europe needs the raw materials which the Republic provides and also the sea route which it guards, and has taken the view that a nonracial state that is solidly pro-West will be the best protector of these needs.

Policymakers in the Common Market were doubly taken back in November when Communist and Third World countries condemned its Big Three at the United Nations.

They felt that the UN resolution accusing Britain, France and West Germany of "nuclear and military collaboration," with South Africa was inaccurate and unfair.

SINCERITY

They were vexed at the split in their own ranks as Denmark supported the resolution while Ireland abstained.

The European Community has already expressed itself against apartheid. After the UN vote its political cooperation committee resolved to try to bring Denmark and Ireland into line and convincing the Afro-Asians of European sincerity by taking a tougher anti-apartheid stance.

The Common Market is beset by so many internal problems that it is eager to seize the Southern Africa issue as one on which it can demonstrate its harmony.

European governments put out their welcome mats in the past year for Swapo leaders and other black opponents of the South African Government.

In the words of an official at EEC headquarters: "These are the people we'll be dealing with one day."

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[illegible] — Mr [illegible], Labour [illegible], re[illegible] the United States Black Congress[illegible] Mr Charles [illegible] yesterday for [illegible] to bring [illegible] to [illegible] economic sanctions while knowing that it was [illegible]possible.

[illegible] the [illegible] in [illegible] that [illegible] challenged Mr Diggs' [illegible] when [illegible] in Cape Town.

[illegible] asked Mr Diggs how he proposed to bring [illegible] economic sanctions [illegible] this country [illegible] the [illegible] power of the [illegible] in America."

He said the Jews played [illegible] role in [illegible] and the [illegible], Mr Vor[illegible] good [illegible] issue.

In addition, the Zionist [illegible] American politics [illegible]

[illegible]

[illegible] with Mr Diggs' [illegible] "unfortunate" [illegible] the congressman [illegible] Diggs [illegible] out of [illegible] the realities of [illegible] South African situa[illegible]tion.

[illegible] said Mr [illegible] had raised the [illegible] knew [illegible] not be attained.

[illegible] "Labour [illegible]" Mr [illegible], Labour's [illegible]tative, [illegible] between the [illegible] trade union [illegible] broken [illegible] contact [illegible].

[illegible] South [illegible] Woodworkers' [illegible] said coloured [illegible] union [illegible] being identified with the Labour Party for [illegible] union being [illegible]banned.

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19/12/76 S.T.

Club of Ten founded by SA—claim

Sunday Times Reporter: LONDON

THE South African Department of Information is named by the London Observer today as the organising agency of the Club of Ten, a body that runs a publicity campaign in defence of South Africa's policies.

The newspaper quotes from a book which it says was written by Mr Gerald Sparrow, a retired English judge who was organiser of the Club of Ten.

The Observer says the book will be entitled "The Ad Astra Connection", named after the building in Pretoria which houses the Department of Information.

The Observer report says that Mr Sparrow names an American and four South African millionaires as the promoters of the Club of Ten.

They are also named in a booklet entitled "The Great White Hoax", a study of South African propaganda groups, to be published by the Africa Bureau, a London organisation which opposes apartheid.

The five are: Mr Werner Ackermann, Mr Clarence E. Rhodes, Mr Jan Pickard, Mr Louis Luyt and Mr Lampis Nichas, an Eastern Transvaal investor.

Worldwide agency

Mr Rhodes is president of UPITN, a worldwide film agency, and vice president of the Panax Corporation which controls a newspaper chain in the United States.

Mr Rhodes said yesterday that he had never heard of the Club of Ten.

He said he had met South Africa's Minister of Information Dr Connie Mulder, and the Secretary of Information, Dr Eschel Rhoodie, in the United States.

The people or organisations behind the Club of Ten has been a mystery since it started a costly and aggressive advertising campaign in 1974 in defence of South Africa's policies.

Mr Sparrow said at the time that the "promoters", were a group of wealthy men.

The South African Government denied persistent reports that it was funnelling money through the Club of Ten to finance the advertisements and that it was supplying the actual copy.

MR GERALD SPARROW
Organiser of the Club

However the Observer says it has learned that in his book Mr Sparrow says that the Club was formed at the instigation of Dr Mulder and Dr Rhoodie.

In February 1972, Mr Sparrow flew to South Africa to write a travel book. His visit was sponsored by Satour and SAA.

The newspaper says he met Dr Mulder in Cape Town and their discussion moved from the travel book to an international advertising campaign South Africa was planning.

According to Mr Sparrow, Dr Mulder asked him if he would run the campaign. He agreed.

He returned to South Africa in November, 1972, as a guest of the government and met Dr Rhoodie — who, Mr Sparrow says, told him that South African Government money would not be involved in the campaign as Pretoria had people who would put up the finance.

Principal supporters

Mr Sparrow is alleged to state in his book that he was sent the names of the five principal supporters of the Club by Dr Rhoodie.

When reports appeared in the Guardian newspaper in 1974 directly linking the South African Government with the Club of Ten, Dr Rhoodie called a Press conference to deny it.

The Club of Ten's official spokesman, Mr Don Bodie, said yesterday that he did not know whether the five men named were his organisation's promoters.

He said he did not know the names of all the people involved in the campaign — he had liased mainly with Lampris Nichos.

Mr Bodie, a former South African and Fleet Street newspaper editor, insisted he had no knowledge of any South African Government links with the Club.

"All this is news to me," he said.

White South Africa's military, political and diplomatic isolation is almost complete as it faces this year the most serious international and internal threats to its existence.

Three events in particular in the last ten days of 1976 have focused attention on this ominous and dangerous situation.

Firstly, there was the decision at the UN by the General Assembly to support a military revolt against South Africa's administration of South West Africa and to invite Swapo to attend its meetings in future as an observer. This is the first time the UN has officially sanctioned a violent solution anywhere and only the second time a liberation movement has been accorded such status.

This follows an earlier decision by the General Assembly which was another step towards allowing the ANC and PAC to occupy the empty South African seats when a far-reaching resolution declared these two liberation movements as the "authentic" representative of the South African people.

Secondly, it was announced that the Russian president, Nikolai Podgorny, will visit Zambia, Mozambique and Tanzania early this year on the first tour made of Southern Africa by any of the top Kremlin leaders.

Thirdly, the Prime Minister, Mr Vorster, gave a most gloomy New Year's message in which he openly, and seemingly helplessly, admitted that South Africa would have to stand alone in the event of a communist onslaught.

More serious still is that white South Africa is not only entering a crisis year in which for the first time it is confronted with all its immediate and potential problems simultaneously, but there is also no sign that any of these will be solved or will have disappeared by the beginning of 1978.

Until now South Africa was relatively fortunate in that it was never forced to face more than one or two problems at the time. But now white South Africa is simultaneously confronted with:

The escalation of the military conflict in South West Africa and a Russian-backed military task force in the not too distant future;

The failure of the Turnhalle constitutional conference to gain international recognition until now;

South Africa's weakening position at the UN;

The Rhodesian crisis seems to be insoluble, which threatens to drag South Africa deeper into the conflict and the realisation that South Africa will no longer be given much credit if the matter is peacefully solved;

The apparent complete collapse of Mr Vorster's detente initiative with the frontline countries;

A cooling off of our Western allies who are becoming increasingly embarrassed because of their links with South Africa;

For the first time in more than a decade the prospects of sabotage and terrorist attempts inside South Africa initiated by the South African ANC from bases in Botswana, Mozambique and Swaziland;

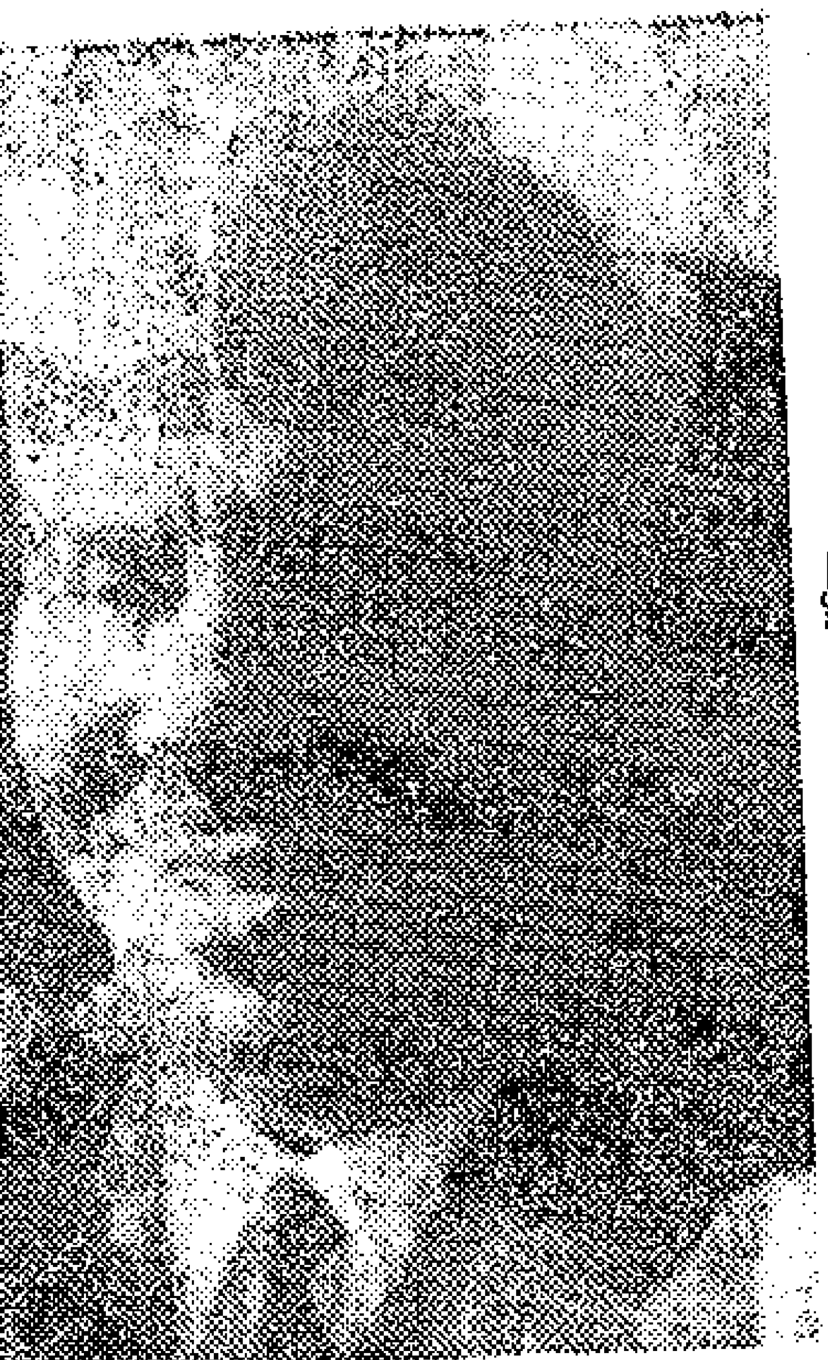
And most important, the internal black unrest throughout South Africa with no evidence that the Government is prepared to change its racial policies sufficiently to bring an end to the explosive situation.

Mr Vorster, Mr P. W. Botha and the majority of whites in South Africa unfortunately see the situation in simplistic terms: the main international and internal threat is communism. The Russians regard South Africa as a major target and therefore South Africa is for strategic and economic reasons crucial to the West in its rivalry with Russia.

But because a "decadent West" is too

(Sp)ecial Correspondent JHP SERFONTEIN sees the most serious threats yet to South Africa.

(1)977 — the year of isolation



Russian President Podgorny (left) and the men who will host him: Tanzania's Nyerere, Zambia's Kaunda and Mozambique's Machel.

shortsighted and corrupt to understand this, South Africa was prepared to go it alone and in the spirit of Blood River to fight another decisive battle for "Western Christian civilisation".

However, the crucial reality about white South Africa's international isolation is not the communist threat, but that it is directly due to the internal situation, to the Government's racial policies in terms of which a privileged white minority controls the political, social and economic lives of the 20 million strong black majority.

Mr Vorster's New Year speech is an admission that his foreign policy has collapsed on two crucial issues.

Firstly, South Africa can no longer rely on the Western powers when ultimately faced with the communist-backed military onslaught by the black liberation movements in Rhodesia, South West Africa and South Africa itself.

Secondly, with detente apparently as dead as a dodo, the South African strategy of solving the problems of the subcontinent peacefully without super-power intervention, and of forming an anti-communist block has failed. This is due to the fact that the frontline presidents believe that Mr Vorster was backing Mr Smith in every respect until very recently, that he moves too slowly on the SWA issue and was not really serious about implementing far-reaching and meaningful changes.

Only a miracle can restore the unique relationship between Mr Vorster and Pres Kaunda which reached a height in the euphoric days of the Victoria Bridge talks.

It is significant that while Mr Vorster spoke of the communist threat to South Africa and bitterly resented the attitude of the West, he was absolutely quiet about his African initiatives which he pronounced so triumphantly two years ago. Then he spoke of South Africa as an African state with responsibility to this continent. A week ago he stressed South Africa's role as a Western ally.

Although it might appear to be far-fetched, the failure on the African front has in fact been symbolised by the dramatic Kissinger-Vorster summits and the visit this week by Mr Ivor Richard.

It was no longer a Mark Chona of Lusaka and a Brand Fourie of Pretoria involved in talks "somewhere" to find an African solution. Now it was American and British leaders playing the role of messenger boys between Pretoria and Lusaka, because the once-promising relationship has ended in a political divorce with far-reaching and disastrous consequences for South Africa.

The failure on the African front is the more serious of the two, both from a short-term and a long-term point of view, especially when the proposed Podgorny safari to Southern Africa is examined.

It will be dangerous and simplistic and wrong to compare this trip to the Russian interference in Angola — a country which Pres Podgorny is significantly not visiting. In Angola Russia backed blacks against other blacks, which had adverse repercussions in many African countries.

This time Russia is invited by three of the most important frontline countries, Zambia, Tanzania and Mozambique. This symbolises two important decisions by all the frontline countries. They are irrevocably committed to a military solution for Rhodesia, SWA and South Africa in the immediate future, should peaceful negotiations towards majority rule fail.

Moreover, they are prepared to use Russian and other assistance, although men such as Pres Kaunda and Pres Khama are well known for their anti-communism. The important condition is that this military assistance is channelled through the OAU Liberation Committee to the military leaders of these countries and the "freedom fighters".

The Podgorny visit is not only a warning to white Rhodesia but the clearest signal that Russian military assistance to the liberation movements in SWA and South Africa will be increased considerably.

From the Russian point of view, this move is planned to counter the Kissinger Western diplomacy of the past nine months with its objective to bait the black and white antagonists in Rhodesia, but also hopefully in SWA and South Africa, to move swiftly towards majority rule with massive Western economic and technological assistance.

When it comes to the crunch and these three countries are faced with a Russian communist-backed military onslaught, the West is not helpless to act because it has become "decadent" but because they simply cannot support a white minority Government against black liberation movements representing the majority of the blacks inside these countries.

This dilemma of the West is a major factor in our isolation, regardless of its economic ties with South Africa. And it is of our own making.

No wonder that Dr Jan du Plessis of the Foreign Affairs Association, bitterly commented a week ago that "we have hopelessly underestimated the Russians. Our defence budget has increased tremendously to provide for the physical needs, but in our evaluation of their policy and strategy we have not yet got off the ground".

At the UN and international bodies elsewhere, pressure on South Africa is mounting, a development which for the first time since 1945 is forcing all the Western powers to seriously re-examine their ties with South Africa.

Moreover there is no visible sign of the horizon that our new links with Israel and certain obscure Southern American states, and certain mysterious visits to some remote West African states will effectively break the strangling isolation.

The year 1977 will also give the answer to one crucial question: will a Carter Administration, heavily backed by American blacks, but known to be determined to take a hard line on Russian expansion, use the Southern African situation as a pawn in the overall global strategy by issuing an ultimatum to Russia that its further involvement in Rhodesia, SWA and South Africa will lead to a breakdown in negotiations on nuclear disarmament and American food exports to Russia?

Notwithstanding public statements, many white South African leaders privately hope that this might be the case and believe that it is inconceivable that the West would ultimately throw South Africa to the communist wolves.

Yet Mr Andrew Young, Pres Carter's representative at the UN, has recently stated that Nigeria was the most important country in Africa, making it clear that the US could not sacrifice its growing ties with black Africa while attempting to save South Africa from the communist threat.

Thus unless South Africa is prepared to come immediately with drastic and speedy changes with regard to its racial policies, the prospect for 1977 is that our military, diplomatic and political isolation will be even more complete by the end of this year unless a dramatic miracle happens.

done to provide for Bantu farm children in the Western Cape, because in terms of official policy they are not really there in de jure terms. It is therefore left to the individual farmer/s to provide facilities for Bantu education, with little support from the State.

(On my own farm, it has taken 6 months to obtain recognition from the Government. Schoolbooks will only be available next year, and to be paid for by the pupils. Teachers' salaries will be subsidised as from next year, and a grant for the erection of an adequate school will be made as and when the Department has funds available.)

Agriculture and the State

The table grape industry is export orientated, and prices are determined on the open market overseas, more often than not by auction. A control board, the D.F.B. ... of export marketing, which it does on a non-pro...

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Call to end boycott

8/1/77 DD

CAPE TOWN — The Lagunya Action Committee last night issued a statement calling for an end to the boycott of the Peninsula's black high schools.

But it said that unless the Department of Bantu Education took action over the student grievances, serious further unrest could occur.

A spokesman for the Department said that only one pupil turned up at Langa High School, and 30 at the Fezeka High School, Guguletu yesterday.

At other high schools, however, the situation was a repeat of the previous days absenteeism.

The Lagunya statement said: "We feel that the Department should be given a chance to implement the proposed changes it now realises to be necessary for the improvement of this discriminatory system of education.

"The attempt by the department to effect changes is proof that the boycott was, after all, not senseless.

"It must be clearly understood by all thinking people that by returning to school, the black pupils have sacrificed their convictions, obviously, temporarily." — SAPA.

Prison labour was originally available to shareholders in a prison in the Hexriver Valley. About 5 years ago it was realised that this contravened an article of GATT, and the resultant request of the farmers to close down the prison was complied with.

The future

We all know that world population is increasing geometrically and that the area of arable land remains constant. In South Africa arable land forms only 13% of total area. As the demand for food increases, the efficiency of use of arable land will become critical.

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74

Threat to chrome exports

10/1/78

JOHANNESBURG — In a move which could severely hurt South Africa's burgeoning ferro-chrome industry, Japan is considering putting up protective tariffs against imports from this country.

According to the latest issue of the Metal Bulletin, South Africa exports about 70 000 tonnes of ferro-chrome to Japan a year, a figure which is expected to rise to about 100 000 tonnes this year.

The price of the local product is much cheaper than that produced in Japan from Transvaal chrome ore and Japanese smelters are accordingly pressing for protective tariffs.

This threat follows the decision late last year by the British Government to impose a R55,10 a ton anti-dumping duty on the import of South African steel reinforcing bars.

The Japanese move could also have a backlash on the export of Transvaal chrome ore which currently earns around R39 million a year. South Africa currently supplies 43 per cent of the world's chrome requirements and has about 75 per cent of the world's known reserves.

Should the Japanese smelters get their way, it would come at a time when the industry is suffering from a substantial fall-off in demand. — DDC.

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Multi-million rand bid to boost tours

Pretoria Bureau

Local and overseas travel companies will spend a record R15-million, which includes a R500 000 booster budget, for a high-intensity "confidence campangn" to promote tours to South Africa this year.

Leading the fight to restore the country's tourism, to its all-time high of 786 871 visitors in 1975, will be the South African Tourist Corporation (Satour) and South African Airways, who will bear the greater part of the campaign costs with other local travel companies.

The effort follows disappointing tourism figures last year which Mr Theo Owen, Satour director, was reluctant to ascribe to black township unrest.

Complete figures for last year are not yet available, but in October last year the country had 46 955 visitors, which was 11 547, or about 20 percent, down on October 1975.

Mr Owen said the drop resulted from political changes in the subcontinent, which meant the loss of considerable tourism from neighbouring countries like Mozambique, and the economic situation in European countries, especially Britain, from whom South Africa now gets a large percentage of her tourists.

The bulk of the R500 000 earmarked for the campaign will go towards advertisements in overseas newspapers to impress the theme that no tourist had ever been harmed while holidaying in South Africa.

UNSTABLE

The intention was "to counteract the hesitancy among potential visitors to South Africa in view of the unstable situation in the country in June last

UNSTABLE

The intention was "to counteract the hesitancy among potential visitors to South Africa in view of the unstable situation in the country in June last year."

Satour had done everything possible to assure travel agents of the safety of visits to the country he said.

In line with this, the reports of 34 leading travel writers and journalists who had visited the country at Satour's invitation had been very positive, he said.

The R15-million would also cover in part "exciting developments" which might increase the number of American tourists to South Africa.

Unions plan anti-SA disruption

Cape Times 11/1/77

Own Correspondent

LONDON. — Trade and transport movements between South Africa and the "Free World" could be flung into massive and costly chaos for a week from next Monday, January 17, by the first internationally co-ordinated political strike operation by Western unions.

Trade unions in at least five of South Africa's major trading nations have voted to go ahead with a week of industrial action, concentrating on airports and harbours, and general protest.

The action was called for last September by the Brussels-based International Confederation of Free Trades Unions (ICFTU), as a protest against the banning of more than 30 people connected with Black workers' rights and unions in South Africa.

Transport workers in Italy have decided to disrupt flights to and from South Africa at Rome, Milan and Turin airports on three days next week. They are not saying which three days and this will add to the confusion.

Heathrow

British transport workers have voted in favour of disrupting flights to and from London's Heathrow Airport — but are also keeping details secret to add to the problems.

British dockers will vote for or against action disrupting shipping at a meeting of the Transport and General Workers Union's general purposes committee here today.

Norwegian unions have agreed to disrupt trade and transport for an unspecified period.

The Danish and Swedish

Continued on page 3

Unions plan disruption

Continued from page 1

unions are expected to give their answer today, so that the Scandinavians can act as a bloc.

Belgian workers say they will stop South African Airways and Luxair flights, but their decision is not yet final.

Holland

Dutch harbour and air transport workers, responsible for a large proportion of South Africa's European trade movements, and who alone could cause serious chaos, were still meeting late yesterday. They are certain to come out in favour of industrial action, according to the ICFTU.

The French unions, dominated by the Communist Party, are also expected to take disruptive action.

The West Germans are unlikely to take action because political strikes are outlawed.

Australian and New Zealand unions have cabled the ICFTU saying they will "join in" but without specifying the action they will take.

The ICFTU spokesman was emphatic that next week would come as "harsh reality" for the SA Government.

As well as the industrial action, there will be protest meetings throughout Europe and in the United States, Canada, Australia and New Zealand against the banning of the union movement supporters in South Africa.

There was no confirmation last night of a move to have South Africa cut off from telecommunication with Europe for at least one day next week.

Apartheid: The great crunch

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Own Correspondent

BRUSSELS — Action against South Africa by trade unions is due to begin next Monday . . . and almost certainly the whole world will be watching the outcome.

If the action succeeds, air and sea links with South Africa may be disrupted.

If it fails, then the credibility of the world labour movement's fight against apartheid could be shattered.

A TOKEN

Tough moves against South Africa have been threatened before.

They have seldom come off.

So the anti-South Africa brigade desperately need at least a token success this time.

The Italian transport union has vowed to close Rome Airport to South African flights next week.

It has also vowed to close Milan and Turin airports if aircraft are diverted there.

Workers at London's Heathrow airport have promised to use delaying tactics on South African jumbo airliners with possibly a 48-hour grounding.

And dockers in Rotterdam have undertaken to delay South African ships calling there.

The anti-South Africa action was planned in Brussels by the International Confederation of Free Trade Unions.

A REFUSAL

The confederation includes the biggest section of the west's organised labour.

A spokesman, Mr Andrew Kailembo, said: "We expect Australia to ground South African aircraft and Norway to refuse to handle South African ships.

"Workers in Germany will hold a two-day anti-South Africa rally.

"In many countries there will be radio and TV interviews with black South Africans to highlight the position.

"We also expect people to boycott South African produce."

Detention or bans imposed on South African trade unionists has an-

Unions in many countries have passed around pamphlets at big cost to union funds.

For example Britain's Trades Union Congress has issued 165 000 leaflets and posters calling for support for "Trade Union Action to Impede Trade with South Africa."

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JOIN BOY

ARGUS 14/1/77

LONDON. — Support is swelling here for next week's international trade union demonstration against the South African Government's apartheid polices.

A growing number of British trade unionists are planning to participate in seven days of solidarity with their South African counterparts organised by the International Confederation of Free Trade Unions.

The General Secretary of the giant Transport and General Workers' Union, Mr Jack Jones, has called on its 1,9-million workers to 'hamper and impede' trade with South Africa.

Mr Jones, pledged his members to do everything in their power to 'harass and impede' South Africa's relations with Britain during next week's anti-apartheid boycott week.

He confirmed that the union — which controls dock workers and airline cabin crew staff — would concentrate its activities on London's Heathrow Airport where the majority of airliners bound for South Africa take off.

The Argus Bureau

LONDON. — Nearly 100 Conservative MPs have signed a motion in the Commons calling on the Union of Post Office Workers to reconsider the boycott of South African mail and other post office services.

Asked how effective he believed the move would be, Mr Jones said: 'If anyone doubts it, I suggest they go to the airport themselves and see what we can do.'

Seamen

Already the National Union of Seamen have pledged support and a spokesman said: 'We have asked all our members not to take up employment on any ship bound for South Africa.'

Taken together with Mr Jones's union's action, this means in effect that ships going to South Africa could be crippled and those arriving would not be loaded or unloaded during the week.

The Seamen's Union has asked its members not to join South Africa-bound ships.

The general secretary of the National Union of

● The same will apply to telegrams.

The union will be taking part in a week of protest against the South African government and particularly its treatment of Black trade unionists in South Africa.

Mr Jackson emphasised the world-wide nature of the protest week.

'We now know that in Norway and Canada there is to be a complete dock boycott of all South African shipping. In Australia all the ports are going to be closed to South African shipping and in Italy there is to be three days in

(Continued on Page 3, col 10)

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MR Tom Jackson, centre, general secretary of the Post Office Workers' Union speaking at a Press conference in London about his union's plan for a postal blockage of South Africa. He is flanked by Mr Jim Stevens, right, and Mr Norman Stagg, deputy general secretary.

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The general secretary of the National Union of Postal Workers, Mr Tom Jackson, said today that the union had taken action on mail to and from France in 1973 and had no difficulty.

'So we submit that this is something that has happened before, and that there is a precedent for it. Nobody raised any question of legality then and we see no reason why they should raise the question now.'

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(Continued on Page 3, col 10)

MR Tom Jackson, centre, general secretary of the Post Office Workers' Union speaking at a Press conference in London about his union's plan for a postal blockage of South Africa. He is flanked by Mr Jim Stevens, right, and Mr Norman Stagg, deputy general secretary.

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TO MEET THREAT

Argus 4/1/77

The Argus Correspondent

PRETORIA. — In the face of mounting boycott threats from foreign labour unions, South Africa is ready to take special steps to ensure its international postal traffic will not break down.

Mr Louis Rive, the Postmaster General today gave this assurance in an interview.

He said the Department of Posts and Telecommunications was maintaining 'close contact' with the British Postal Administration and would take special steps if it was warranted at any stage.

Although Mr Rive did not expect the boycott action planned for next week to be successful, he said that it was impossible to say how disruptive it would be in the end.

CIRCUMVENT

Contingency plans have also been made to circumvent any disruptions of trade communications in the face of the boycott threat.

Mr A. C. Briggs, chairman of the South Africa-Britain Trade Association, said today that 'certain plans have been drawn up.

'It would be unwise for us to disclose what they are at the moment,' he said.

Mr Briggs said he hoped that companies trading with Britain would finalise their everyday communications for next week by this weekend.

'In an emergency we would help our members and others wanting to get messages through to Britain. However, I don't think there will be much disruption,' he said.

SCHEDULES

Meanwhile, South African Airways is going all-out to maintain flight schedules for its 14 flights to and from Britain next week in spite of the union boycott threat.

'As far as we are concerned there will be no change in our timetables,' a spokesman said.

'We do not know what action is being planned against us and therefore cannot say how such a boycott may affect us.'

Airmail to and from Britain is carried by both SAA and British Airways who are in a pool arrangement.

Air freight to Britain will be accepted as normal by SAA. It is not known how much freight will be carried during the week or whether ground staff at Heathrow Airport will take part in the boycott and refuse to handle the South African goods.

FREIGHT

The SAA spokesman said the airline carried about 170 000 kg of freight to Britain during November.

Mail between Rhodesia and Britain which goes through South Africa will also be held up by the boycott, it has been disclosed in London.

Mr Tom Jackson, general secretary of the National Union of Postal Workers, said that such mail 'will not be sent.' But otherwise, Rhodesia would not be affected.

(See Page 4.)

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U.K. Union to cut S.A. links

Cape Times 14/1/77

SA links next week

LONDON. – The Union of Postal Workers has decided to cut Britain's communication links with South Africa for the whole of next week.

The UPW general secretary, Mr Tom Jackson, announced that his executive had unanimously decided to instruct members to ban handling of mail from or to South Africa, and to block telegrams and operator-assisted telephone calls except in "life or death cases", for one week starting on Sunday.

The union was responding to an appeal by the International Confederation of Free Trade Unions for a week of solidarity with Black trade unionists in South Africa.

It will affect about 312 000 postal workers and technicians. Subscriber trunk dialling (STD) between Britain and the Republic will be affected only in the case of breakdowns. Circuit faults between the two countries will not be repaired during the boycott week.

Other states

The British Post Office estimates that between 60 and 80 percent of calls between the two countries are dialled directly.

Mr Jackson said he hoped the union pressure "will change the minds and the hearts of the South African Government".

Also affected by the ban will be Malawi, Botswana, Swaziland and Lesotho, whose communications pass through South Africa.

"We assume that they will understand the position of the union," Mr Jackson said.

The British Trades Union Congress is supporting the boycott call and other unions met yesterday to decide on action.

Mr Jackson said that in Norway and Canada there was a complete dock boycott of South Africa, while Australian ports and the Dutch port of Rotterdam were closed to South African shipping. There was also action in Italy, and "surprise action" was planned in France.

The 1,9-million-member Transport and General Workers' Union has pledged support.

Mr Jack Jones, general secretary, suggested that British harbour and airport workers might delay delivery of consignments from South Africa, "in the hope that the South African Government will get the message and lift the ban on 24 trade unionists".

Anti-apartheid campaigner Peter Hain told Sapa he had been campaigning behind the scenes for the boycott.

● The Director of Information at the South African Embassy in London, Mr Chris van der Walt, said in an Independent Television interview that the boycott was an "oblique and particularly cowardly form of terrorism".

● Assocom president Mr S O Goodwin said in Johannesburg: "We sincerely trust that saner counsels will prevail and that the proposed action will not take place."

● The London share market was not affected and actually rose because of the higher gold price. – Sapa-Reuter-AP-Own Correspondent

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Budget

Has a budget already be If so, how much money h allowed for:

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14/1/77

Mass boycott call to 'aid' blacks

The Star Bureau

BRUSSELS — The main aim of next week's threatened trade union campaign against South Africa is to build world-wide support for black trade unions in the Republic.

The campaign is being organised by autonomous national bodies under the umbrella of the International Confederation of Free Trade Unions, which claims to represent more than 50-million of the non-communist world's workers through affiliation by national groups such as the British TUC.

Organisers say the more spectacular action lined up — blacking South African ships in Rotterdam, grounding SAA aircraft in Rome, disrupting postal links with Britain — is only part of an anti-apartheid protest.

More important, they say, is to inculcate in workers' minds the idea that they are not so too far away to nelp their "oppressed colleagues" in Soweto and Nyanga.

Those behind the campaign emphasise the overall aim of "forcing the South African Government to recognise and respect human and trade union rights."

An official of the ICFTU secretariat in Brussels said: "The action is just a part of our daily work in supporting black union in South Africa.

TELEVISION

"There are a number of methods by which we help them that we can't speak about, but this campaign is most certainly going to give results which will be very helpful.

"We are not concerned merely with creating headlines about disruption — making people around the world aware of apartheid and what it does is more important."

Thus the campaigners will count the action a success even if all they achieve is to hand out the countless thousands of pamphlets which have been prepared in many countries.

Allied with direct boycott action are plans for gaining radio and television time, workers' rallies, public meetings, renewed protests to South African embassies, and pleas to the bosses of multinational firms to oppose apartheid through their South African subsidiaries.

The immediate cause of next week's campaign is international trade union anger and frustration at the recent detention or banning of South Africans involved in nurturing black trade unions.

Some of those against whom the Government has acted are personally known to officials of the ICFTU here.

The ICFTU says it has given money through secret channels to "dependants of victims" following last year's townships unrest.

NO ALARM

Part of its aim next week is to lay the foundations for further fund-raising to help black South African labour organise itself.

Anthony Hose reports from Paris that there are as yet no indications that French workers will join the anti-apartheid action.

While certain other countries, notably Britain, are preparing week-long action to boycott postal services and communications to South Africa, French trade unionists have made no overt move to rally to the call to strike, which is due to begin on Monday.

South African businessmen in Paris who have been keeping in close touch with events there say they see no reason for alarm, although they have been arranging counter-measures should a boycott be called.

At present the most powerful unions, the Communist CGT and the leftist CFDT, are already organising a wave of shut-downs in the public and nationalised sectors of industry towards the end of this month.

Their action is in protest against the French Government's anti-inflation measures, which, they claim, are aimed mainly at the workers, and growing unemployment, which is now over the million mark.

Both main unions called strikes earlier last month and power cuts plunged Paris into gloom as well as bringing a number of trains, including the underground, to a standstill.

A third union, the Force Ouvriere (FO), which is affiliated to the ICFTU in Brussels, has so far made no pronouncements about its intention regarding the anti-apartheid call.

CONDEMNED

The Star's Bureau in London ~~reports that five~~ of Britain's eight national newspapers today devote their main editorials to the boycott of South Africa by the Postal Workers' Union.

Four of the five papers condemn it out of hand as, in the words of the mass-circulation Sun in an "open letter" to the union's leader, Tom Jackson, illegal, "none of your business" and to discriminating.

C. Argus 19/1/77

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SA ships to be blacked, aircraft grounded

The Argus Bureau

BRUSSELS. — The main aim of next week's threatened trade union campaign against South Africa is to build world-wide support for Black trade unions in the Republic.

The International Confederation of Free Trade Unions is planning the week-long world-wide campaign against South Africa.

Action will include blacking of South African ships, grounding SAA aircraft overseas and disrupting postal links.

Trade unions in Britain, Belgium, Italy and New Zealand have already prepared plans for the boycott.

ONLY PART

ICFTU organisers in Brussels say the more spectacular action lined up —blacking South African ships, grounding SAA aircraft in Rome and disrupting postal links — is only part of an anti-apartheid protest.

More important, they say, is to inculcate in workers' minds the idea that they are not too far away to help their 'oppressed colleagues' in Soweto or Nyanga.

Those behind the campaign emphasise the overall aim of 'forcing the South African Government to recognise and respect human and trade union rights'.

The ICFTU claims to represent more than 50-million of the non-communist world's workers through affiliation by national groups such as the British TUC.

Allied with direct boycott action are plans for gaining radio and television time; workers' rallies; public meetings; renewed protests to South African embassies; and please to the heads of multinational firms to oppose apartheid through their South African subsidiaries.

AUCKLAND BAN

Meanwhile, dock workers in Auckland, New Zealand have banned handling cargo to and from South Africa and postal workers throughout New Zealand will discuss a similar ban on handling mail, cables and telephone calls to and from South Africa.

The Auckland Watersiders Union has placed a ban on the Straat Colomo, due to berth tomorrow. It is carrying 1 000 tons of South African goods.

There are as yet no indications that French workers will join the anti-apartheid action, reports The Argus Paris Correspondent.

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Plans ready for trade emergency

14/1/77 STAR

Contingency plans have been made to circumvent disruptions of trade communications threatened by British trade unions.

Mr A C Briggs, chairman of the South African Britain Trade Association (Sabrita), said today that "certain plans have been drawn up."

"It would be unwise for us to disclose what they are at the moment," he said.

Mr Briggs said he hoped companies trading with Britain would final ise the everyday communications for next week by this weekend.

People in Britain will be hit about nine times as hard as South Africans if the proposed ban on handling letters to South Africa goes ahead.

Figures released by Mr Willem de Meyer, Director of Posts, show that weekly about 9 100 kg of surface mail goes to Britain from South Africa and 4 100 kg of airmail.

Post sent from Britain totals 82 600 kg of surface mail and 10 300 kg of airmail weekly.

"As far as telephone calls are concerned, 80 percent of those made are through direct dialing" said Mr de Meyer.

Mr Louis Rive, the Postmaster-General, said in Cape Town today that South Africa was ready to take special steps to ensure its international postal traffic did not break down.

The South African Department of Posts and Telecommunications was maintaining "close contact" with the British postal administration, he said.

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(c) What facilities are there for obtaining or making others you may need?

Budget

Has a budget already been prepared? If so, how much money has been allowed for:

184

SA will be cut off

14/11/77 DD

LONDON — British workers plan to disrupt communications and impede trade with South Africa next week as their contribution to an international protest against apartheid.

Union leaders said the action could be taken by more than two million workers in the postal, seamen's and transport unions, and there was a possibility that they might be joined by other workers.

It would last for a week, beginning at midnight on Sunday, with postal workers refusing to handle mail, cables and telephone calls and dockers disrupting the flow of trade with South Africa.

Only messages of a "life or death nature" would be handled, said Mr Tom Jackson, secretary of the Postal Workers' Union.

The National Union of Seamen voted to support sanctions by advising seamen not to sign on to South Africa-bound ships.

The 1,9 million member Transport and General Workers' Union also pledged its support.

Mr Jack Jones, the general secretary of the union, would not give details about specific action planned, saying this would be left to the various regions.

But he expressed the hope that members would involve themselves in activities to "impede trade with South Africa."

He suggested that harbour and airport workers might delay delivery of consignments from South Africa.

He said this would be the means of "showing our detestation of the things happening in South Africa, in the hope that the South African Government will get the message and lift the ban on 24 trade unionists."

The British Industry Secretary, Mr Eric Varley, questioned in Parliament about the legality of the communications ban, said it would be premature of him to take action.

In 1973 a ban was put on mail to France prior to a nuclear test, despite laws against interfering with mail or inciting anyone else to do so.

If the present action were comparable, then the Government would follow the then Conservative government's very sensible policy" and take no action, Mr Varley said.

The director of information at the South African Embassy, Mr C. van der Walt, said the South African Government would not be intimidated by the action.

"It is an oblique and particularly cowardly form of terrorism and there is no reason why we should be reacting to this.

"The indications are that it will be an irritant and will not last," he said.

He added that the embassy had received a number of phone calls from postal workers who said that Mr Jackson could "jump into the lake."

The action by the British unions is in response to an appeal by the Brussels-based International Confederation of Free Trade Unions for a week of solidarity with black trade unionists in South Africa.

The general secretary of the ICFTU, Mr O. Kersten, said South Africa would face a variety of actions in various countries during the week of protest. These included consumer boycotts, boycotts of exports, industrial action aimed at impeding trade, refusal to load and unload ships, and refusal to service aircraft.

"But the week of solidarity and protest is not the conclusion of action. During the week workers all over the world will be informed about African workers' lot, about the banning of genuine trade union educators and organisers, the arrest of trade unionists and the treatment they are given by police and prison officers. They will learn about the people dying a few hours after their arrest and they will learn about the ghettoes called townships and the reservation system called homelands.

"So the campaign will not be over by the end of the week. The free trade union movement will continue the struggle for justice for the African workers in South Africa," he said. — DDC-SAPA

Note: Data for the 1964-70 period are
RALSC-hired contractees.

Audio/visuals

Is it essential to show any audio/vi... such as a film or videotape?

Cape Times 15/1/77

Anti-SA boycott campaign gathers momentum

BRUSSELS. — The organizers of a week of trade union protests against South Africa, starting on Monday, said yesterday the campaign was gathering momentum in Western Europe.

The Brussels-based International Confederation of Free Trade Unions (ICFTU) said that trade unionists in Britain, Italy, Holland and Norway had shown exceptional interest in joining the campaign.

The ICFTU, with more than 50 million affiliated members in 90 countries, describes itself as the world's largest grouping of non-communist trade unions.

The week of rallies and industrial action is aimed at the South African Government's racial policies and at firms operating in the Republic.

Meanwhile, South African Government and trade authorities, are not talking about any steps which may have been taken to offset the threatened week-long boycott.

SAA and Alitalia have adopted a "wait and see" attitude with 14 flights to and from Britain and 10 flights to and from Rome still scheduled despite the threat that aircraft will not be serviced.

Shipping agents appear to have made contingency plans for docking in safe ports. There are clear threats of a complete boycott in Norway, Canada, Australia and New Zealand and at the port of Rotterdam in Holland.

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More muscle added to anti-SA boycott

15/11/73 RDM

LONDON. — Nearly two million British transport workers threw their weight behind the proposed communications boycott of South Africa scheduled to begin on Monday when they decided yesterday to "impede and harass" trade with the Republic at docks and airports.

And British seamen have decided not to work on ships bound for South Africa.

The boycotts are part of a "week of action" called for by the International Confederation of Free Trade Unions (ICFTU) to protest against the South African Government's policies, in particular its treatment of Black trade unionists.

Mr Tom Jackson, general secretary of the National Union of Post Office Workers, called the South African Government a "murderous regime" and said if the British Government was not in favour of the action, "I shall be astonished, surprised and disappointed".

In Italy, the week-long protest will affect air and shipping services to South Africa. Dutch and Norwegian dockers have said they will refuse to unload South African ships and a consumers' boycott of South African products is being organised in France, Australia and Holland.

German trade unions say they will defy legislation outlawing political strikes and "well and truly plug" any attempt by South Africa to shift sea or air cargoes or mail to West Germany.

In Canada the president of the Canadian Labour Congress has called on its 2 300 000 members to join the protest.

Clive Emdon, the Rand Daily Mail's Labour Correspondent writes that the ICFTU told the "Mail" from Brussels yesterday it would tell the world of "the oppression of South African workers", of the arrests and bannings, the deaths in detention and township "ghettos".

The union, which claims support from affiliates representing 50-million workers in the West, has called on the American AFL-CIO, the largest confederation of US unions, to join next week's protest.

"You must understand that there is amongst workers in this world a strong and growing feeling that now we have had enough of racial discrimination and exploitation of the African workers in South Africa," said the union's general secretary, Mr Otto Kersten.

It won't work, says Rive

RDM 15/11/73

Staff Reporter

BRITAIN'S planned boycott of South African postal and telecommunication traffic would have little effect, predicted the Postmaster General, Mr Louis Rive, yesterday.

South Africa had automated direct dialling links with Britain. Only a few manual exchanges were still in operation and in this area there should be no problem. Telex links were also automated.

"I believe this propaganda excercise will fail and from our side everything possible will be done to ensure a free flow of all traffic to Britain," Mr Rive said.

The General Secretary of Tucsa, Mr Arthur Grobbelaar, yesterday reaffirmed his opposition to overseas boycotts and sanctions. More often than not they hurt the people they were meant to help, he said.

The seven scheduled flights each way between South Africa and Britain would not be affected, said a SA Airways spokesman. Airmail would be carried normally and airfreight accepted.

A Safmarine vessel intended to call at Rotterdam next week, but would be diverted if the port closed to South African shipping, a spokesman said.

U.K. Ruling against

W/E ARGUS 15/1/77

AGAINST POST BAN

LONDON. — A court today upheld an appeal by the National Association for Freedom for a temporary injunction restraining Britain's postal workers from going ahead with their boycott of mail, telegrams and telephone calls to and from South Africa.

The Union of Postal Workers — participating in an international campaign of solidarity with Black South African trade unionists organised by the International Confederation of Free Trade Unions — had planned to maintain the boycott for seven days from midnight tomorrow.

The Attorney - General, Mr Sam Silkin, is to be asked by the court to explain why yesterday he had refused Mr John Gouriet permission to take legal action against the Postal Workers' Union.

The Attorney-General's permission is required in British law when a private citizen seeks to approach the courts on a matter in which the public at large is concerned.

Mr Gouriet is a director of the National Association for Freedom, a right-leaning pressure group. A High Court judge rejected Mr Gouriet's application for an injunction against the union.

Injunction

The judge, Mr Justice Stocker, was not satisfied that he had jurisdiction to grant Mr Gouriet an injunction.

But today three Appeal Court judges held a rare Saturday session to hear the case.

The appeal judges granted a temporary injunction which will be effective until Tuesday, to allow further consideration of the case.

One of the judges, Lord Denning, said the case was of 'great constitutional importance and the court cannot stand idly by while the law of the land is broken.'

Convicted

A second judge, Lord Justice Lawton, said the union's instructions would mean every man and woman in the Post Office would be liable to conviction. Employees would be placed in the dilemma of wanting to be loyal to the union but not wanting to break the law.

The National Association of Freedom contended in its application that the planned postal boycott would contravene a law making it an offence to impede the delivery of mail.

Meanwhile, in South Africa, a leading trade unionist earlier said the boycott would be a 'gigantic let-down' which would harm trade unionism more than South Africa.

Mr Arthur Grobbelaar, general secretary of the multiracial Trade Union Council of South Africa, said: 'I think this whole thing is going to fall flat on its face. They are throwing themselves open to ridicule.'

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Audio/visuals

Is it essential ... show any audio/... such as a film ... videotape?

Boycott will have little effect

Cape Times 15/1/77

— Postmaster General

Chief Reporter

AN AVERAGE of 4 000 telegrams a week are sent from South Africa to Britain and about 3 000 a week are sent in the opposite direction, according to records kept by the GPO head office in Pretoria.

The Deputy Postmaster General (Communications) Mr Chris Gouws, said from Pretoria yesterday that most of these telegrams were sent privately.

He also said the number of operator-controlled telephone calls between South Africa and Britain was "negligible".

The Union of Postal Workers in Britain has decided that, for a week from tomorrow, telegrams and operator-assisted telephone calls to and from South Africa will be blocked, except in "life or death cases".

Automated

In Cape Town the Postmaster-General, Mr Louis Rive, said the threatened week-long boycott of South African postal and telecommunications traffic would have little effect on the mass of traffic between the Republic and Britain.

South Africa, he added, had automated direct dialling links with Britain. Only a few manual exchanges were still in operation, and in this area there should be no problem.

"I believe this propaganda exercise will fail, and from our side everything possible will be done to ensure a free flow of traffic to Britain."

Directed

Next week's international trade union demonstration against South African government policies will reportedly also be directed against South African shipping, and in Cape Town the general manager of Safmarine, Mr Michael Finlay, said the company was watching the situation closely.

Although Safmarine's head office had been informed that the Dutch port of Rotterdam might be closed to South African shipping, there had been no official confirmation of this.

One Safmarine vessel was scheduled to call at Rotterdam next week and, if necessary, it could be diverted to another port.

UK boycott round-up

SAA schedules won't change

THE SEVEN scheduled flights each way between South Africa and Britain next week would not be affected by any boycott threats, an SA Airways spokesman said from Johannesburg yesterday. "We will be carrying on as usual and no changes are being made to our timetables for this route," he added.

Air freight to Britain would be accepted as usual. Asked for the latest figures the spokesman said that in November, SAA carried about 170 000 kg of freight to Britain.

Airmail between South Africa and Britain was carried by British Airways as well as by SAA, in a pool arrangement.

Here too, the normal procedures would apply next week, the spokesman said.

French pledge support

PARIS. — The French trade union grouping, Force Ouvriere (FO) said yesterday it would back a call made by the British trade unions to boycott all mail and cable traffic to South Africa from January 17 to 22 to protest against its "racist regime".

A spokesman for FO, which claims to represent 60 000 out of a total of 420 000 French post office employees, said the call had been made through the Brussels-based International Confederation of Free Trade Unions (ICFTU).

The two major French trade unions, the communist-led Confederation Generale du Travail (CGT) and the left-wing CFDT, which are not affiliated to ICFTU, said they would not answer the call. — Sapa-Reuter

NZ may join PO ban

WELLINGTON. — New Zealand postal workers are to consider refusing to handle services to South Africa in protest against the country's "apartheid policies", a trade union official said here yesterday.

The postal unions would consider putting a ban on mail, telegrams and telephone calls to South Africa from New Zealand.

In London, British postal workers have already decided to refuse to handle postal services to South Africa for one week.

In Auckland, NZ, dockers have said they will not handle cargo from the Dutch freighter Straat Colombo when it docks today because it is carrying South African goods.

The 6 179-ton freighter is understood to be carrying 1 000 tons of South African goods. — Sapa-Reuter

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HEUNIS: GOLD IS NOT A CRUTCH

18/11/1979

RUSTENBURG — The Minister of Economic Affairs, Mr. Chris Heunis, said here yesterday that South Africa would be foolish to think that the price of gold could be used to compensate for the continual rises in the prices of oil and other imported goods.

He also said that he was concerned about the problem of unemployment and that the matter would be investigated.

"The developments in our balance of payments after the sharp decline in the gold price during 1975 have already given us a taste of the type of problems we will encounter continually if we do not succeed in lowering the relative level of our fuel consumption permanently," he said.

Although it was too early to judge the effects of the recent intensification of fuel - saving measures, he was confident that the necessary adaptations in fuel consumption could be effected if people co - operated by saving voluntarily too.

"If everybody in South Africa acted responsibly in this connection we would not only be making an essential contribution to easing our balance of payments problems but it would also enable us in the long term to finance out of our own resources a higher growth rate than that of which we are capable at present," he said.

The recent and the expected further increases in the oil price were not the only reasons for South Africa's increasing reliance on imported goods and foreign capital.

It was but one of the reasons for a trend about which he had previously expressed concern, he said, namely the tendency in the economy to make production processes increasingly capital - intensive.

Fewer employment opportunities were being created for every rand invested in production capacity, and this posed the real danger that a high level of unemployment could become a structural problem in the economy.

"This matter therefore requires our urgent attention, and I intend ordering an investigation into the causes as well as the possible steps to handle it effectively," he said. — (Sapa.)

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Imports will keep flowing, says survey

16/11/82 S.Times

By TONY KOENDERMAN

SOUTH AFRICAN imports are likely to continue at high levels for the next 20 to 25 years, according to a survey carried out by the Stellenbosch Bureau for Economic Research on behalf of Safmarine.

The survey was commissioned as part of Safmarine's assessment of the requirements of the country's foreign trade made before Safmarine's huge investment in containerisation.

Safmarine is spending R355-million on new container ships — 40 per cent of the total investment in the new fleet by members of the South Africa Europe Container Service.

And with a ship's working life being at least 20 years, it was necessary for the shipping line to make a long-term assessment of future demands for shipping.

"South Africa is at a stage of economic development where a continued high level of imports, particularly of capital goods, is essential if the economy is to grow," explained Safmarine managing director Marmion Marsh this week.

"The economy is still too small to support the local manufacture of many of these essential capital goods."

The only brake on such imports is the problem of finding the capital, Mr Marsh concedes, but even this he feels is overstated.

Export credits are usually available, he says, so that it is seldom necessary for a business to put up more than 20 per cent of the cost of a project.

"Safmarine has not experienced difficulties yet in obtaining what credit it needs for its shipbuilding programme," he said.

The past year has seen something like a 30 to 40 per cent drop in the volume of imports from Europe, according to shipping lines.

But while capital goods imports should recover rapidly to their old levels when the economy improves, Mr Marsh believes imports of consumer goods will continue to be held down.

He expects a decade of slower growth lies ahead of South Africa and the world, but our exports of minerals, chemicals and foodstuffs are likely to boom.

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UNION CALL... THE POST B...

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He was referring to an international week of solidarity with black trade unionists in South Africa that has been organised by the International Confederation of Free Trade Unions.

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The Attorney-General's permission is required in English law when a private citizen seeks to [illegible] the courts on a matter in which the public is concerned. Mr Gouriet is a director of the National Association for Freedom.

A High Court judge rejected Mr Gouriet's application for an injunction against the union.

The appeal judges reversed the decision yesterday.

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14

SA trade faces week of chaos

RDM 9/1/1984

Own Correspondent

LONDON — Trade and transport between South Africa and the West faces massive and costly disruption for a week from next Monday by the first internationally coordinated political strike by Western unions.

Trade unions in at least five of South Africa's major trading nations have voted for a week of industrial action.

They will concentrate on airports and harbours and general protest.

The action was called for last September by the Brussels-based International Confederation of Free Trades Unions, as a protest against the banning of more than 30 people connected with Black workers rights and unions in South Africa.

Transport workers in Italy will disrupt flights to and from South Africa at Rome, Milan and Turin airports on three days next week. They are not saying which days.

British transport workers will disrupt flights to and from London's Heathrow Airport but are keeping details secret to add to the problems.

Norwegian unions will disrupt trade and transport for an unspecified period.

Belgian workers say they will stop South African Airways and Luxair flights but their decision is not final.

Dutch harbour and air transport workers, responsible for a large proportion of South Africa's European trade movements, and who alone could cause serious chaos, are certain to favour industrial action.

According to the ICFTU the French unions, dominated by the Communist Party, are expected to take disruptive action.

Audio/visuals

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(b) Are there any suitable visuals or other aids (e.g. films, videotapes, sound tapes, slides, etc.) already available?

(c) What facilities are there for obtaining or making others you may need?

Budget

Has a budget already been prepared? If so, how much money has been allowed for:

17/1/77 DD 150 74

UK boycott banned but protest week goes on

LONDON — The international trade union campaign against apartheid began at midnight last night despite the banning of an anti-South African boycott by British post office workers.

The communications boycott was declared illegal on Saturday by the Court of Appeal, but Western trade union leaders were nevertheless confident their week of protest against South Africa would be a success.

Mr A. Kailoembo, a spokesman for the International Confederation of Free Trade Unions in Brussels, which called for the protest, said: "The failure of the British postal workers' strike has, if anything, promoted the cause of our action. White South Africa's friends in Britain are so pleased that they fail to see that it was just one very small cog in a very big wheel.

"Our message has gone out world-wide to tens of millions of men and women. For the first time, they realise that they can take action to help oppressed people in South Africa and they will be acting on this throughout the week."

He said transport workers in Britain, Italy, Holland, France, Scandinavia, Belgium, Canada, Australia and New Zealand would go ahead with actions to disrupt services to and from South Africa.

However it is reported from Paris that French plans to join the British in a postal strike have been dropped and that French unions will limit themselves to "surprise" industrial action, protest meetings and boycott calls.

Meanwhile, a row is still raging in Britain over the boycott plans declared illegal by the Court of Appeal.

Most newspapers have praised the court's decision. The injunction against the planned boycott was taken to the three appeal judges, presided over by the Master of the Rolls, Lord Denning, after the High Court had rejected the initial case presented by the rightwing National Association of Freedom.

Lord Denning said: "The court cannot stand idly by while the law of the land is broken."

Mr Tom Jackson, leader of the Postal Workers' Union, said the union would obey the court but intended appealing to the House of Lords tomorrow.

However, Mr Jackson has emerged from the debacle seriously humiliated and there are suggestions he could lose his job.

The decision for a political boycott was taken without any reference to the union's membership even though it would have broken the law against interference with the post or telecommunications.

The union's international branch and dozens of branch secretaries said publicly they opposed the executive decision and would oppose it.

There could also be extremely serious repercussions for the Government, which apparently misread the situation and turned a blind eye to the threatened boycott.

Conservative MPs are expected to demand the resignations of the Attorney General, Mr Sam Silkin, for failing to protect the public and defend the Post Office Act. The judges aimed serious criticism at Mr Silkin, suggesting that it was his duty to take legal action against the threatened boycott.

The court has given Mr Silkin until tomorrow to state his reasons for not supporting the National Association for Freedom's action.

The Industry Secretary, Mr Eric Varley, has also been bitterly criticised for refusing to take any action. It adds to claims that the Government gave tacit approval to a strike which would have ridden roughshod over the law. — DDC-SAPA-RNS.

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Argus 17/1/77

Boycott likely to fail, says TUC man

THE chairman of the Trade Union Council of South Africa in the Western Cape, Mr J. R. Altman, thinks the week-long boycott of South Africa which some overseas trade unionists are trying to organise, starting today, is unlikely to succeed.

Describing the boycott as 'ill-conceived', Mr Altman said: 'There are trade union people in Europe who know that they are not doing the right thing and that if the boycott were successful it would hit our Black people, whom they are trying to help.

'But these people are afraid to stand up and be counted, for fear of appearing to support South Africa.'

DOUBT IT

A better way to help Black trade unions would be to send them money toward administrative costs, and to bring pressure on multinational companies to recognise Black unions 'de facto if not de jure'.

'I doubt very much if this boycott will succeed,' Mr Altman said.

'As a South African trade unionist I hope it will not. But even if it is supported by the majority of overseas trade unionists and lasts a week it would not affect us very much. It would merely be a nuisance.'

A Post Office spokesman said communications with Europe seemed to be working normally.

Foreign firms the target

LONDON — Foreign companies with South African subsidiaries have been singled out as a major target of the many pronged international campaign against apartheid which started at midnight last night.

The tactic introduced in Britain a few years ago of forcing parent companies to accept responsibility for the wages and working conditions of their black employees in South Africa is to be intensified and extended to other countries in Western Europe.

In Holland trade unions are preparing to enter into discussions with employers on the responsibilities of Dutch firms operating in South Africa.

And from France — usually apathetic in these matters — comes the news that three trade unions representing four million members have launched a nationwide pamphlet campaign calling for a boycott of all French firms operating in South Africa.

It appears that unexpected support for this aspect of the anti apartheid campaign is coming from moderate trade unions which are reluctant to be drawn into more radical forms of action.

In a tough editorial yesterday the London Sunday Times said the British postal boycott attempt exhibited "the crude and unprincipled behaviour of which 'moderate' British unions are now capable."

But the newspaper said this did not mean British unions should do nothing about the situation in South Africa. British unions could make maximum constructive use of their industrial position by pressing for specific improvements in the wages, conditions and trade union rights for black workers.

The unions had not only a right but a duty to remind British companies with South African subsidiaries of their responsibilities.

Meanwhile, Zambian trade unions said yesterday Zambian workers would refuse to handle or buy South African food and other goods this week.

The chairman of the Zambian Congress of Trade Unions, Mr F. Chiluba, said Zambia's unemployment and economic troubles were a direct result of the problems in Southern Africa caused by the race policies of South Africa and Rhodesia. — DDC-SAPA-AP-R.

ARGUS 17/1/77

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LONDON. — British trade unions today began their week-long trade boycott against South Africa.

AIRPORT maintenance and cargo staff were given the go-ahead by union officials today to boycott the servicing of South African Airways jets at Heathrow.

The Post Office Workers' Union — which withdrew from the campaign at the last minute because of a court injunction outlawing a communications blockade — may appeal to the House of Lords if the injunction is extended.

Meanwhile, as a result of the postal unions' withdrawal, uncertainty appears to be spreading to other unions over what measures to take to enforce the boycott.

The Court of Appeal granted the temporary injunction against the Union of Post Office Workers to give the Attorney General, Mr Sam Silkin, QC, time to tell the court why he had not supported the original application for an injunction by the right-wing National Association of Freedom.

Many reasons

Lord Justice Lawton, one of the three judges who heard the resulting appeal said at the hearing: 'I can conceive of many political reasons why the Attorney General decided not to intervene, but political reasons are not necessarily good legal reasons.'

Lord Justice Ormrod said the plainest breach of the law was threatened by the boycott plan.

The Post Office Act of 1953 prohibits interference with Her Majesty's mail.

Criticism grows

Criticism has been growing of Mr Silkin's role in the South African boycott affair. Several political parties and groups, and a number of Birtain's national newspapers are questioning why he did not act in order to prevent a clear-cut breach of the law.

Meanwhile, union chief Mr Tom Jackson has launched a bitter attack on the three law lords who outlawed his blockade plan. He accused them of a 'political' and 'illogical' ruling.

Although none of the other unions involved in

At Heathrow Airport, too, many trade union members are unhappy about the boycott.

In spite of the go-ahead by union officials to boycott servicing SAA airliners, British Airways said yesterday that their South African services were unlikely to be affected.

In Johannesburg, the South African Council of Transport Workers today deplored the boycott and has suspended payments of its affiliation fees to the International Transport Federation.

Action against South Africa by trade unions elsewhere in the world include a refusal by stevedores in Vancouver, Canada, to handle South African cargo, a call by the Zambian Congress of Trade Unions on all workers in the country to boycott South African food and a promise of unspecified support by Swapo's secretary of labour and economy, Mr Jason Angula. — The Argus Bureau and Sapa-Reuter.

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Although none of the other unions involved in the boycott is affected in the same way as Mr Jackson's, he was clearly considered the unofficial leader of the campaign.

But some rebellion from certain unions has also put the effectiveness of the boycott in jeopardy — including West London postal workers who refused to co-operate on the grounds that they had not been consulted.

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US union rejects boycott

Cape Times 18/1/77

NEW YORK. — America's key union organization has dismissed all appeals to join in the international boycott against South Africa — and charged that it is communist inspired.

"There are other nations much more inhumane than South Africa," said Mr Ernest Lee, International Affairs Director of the American Federation of Labour-Congress of Industrial Organizations (AFL-CIO).

"We will not boycott one tyranny when there are other tyrannies which are much worse," he said in an interview.

Earlier, AFL-CIO President George Meany — America's most powerful union figure accused the ICFTU of "blindness to double standards by certain repressive regimes and currying favours of others."

• Workers in several European countries yesterday ignored orders from their trade union chiefs to begin the week-long boycott.

Unions in North America and Australia, as well as Western Europe, had promised to join in the campaign organized by the Brussels-based International Confederation of Free Trade Unions (ICFTU).

Cape Times 18/1/77

First day of blockade a flop, say SA spokesmen

The Argus Bureau

LONDON. — The first day of the British trade unions' 'week of protest' against South Africa appears to have flopped, according to South African airline and shipping line spokesmen.

All reported 'business as usual' with no hint of the 'massive disruption' or 'harassment' promised by trade union leaders.

The big test for SAA came yesterday with the arrival of its flight SA 258 from Johannesburg. If any action was due, it would have taken place then. But everything went as usual.

Passengers and their luggage and what freight there was were all dealt with without any trouble. The only unusual event was that the jumbo came in late because of fog.

NORMAL

'Check-in for the return flight last evening went normally, as the arrival went in the morning,' said an SAA spokesman. This included baggage.

'We are very glad for the passengers' sake that that both flights went normally,' he added.

A British and Commonwealth line spokesman said that 'absolutely nothing' had happened as far as its services were concerned.

SOUTHAMPTON

'The docks at Southampton, which primarily concern us, have had no trouble whatever.' The Windsor Castle came in as usual. Passengers and their baggage were moved, and cargo was being discharged.

The only other movement is the departure of the SA Zebediela on Friday. 'We don't expect any trouble,' said the spokesman.

AG CHALLENGE

Meanwhile the British Attorney General, Mr Sam Silkin, will challenge the judges who overruled him and stopped the mail and telephone blockade of South Africa by the Post Office Workers' Union.

Mr Silkin will argue in the Appeal Court today that as Attorney General he has complete discretion whether or not to prosecute in criminal cases.

This discretion, granted by Parliament, cannot be questioned by a court, he will say.

RULING

The Appeal Court ruled that postal workers would be breaking the law if they went ahead with their boycott.

After hearing the Attorney General the judges will decide whether to extend the temporary injunction they granted to the pressure group, the National Association for Freedom, forbidding the blockade.

Britons resist PO boycott bid

The Argus Correspondent
JOHANNESBURG: — The ...

African mails and telecommunications — to the ...

Interviewed on ITV the Director ...

Africa from ... gene...

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Britons resist PO boycott bid

The Argus Correspondent
JOHANNESBURG: — The British public have been kept well informed of the attempt to boycott South African mails and telecommunications — to the disadvantage of the leaders of the Post Office Workers Union who were the main instigators of the boycott plan.

Videotapes of British television coverage airfreighted to South Africa by the Argus London Bureau show the issue was handled fairly and impartially.

Rank and file resistance to the boycott among unionists came across particularly strongly as did their claims that they had not been consulted by their leaders.

Interestingly South Africa's official reply to the threat was less effective.

Interviewed on ITV the Director of Information at the London Embassy, Mr Chris van der Walt, seemed to overplay his hand.

It was certainly an exaggeration to describe the boycott plan as 'a cowardly form of terrorism.' While his claim to 'many' calls of support from union members was pinned down at 15 telephone calls. He did, however, add that many of the callers claimed to speak for groups.

He was more effective in pointing out the practical difficulties of any postal boycott. How, for instance, would postal sorters go about extracting all mail from or to South Africa from the general flood of letters and parcels.

It was when ITV took its cameras on to the streets to interview union members that the flaw in the leadership's strategy became apparent.

At one large postal centre union officials were seen angrily stopping the TV reporters from interviewing members.

The interviewers did get to the workers at another centre where only one of the men interviewed was in favour of the boycott. He floundered badly, however, when asked why South Africa should be boycotted when Russia was not.

Boycott fails in Britain

Citizen 18/11/77

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LONDON. — South African Airways flights to Heathrow Airport were handled normally yesterday by British ground crews.

At Southampton, the Windsor Castle docked on schedule and the 750 passengers went ashore. The cargo, which included 60 000 cases of South African plums, was unloaded.

The SAA Jumbo flight from Johannesburg was four hours late after fog closed Heathrow Airport, but this was the only delay.

The airport and dock workers, most of whom belong to the Transport and General workers' Union, have been urged by their general secretary, Mr Jack Jones, to "harass and impede" trade with South Africa.

Mr Jones, who is also chairman of the TUC International Committee, asked them to do this as part of a world-wide protest campaign this week against the South African Government's treatment of trade unionists.

The British part of the campaign was significantly dulled at the weekend when the Appeal Court granted a temporary injunction restraining the Union of Postal Workers from going ahead with a mail and communications boycott. — Sapa.

Big boycott campaign falters

The Star Bureau

LONDON — With South African air, shipping and postal services normal in Britain and strike calls going unheeded in France, the big trade union protest against apartheid seems to be faltering.

In France there was no evidence of any action by the Force Ouvriere, the union which had declared support for a postal boycott, and letters and parcels from South Africa arrived as usual.

The West German unions, legally bound not to interfere with trade or to stage political strikes, are limiting their action to "protests and an information" campaign.

PLEASED

In Geneva, the International Secretariat for Postal Unions in 84 countries said yesterday it had so far had only limited replies to its call for solidarity against South Africa.

Nevertheless, officials at the Brussels headquarters of the International Confederation of Free Trade Unions, which called for the week of protest, said they were "very pleased" at the world-wide response.

Messages of solidarity reaching the ICFTU offices indicated the protest might gather momentum in the next few days, they said.

Italian unions are reportedly refusing to handle South African flights this week and dockers in Australia, Holland and France have indicated support for the boycott.

In Canada, unions are reported to have raised one-million dollars (R860 000) to help finance black trade unions in South Africa and the Norwegian unions have set up a fund for the same purpose.

In London South African airline and shipping spokesman said the first day of the protest appeared to have flopped.

All reported "business as usual" with no hint of the "massive disruption" or "harassment" promised by trade union leaders.

The big test for SAA came yesterday with the arrival of its flight SA 258 from Johannesburg. But everything passed off as usual, with loaders waiting on the tarmac as normal.

At Southampton the Windsor Castle came in as usual, passengers and their baggage were moved, and cargo was discharged.

"CARRY ON"

In Brussels an official of the ICFTU "acknowledged that apartheid and the status of black workers in South Africa would not change as a result of events this week, but added:

"This is only part of it — our struggle will carry on until the South African Government recognises fundamental human and trade union rights."

The ICFTU has hit out at the general secretary of Tucsa, Mr Arthur Grobbelaar, for accepting assurances by the Minister of Justice, Mr Jimmy Kruger, on action taken against trade unionists.

○ UK public sees boycott resistance—Page [illegible].

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SA transport is unaffected by week of protest

ARGUS 19/1/77

The Argus Bureau

LONDON. — South African ships and aircraft — and those of other countries going to or coming from the Republic — were again unaffected yesterday by the trade unions' 'week of protest.'

SAA and British Airways each had two planes arriving and departing yesterday, and none was affected in any way. Baggage and cargo were handled without trouble.

At Southampton docks, discharging of the Windsor Castle and loading of the SA Zebediela went ahead normally.

Only one ship was loading cargo for South Africa in London docks, and she had no trouble either, according to the Port of London authority.

Trade papers are already writing off the 'week of protest.' The Journal of Commerce says: 'Trade boycott on S. Africa fizzles out.'

A British Transport Docks Board official said: 'The Southampton dockers have no intention of supporting whatever action might be called for. The whole thing seems to be a bit of a damp squib.'

LESS BITE

World trade union action against South Africa has turned out to consist of a maximum of bark with rather less bite, reports The Argus Brussels Bureau.

But the organisers insist they are pleased with the way the campaign is going.

A spokesman of the International Confederation of Free Trade Unions here, Mr Andrew Kailembo, said there has never before been such a good response to calls for anti-South African action.

'There have been expressions of solidarity from unions all over the world. We have achieved the very important aim of informing public opinion, especially in Europe.'

Funds have been raised in support of Black trade unions in South Africa.

Yet there has been little practical response to the ICFTU's boycott call.

The promised disruption of South Africa's international air links has not materialised.

Ships carrying goods to or from South Africa have been handled as usual by dockers in European ports.

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Imports needed 'for army'

MM 19/1/1?

Agricultural Correspondent

TWO THOUSAND tons of cheap Australian beef, imported to this country, was badly needed by the South African Army, the Meat Board's general manager has said.

In an article published in the latest issue of the Board's official journal, Mr. G. J. K. Marais said canned meat is essential for men on the border, and the South African canning industry — which earns considerable foreign exchange — was faced with a temporary shortage of cheap meat.

Mr. Marais said prices of grade 3 beef had hit a temporary high because of a shortage of this grade.

Prices of third grade beef had shot up to more than 100 cents a kilo on several occasions and at these prices the canning industry could not afford to buy.

Mr. Marais said in relation to total production the importation of 2 000 tons of manufacturing beef amounted to only 4 percent of the canning industry's requirements and a negligible 0,85 percent of the country's total beef requirements.

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'Week of protest' failure

19/11/7? Star

The Star Bureau

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Only one ship was loading cargo for South Africa in London docks, and she had no trouble either, according to the Port of London Authority.

Trade papers are already writing off the week of protest. A headline in the Journal of Commerce says bluntly: "Trade boycott on South Africa fizzles out."

The campaign by Irish trade unions and the Irish anti-apartheid movement to boycott South African goods in Eire seems to have little following, reports the Dublin correspondent of The Star.

"The international week of solidarity with the oppressed peoples of South Africa" has gone almost unnoticed by the general public.

MONITORED

The Brussels correspondent of The Star says that activities are being monitored in the Belgian capital by officials of the International Confederation of Free Trade Unions.

ICFTU spokesman Mr Andrew Kailembo said there has never been such a good response to calls for anti-South African action.

He said: "There have been expressions of solidarity from unions throughout the world. We have achieved the important aim of informing public opinion, especially in Europe."

Funds have been raised in support of black trade unions in South Africa, and some effect may yet be felt of workers' requests to managements about the conduct of their South African subsidiaries.

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DD 20.1.87

Boycotters claim victory

LONDON — The threat of industrial action against South Africa by Western unions was still in limbo yesterday, which should have been the third day of the "week of action" called for by the International Confederation of Free Trade Unions (ICFTU).

But the ICFTU is claiming a "great victory against apartheid." A spokesman, Mr Andrew Kailoembo, said: "For the first time workers and employers in countries like West Germany, where there was a great rally in Bonn yesterday, and Italy are fully aware of the situation of fellow workers in South Africa and are taking positive action to help them."

He said the Italian unions had telephoned him yesterday to say they were holding anti-apartheid rallies and would take industrial action against flights to and from South Africa.

"The Italians now say their action will last for two full weeks," said Mr Kailoembo. "People who say the boycott has failed are being premature."

He said the ICFTU executive had already decided to hold a meeting in Brussels in March to analyse the results of the present "week of action" and decide on strategy for the next step.

Asked to comment on reports that threatened industrial action had failed in France because it had come mainly from communists, affiliated to the Prague-based World Confederation of Labour, he said: "The ICFTU has nothing to do with the communists. Let us make it clear to the apartheid fanatics in South Africa that we are what we say we are — a body representing free and democratic trade unions. We are firmly against communism. — DDC.

21/11/72 Star

SA Embassy picketed

The Star Bureau

LONDON. — Staff at the headquarters of the Trades Union Congress here are picketing the South African Embassy today as part of their contribution to the trade union's "week of protest."

Officials in the TUC's Press section have also decided to do their bit by not giving information to representatives of South African newspapers in London during the same period.

A Press officer approached yesterday merely confirmed the decision, and then regretted that he could give no further information because of the ban.

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Cape Times 20/1/77

Own Correspondent

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Pickets in protest at SA Embassy

ARGUS 20/1/77

The Argus Bureau

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CAMPAIGN

Today also sees the start of a nation-wide campaign against Barclays bank, organised by the Anti-apartheid Movement.

At least 100 branches of the bank across the country will be picketed by local members of the movement and student groups. Leaflets will be handed out.

The 'Day of action,' as it is called, has the full support of Britain's National Union of Students.

In London there is a special picket of Barclays international headquarters in Lombard Street. Among those participating will be Mr Peter Hain, who was acquitted last year of a charge of robbing the branch.

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Ban on SA freight may be extended

RDM 21/1/77

Own Correspondent

WELLINGTON. — Not only has the temporary shipping ban in New Zealand on all freight to and from South Africa been totally effective, but the New Zealand Watersiders Federation is considering a permanent ban on cargo to and from South Africa.

The general secretary of the federation, Mr Ted Thompson, said yesterday morning: "The ban has been 100 per cent effective. We hope to get some international acclaim for this stand.

"Ties with South Africa are causing concern among trade union members throughout the country — not against South Africa as a whole, but because of the inhuman policies of the South African Government.

"We are under pressure from several of the large port unions in New Zealand to extend the ban on a permanent basis to all cargo to and from South Africa," said Mr Thompson.

Yesterday the Minister for Overseas Trade and deputy Prime Minister, Mr Brian Talboys, said he is not in favour of trade bans with South Africa.

"New Zealand cannot afford to take action which sets a precedent for the disruption of international trade," said Mr Talboys.

In London, Sapa reports that South Africa House was picketed during the lunch hour yesterday.

The demonstration, with banners and leaflets, denounced the recent banning in South Africa of 24 trade unionists, and was part of the week-long International Campaign Against Apartheid which started last Monday.

Also in London the three senior British judges who ordered the Postal Workers Union to call off industrial action against South Africa, yesterday denied that they were trying to govern the country.

A packed courtroom has been listening to the complex legal arguments in the case which began when a Rightwing pressure group, the National Association of Freedom, applied for a court order to stop the Postal Union boycotting mail to South Africa in protest against apartheid.

The association applied for the order on grounds that it is illegal to impede delivery of the mail.

Lord Justice Lawton said all the courts were concerned about was whether citizens had the right to demand protection from interference — having their mail stopped — by a trade union in a way which broke the law.

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Boycott case change

22/11/77
Star

The Star Bureau

LONDON — The Appeal Court here has allowed a last-minute change in the plaintiff's statement of claim so that its judgment in the South African postal boycott case can be taken to the House of Lords for a ruling on the constitutional issues raised.

Reserving judgment at the end of a four-day hearing, which has come to be regarded as a critical test of the balance of power between the courts and Parliament, Lord Denning, the Master of the Rolls, said yesterday: "We would like a little time to consider it. We'll do it as soon as we can."

Earlier, it was pointed out to Lord Denning and Lords Justice Lawton and Ormrod that the proposed boycott would in any event have ended tomorrow and that by the time they delivered judgment the need for an injunction against the postal workers' unions would no longer exist.

For this reason, it would not be possible for the House of Lords, the final court of appeal in the United Kingdom, to rule on whether the injunction should have been granted without the permission of the Attorney-General for the plaintiff to [illegible] to court.

Mr Harry Woolf, counsel for the Attorney-General, told the court on the [illegible] of Mr [illegible] that he wanted to be sure that the Appeal Court's ruling in the [illegible] did not become precedent without being considered by the House of Lords.

The Lords, [illegible] only [illegible] an appeal [illegible] that [illegible] them.

[illegible] of the [illegible] Attorney-General's consent, the plaintiff is entitled to [illegible] the [illegible]

23/11/77

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AFTER THE FLOP . . . THE FIBS ARE EXPOSED

By ANDRE MEYEROWITZ and DICK USHER

DOUBLE talk by the world trade union movement this week has damaged its chances of influencing change in South Africa.

The boycotts promised by the 53 million-member International Confederation of Free Trade Unions failed and Pressmen feel the ICFTU tried to mislead them on the progress of the campaign.

A figure of R850 000 claimed to have been raised to support black workers in South Africa turned out to be a target set for fund-raising in Canada.

An ICFTU official, taxed on the difference between an estimate and a target, admitted he did not know if any funds would in fact go from Canada (or anywhere else) to South Africa.

But the boycott plan was not a total failure.

Trade unionists claim that the headlines the campaign generated kept South Africa in the public eye and promoted discussion of her race policies.

Divided feelings

In South Africa, although the boycott was generally interpreted as anti-South African rather than pro-black, workers were divided in their feelings.

Members of the Durban-based Trade Union Advisory Co-ordinating Council, an umbrella organisation for five unregistered black unions, say workers were heartened by the campaign.

"Most knew what the campaign was aimed at — trade union rights for black workers — and fully supported it," said one representative of TUACC.

Shop stewards in several countries are going ahead with plans to press their employers for undertakings that South African subsidiaries will recognise black trade unions.

Firms mentioned by ICFTU spokesmen as targets include Siemens and Volkswagen in Germany, Philips in Holland and Barclays and ICI in Britain.

It is unlikely an exchange of views between management and workers in Europe will bring about immediate change in South Africa but recent developments in Britain show a sustained campaign can have effects.

Counter-Information Services — a British group which specialises in corporate exposes — embarrassed ICI by allegations that its South African subsidiary, AE&CI, produces teargas for the SA Police.

Full support

The British Trades Union Congress, one of the major supporters of this week's boycott, has urged workers to press their employers to go on record in favour of recognising black unions and negotiating with them.

It has also received assurances from Pilkington — whose South African subsidiary Armourplate Glass was involved in a long dispute with unions last year — that it will make sure South African companies show more sensitivity in dealing with black labour affairs.

The British Steel Corporation has given its full support to the TUC's condemnation of recent bannings of South African trade unionists.

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2nd Dutch bank stops SA loans

Own Correspondent

GENEVA — A second major Dutch bank has said it will make no further loans to the South African Government or its agencies "until legally enforced racialism has been abolished."

The bank, Algemene Bank Nederland, said this was to comply with the request of the World Council of Churches to stop such loans.

In a letter to the council's General Secretary, Mr Philip Potter, the Algemene Bank stated that "apart from the increasing economic risks attached to such loans", its decision was based on the growing criticism within political and church circles of South Africa's racial policies.

"A real solution must be found for the present racial discrimination before South Africa will prove an acceptable dealer again from a political as well as economic point of view," the bank said.

R349m short-term capital outflow

74

RDM 27/6/77

By HOWARD PREECE
Financial Editor

SOUTH AFRICA suffered an outflow of R349-million short-term capital, virtually all from the private sector, in the first quarter of this year.

This was the main reason for a fall of R106-million in the official gold and foreign exchange reserves in the three months of March. The fall would have been R55-million more but for special borrowing.

The drop in the reserves was also in spite of a R39-million surplus on the current account of the balance of payments — the first such surplus since 1973 — and an inflow of long-term capital.

These figures are disclosed in the June quarterly bulletin of the Reserve Bank.

The Bank says the net inflow of R148-million long-term capital was mainly because of trade finance to South African Airways for buying aircraft.

Since that money is directly related to foreign exchange cost of aircraft, it is not perhaps a true capital inflow.

Other points in the bulletin are:

- The South African economy is still in the downwards phase of the business cycle.
- Although the economy has not yet overcome all its problems, good progress has been made from the second half of 1976 in solving some of them. The authorities' main policy objectives remain to strengthen the balance of payments further and to reduce the rate of inflation.
- The restrictive policies have been accompanied by "an increase in the number of business failures and a rise in unemployment."
- The monetary situation has changed radically since the middle of 1976 after having slowed down markedly. The money and near-money supply declined during the first quarter of 1977.

"This welcome development resulted from the conservative monetary and fiscal policies which kept the extension of bank credit to the private sector at low levels and at the same time reduced net bank credit to the Government sector."

These policies also contributed to a marked improvement in the current deficit in the balance of payments and a noticeable decline in the rate of inflation up to the end of 1976.

The economic growth rate, as measured by the increase in the real gross domestic product, was 1,5% in 1976 and preliminary figures indicated the slowdown in activity which had accelerated from the third quarter of 1976 continued in the first quarter of 1977.

Taking into account the depth of the world recession, the decline in the gold price in 1975 and the first three quarters of 1976, and the political uncertainties in South Africa, this growth rate can be regarded as satisfactory, says the bank.

With favourable prospects for agricultural crops in 1977 and and expected further increase in the volume of mining production, the rate of increase in the real GDP could show a positive figure in the 1977 calendar year.

"The higher level of the gold price and the good prospects for increased exports are further favourable factors which could contribute to an upturn in economic activity in the not too distant future."

Salaries and wages generally have increased at a lower rate than the increase in consumer prices, with the result that the real wages of certain sections of the labour force declined.

In 1976 the average real wages and salaries of whites in the non-agricultural sectors was 1,4% lower than in 1975, and black wages were 4,4% higher.

After having declined for most of last year, real private consumption expenditure showed almost no change in the first quarter of 1977. But its level was about 3% lower than in the corresponding period of 1976.

There was a marked decline in real expenditure on semi-durable goods, mainly clothing and footwear. The level of real outlays on durable and semi-durable goods in the first quarter of 1977 was 14% lower than in the first three months of last year.

"Declining real disposable personal income of a large part of the population may be singled out as the main reason for the sluggish conditions experienced in the market for durable and semi-durable goods."

Mr L R Stric
appointed
Union C
dustrial c
Unicorp's

Texgen holds div

Deputy Financial Editor

TEXTILE & General, which is the subject of a proposed bid from Dominion Industrial Trust (Pty), has held its dividend at 4c in spite of a severe profit drop in the year to February 28.

Attributable profits fell from R288 000 to R121 000, reducing

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FOREIGN LOANS FM 7/10/77

No more from Ebic

If the European American Banking Corporation (EAB) means what it says about ending loans to SA, it will be a severe blow to local borrowers.

It was revealed this week that EAB's chairman, Mr H E Eckblom, has assured the World Council of Churches that only funds for the financing of trade transactions will in future be lent to SA.

EAB was the lead manager for many of the biggest foreign loans floated by SA borrowers (such as Railways, Iscor and Escom) in the boom years 1972-74. Since it is a consortium bank, the funds were ultimately provided by varying combinations of its seven shareholders: Deutsche Bank, Societé Generale, Banca Commerciale Italiana, Midland Bank, Creditanstaltbankverein (of Austria), Amsterdam-Rotterdam Bank and Societé Generale de Banque.

EAB is represented in SA through a branch of its management company, European Banks International Co (Ebic). An Ebic man is based in Johannesburg, while Midland Bank has two of its own representatives here. Societé Generale had two officers in SA until last year: that there is now only one is one sign that even Ebic no longer regards SA as the lush pasture it once was.

Indeed, the political situation and EAB's heavy exposure to the Republic in themselves make significant new loans from this source unlikely, though it was revealed last month that Deutsche Bank was having discussions with Railways on a DM50m private placement with a 3- or 4-year maturity.

So it's not surprising that Ebic sources claim political pressures are not the main reason behind the decision to stop loans to SA. They point out that a halt has also been called when borrowers in other countries have reached the exposure limits set by shareholder banks.

Despite the present unattractiveness of SA to foreign banks, up to this week only Amro — bowing to pressure from Dutch anti-apartheid groups — had committed itself to ending loans to SA. Eckblom's letter could now put paid to even Railways' small DM issue.

Mercury 17-6-77

Timber (74)

Boost for S.A. timber

Mercury Correspondent

EAST LONDON—The South African timber industry has received a shot-in-the-arm with a local firm landing an export contract for 105 042 tonnes of sawn pine with a free-on-board value of R200 000.

And that's official, because the timber, from the forests of Stutterheim, Plettenberg Bay and Knysna, is already aboard the freighter Nabeza and bound for Israel.

There was concern on Wednesday that the ship might not be able to take the full consignment because of its other cargo.

However, the manager of the firm handling the consignment, Mr. Brian Varnfield, said that if necessary he would negotiate to have the excess bundles of timber carried as deck cargo. In all, there were 574 bundles each with a mass of 1,83 tonnes.

To promote the image of South African timber export the bundles were neatly packed in black polythene sheeting, explained Mr. Varnfield.

Regular shipment

This shipment, said Mr. Conrad Schey, chairman of Satwill Export, a division of the consignors, Wilrose Timbers, was the first of regular shipments from the South African timber industry.

Another consignment of 15 000 cu metres — Wednesday's was 2 000 cu metres — of timber valued at R1 500 000 is due to leave for Britain later this month.

Mr. Schey estimates that potential pine exports from South Africa could be at least 200 000 cu metres a year.

At current f.o.b. price of from R90 to R100 a cu metre, the business could be worth about R20 million.

The timber industry had a domestic turnover last year of R23 million.

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4. Plausible Vent ... Cape Town.
In August 1974 ... Parow is
accepted, and ... ary. But
in November th ... e instead
for R40 000. ... of an agreed
penalty of R15

Staff The Bel ... ter, will require the services
of an extra se ... nistration at R3 000 p.a., and
an extra forem

The Company's ... 10 workers, each earning R2 000,
will be adequat

Transport The ... f 4 lorries bought for R5 000 each
2 years ago. D ... ed to be R400 p.a. plus 10c per
mile.

It is estimated ... ob will require the lorries to
travel an extra

Materials The ... ught all the materials for the
Parow job:

1 000 units ... unit
500 units ... h

Type A would not ... ville job, but could be sold
for 50c each.

Type B has no al ... no scrap value, but 200 units can
be used for the ... dition it will be necessary to buy
3000 units of Ty ... the Bellville contract.

Both jobs w ... year.

The Managin ... consider which of the two
alternatives is

Draw up a t ... tunity costs involved in each.

What advice

(50%)

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Hansard 2

Import permits

226. Mr. T. ARONSON asked the Minister of Economic Affairs:

(1) (a) What was the percentage of import permits issued for 1975 as compared with 1974 and (b) what is the estimated percentage of import permits to be issued for 1976;

(2) (a) whether fewer or more import permits were issued for the first round of 1976 as compared with 1975, (b) what is the (i) percentage of and (ii) reason for the increase or decrease;

(3) in what months is it anticipated that a review will be made of the import permit allocations for the various rounds of 1976.

The MINISTER OF ECONOMIC AFFAIRS:

(1) (a) The percentage import permits issued for 1975 amounts to 100 per cent of the total permit issues for 1974, except in the case of clothing in respect of which the permit issues for 1975 amount to 80 per cent of the permit issues for 1974.

(b) It is not possible for me to reply to this part of the hon. member's question because the estimated percentage import permits which will be issued for 1976 will depend on the import control policy which will be followed during the year and about which no decision have been taken as yet.

(2) (a) The permit issues for the first round of 1976 are equal to the permit issues of the first round of 1975.

(b) (i) and (ii) fall away.

(3) It is customary to consider the permit issues for a specific year on three occasions, namely, during November/December of the preceding year and during May and September of the year for which the permits are valid.

At present I am not in a position to indicate whether this customary pattern will be followed during 1976.

Hansard 2 col 114 6/2/76

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8 **Export trade promotion services**

207. Mr. T. ARONSON asked the Minister of Economic Affairs:

(1) (a) What amount was spent on export trade promotion services during the financial year 1974-'75 and (b) what is the estimated amount for 1975-'76;

(2) under what main heading (a) was the amount allocated in 1975 and (b) is it expected to be allocated in 1976.

The MINISTER OF ECONOMIC AFFAIRS:

(1) (a) and (b) An amount of R21 801 480 was spent on export trade promotion services during the financial year 1974-'75. The estimated expenditure on these services during the financial year 1975-'76 amounts to R28 438 000.

(2) (a) and (b) The subheads under which provision in respect of export trade promotion services has been made in the Vote of the Department of Commerce for the two financial years in question are as follows:

(1) Trade publicity and exhibitions.

(2) Financial Aid to the South African Foreign Trade Organization.

(3) Financial Aid to Trade Missions to and from the Republic.

(4) Financial Aid to exporters in respect of finance charges.

(5) Financing of interest rates in respect of the Export Credit Re-insurance Scheme.

(6) Financing of interest rates in respect of stocks held in warehouses abroad by exporters.

(7) Renting of warehouses by exporters for the storage of goods abroad.

(8) Expenses incurred by exporters in respect of approved primary market research abroad.

(9) Expenses in respect of joint market research abroad by industrial organizations, marketing boards and similar organizations.

(10) Cost of electricity used for the refining of base minerals.

(11) Expenditure incurred by exporters in respect of airfreight on perishable produce.

(12) Levies on export goods.

(13) Compensation to the South African Railways in respect of special export railway tariffs.

(14) Special railway tariffs for the transport of raw materials from the interior to export industries at the coast.

introduction to university

university of cape town
16 - 27 February 1976

Hansard 3 74

Exports to Common Market trade partners

233. Mr. T. ARONSON asked the Minister of Finance:

(1) (a) Whether the value of South African exports to the Common Market trade partners has increased or decreased from 1973 to 1975, (b) what is the increase or decrease and (c) what was the total value of the exports in 1975;

(2) what is the estimated figure for exports to the Common Market trade partners for 1976;

(3) (a) what was the total figure for exports to the African states during 1974-'75 and (b) what is the estimated figure for 1976.

The MINISTER OF FINANCE:

(1) (a) The value has increased.

(b) Value of exports for 1973—R1 263 762 734.
Value of exports for 1974—R1 552 432 432.
Increase—R288 669 698.
Value of exports for January to September 1974—R1 219 960 338.
Value of exports for January to September 1975—R1 257 090 792.
Increase—R37 130 454.

(c) Total value of exports to the Common Market trade partners for 1975 is not yet available. The value of exports for the period January 1975 to September 1975 amounts to R1 257 090 792.

(2) Not available. No estimates in respect of exports are made.

(3) (a) 1974: R451 300 000.
1975 (Preliminary): R448 200 000.

(b) Not available. No estimates in respect of exports are made.

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Hansard 3
10/2/76 col 162

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Exporters: Financial assistance

225. Mr. T. ARONSON asked the Minister of Economic Affairs:

(1) What are the qualifications required from exporters, for financial assistance by the Department of Commerce to be rendered;

(2) whether exporters have to furnish security in order to obtain such financial assistance; if so, what is the rate of interest charged on moneys advanced.

The MINISTER OF ECONOMIC AFFAIRS:

(1) Any person or enterprise in the Republic who is registered by the Secretary for Commerce as an exporter, qualifies for financial assistance under any of the export trade promotion services for which provision is made in the Vote of the Department of Commerce. My reply of 6 February 1976 to the Honourable Member's question No. 207, contains full particulars of these services.

(2) None of the aforementioned export trade promotion services provide for financial assistance to be made available to exporters in the form of advances of one kind or another. The parts of the Honourable Member's question which refer to the provision by exporters of security in respect of such advances as well as to the rate of interest charged on moneys thus advanced, therefore, fall away.

Hansard 6 3/3/76 col 461

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TYPE OF FARM EMPLOYEE - DOMESTIC — RACE - COLOURED — YEAR - 1972/73

AVERAGE MONTHLY KIND WAGE FOR ALL ECONOMIC REGIONS = R 4.69

DEVIATIONS FROM AVERAGE MONTHLY KIND WAGE BY ECONOMIC REGION

EC REGION	1	2	3	4	5	6	7	8	9	10	11	12
DEVIATION	,23	1,17	-,02	4,74	-,95	-,50	-1,07	-1,74	-2,05	-2,02	1,00	-,63
EC REGION	13	14	15	16	17	[illegible]	[illegible]	[illegible]	21	22	23	24
DEVIATION	-,62	-,26	,37	-1,07	-1,03	[illegible]	[illegible]	[illegible]	-,57	-,94	1,97	,31
EC REGION	25	26	27	28	29	[illegible]	[illegible]	[illegible]	33	34	35	36
DEVIATION	,00	,00	-2,55	1,97	,00	[illegible]	[illegible]	[illegible]	,00	-2,19	1,56	2,39
EC REGION	37	38	39	40	41	[illegible]	[illegible]	[illegible]	45	46	47	48
DEVIATION	2,36	,31	-1,61	1,63	-1,8[illegible]	[illegible]	[illegible]	[illegible]	-1,50	,03	-3,25	-2,77
EC REGION	49	50	51	52	53	[illegible]	[illegible]	[illegible]	57	58	59	60
DEVIATION	-3,24	,00	11,97	-4,38	-2,1[illegible]	[illegible]	[illegible]	[illegible]	,00	-1,12	11,83	,00

Deciduous fruit exports

392. Mr. T. ARONSON asked the Minister of Agriculture:

(1) What were the gross proceeds from South African deciduous fruit exports in 1975;

(2) whether it exceeded a previous maximum for any season; if so, by how much.

The MINISTER OF AGRICULTURE:

(1) R123,7 million (estimated).

(2) Yes. By R29,9 million.

Tabel 14 Arbeidskoste per arbeider per jaar vir die Rûens

Jaar	Kontant	Bonus	Totaal kontant	Meel	Vis	Vleis	Wyn	Melk	Suiker Koffie Tabak	Mediese koste	Klerasie	Ongevalle Ass.	Ander	Totaal Nie-kontant	Totaal	Aantal Arbeidseenhede	Koste/Arbeider/dag	Aantal arbeiders/plaas
"55/56	144,82	1,65	146,47	/	/	/										78,0	0,38	3,2
"56/57	152,32	8,58	160,90	/	/	/										61,0	0,39	3,3
"65/66	205,63	/	205,63	12,80	1,70	41,21										226,0	0,75	3,4
"66/67	224,77	/	224,77	12,93	1,93	37,05										190,0	0,78	2,7
"67/68	231,95	/	231,95	24,22	3,24	/										210,3	0,81	2,8
"68/69	244,41	27,58	271,99	28,28	3,73	55,58										243,0	0,86	3,0
"69/70	258,56	28,70	287,26	30,00	2,18	51,06										213,0	0,89	2,8
"70/71	266,69	31,75	298,44	28,69	3,22	65,24										227,0	0,89	3,3
"71/72	311,71	35,12	346,83	32,49	4,72	72,73										231,0	1,08	3,0
"72/73	314,53	27,69	342,22	/	7,41	/										194,0	1,14	4,1
"73/74	384,18	38,62	422,80	47,52	4,14	132,35	11,08	18,01	1,17	5,33	10,40	5,90	14,			191,0	1,39	3,1
"74/75	394,49	61,21	455,70	54,34	4,66	213,19	16,44	23,81	0,23	5,71	15,08	8,19	44,71	286,36	842,07	171,0	1,58	3,4
"75/76	449,77	57,68	507,45	54,90	10,71	182,26	32,08	42,60	0,13	7,32	16,01	9,02	24,84	379,87	887,32	151,0	3,08	3,7

Bron: Afdeling Landbouproduksie-ekonomie

Sugar/fruit/wool: Income from exports

513. Mr. G. S. BARTLETT asked the Minister of Agriculture:

(1) What are the total proceeds earned by the (a) sugar, (b) fruit and (c) wool industry from exports since devaluation;

(2) what is the additional income of each industry in rand which resulted from devaluation;

(3) what portion of such additional income in each industry accrued to producers in the form of increased producer prices.

The MINISTER OF AGRICULTURE:

(1) (a) R103 973 947.

(b) R7,2 million (estimated gross export earnings until the end of February 1976).

(c) R31,82 million (until December 1975).

(2) Sugar—R14 761 543.
Fruit—R1,1 million (until end of February, 1975).
Wool—R20 million (expected higher realization of the 1975-'76 clip).

(3) Sugar—None. The sugar industry receives proceeds according to a price control formula and any additional income is paid into a price stabilization fund.
Fruit—Approximately R720 000 (until end of February 1976).
Wool—R20 million (based on the expected higher realization of the 1975-'76 clip).

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Q col 558-9
12 March
1976

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Hansard 9 col 665
26/3/76

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Controller of Imports

*3. Mr. G. H. WADDELL asked the Minister of Economic Affairs:

(1) Whether the Controller of Imports has regard to availability or potential availability of suitable South African products when considering applications for import permits; if not, why not;

(2) what percentage of the plant and equipment for (a) the new ISCOR at Newcastle and (b) SASOL 2 was imported.

†The MINISTER OF ECONOMIC AFFAIRS:

(1) This procedure is not being adopted as a general rule in the issue of import permits, but is being applied only when import permits are issued in respect of those commodities which appear in Paragraph 4 of the present import control regulations as published in *Government Gazette* No. 4933, dated 19 December 1975, and which may be imported only against permits in terms of which the importation of any of the commodities concerned, is specifically authorized.

Since the termination by South Africa on 25 July 1972 of its recourse to Article 12 of the General Agreement on Tariffs and Trade as justification for the maintenance of its import control measures, a large part of its import control measures is contrary to the relevant rules of G.A.T.T. and the remaining import control measures are gradually being dismantled with a view to bringing its import control system into line with its international obligations. It is, therefore, not possible consistently to have regard to the availability of South African products when applications for import permits are being considered.

(2) (a) 29,5%.

(b) None.

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vol 708
31/3/76

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WEDNESDAY, 31 MARCH 1976

† Indicates translated version.

For written reply:

Gold/diamonds: Income from exports

514. Mr. G. S. BARTLETT asked the Minister of Mines:

(1) What are the total proceeds earned by the (a) gold and (b) diamond mining industry from exports since devaluation;

(2) what is the additional income of each industry in rand which resulted from devaluation;

(3) what portion of such additional income in each industry accrued to producers in the form of increased producer prices.

The MINISTER OF MINES:

(a) Gold mining industry

(1) The total value of gold produced during the period 1 October 1975 to 31 January 1976 amounted to R858 015 000.

(2) and (3) The total additional amount was R56 658 000 of which an amount of R2 028 513 was earned as a result of an increase in the dollar price of gold.

(b) Diamond mining industry

(1) The total sales value of diamonds during the period 1 October 1975 to 31 January 1976 amounted to R74 469 000 of which the best qualities were not exported but were sold to the South African cutting industry.

(2) and (3) The Department of Mines is unfortunately not in a position to reply to these questions, as since devaluation there have been certain increases in producers' prices and also certain sorting changes and it cannot be determined what the effect of each of these was.

Hansard 10 col 727
2/4/76

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Export/import of coal

*7. Mr. H. A. VAN HOOGSTRATEN asked the Minister of Economic Affairs:

(1) Whether the Republic is a nett exporter or importer of coal;

(2) whether any State corporation will import coal during the next two or three years; if so, (a) what corporation, (b) why and (c) what value of foreign exchange is involved;

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

†The MINISTER OF ECONOMIC AFFAIRS:

(1) The Republic of South Africa is a nett exporter of coal.

(2) Yes.

(a) Iscor.

(b) Because a temporary local shortage of straight coking coal is experienced.

(c) R15 million per year for 2 years.

(3) No.

A testing time for traders

F'in. Mail 10/12/76

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Economic problems and political tensions have dealt a body blow to hopes for freer, expanding trade in Southern Africa

It's been the dream of many SA politicians, academics and businessmen for years: that the key to peace in Southern Africa is the interdependence of the region, leading logically to stronger trade flows, a customs union or free trade area, and perhaps eventually to closer political ties.

Certainly, in the Sixties and early Seventies, close trade links were forged. Official figures (which probably understate the true position) show that by 1973 SA supplied 14% of Zambia's imports, one fifth of Mozambique's, and nearly a quarter of Malawi's. SA was Angola's sixth largest supplier and thirteenth best customer. Close (and open) trading ties also existed between Malawi and Rhodesia, Angola and Zambia, and Rhodesia and Mozambique.

All that's changed. Though several States still depend on one another and on SA, most — by political decision or economic circumstance — are busy loosening the bonds. Even allowing for international traders' ingenuity in hurdling obstacles put in their way by politicians, intra-Southern African trade in 1976 is a fraction of what it was two or three years ago.

First came the closure of the Rhodesia-Zambia border in January 1973. Then Angola's and Mozambique's independence and subsequent economic slump; business downswings in Zambia and Rhodesia; and the closure of the Mozambique-Rhodesia border.

SA's trade with Angola has stopped dead. And closure of the Benguela railway has cut off large parts of the former Portuguese colony from countries to the east and vice versa.

Though refugees brought relatively large quantities of coffee and diamonds across the SWA border late last year, and several SA-based businessmen have in fact visited Luanda in recent months, there is no sign of goods moving between SA and Angola. (Rumours persist, however, that Angola is buying quantities of maize from SA.)

For instance, a fruit exporter who used to sell R0,7m worth of apples to Angola annually, has sent nothing this year. Up to last year, Angola was SA's chief supplier of coffee, providing about 11 300 t of total imports of 18 500 t. Now SA importers have had to turn — at greater cost — to Ivory Coast, Indonesia, Madagascar and other African countries. Moreover, importers reckon about 1 500 t of Angolan coffee was paid for but never delivered.

The slowdown of trade with Zambia is illustrated by the cessation — after only a few months — of the weekly air freight service between Johannesburg and Lusaka, introduced last November. Zambia has a grave balance of payments problem, but traders feel there is also a greater political factor than before in its reluctance to trade with the White South.

A guesstimate is that Zambia's imports from SA have been cut from 1973's R50m to little more than half that.

Import permits are hard to come by, even for relatively essential items like frozen foods, industrial raw materials and fruit. On the other hand, permits have been forthcoming for SA-made products ranging from soap to fertilisers. But Sarmcol, a Randburg-based company which last month landed an order for R50 000 worth of equipment for Zambia Railways, reports that negotiations lasted over five months.

The picture in Mozambique is confusing, though generally SA exporters have less difficulty than importers in doing business. Trade is certainly flowing between the two countries, though not on the scale prior to independence.

There is a Mozambique Trade Office in Johannesburg, but local secretary Mrs M C C Martins refuses to say whether it is linked to the Mozambique government. However, traders report they have received enquiries from the office for, among other things, aluminium water bottles for Frelimo

Moreover, the *FM* learns that a major SA food producer is negotiating with Frelimo's newly-created import and export administration — known as Enacomo — to become its South African agent and supply large quantities of foodstuffs.

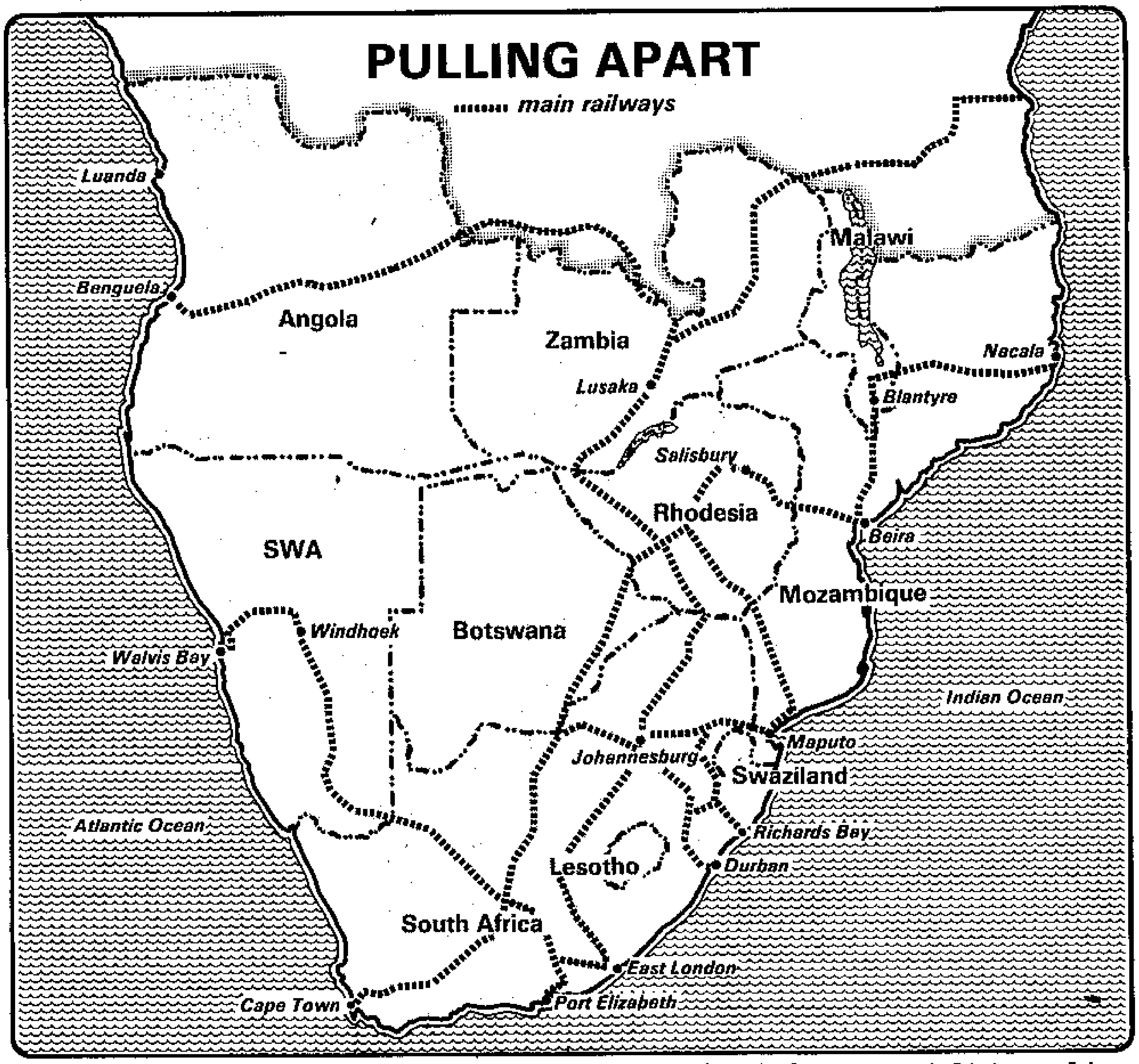
Importers complain the Mozambique authorities are putting up innumerable barriers to trade, though they admit much of the red tape is necessary if outflows of foreign exchange and valuable industrial equipment are to be prevented.

All documentation must now go through a bank, and Mozambican merchants crossing the border must deposit the full value of their trucks in escudos. Not surprisingly, many SA fish importers report that supplies have virtually dried up, while cashew nut buyers say import volumes are down a third and that quality has deteriorated.

Like most others, fish importers also cite production problems as a reason for declining trade. There is a lack of spare parts for trawlers and coldroom breakdowns. One coconut oil buyer — who used to take a substantial portion of Mozambique's output but has now turned to Malaysia, Philippines and Singapore — claims that plant breakdowns, departure of skilled workers and power disruptions are to blame.

Mozambique supplied over 4m kg of bananas to SA in 1974-75. In February, supplies abruptly stopped. The Banana Board suspects the main reasons are floods and the inability of inexperienced African farmers to prevent the plants rotting.

But there are many who are not complaining. Unilever has a coconut oil contract with a nationalised factory in Quelimane and is buying as much as before, despite occasional interruptions. Though butter and cheese exports to Maputo dried up last February, regular consignments are still being shipped to Beira.



There is normally no problem getting payment from Mozambique. Letters of credit confirmed by SA banks are easy to come by. Some suppliers are convinced that while Mozambique is taking less produce than before, the share coming from SA has not declined.

The validity of this belief is impossible to check. But there's no doubt that, where it can, Frelimo is looking for alternative sources of supply. For example, tenders for pharmaceuticals this month will, for the first time, be invited from eastern European distributors. And SA firms point out that communist bloc traders are often willing and able to quote more liberal payment terms.

Malawi is the big exception to SA's trade headaches with neighbours. Business is rising steadily, with a wide variety of raw materials and manufactured goods moving north. Biggest import is tea, which accounts for about 7% of SA's annual requirements of 23,5m kg.

But Malawi's foreign trade, like that of the whole region, is bedevilled by political transport problems. When the Rhodesia-Mozambique frontier was shut last March, Malawi was cut off from its shortest land route to Rhodesia and SA.

Since then, air freight has become increasingly popular. Also, the unreliability of Mozambique's railways has prompted some traders to send their products — frozen fish for example — by air.

Safair (operating on behalf of SAA) has three regular weekly flights to Blantyre, with extra ones laid on when necessary. Safto reports that Freight Services alone airfreights an average of 50 t a week to Malawi. Consignments include foodstuffs, clothing, fertilisers, asbestos sheeting and sanitaryware. Even tea is loaded on southbound flights.

The border closure has given a fillip to east coast shipping services. Much of Malawi and Zambia's trade is routed through Beira and Nacala, and Unicorn-Lines reports a substantial increase in cargo for these ports. Earlier this year it raised the number of monthly services from three to four. The Tanzam Railway is now carrying almost all Zambia's copper exports.

In addition, some of the more daring SA exporters are sending their produce by road to Malawi, through Mozambique. The closed frontier has apparently not put a total stop to Rhodesia-Malawi or Rhodesia-Mozambique trade. Numerous reports tell of goods — like grain and steel products — to and from the south going through Zambia to Malawi. And some of Rhodesia's former trade with Mozambique now moves through the Transvaal.

Where there's a will there's a way, is the trader's motto. But even the hardiest are getting discouraged by conditions in some parts of the sub-continent.

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B 14/77 (K)

(Embargo: 16h00 on 1 February 1977)

PRESS STATEMENT BY SENATOR THE HONOURABLE OWEN HORWOOD, MINISTER OF FINANCE

IMPORT DEPOSIT SCHEME

Due to the considerable deficit on the current account of the balance of payments during the first half of 1976, the authorities were compelled to introduce an import deposit scheme with effect from August 2nd, 1976, to supplement the existing monetary and fiscal measures which had already been applied to improve the balance of payments.

During recent months there has been evidence of a satisfactory improvement on the current account of the balance of payments, mainly as a result of a decline in imports, an increase in exports and a firmer price for gold on the private markets.

In comparison with 1975 the physical volume of imports actually declined during 1976, while the value of imports for 1976 was only 6,2% higher than in 1975. In contrast the value of exports for the corresponding period was 13,2% higher than in 1975.

The Republic's gold and foreign exchange reserve position has not improved to the extent that an easing of the strict monetary and fiscal policy can be justified. The Government nevertheless decided, in the light of the improvement that has already taken place in the balance of payments and in the spirit of its policy of facilitating world trade as much as possible, which it subscribes to in accordance with the General Agreement on Tariffs and Trade, to abolish the import deposit scheme with effect from tomorrow, February 2, 1977.

I wish to stress that this step should definitely not be interpreted as the green light for the resumption of large scale imports. Consequently I wish to make an earnest appeal to traders and consumers to buy South African as far as is practicable, and thereby to contribute to the building up of a healthier balance of payments, which will provide the base for renewed economic growth.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE MINISTRY OF FINANCE

CAPE TOWN
1 February 1977

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truck-loa[...] began to arrive from surrounding areas incl[...] Schweizer-Renecke, Wolmaransstad, Bosh[...]d a growing air of excitement gripped th[...] time it had been rumoured that Nationalist[...]ate trouble for Smuts in Bloemhof and the[...]lly taken the precaution of paying for [...]stance, though only three constables were[...]. At 10 a.m. Smuts and his wife were me[...] in Bloemhof by a mounted commando of about a h[...] a long line of cars, and all then proceed[...]all. Smuts's arrival was greeted by an[...]s mingled with jeers. In replying to t[...]nted to them, both Smuts and his wife's sp[...]d with further cheering and boos. An app[...]n of the local branch of the S.A.P. for good behaviour proved fruitless. In a short speech Smuts welcomed the Nationalists present and assured them that he would say nothing at Bloemhof which might cause offence; he had come amongst them not so much as a politician but as a leader of the people and had no desire to offend anyone. He wished it to be a festive day. Meanwhile, S.A.P. supporters from neighbouring areas were arriving and, in view of the growing excitement, considered steps to prevent the Nationalists from taking over the bazaar hall in which Smuts was to speak that afternoon. By noon, some 400 Nationalists had gathered together not far from the hall. Choosing a prominent local Nationalist,

SA-British trade figures

BRITAIN imported goods worth £613-million from South Africa in 1976 compared with £540-million in 1975, says the British Board of Trade.

British imports from South Africa in December amounted to £39 600 000, against £60 300 000 in November and compared with £46 600 000 in December, 1975.

South African imports from Britain in December amounted to £39 900 000, against £49 600 000 in November and compared with £57 300 000 in December, 1975. This brings the total for last year to £654 400 000, against £684 800 000 in the previous years.

South West African exports to Britain in December were £5 500 000 compared with £921 000 in November and £3 500 000 in December, 1975.

British exports to South West Africa in December were £71 000, compared with £80 000 in November and £430 000 last year.

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No more import deposits

8/1/77

CAPE TOWN: — The Government has decided to abolish the import deposit scheme with effect from today, the Minister of Finance, Senator Owen Horwood, announced here yesterday.

The decision was in line with Government policy of facilitating world trade, but should not be taken as approval for resuming large-scale imports, he said.

"During recent months there has been evidence of a satisfactory improvement on the current account of the balance of payments, mainly as a result of a decline in imports, an increase in exports and a firmer price for gold on the private markets.

"The Republic's gold and foreign exchange reserve position has not improved to the extent that an easing of the strict monetary and fiscal policy can be justified," Sen Horwood said, "and I wish to emphasise that this step should definitely not be interpreted as the green light for the resumption of large scale imports." — SAPA.

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Saxons become nuclear reactors

9/2/77 Star

The fate of West Germany's nuclear energy industry and, by implication, of the country's economic growth prospects, depend heavily on a decision facing the government of the state of Lower Saxony.

This is the only state in the federal republic geologically suited to accommodate a plant for storing nuclear waste and reprocessing nuclear fuel elements.

The citizens' initiative groups which oppose nuclear energy because they believe it to be dangerous are growing stronger and more militant, and in Lower Saxony the demonstrators have already manned the barricades under the banner: "Better active today than radioactive tomorrow."

No wonder the state's prime minister, the Christian Democrat Mr Ernst Albrecht, is suggesting alternative options to the federal government.

His latest idea is that nuclear waste, instead of being buried in the subterranean salt dome structures of Lower Saxony, should be disposed of in the United States.

But the federal government is adamant that Mr Albrecht must, in the national interest, take the unpopular decision to have the stuff stored in his state.

Only when the problem of disposal has been adequately solved, says the chancellor, Mr Helmut Schmidt, can further licences to build nuclear power stations be issued.

But what is adequate? So far West Germany has 11 atomic power stations

European geologists, seeking places to bury dangerous nuclear wastes, believe only Lower Saxony is safe. Lower Saxony is not so sure . . .

in operation. Clearly the present system of dealing with their waste is deemed adequate, if not entirely satisfactory.

Some stations have their own limited storage facilities, and Germany has agreements with Britain and France for reprocessing nuclear fuel elements.

But the government's nuclear energy programme demands that, for political, technical and economic reasons, in the longer run Germany must carry out the whole operation on its own territory.

Germany's most populous state, North Rhine Westphalia, last week formally announced that it would grant no more licences for nuclear power stations until applications for plants to dispose of the waste had been submitted or already approved. More pressure on Mr Albrecht.

Hysteria was nurtured when on January 13 the federation of citizens' initiatives produced an alarming interpretation of two reports on nuclear safety commissioned by the interior ministry.

The laymen's conclusion was that under certain conditions an accident in a reprocessing plant could kill 30-million people through radiation.

The reports were intended for internal use, but were not classified. One of them aimed to establish whether the risks inherent in reprocessing plants were greater than those in nuclear power stations, and concluded they were not.

The second report was about the protective measures to be taken near a nuclear power station in the event of a major accident.

The institute for reactor safety in Cologne, which carried out the inquiry, accused the environmentalists of deliberately and irresponsibly attempting to create panic. By an unhappy coincidence, the very next day the atomic power station at Gundremmingen in Bavaria had to be shut down after a leak of radio-active steam. But none escaped into the atmosphere.

The Germans had originally hoped that by 1980 9 percent of their primary energy requirements would come from nuclear stations. But even before nuclear waste disposal grew into an issue, protests organised by citizens' initiative groups had already stopped work on two stations, one in Baden-Wurttemberg, the other in Schleswig-Holstein.

The programme will clearly need revising. The Ruhr coal industry, which will keep conventional power stations burning, is all aglow. But the Government is worried that the prospective energy gap will be too large for the domestic coal industry to fill, and may have to be covered by expensive imports of coal and natural gas. — The Economist News Service.

● **South Africa will be "re-exporting" wastes to Europe once Koeberg goes on stream.**

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STAATSKOERANT
VAN DIE REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA
GOVERNMENT GAZETTE

REGULASIEKOERANT No. 2418 | REGULATION GAZETTE No. 2418

As 'n Nuusblad by die Poskantoor Geregistreer | *Registered at the Post Office as a Newspaper*

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VOL. 140] PRETORIA, 2 FEBRUARIE 2 FEBRUARY 1977 [No. 5391

PROKLAMASIE

van die Staatspresident van die Republiek van Suid-Afrika

No. R. 17, 1977

HERROEPING VAN REGULASIES BETREFFENDE DEPOSITO'S BETAALBAAR TEN OPSIGTE VAN INGEVOERDE GOEDERE

Kragtens die bevoegdheid my verleen by artikel 9 van die Wet op Betaalmiddels en Wisselkoerse, 1933 (Wet 9 van 1933), herroep ek hierby, met ingang van 2 Februarie 1977, regulasies 1 en 3 tot 6 van Proklamasie R. 137 van 1976 en Proklamasie R. 193 van 1976, en, met ingang van 2 Augustus 1977, Proklamasie R. 137 van 1976.

Gegee onder my Hand en die Seël van die Republiek van Suid-Afrika te Kaapstad, op hede die Vier-en-twintigste dag van Januarie Eenduisend Negehonderd Sewe-en-sewentig.

N. DIEDERICHS, Staatspresident.

Op las van die Staatspresident-in-rade:

O. P. F. HORWOOD.

PROCLAMATION

by the State President of the Republic of South Africa

No. R. 17, 1977

REPEAL OF REGULATIONS REGARDING DEPOSITS PAYABLE IN RESPECT OF IMPORTED GOODS

By virtue of the powers vested in me by section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), I hereby repeal, with effect from 2 February 1977, regulations 1 and 3 to 6 of Proclamation R. 137 of 1976 and Proclamation R. 193 of 1976, and, with effect from 2 August 1977, Proclamation R. 137 of 1976.

Given under my Hand and the Seal of the Republic of South Africa at Cape Town this Twenty-fourth day of January, One thousand Nine hundred and Seventy-seven.

N. DIEDERICHS, State President.

By Order of the State President-in-Council:

O. P. F. HORWOOD.

INHOUD

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Gedruk deur en verkrygbaar by Die Staatsdrukker, Bosmanstraat, Privaatsak X85, Pretoria, 0001

Printed by and obtainable from The Government Printer, Bosman Street, Private Bag X85, Pretoria, 0001

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SPEECH DELIVERED BY THE HONOURABLE S. P. BOTHA, M. P., MINISTER OF MINES, AT A SAKRITA BUSINESS LUNCHEON IN JOHANNESBURG ON FRIDAY, 4TH FEBRUARY 1977

THE POTENTIAL CONTRIBUTION OF THE REPUBLIC'S BASE MINERALS TO INCREASING EXPORT EARNINGS

EMBARGO : 13H00 / FRIDAY, 4TH FEBRUARY 1977

I

I am pleased that you have afforded me the opportunity to address you on a subject which is of the utmost importance to South Africa and her trading partners.

The dependence of all western economies on a reliable and adequate supply of base minerals gives a new meaning to commercial contacts with South Africa and our economy is to an increasing extent becoming a factor in the survival of the Western World..

Therefore, I would like to underline again certain facts regarding South Africa's capabilities in this respect. I am sure that most of these facts are already known to you but they still remain a matter of very real importance to all those who are concerned about the future.

In the past, our vast base mineral resources tended to be eclipsed by our enormous gold, diamond and platinum riches and capital investment in new mining capacity tended to favour these latter minerals.

However, this picture is changing rapidly, partly because of measures adopted by the Government to stimulate base mineral mining, but also because of the depletion of other sources of supply to the minerals-hungry industrialised nations and the strong incentive to diversify sources of supply in view of the lessons learnt during the oil crisis.

Let us then consider briefly our potential to increase base mineral exports not only to offset decreased gold and diamond exports that may be expected during the next 30 years, but also to increase our total mineral export earnings.

In this respect, chrome ore and ferrochromium probably comprise, from a world supply point of view, one of South Africa's most strategic raw materials and it is not easy to foresee what adequate alternative sources of supply other than probably Rhodesia exist to feed the steel mills of the western industrialised nations.

At present South Africa produces nearly 20 per cent of the World's ferrochromium. When expansions which have been announced or are under construction have been completed, this percentage is expected to rise to 40% by 1980, which could earn as much as R500 million per annum in foreign exchange in 1976 Rand terms. It seems therefore that ferrochromium and, its most important end product, stainless steel may possess the greatest potential of all our mineral commodities for replacing a significant portion of our expected declining gold revenue. The stainless steel market is admittedly a most sophisticated one, dominated by the large steel producing countries of the world and will obviously not be an easy one to penetrate; but I believe that as the

World's leading producer of chrome ore and ferrochromium, we will be capable of doing so.

South African chrome ore reserves, are immense, indeed for all practical purposes, virtually unlimited. Long regarded as essentially of low and chemical grade, significant technological advances over the past decade, have proved that these vast resources of chrome ore can be effectively utilized as a low cost source of chromium in the production of ferrochromium and, subsequently, stainless steel.

Previously only the high grade, and high cost metallurgical chrome ores were suitable. This development must make these vast South African chrome ore deposits, particularly since it occurs in close geological association with the World's largest reserves of platinum and vanadium, probably the single most important strategic non-fuel mineral reserves concentration in the World known at present.

All chromite used in North America, Western Europe and Japan is imported and will continue to be imported since no exploitable reserves, at present prices, exist in those countries.

Since the main suppliers in 1975 were the Soviet Union, South Africa and Rhodesia, and to a lesser extent Turkey and the Philippines, the strategic nature of World chromite supply, is obvious.

We are the largest chromite producer in the Western World and are responsible for nearly 60 per cent of its production. South Africa's vital role in world chrome supply will be even more firmly established when presently planned production increases of more than 80 per cent have been implemented. This will enable South Africa to outstrip total communist bloc production before 1980.

The most significant aspect of medium to longterm supply, is that the World chrome ore reserves distribution is extremely concentrated, with South Africa possessing about 84 per cent of all known reserves, as opposed to the estimated 2% of Russia which, sooner or later, will have to be conserved for domestic consumption.

The reserves of vanadium ores in the Bushveld Igneous Complex representing, as it is, more than 90 per cent of the Western World's reserves, may like the platinum and the chromium, be regarded as virtually unlimited. At present these vanadium reserves also represent more than half of total known World reserves. Global distribution of vanadium reserves are not as concentrated as those of chromium and platinum, but are reasonably wide-spread; significant reserves exist once more in Soviet Russia with additional, but limited reserves in Australia, the U.S.A. and Chile. /Of the total .... /3.

Of the total World vanadium output for 1975, the South African production was the largest, followed by the Soviet Union and the United States. Virtually all South African production is exported to meet as much as 58 per cent of total Western World vanadium demand. A more than 69 per cent production increase is anticipated within the next two years which could provide South Africa with an even larger share of the world market.

May I briefly mention fluorspar. At present South Africa ranks 8th largest supplier in the World. Even though world fluorspar reserves are widely distributed there is a marked concentration in South Africa which possesses the largest and in fact more than 40 per cent of known World fluorspar reserves, once more largely contained in the Bushveld Complex. Reserves in some Western producing countries are reported to be dwindling rapidly and China appears to be the only remaining significant source of supply to the Communist Bloc in future. Soviet Russia which at present is consuming all its domestic fluorspar production is reported to be importing an additional 50 per cent of her requirements; this is expected to increase to more than 70 per cent during the 11th 5-year Plan from 1981 to 1986.

South Africa is therefore expected to become an increasingly important supplier. Our flurospar production has increased sharply during the past two years, and is expected to more than double by 1980. More than 70 per cent of production is exported.

Let us for the moment leave the Bushveld and turn to the Northern Cape, scene of the World's largest resources of metallurgical grade manganese.

As a result of its almost exclusive use in steel production, growth in manganese consumption and, for that matter, many of the other commodities mentioned before like fluorspar, closely follow trends in World steel production.

The Soviet Union is the World's largest producer of manganese ore. However, and this is significant, of the total ore production in the Soviet Union, only some 18 per cent is exported while more than 2½ times as much of the South African ore production is available for Western World consumption. South Africa is therefore the largest exporter of manganese ore.

/Although substantial ...... /4.

Although substantial manganese reserves exist in Australia, Gabon, Brazil and India, in that order, the sheer magnitude of South African and Soviet reserves completely dominate World reserves distribution; of these, the South African reserves are the largest known.

The United States, Canada, Western Europe and Japan, in particular, have, apart from seabed resources, no manganese reserves. As a result, the industrialised countries of the Western World will remain dependent on external manganese sources for the foreseeable future.

It is therefore evident that with expansions of production already envisaged, South Africa will continue to remain the largest exporter of manganese ore in the foreseeable future and that we will also be able to consolidate our position as the largest producer and supplier of electrolytic manganese metal in the World. In addition, South Africa will become a major supplier of ferromanganese by 1980.

South africa also features as one of the leading producers of antimony, which possesses properties which render it an essential commodity in certain strategic and military applications

Production in South Africa commenced during World War I, after which it declined, only to increase sharply again as a result of the strategic demands imposed by World War II. Today the sole South African producer near Gravelotte in the Eastern Transvaal, is the World's largest antimony mine. Ore reserves here are sufficient to maintain the present production rate to at least the year 2000. Virtually the total output is exported, mainly to the U.S.A., Western Europe and Japan. Increased processing before export is contributing significantly to revenue earned in these overseas markets.

Allow me to refer briefly to South Africa's position as a copper, asbestos, phosphate and soon, titanium producer.

All industrialised Western nations, with the exception of Canada, Australia, and South Africa, are significant net importers of copper.

/South Africa ...... /5.

South Africa has a large copper production capacity and the potential substantially to increase its output. We have our 2,5 per cent of the World's known reserves, produce all our own requirements at present and supply 4,3 per cent of global requirements. Our exports represent 64 per cent of the production. The value of our production increased to R174 million in 1975, thereby comfortably maintaining copper as the top revenue earner amongst South African base minerals. In addition, it is predicted that production will have been increased by some 35 per cent by 1980.

In this context I must mention the recent copperbearing-lead/zinc discoveries in the North-western Cape which could in the forseeable future place us in the position of a leading lead-zinc supplier. Certainly presently depressed world market conditions as well as the lack of infrastructure in this region, are only temporary factors in the exploitation of these significant resources.

As regards asbestos, South Africa, apart from being a substantial supplier of chrysotile asbestos, is the only significant producer of the amosite and crocidolite or blue varieties of asbestos in the World. During 1975 South Africa was the second largest supplier after Canada of all types of asbestos fibre to the Western World, contributing some 19 per cent of its requirements. More than 95 per cent of production is exported, mainly to the U.S.A., Western Europe and Japan. Total fibre output is expected to increase by more than 20 per cent in the period to 1980.

South African iron ores are of high grade and particularly pure. The reserves are more than adequate in relation to our expected needs. We are already in the initial stages of exporting some 15 million tons of Sishen ores annually via Saldanha Bay. Apart from iron ore in itself becoming a significant foreign currency earner, the construction of the 860-km railway, and of course, Saldanha Harbour, feature as significant additions to our infrastructure and signal the viability of further development of both the Northern and North-western Cape base mineral resources.

South Africa will enter the World titanium market in a big way when within this year the large beach sand venture near Richards Bay comes into operation. At full capacity, that is by 1980, some 400 000 tons of titania slag will be produced annually, representing some 46 per cent of total World output, which until recently was completely dominated by Canada. Product and by-product revenues, over 90 per cent of which will be derived from export sales, could approach R110 million at current prices. By the way, I may add that total South African titanium resources located in the Bushveld Igneous Complex and in beach sands, are estimated to account for as much as 40 per cent of World reserves.

I must also mention South Africa's reserves of phosphate bearing ore, which are considerable. At Phalaborwa it has been estimated that mining could continue for many centuries at present or even considerably increased production rates. A R40- million expansion is taking place to feed the new phosphoric acid plants there and at Richards Bay, which are scheduled to export some 600 000 tons of acid per annum. Exports of rock concentrates are also being considered at the present time.

In turning to our energy minerals, that is coal and uranium, I must emphasize, in the context of this talk, the critical importance of coal in energy production and as a reductant in our steel and ferro-alloy industries and, in the case of coal and uranium, their potential as significant currency earners.

South Africa's coal resources, with wise and resourceful management both by government and industry, are more than sufficient to adequately fulfil all these important roles envisaged for coal in the South African society and economy. It is therefore abundantly clear that the necessity to establish and maintain a healthy and viable coal mining industry, is of particular concern to government and industry and of national and individual company interest. Concern has been expressed at, what would appear to be, our limited resources of high quality coals suitable for use as reductants, since a shortage of these may obviously be a constraint in the future development of our steel and ferro-alloy industries. The necessary incentives should therefore be created to conduct a determined search for additional reserves of these particular coals. At the same time, we should also critically examine possible alternative reductants.

/Our uranium resources ...... /7.

Our uranium resources are very significant, indeed, even when judged in world reserves terms. Uranium, is, as we all know, a very important alternative to fossil fuels and is therefore expected to feature prominently in our future export achievements.

Having singled out these minerals for a brief discussion, let me add that they are by no means the only base minerals that we can offer to the world. We have quite significant resources of other base minerals, in fact of practically all the industrially important minerals.

On this broad basis, I have no doubt at all that we will be able to expand our base mineral exports tremendously in the years to come.

We certainly have the resources and on top of that, we have mining expertise second to none in the World, while we are also progressing rapidly in the processing field.

Add to this another factor which has become so critically important these days, namely that we have a very proud record of being a reliable and stable supplier and the future must certainly be regarded as bright.

However, particularly with regard to certain base minerals where sources of supply are plentiful, we will have to work and work hard at greater market penetration.

On the other hand, our trading partners must also realise that our reserves will only remain available to the West for as long as it is made possible for South Africa to develop and to defend those reserves.

The West cannot depend on future supplies of minerals if South Africa cannot depend on future supplies of capital. Reliable and sound commercial intercourse knows no restrictions.

This vitally important matter concerns your Association and I wish you every success in this regard.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE MINISTRY OF MINES

CAPE TOWN 4 FEBRUARY 1977

SUNDAY TIMES, Business Times, February 6, 1977.

Venezuela may lift trade ban

ST 6/2/77

By TONY KOENDERMAN

A CLAMPDOWN on trade with South Africa by oil-rich Venezuela seems likely to "peter out", according to foreign trade experts in Johannesburg.

But the "interruption of trade", as it's politely known, is still in force, and interfering with South African exports of maize and steel, among other things, to that country.

Maize is the big one, accounting for the bulk of the more than R30-million worth of South African sales to Venezuela last year.

Safto's area manager for Latin America, Richard Kern-Martin, believes Venezuela may have to pay 20 per cent more for white maize from other sources.

One reason for this is the higher yield of our white maize.

And as it is a staple part of the Venezuelan diet, used to make "arepa", a fried breakfast patty, a 20 per cent price increase could be unacceptably high.

Venezuela has been an attractive but uncertain market for South African exporters since its economy received such a boost from the oil price rises of the last three years.

The market was worth R33-million to us in 1974, but fell to R18-million the following year.

Last November, in a bid to improve his standing in the Third World, President Carlos Andres Perez announced the trade cessation in the United Nations.

But the move has never been formalised as a boycott, and could, therefore, be allowed quietly to die without much fuss.

Indeed, some Venezuelan business circles expect this to happen.

South Africa has been quietly strengthening its trade links with a number of Latin American countries in the last three years.

Construction companies, in particular, have been making inroads into what is one of the fastest growing markets in the world.

The Latin American companies have discovered just how sophisticated South Africa's economy is, and that it can supply many of the capital goods and much of the know-how they themselves need to trigger their own economic growth.

In the first seven months of last year, major Latin American buyers of South African exports were Venezuela (R29-million), Brazil (R13-million), Argentina (R4-million), and Mexico (R3-million).

Major South African imports from that area were from Brazil (R20-million) and Argentina (R2=million).

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US sugar quota won't harm SA exports

The United States' proposal to reduce its quota of imported sugar will have no effect on South African sugar exports to that country said Mr Norman Clutterbuck, SA Sugar Association's export manager.

The lower import quota recently recommended by US Agriculture Secretary, Mr Bob Bergland would merely bring the official limit more into line with actual imports. During the past year the official quota was 7m tons but actual sugar imported fell far below this limit. The proposed quota of 4,7m tons will approximate actual import requirements and help prevent dumping of low priced sugar on to the US market.

The American quota system imposes an overall ceiling on the amount of sugar imported in any one year, but in no way limits imports from any single country. As a result, said Mr Clutterbuck, local exports to the US — about 100 000 tons under various contracts, are unlikely to be reduced.

SANDTON

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hier, soos die Nederlandse taalkundige J. L. Pauwels aantoon, met 'n oorgeërfde verskynsel te make.

J. A. VERHAGE, „Deftige en gemeensame vorme in die sinsverband van ou Kaapse taal", *Tydskrif vir geesteswetenskappe*, jg. 5, nr. 3, 1965, pp. 307–323.
J. A. VERHAGE, „Die ... na 'n kompara... *...swetenskappe*,

... in het Neder...

...ikaanse taal ...eskat, klank... an die fyner ...lie aard van ...els wat wel ...ntstaan het Afrikaanse ...s het baie ...leskat, die Wanneer of ander van Afri... e produk was die e oorsig van die ...nd self het die ...ok hier vir die ...an bv. ...kaanse ...diging

State plea for cut in imports

Star 19/2/77

All municipalities, provincial and State departments have been asked to cut down on imports because of the country's poor balance of payments.

The request comes from the Secretary of Finance, Mr Gerald Browne, who has written to State departments and the provinces.

Provincial authorities in the Transvaal have passed the "buy South African" message to municipalities.

Municipalities have been asked to make "meaningful attempts to limit the use of imported goods only to the most essential needs."

Mr Browne said South Africa's balance of payments was adversely affected in the past year by factors like the fall in the gold price and high internal spending.

The slow economic recovery of South Africa's trading partners had an unfavourable effect on exports. The sharp increase in oil and military equipment imports also hit the balance of payments.

Last year imports, excluding oil and military equipment, were R5 886-million compared with R5 545-million the previous year.

Exports were R4 508-million compared to R3 983-million the previous year.

1. Teorieë oor die ontstaan van Afrikaans

Vroeër is daar wel aan die een of ander beslissende taalinvloed gedink. Dit was die geval voordat 'n taamlik groot hoeveelheid direkte gegewens van die Kaapse taal in die Argief in Kaapstad gevind is. Kort na die stigting van die GRA het die belangstelling in die herkoms en ontstaan van Afrikaans by taalgeleerdes begin posvat en aanleiding gegee tot die ponering van verskillende teorieë oor die ontstaan van Afrikaans. Th. Hahn se *Hottentots-teorie* van 1882 was die eerste poging tot 'n verklaring van die karakter van Afrikaans. Hoewel hy vasstel dat Afrikaans „phonetically teutonic" is, d.w.s. sy Germaanse struktuur behou het, is dit volgens hom „psychologically an essential Hottentot idiom". Maar hierdie vae stelling kan hy nie bewys nie. Kort ná hom kry ons die belangstelling van Nederlandse geleerdes soos M. de Vries en J. te Winkel, wat die *Frans-teorie* voorstaan. Volgens dié teorie sou Afrikaans onder die invloed van die Franse Hugenote ontstaan het, maar D. C. Hesseling het die teorie in 1897 al weerlê. In 1885 wys Hugo Schuchardt, die beroemde Duitse geleerde en kenner van Kreoolse tale, op twee belangrike faktore wat by die wording van Afrikaans 'n rol kon gespeel het; hy dink aan die een kant aan Duitse invloed; aan die ander kant was hy die eerste wat in 1891, op grond van sy kennis van Indo-Portugees en Maleis-Portugees, op moontlike kreoliseringsfaktore in Afrikaans die aandag gevestig het. D. C. Hesseling het dié gedagtes in 1897 en 1899 verder gevoer, veral in sy beroemde werk *Het Afrikaansch* (1899) waarin hy sy *Maleis-Portugees-teorie* uiteengesit het. In teenstelling met die vorige teorieë was Hesseling s'n die eerste wat werklik wetenskaplik verantwoord was. Volgens Hesseling moes daar binne die eerste dertig jaar van die volksplanting 'n skielike botsing van tale aan die Kaap plaasgevind het, nl. 'n botsing tussen die 17de-eeuse Nederlands van die vryburgers, soldate en amptenare en die taal van die Oosterse slawe wat Maleis en 'n vorm van gebroke Portugees gepraat het, of 'n vermenging van albei („Maleis-Portugees"). In 1658 en daarna het 'n groot aantal slawe wat gebroke Portugees gepraat het, Kaap toe gekom; dit sou volgens Hesseling 'n skielike kommunikasieprobleem veroorsaak het wat tot 'n vinnige verandering van Nederlands gelei het. Die resultaat was 'n sterk vereenvoudigde taal met 'n reduksie in sy grammatika. Wanneer 'n kultuurtaal in 'n bepaalde kontaksituasie deur 'n botsing met 'n sosiaal laerstaande taal binne 'n kort tydperk 'n drastiese reduksie, struktuurverandering en vereenvoudiging ondergaan, praat 'n mens van kreolisering. Hesseling moet egter self erken dat die tipiese kenmerke van kreolisering in Afrikaans ontbreek, daarom kom hy tot die konklusie dat Afrikaans beskou moet word as Nederlands wat halfpad bly staan het om 'n Kreoolse taal te word.

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hier, soos die Nederlandse taalkundige J. L. Pauwels aantoon, met 'n oorgeërfde verskynsel te make.

J. A. VERHAGE, „Deftige en gemeensame vorme in die sinsverband van ... r. 3, 1965, ... 'n kompara- ... tenskappe, ... het Neder- ... taanse taal ... kat, klank- ... die fyner ... e aard van ... ls wat wel ... ntstaan het ... Afrikaanse ... es het baie ... rdeskat, die ... ra. Wanneer ... en of ander taal in ... ng van Afrikaans verantwoordelik was nie, maar dat die Afrikaanse taal die produk is van baie eksterne en interne faktore. Besonder belangrik was die dialektiese skakerings van 17de-eeuse Nederlands; soos uit die oorsig blyk, is die meeste „kenmerke" van Afrikaans voortsettings van die een of ander dialekvorm of tendensie in 'n dialek wat in Nederland self deur beskawingsfaktore teëgewerk is of verdwyn het. Daarnaas het die invloed van die talle vreemdelinge aan die Kaap 'n rol gespeel. Ook hier kan ons net by uitsondering een groep sprekers isoleer en vir die wording van 'n bepaalde taalvorm verantwoordelik hou. Ons kan bv. nie aantoon in hoever die Franse of Duitse immigrante die Afrikaanse sinsbou direk beïnvloed het nie, of in hoever hulle die vereenvoudiging van die vormstelsel veroorsaak het nie.

Imports drop, exports rise

19/2/... RDM

SOUTH AFRICA'S imports in January dropped by R91 300 000 from the January figure last year. Exports increased by R104 300 000, according to the Department of Customs and Excise.

Imports in January totalled R434 100 000 and exports R371-million. The corresponding figures for January last year were R525 400 000 and R266 700 000.

Figures relating to the physical movement of gold bullion are not included in the trade statistics.

Imports from African states increased from R17 800 000 to R26 200 000 and exports to African states from R31 500 000 to R38 300 000.

Imports from Europe fell from R292 900 000 to R235 700 000. Exports to Europe increased from R150 900 000 to R210 400 000.

Imports from America fell from R124 900 000 to R103 400 000, but exports to America rose from R23 900 000 to R56 400 000.

Imports from Asia dropped from R78 400 000 to R63 500 000. Exports to Asia increased from R54-million to R56 700 000.

Imports from Oceania dropped from R9 600 000 to R3 900 000. Exports to Oceania rose from R4-million to R6 400 000.

Imports of unclassified goods fell from R1 800 000 to R1 400 000. Exports of such goods fell from R200 000 to R100 000.

Exports of ships' and aircraft stores increased from R2 200 000 to R2 700 000. — Sapa.

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Trade gap falls sharply to R63m

Business Reporter

South Africa's balance of trade has improved considerably in January. The gap between imports and exports has shrunk from R258,7m to R63,1m.

The sharp improvement can be attributed to the effects of the 20 percent import deposit scheme, which has now been dropped, coupled with reduced demand in the wake of the current recession, and the determined drive to beef up exports.

Total January imports were R434,1m compared with R525,4m a year ago; exports were R371m compared with RR266,7m in January 1976. The figures exclude gold.

In percentage terms, the most dramatic imporvement in exports has been to the United States — up by 135,9 percent to R56,4m. Exports to Europe rose from R150,9m to R210.4m. With the exception of Africa, imports from all other areas have fallen.

The encouraging improvement gives weight to recent statements by the Minister of Finance that the South African economy is giving off fundamentally stronger signals.

If the improvement in exports can be maintained, then whatever pressure there is on the rand will be considerably relieved.

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End of the duty-free car park

Duty-free cars will become a thing of the past after May 28 for South African students and businessmen returning from overseas.

People who bring back luxury cars after May will end up paying more than double the purchase price of the vehicle.

On May 28 a concession which allowed South Africans who had been resident overseas for more than a year to bring back their cars if they had owned them for more than six months will be abolished.

The only exceptions will be immigrants and South African diplomats.

Customs duty is worked out at 45 percent of the first R1 000 of the purchase price, plus two percent of every R100 thereafter.

If this does not bring the duty up to 100 percent, the weight of the car is taken into account. An extra one percent must be paid for every 45 kg over 1 135 kg.

Although the customs duty never exceeds 100 percent, sales tax is added.

SALES DUTY

The purchase price plus 15 percent and the customs duty are added together. If the total is more than R3 800, sales duty is 16,5 percent. Below R3 800 the tax is 10 percent.

'Even if a man is prepared to pay all this, he must get an import permit first, and I don't know what the policy will be," warned Mr V J Sullivan, a deputy secretary of Customs and Excise.

South Africans who emigrated to another country would be able to bring back their cars duty-free if they returned, he said.

FIN. MAIL 4/3/77

IMPORTS AND EXPORTS

Legislative overkill

74

Reaction to the draft Bill to amend the Import and Export Control Act of 1963 was, and continues to be, strangely muted.

It was published on January 14 with comment to be forwarded to Director of Imports and Exports, David de Villiers, by February 4. On the face of it, the Bill would seem to give Chris Heunis powers which have been described as Draconian.

However, close inspection of the original Act reveals that the Minister has long been able to exercise all but total control over imports and exports. He can, for example, prescribe the quantity of value of goods to be imported or exported, the ports of despatch and reception, and the manner of import or export. Furthermore, the original Act contained the qualifications: "And such other conditions of whatever nature as the Minister may direct".

All of which seemed to give the Minister a completely free hand. Until, that is, it was pointed out that there seemed to be loopholes concerning the importation and disposal of (specifically) luxury motor cars.

Chris Heunis ... holding the whip hand

For this reason the new Bill introduces a further qualification: "Including any condition relating to the possession, ownership or disposal of goods after importation thereof or to the use to which such goods may be put."

That clause, it's suggested, will effectively shut the stable door on any more horsepower.

Which might explain why reaction to the Bill rapidly became muted. For employer organisations and the like to go overboard and complain bitterly about State interference in free trade only after the re-statement of the Minister's powers would have meant conceding that they were unaware that the Minister has had those powers for the past 14 years.

In fact, all that has happened, the *FM* understands, is that those who have bothered to react at all have been assured that no change in Departmental practice is intended.

The fact remains that both the original Act and its amendement are against the spirit, if not the letter, of Gatt agreements. This and the Act's widespread powers may well come in for serious discussion when the Bill is read for the first time — and that's due to happen any day now.

Trade deficit well down

RDM 19/3/77

SOUTH Africa's trade deficit narrowed to R165 700 000 in the first two months of this year from R400 700 000 in the corresponding period last year.

Exports totalled R703 800 000 in January-February, compared with R594 300 000 last year. Imports, totalled R869 500 000 against R995-million.

Figures relating to the physical movement of gold bullion, oil imports and imports of defence equipment are not included in the trade statistics.

Imports in February were R435 400 000 and exports R332 800 000.

Imports from Africa increased from R38-million to R53-million and exports to African countries from R64-million to R74-million.

Imports from Europe dropped from R567-million to R458-million while exports to Europe increased from R340 500 000 to R396-million.

Imports from America fell from R230-million to R220-million and exports rose from R67-million to R101-million. — Sapa.

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UNIVERSITY OF CAPE TOWN

FACULTY OF ARTS

Members of Faculty Board as at 1.7.77 - 30.6.78

74

1. The Principal

   The Deputy Principal

2. Professors, Associate Professors, Senior Lecturers, Lecturers and Assistant Lecturers of Departments established in the Faculty of Arts:

African Languages

Professor E.O.J. Westphal

Dr. C.H. Borland

Mr. J.R. Masiea

Mr. M.S. Tindleni

Afrikaans en Nederlands

Professor H. van der Merwe Sch[illegible]

Dr. R.H. Pheiffer

Dr. F.R. de K. Gilfillan

Dr. C.N. van der Merwe

Mr. H.J. Snyman

Mrs. H. Waher

Mr. M.M. Walters

Anthropology

Assoc. Professor D. Welsh

Dr. M. G. Whisson

Dr. M.E. West

Mr. D.B. MacLaughlin

Mr. R.C.G. Palmer

Archaeology

Professor N.J. van der Merwe

Associate Professor J.E. Parkington

Dr. A.B. Smith

The Tel Mercury 22-3-77

VISITOR LASHES RACISM

Mercury Correspondent

PORT ELIZABETH — Apartheid could lead to a serious confrontation with the Carter Administration and eventually destroy trade between countries such as Britain and South Africa, Mr. Billy Luke, president of the United Kingdom-South Africa Trade Association, said in Port Elizabeth yesterday.

Mr. Luke said it was becoming increasingly difficult to defend the Republic abroad.

"I am stumped for an answer when I am asked why the pass laws put thousands of Africans into prison every year. The impression created by this is distressing — and it plays right into the hands of South Africa's enemies."

It was also difficult to explain why, if South Africa was a safe country to invest in, it had to use special powers to keep people locked up.

Classics/.............

Import tax: a mixed blessing

The "temporary" introduction of a 15% tax on selected imported items will effectively kill two birds with one stone. It will not only raise an anticipated R400m for the Exchequer, but will also boost the trend to greater self-sufficiency in manufactured goods.

Whether or not individual industries regard the tax as a boon or a bane must depend on their ability to adapt. For example, imported items specifically excluded from the tax include: all petroleum products, those items bound under Gatt agreements, and purchases made by government departments.

Clearly, for those whose imports are bound by Gatt it's business as usual. For others, such as the textile producers who can, in part anyway, turn to import replacements, the move could well be a fillip for local industry.

Shlagman . . . bully for textiles

For the rest, such as computer suppliers, some clothing manufacturers and selected machine tool importers, there will be little alternative but to pass the 15% on to the consumer.

However, it's the *FM*'s guess that around R2 500m worth (a year) of goods will be excluded from the 15% tax applied on customs duty values.

On the other hand, reaction overseas is generally one of pique. Not so much at the measures themselves but in the way they were announced. For example, at the time of going to press IMF top brass did not "offically" know of the surcharge, although Ambassador Joep de Loor was meeting them on the afternoon of the Budget speech.

Cronje . . . stimulating recovery

As things are IMF officials are feeling a shade put out especially since the IMF team was in SA recently for a three-week session of top level meetings. An off-the-record intimation of an impending import surcharge would, it's being suggested, not have been out of place.

One IMF official, who confesses to being "a bit burned" at the way things were handled, nevertheless estimates that around \$450m worth of US exports will be affected. That is, those items not covered by the Gatt agreement.

Meantime, on the home front, the 15% tax has met a mixed reception. FCI president John Cronje tells the *FM* that: "Although inflationary in the short-term, industry must view the imposition of a non-repayable import surcharge, together with the yet-to-be-announced measures to stimulate exports, as important in stimulating the rate of economic recovery."

The Chamber, though, adds the rider that it's "concerned at the effect of large-scale switching of financial resources from the private to the public sector in conjunction with a freeze in the ceilings on private borrowings".

Similarly, the Textile Federation's Stanley Shlagman is broadly in favour of the surcharge. He argues that the higher cost of imported fabrics will give the industry a chance to show its muscle on import replacement.

Right now, the importation of textile fabrics is running at around R120m a year and probably means that the industry will, through the tax, be contributing a further R18m-R20m to the Exchequer.

Barlow's TV MD Derek Cooper says it will mean that local products will become increasingly competitive with imported goods. More important, he adds, it should stimulate productivity and stabilise the current employment situation.

"It was a good Budget," maintains Colin Hepworth, chairman and MD of Associated Engineering. Not least because "there's enormous spare capacity in industry today and the surcharge will have the effect of taking up the slack."

Many are relieved that the hard-pressed motor industry has been saved a further clobbering. Not least Castrol MD Gordon Bond and Motor Industries' Federation director Jannie van Huyssteen.

As far as the MIF is concerned it sees no immediate effect on the price either of cars or light commercials. There may, though, Van Huyssteen points out, be some hassles with heavy commercials and some selected imported motor car components.

rural education for

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IVING IN RURAL 'WHITE'

IOOLS IN 1975, By

Primary School pupils as a percentage of population aged 5-14 years
48,9
24,1
54,9
85,9
45,3
61,6

Riversdale, Swellendam.

continued/

Rand Daily Mail
4/4/77

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Japan accuses SA of cut-price steel exports

TOKYO. — Nippon Steel Corporation senior managing director, Mr Yuzuru Abe, says some major steel-producing countries — including some EEC members, and Spain, South Africa and Australia — are exporting steel at alarmingly low prices, well below production cost.

Mr Abe says Japan has been singled out for criticism in the past for undercutting competitors' prices.

But Japanese companies are trying to maintain export prices above what he calls absurdly low and disruptive levels being offered by some other countries.

Mr Abe assumes that the countries concerned will not be able to afford to continue selling at such low prices for long, but there is not a glimmer of hope for a global solution to the price war generated by the recession on the world steel industry.

He thinks a French proposal for a world conference to discuss the problem may make some sense.

But with major producers all reacting differently to the problem of oversupply, it will be a long time before any semblance of unanimity can be achieved.

For its part, Japan will continue to uphold the principle of orderly marketing, on a region by region basis throughout the world.

He thinks Japan's steel exports in fiscal 1977, starting next month, will probably be close to the 35-million tons forecast by the Ministry of International Trade and Industry — down from an estimated 36 900 000 tons this fiscal year.

The expected decline will be partly a result of price cutting by competitors. He thinks a voluntary restraint agreement by Japan on exports to the United States is worth serious consideration.

However, such an agreement could only be reached if the United States Government assumed full responsibility by assuring the Japanese in advance there would be no legal problems.

He recalls that an earlier VRA agreement on steel exports to the United States was suspended in 1974 following a law-suit claiming that it violated United States anti-trust laws.

The best way to reach a new agreement would be for the Japanese Government to be directly involved.

Japanese steel exports to the United States in calendar 1976 increased sharply to 7 440 000 tons from 5 720 000 tons in 1975, figures from the Japanese Iron and Steel Federation show.

Mr Abe says Japanese sales to the United States will probably decline this year, with or without a VRA agreement, although he does not think they will fall to the unusually low 1975 level.

Mr Abe says the Japanese VRA agreement with the EEC — under which the big six Japanese steel firms have agreed to limit exports to 1 200 000 tons this year — is a unilateral, voluntary action by the Japanese side, and the companies have formed a cartel to enforce it.

With regard to exports to non-EEC Western European countries, Mr Abe says the Japanese producers agreed to exercise restraint, but not to the extent of forming a cartel.

EEC countries have alleged Japanese exports to non-EEC countries — such as Spain, Switzerland and Sweden — have been finding their way to the EEC market.

Mr Abe is unable to deny the charges outright because it is impossible to trace shipments to their ultimate destination.

Mr Abe says a strict moratorium on capital spending for new production capacity is being observed by steelmakers in the US Japan and Europe, although capacity increase projects are going ahead in other areas, such as South Korea and Taiwan.

Because of this, he believes world output capacity will continue to show a moderate annual rate of rise.

On the other hand, some economists say the moratorium in the three major producing areas may quicken the arrival of a new supply shortage. — Reuter.

F/N MAIL 8/4/77

74

Tax blow to

A first class row is brewing up between government and a cross section of national employer bodies over the 15% *ad valorem* duty on non-GATT imports.

The problem area is in exports. Many SA exporters first import raw materials, manufacture then re-export — and thus claim duty rebate on the imported materials.

The new 15% tax has effectively put a stop to that. From now on exporters will pay normal duties *plus* the *ad valorem* surcharge. That could mean the cost of manufacturing goods for export will rise dramatically, ironically in the year of the Republic's great drive for exports.

FM sources say that the private sector Export Advisory Committee (which represents a cross-section of exporters, Assocom, the Handelsinstituut, Seifsa and the Chamber of Mines, plus regional committees) has contacted Joep Steyn, Secretary for Commerce. The organisation has told him, in so many words: "Someone, somewhere, has made one hell of a mistake."

Steyn's replies, the *FM*'s told, have been far from encouraging.

The National Clothing Federation is deeply concerned. Says Director Frank Whitaker: "Most of the raw materials we use for exports are imported. I think the clothing industry's export drive will be seriously damaged." He estimates that the cost of producing for export will shoot up — by at least 7.5%.

The South African Foreign Trade Organisation (Safto) has been inundated with telephone calls from its 650 members since the budget speech. A detailed memorandum is being prepared and Safto's plea will be: "Think again Mr Horwood."

(12)

TABLE NO. 8

PROPORTION OF PRIMARY SCHOOL PUPILS IN HIGHER GRADES IN 1974

Type of School	Percentage in Std. 2+	Percentage in Std. 4+
Farm	27,9	8,6
Government	48,6	31,2
Community	48,8	26,9

Source: R.P. 45/1975

The proportions given in Table No. 8 are inflated since they reflect initial enrolment and … e relevant school year. On the other h… on of the proportions for farm schools as ap… ch pupils who reach the end of their prima… education at other institutions.

What Table No. 8 is int… ate of the proportion of children in 1974 who… f literacy. The proportion of those in… ld Unesco estimate of the minimum period (… sary for a child to retain permanent lit… Std. 6 would reflect those who had six years… which the B.E.D. considers a more accura… ed to ensure that a return to illiteracy… n a non-urban environment. The dif… d other primary schools is startling i…

The alarming trend men… e numbers shown in Table No. 9 below:

to the Department for a minimum p ... cts a
non-permanent structure to house

In both instances financial losse ... kely to be
minimal.   On the other hand, he ... mental
regulations.

MANAGEMENT

A manager, as is the case with Af ... appointed
to administer the institution. ... uinated by
an authoritative body in a religi ... Once
appointed he functions like a sc ... ılary as

... ools for
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... and a
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... to be high.

Wives of farmers are not infreque

Housing for teachers is regarded ... and the
farm school manager, but there is ... t at least
one teacher be housed on the farm

TRADE WITH ZAIRE FIN MAIL 8/4/77

Trouble looms

74

Zaire is possibly SA's most valuable trading partner north of the Zambesi. Pretoria is thus taking a close interest in current unrest in Zaire's mineral-rich Shaba province.

The picture in Shaba itself is confused, and no-one is sure what successes the insurgents have had. But for the time being, trade routes between Shaba and SA are functioning normally. Indeed, with the insurgents astride the troubled Benguela railway, Zaire's dependence on the southern routes remains as great as it has been since Benguela was closed in 1975.

Since April last year, Zaire has been exporting copper through East London. The *FM* learns that despite occasional interruptions, the flow of copper has continued at a rate of 20 000-21 000 t/month, of which about 10 000 t are concentrates and the rest cathodes or blister cake. Plans are afoot to set aside extra storage space at the port.

SA exports to Shaba — including oil, foodstuffs, chemicals and spare parts — are also still moving normally by rail.

The troubles in southern Zaire have disrupted air freight services from SA, however. Airlines report that a shortage of fuel in Kinshasa — as a result of military needs — has meant they have had to carry more fuel from Johannesburg, and consequently less cargo. One airline tells the *FM* that its normal cargo load for Kinshasa of 30-40 t/week has dropped to virtually nothing.

The big headache in trading with Zaire has been financial. General Mobutu Sese Seko's government owes SA millions of rand, and the new troubles will do nothing for its creditworthiness.

It's thought unlikely that Pretoria's R20m line of credit to help Zaire buy foodstuffs will be renewed, even though it has been used up. For some time banks have refused to confirm Zairean importers' letters of credit, even if they have a central bank guarantee.

Moreover, the Credit Guarantee Insurance Corporation refuses to provide new cover on exports to Zaire. Though it is prepared to continue cover on existing business, for several months CGIC has provided credit insurance on new orders only to the value of payment received for delivered goods.

Because of this financing problem, it's unlikely that SA's exports to Zaire in 1977 will match last year's total of R40m.

STANDARDS

The general position, while fundamentally similar to that which obtains in African farm schools, reveals tighter control by the Department and a higher standard of facility being provided.   The bottleneck in post-primary education is somewhat eased because boarding facilities for 'coloured' pupils in rural areas in the Cape are more extensive than they are for Africans in either the Cape or other areas of the Republic.

The gradual introduction of compulsory education for 'coloured' children is unlikely to have a beneficial effect on many of those living in rural areas, because at present regulations only cover the inhabitants of dwellings which are either within five kilometres of a school or five kilometres from public transport to a school.

74

It's a sparkling record for SA

RDM 22/4/77

THE ASSEMBLY. — Minerals and metals earned South Africa a record R4 468-million last year, and future earnings would be of increasing importance to the country's economy, the Secretary for Mines, Mr W. P. Viljoen, said in his annual report tabled in the Assembly yesterday.

The previous record earnings of R4 134-million was in 1975. The achievement was even more significant, Mr Viljoen said, when it was considered that the value of gold sales did not reach the comparable 1975 levels because of a lower price in 1976.

COAL

Gold alone earned the country R2 380-million, followed by a huge increase in earnings from coal sales at R517-million.

Significant increases in the price of diamonds during the year was reflected by the substantially increased revenue from that source — R215-million in 1976 compared to R174-million in 1975. — Sapa.

Business Mail

Coal exports rocket to R21m in Feb

22/4/77 RDM

(74)

By DON ROBERTSON

THE rapidly improving facilities at Richards Bay and the port's foreign currency earning potential are illustrated in mineral export figures from the Department of Mines.

While exports of most industrial minerals fell in February, overseas sales of coal rocketed to R21 722 394 compared with R11 217 802 in January.

Exports of bituminous coal rose to 833 310 tons worth R17 277 221. Sales of anthracite were higher at 222 479 tons worth R4 445 173.

The picture was not as bright elsewhere, with the value of sales down.

Antimony fetched R1 008 370 in February compared with R1 373 145 in January, but it appears that a better price was received in February as exports totalled only 859 tons compared with 1 225 tons in January.

Sales of chrome ore and chrome sand were down marginally in February. Exports realised R3 995 696 compared with R4 108 727.

The lower copper price showed up in the February figures with the value of exports down to R10 476 433 against R12 816 722.

Iron-ore exports of haemetite and magnetite were worth R13 900 171, with R34 312 735 in January. This latter figure includes R19 823 151 which should have been reflected in the December figures but was received too late for inclusion, and decline is small.

Manganese sales were maintained at R9 616 095 compared with R9 820 835. Exports were R4 571 314 against R5 873 022.

Tin producers had a bumper month in February, exporting 156 tons valued at R1 148 700 compared with 106 tons valued at R746 628 in January. Vanadium sales were also better at R5 390 620 compared with R3 202 867.

Punters of asbestos shares will be pleased to see exports sales up again. Sales of the various grades were worth R9 144 388 in February, more than R1-million above the January figure of R8 142 304.

Gold worth R197 329 646 was sold compared with R182 227 077 in January, and diamond sales were R39 322 883 against R39 602 218.

Sales under the category "miscellaneous", which includes platinum and uranium, brought in R34 159 408, compared with 40 462 178.

Another source of foreign cash

SA badly needs all the foreign exchange it can get. Selling gold from reserves would help

FIN MAIL 22/4/77

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The Reserve Bank's gold sales policy is dictated by three basic considerations — the country's foreign exchange needs, the profitability of the gold mining industry and the state of the international gold market.

Over the past four years, these considerations have prompted the Bank (as the Chamber of Mines' selling agent) to sell all the gold produced by the mines. They have also restrained it from selling gold from official reserves.

Is it time to switch tactics? Perhaps.

"I hope that our authorities will sell gold out of reserves whenever the market is particularly strong, in order to raise the foreign exchange component of our reserves", urges Santam International's MD, Robert Smit. A London bullion dealer tells the *FM* that "a natural seller could put some gold on the market without problems".

Those who support these views claim the rise in the bullion price from \$135 an ounce at the start of the year to over \$150 is evidence that the market could for the time being easily absorb some sales from SA's reserves. They point out that jewellery demand is still high and that many dealers have three to four months' advance orders from industrial users. They also point to SA's paltry holdings of foreign exchange.

Though few would contest that gold is a valuable asset, it is also an illiquid one. Under normal circumstances, gold cannot be used at its current market price to settle trade debts, pay interest on loans or redeem foreign borrowings. What's needed is hard cash — pounds, Deutschemarks, dollars and francs.

The Reserve Bank's foreign exchange holdings currently cover about three weeks' imports. True, the balance of payments is improving. But with the need to repay vast foreign loans, and the chance that the capital account could deteriorate without warning, it is surely advisable to have more foreign exchange in the kitty.

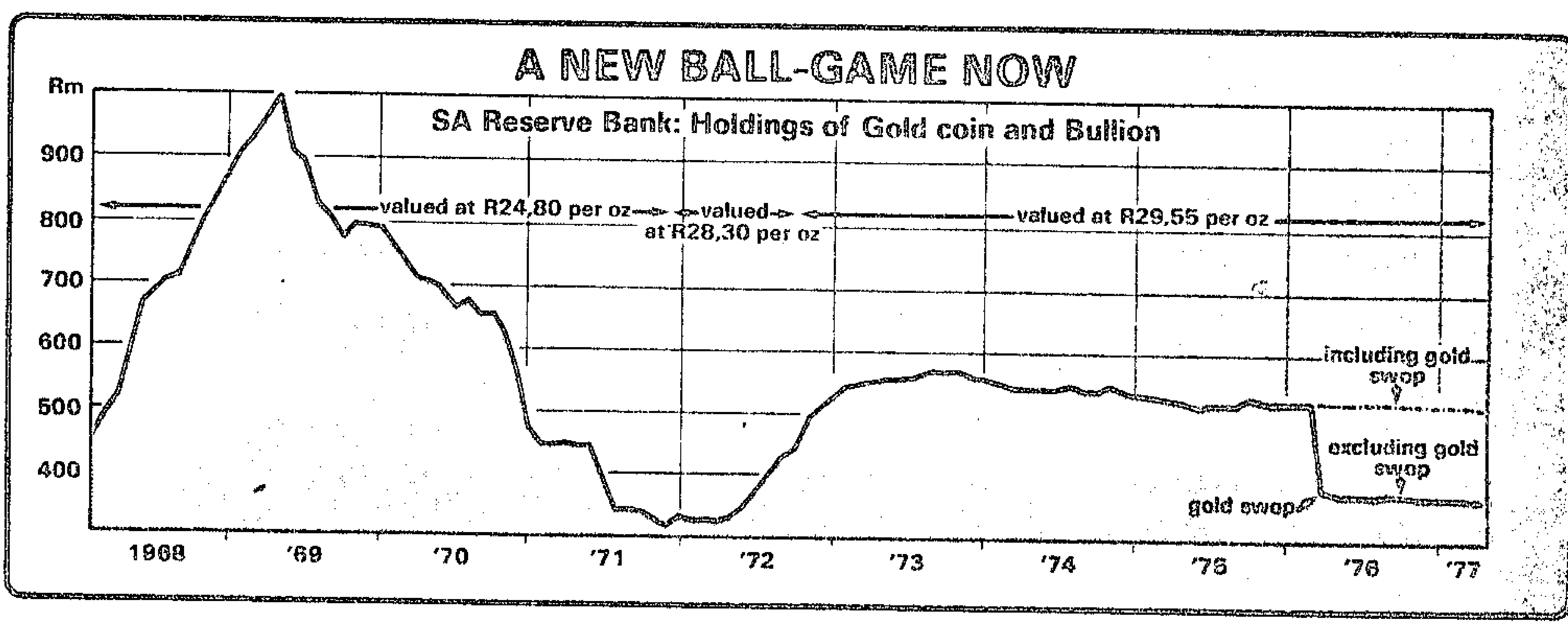
The vagaries of the gold market and the possibility that SA might at a later stage be forced to sell gold into a weak market are added incentives for Pretoria to sell out of reserves while the going is good.

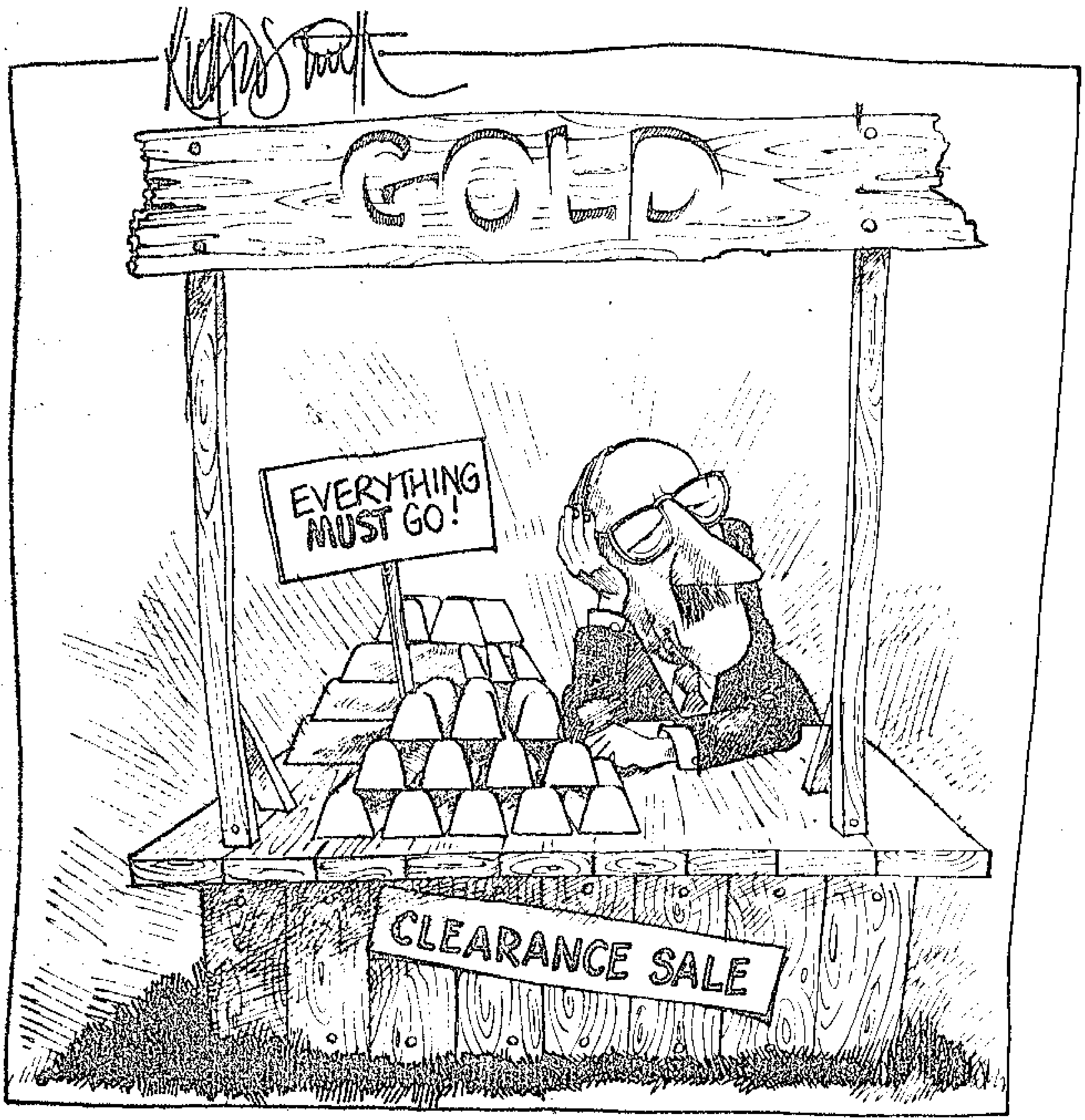
Further gold swaps — as an alternative to sales — to increase the liquidity of the reserves are out of the question, if only because the parties to the swap negotiated last March would presumably object.

The mines, of course, stand to benefit considerably from sales from reserves. Though government has rejected the mines' pleas for a share of the profits that will accrue when the gold reserves are officially revalued (probably in September), Pretoria could go some way towards pacifying them by selling some gold from reserves now, for which the mines would immediately get the full market price.

Admittedly, there are several telling arguments *against* selling gold from reserves. Amongst them:

- Under the Reserve Bank Act, at least 25% of the Bank's note issue and other liabilities to the public must be backed by gold reserves. With the ratio at present hovering just over the minimum, there isn't much scope for further gold sales, at least until the reserves are revalued at a market-related price. Until then, any sizeable sales from reserves would presumably require an amendment to the Act.
- Such a strategy might tempt the Russians to return to the market in force at an early date, fearful that a regular programme of sales from SA's reserves would saturate the market.





● Only a fraction of the gold restituted by the IMF to central banks has trickled on to the market. Should SA resume sales from reserves, it's feared other central banks would also take advantage of a receptive market, thereby depressing the price and, in the long-term, giving them less of a vested interest in a high and stable gold price.

At present, the Bank sells its gold exclusively through Zurich (75%) and London. Some argue it could sell from reserves more easily by taking up the offers it regularly receives from other countries, notably from German banks and US dealers.

However, because of high transport costs, these prospective buyers are unable to match prices offered by Swiss and British dealers. There is also the problem of arranging suitable transport facilities to other centres.

Many of these arguments boil down to a fear that the world's leading gold producer cannot afford to be seen "manipulating" the market. As one Johannesburg economist puts it: "You shouldn't run your country like a bargain basement".

Yet those who support this view seem to forget that the last time SA's balance of payments was in deficit, Church Square sold gold from reserves without upsetting the market.

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French call to halt arms to SA

ARGUS 22/4/77

DAKAR. — President Valery Giscard d'Estaing of France said at the end of a two day Franco-African summit here that he would call on his Western partners to halt arms deliveries to South Africa.

The President told delegates from the 18 French-speaking countries represented here that the problems of Southern Africa had played a major part in the deterioration in the general situation in the continent.

With security the key issue at the meeting, President Giscard d'Estaing had earlier pledged to help safeguard the French-speaking states with which Paris has co-operation agreements.

He also promised to raise Africa's security and development problems at the economic summit in London next month.

A PLEDGE

The President said he would ask President Carter for American support for an exceptional promotion fund for Africa.

The French pledge on African security comforted African leaders who have shown increasing concern over the situation in the continent — particularly in Zaire.

President Giscard said: 'I will not make any distinction between Namibia, Rhodesia or South Africa, but I find that it is on these questions and ways of solving them that dangerous cleavages have appeared.'—Sapa-Reuter.

S.A. TRADE IN AFRICA GROWS

NAT. MERCURY 3/5/77 Mercury Correspondent PM 3/5/77

PRETORIA — South Africa's trade with the rest of Africa has increased spectacularly in the past decade, according to figures supplied by the Department of Customs and Excise in Pretoria.

The figures indicate that political attitudes are taking second place to the scarcity of funds and the economic needs of African countries.

The official figures show that between 1966 and 1976 exports to other parts of the continent rose by R256,8 million to R453,1 million, — an increase of more than 130 percent.

Imports during the same period rose by R181,6 million to R309,9 million — an increase of 141,5 percent.

Although no breakdown in the statistics is available for obvious reasons, it is accepted that the largest proportion of trade is with Rhodesia.

Nearest

But a substantial and growing trade is being conducted with other African countries, mainly because they have found that South Africa is the nearest and cheapest market for a wide variety of manufactured goods, including processed foods.

Economists say the figures indicate the vast potential of two-way trade with the rest of Africa if political barriers can be pushed aside and free and uninhibited trading restored.

The deputy head of the economic research bureau of the University of Stellenbosch, Mr. A. J. M. de Vries, said there was a strong possibility too that South Africa was exporting capital goods as well as consumer commodities to other parts of Africa.

"Economic necessity makes strange bedfellows," Mr. de Vries added.

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FIN MAIL 6/5/77

GOLD SWAP
Everything must go? 74

It's a sad reflection on the state of SA's balance of payments and foreign reserves that after nearly three years of recession, the Reserve Bank feels obliged to mortgage nearly a quarter of its gold holdings.

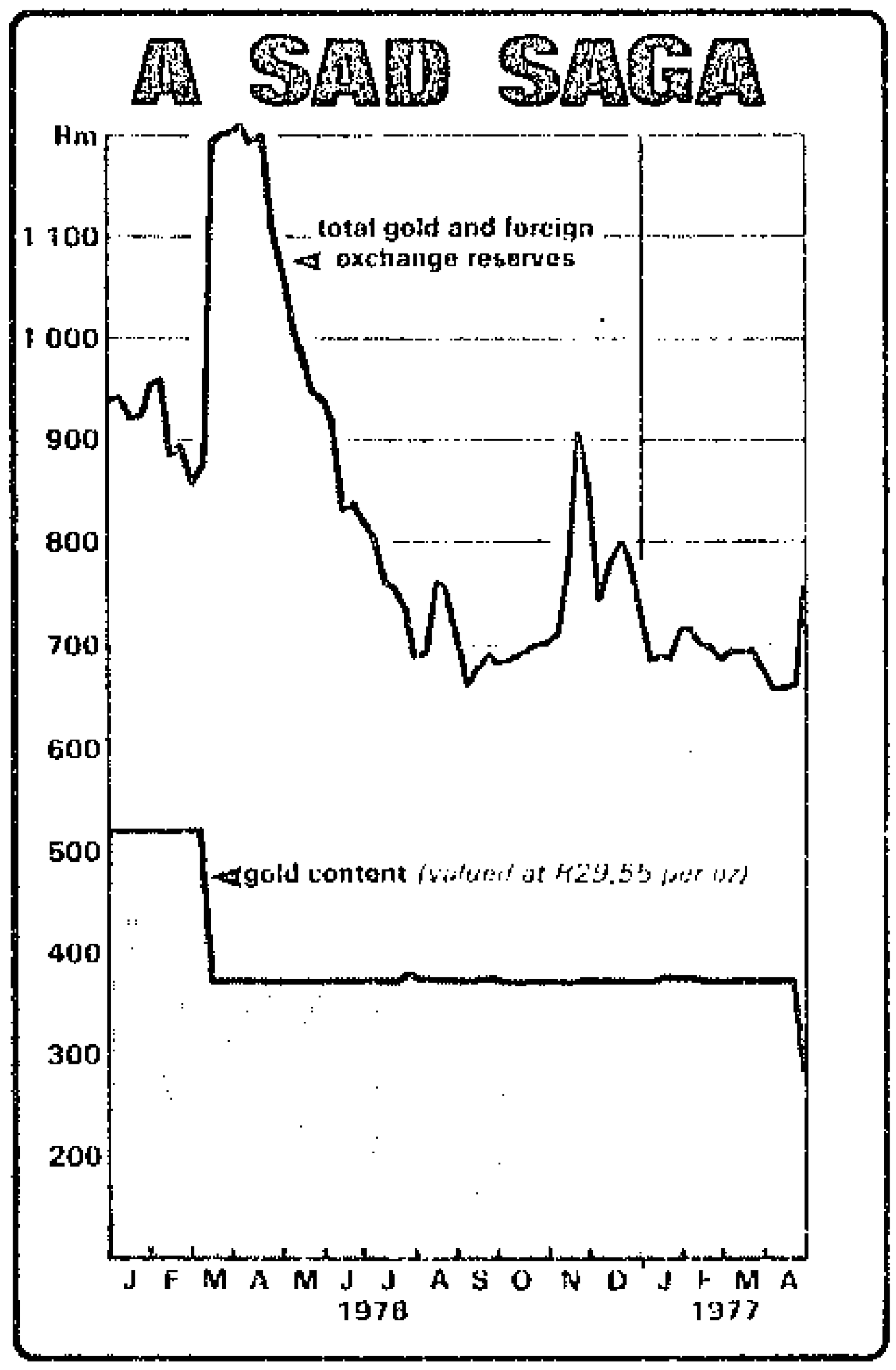
Not that there were many alternatives to last week's gold swap. The swap — which many observers thought Church Square was both unwilling and unable to conclude — is in some ways preferable to selling gold out of reserves, since the latter could upset the bullion market (*FM* April 22). On the other hand, it means an interest burden (in effect, the difference between the spot selling price and the forward repurchase price) and the risk that the parties involved may at some stage refuse roll over facilities.

The swap involves just short of 3m oz (compared with the 5m oz deal concluded last March) and cuts the Reserve Bank's gold reserves by nearly 30% from 394.4 t to 302.1 t. Assuming the deal was arranged at a price of \$130/oz (the Governor referred merely to "market related prices"), the total value involved is around R340m (nearly R500m for the first swap).

But total gold and foreign exchange reserves rose last week by only R94,4m (to R756,9m). As Dr De Jongh explained on Monday, the balance of the swap's proceeds was used to repay foreign loans.

Indeed, it can be assumed that the swap was negotiated as much to find the wherewithal for loan repayments as for the reason given by De Jongh — "to make advance provision for any possible adverse effect on foreign capital movements of the anticipated seasonal increase during May and June in net bank credit to the government sector".

For a number of reasons, the second quarter will be a difficult one for the balance of payments. The seasonal jump in government spending may put a brake on the recent decline in imports, while liquidity flowing back into the economy (despite the recent freeze on banks' credit ceilings and government's loan stock issues) will enable banks to assist traders with local finance. In addition, maturing trade credits will far outstrip the arrangement of new ones, thus prompting sizeable short term capital outflows.



The identity of the parties to the swap has not been disclosed, but most experts reckon the deal was probably concluded with the same Swiss banks as were involved in the first swap.

FIN. MAIL 13/5/77

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BUY SA CAMPAIGN

Capital knock-out

Up to now, the "Buy South African" campaign has been more talk than action. Judging by comments from government and business speakers at this week's Afrikaanse Handelsinstituut congress in Cape Town, efforts to foster "economic patriotism" (Commerce Secretary Joep Steyn's phrase) are now being taken more seriously.

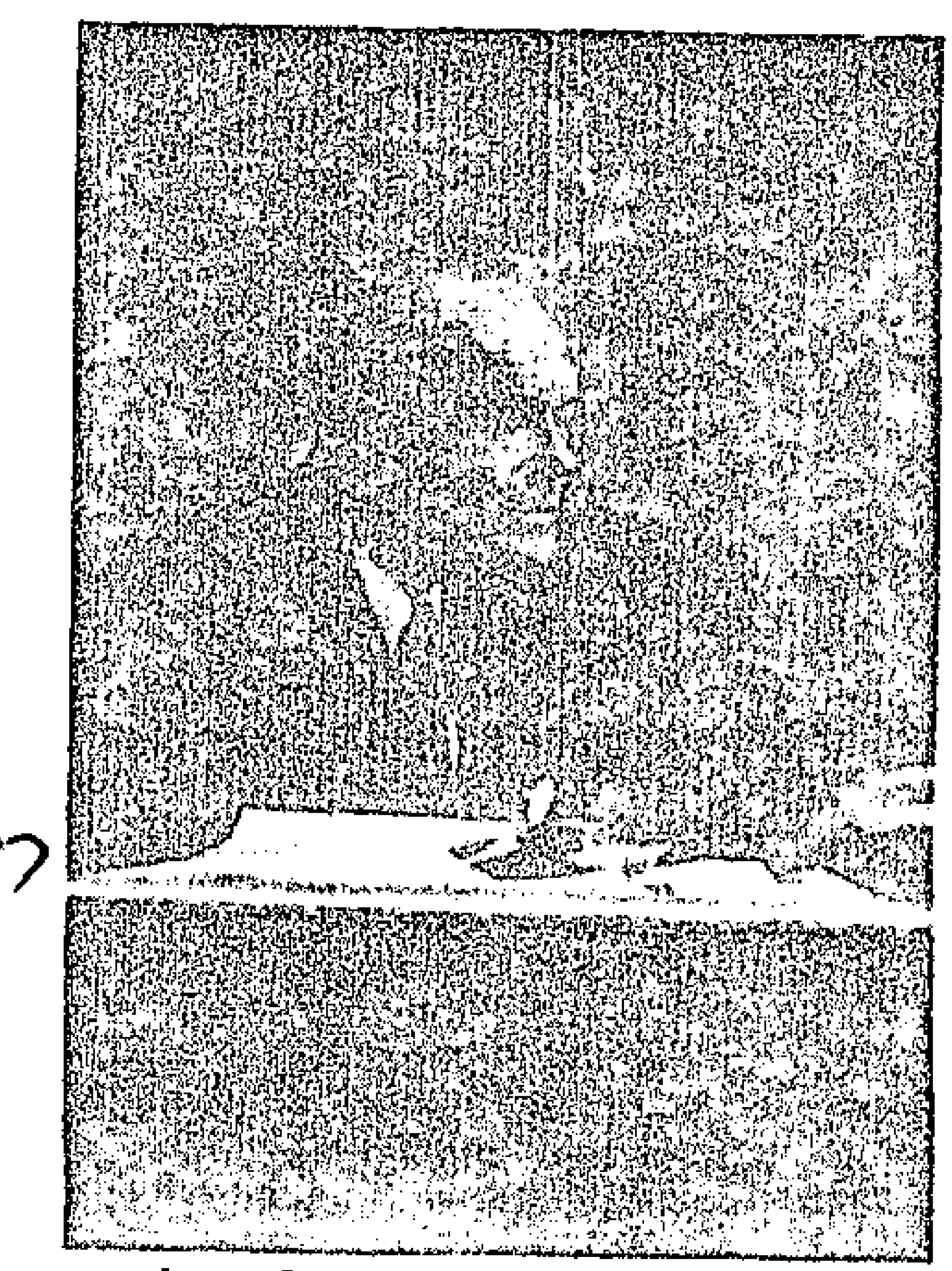
Protagonists of a "Buy SA" campaign have in the past fired their main broadside against imports of consumer articles, but it's clear that government now intends concentrating on bringing down the capital equipment bill too.

The *FM* learns that the Department of Commerce will soon set up a private sector committee to scrutinise import permit applications for capital goods purchases abroad. Its main functions will be to advise prospective importers of alternative local sources of supply and to inform the Department which orders could be met locally. "I am under the impression," Economic Affairs Minister Chris Heunis told the congress, "that many industrialists, when ordering capital equipment, make no attempt to find out what is being made locally."

Heunis also supported the proposal by the chairman of the AHI's commercial chamber, Jan Horn, that the Department of Industries set up a data bank containing details of locally produced goods.

Steyn shot down Horn's estimates that by cutting imported consumables by a quarter, SA could save R250m in foreign exchange each year. He revealed that the value of import permits issued last year for consumer goods totalled less than R500m (compared with Horn's estimate of R1 000m).

Steyn warned that SA's trading partners would find "totally unacceptable" any attempt by Pretoria to control imports of specific commodities which it thought should be bought locally. And in reply to calls for generally tighter import controls, he cautioned that the feeling in GATT is that, despite our current balance of payments predicament, SA



Joep Steyn . . . the economic patriot

has no grounds to continue its import controls.

He reckoned that any tightening of controls would be bound to provoke retaliation, particularly against SA's agricultural exports.

His words of warning should be heeded.

And amateurism is slated

15/8/71 SEx

● John Bell . . . the great South American disaster.

"MOST South African firms are amateur exporters, and South Africans would rather pay more and buy elsewhere."

This, according to John Bell, managing director of Johannesburg-based export market development consultant, Breyer Development Services (Pty) Limited, is a commonly voiced complaint in South America.

Returning from Latin America he says our whole approach to the market there is wrong.

Bell feels that South African exporters perform particularly badly in South America. Elsewhere in the world our reputation is not as unhappy.

Government and quasi-government services fall far short of success, Bell claims and cites the instance of one of our best commercial consuls being based in South America but located in the wrong country.

He notes that an excellent commercial consul is based in Lima, Peru when most South Africans trade with Chile, Ecuador, Bolivia and Columbia.

Other organisations send people to the continent with a knowledge of its geography and a smattering of Spanish but who cannot sell," he remarked that other exporters, catch the backlash of the South Americans' natural irritation.

To overcome this rapidly increasing level of criticism, improvement in four areas is required:

- sounder market knowledge,
- more aggressive sales promotion,
- better qualified sales personnel and
- increased efficiency.

And above all Bell calls for the elimination of acts of plain stupidity which cause untold harm. He mentions sending mail by sea post, incorrect documentation, quotations in rands and plain broken promises. "For instance, at the recent Bogota Trade Fair, SA was well-represented but to a man none of the Bogota enquiries have been attended to."

Bell concludes that if an improvement were to occur serious exporters could go about their work in South America without being forced to bear the brunt of general criticism of other, less efficient, companies.

EDITOR: Those exporters who have had experience in South America may disagree with John Bell's views. If so, do write to Export Express, P O Box 1067, Johannesburg 2000. We'd be pleased to publish your letter.

●Dr Hennie Reynders . . . "convenience exporters" an inconvenience.

Our Ernest has a mission

EXPORT EXPRESS

Exports provide the best recessionary growth area

But there must be a profit motive, says SAFTO chief

15/5/77 SEX

By W.M. HOLTES chief executive of the South African Foreign Trade Organisation (SAFTO)

EXPORTS are the only option most South African companies have for growth in the present recession.

They provide immediate employment opportunities for our exploding population and earn the foreign currency needed for the import of our essential industrial requirements.

SAFTO therefore warmly welcomes the intitiative of the Sunday Express in running this series of practical articles on exports. The examples of foreign market successes, more than any exhortations, will stimulate companies to export, while the advice of professional export service organisations should set them on the right course.

For many years SAFTO was a lone voice pleading for greater awareness and action on the export front. The Reynders Commission Report helped to focus attention on the need to export for economic survival. Now, a few devaluations and a severe recession later, the message is being brought home very forcefully to corporate management that only through exports can a company hope to maintain its profit performance and sustain growth.

Patriotic considerations apart, profit and growth are the only criteria that can justify a company's move into exports. In this field, however, profits are often in disguised form.

Spread of risk, increased turnover and reduced seasonal fluctuations, access to international finance, substantial export incentives, increased competitiveness, improved management performance and extended product "lifecycle", and are all important forms of profit reaped by the company which has decided "to-go-international".

For most companies, whatever their product or service, the move into exports is part of a totally normal growth process which occurs when the share of the local market reaches a certain optimum percentage. There is nothing mysterious about this and it could mean that the small company with 40% of the local market takes a decision to export sooner than one of the top 100 companies with only 10% of the domestic market.

Now the problem arises: how to set about exporting and how to succeed? Before any physical move is made into foreign markets, certain basic in-company decisions and actions are necessary.

- First, the major decision has to be taken to give a total long-term commitment to exports from board room to factory floor. "Long-term" is the key phrase, for in the world's increasingly competitive markets it is not the casual exporter, the surplus off-leader, or the "in-and-out" operator who will enjoy sustained profits.
- Products or services must be selected for export development and modified according to market requirements.
- Production facilities must be set aside (eg a committed 25% of production).
- Above all, key personnel in the export function must be selected and trained. This training is seen by SAFTO as critical, both for top management as well as for those involved in the day-to-day procedures, technical [illegible] and administrative function which these days make exporting such a highly specialised professional field where no-one can hope to succeed without proper training.

The logical sequence of ten steps to be taken in developing an export programme will be covered in next week's article on the subject.

EXPORT PLATFORM

Cement export effort knocked

From Des Gough, Chairman, Cemafrique (Pty), the export arm of South Africa's cement manufacturers.

THE transport sensitive cement industry's export effort has been knocked by the successive hikes in export rail rates.

These have moved up from a November 1974 rate of 510c a ton from the Western Transvaal, where the low cost factories and the 50% of the industry's capacity is located, to 1 400c a ton today.

Now while rail rates were increasing, the international recession following the OPEC oil price rise and the Middle East war, created a worldwide cement surplus except in the OPEC countries.

The 1974 opening of the Suez canal opened up the Middle East market to the underutilised Mediterranean factories causing a shipping surplus and lower freight rates.

It paid shipowners to operate below margin and the lower freight rates opened the Middle East cement markets to Japan, Korea, the Phillipines and other Far Eastern countries.

As many of these factories are located on the coast, double handling and storage costs are avoided.

South African cement exports, which started off as marginally profitable in 1973/74 can no longer be continued from the Western Transvaal. That is, unless conditions change or the Government finds some way of giving the industry substantial relief.

While we appreciate that there are many industries in front of the cement industry in the relief queue, industries capable of earning more foreign exchange for a given measure of Government support, they will not create as much employment for the SAR and the harbours.

In the meantime, the Cape factories, with their shorter rail distances, and requirement for less support, are able to earn pro rata foreign exchange. This they do by exporting with limited support for the Government, yielding around R15.00 foreign exchange for every R1.00 support given.

Cement exports from SA have never been amongst the country's largest but we have since 1974 contributed to the country's foreign exchange earnings.

If we don't this year, perhaps your readers will now understand a little better, why.

Extrusion successes in UK

From John Muir, managing director of Aluminium Extrusion Co.

SOUTH Africa has for a number of years been the target for "lower" priced imports of sheet and extrusion products primarily due to the high price of local aluminium and excess manufacturing capacity in Europe.

Today's situation is reversed, depressed market conditions in South Africa and a healthy export rebate system allows us to look at Europe and even the USA.

Our company, Aluminium Extrusion Company, has installed new equipment unique to the southern hemisphere which enabled us to clinch a R2-m export contract with Datsun Nissan's Steelmobile container division.

Following this up hard, we have broken the ice in the UK with a R350 000 order for extrusions. But don't expect to be welcomed with open arms.

(74)

SUN EXPRESS 22/5/77

Mining exports soar — outlook remains rosy

By PAUL DIAMOND

MINERAL exports, not surprisingly, accounted for a greater slice of port activity and foreign exchange earnings last year.

Available statistics also show a 58,5% improvement in base metal exports and coal exports have nearly tripled during the first two months of this year.

The most important aspect from these figures (see table) is the widespread belief that further material increases are certain.

The flow of iron ore through Saldanha Bay topped the 1-m tonne mark in December and total export receipts after the year-end are already double the total 1976 figure — thus confirming Iscor's belief that the Australian devaluation would not be unsettling for local producers.

Despite depressed conditions affecting international steel markets Anglovaal — assisted by US Steel — is going ahead with expansion of its Beeshoek iron ore mine to allow for eventual shipments of 4-m tonnes a year.

Manganese and ferro-manganese, with a worldwide over-supply situation, is somewhat uncertain. South Africa's two major sources, Associated Manganese and Samancor, produce very high-grade material which commands (in better times) a premium of $30-40 a tonne over the other large quantities produced in India and Brazil.

Samancor chairman Fred Bamford is not worried, however. He recently assured shareholders that some important contracts had been won — specifically in Norway and Japan.

An overall upturn in economic conditions seemed but a few months away, he said.

Thus this is an area which holds one of the keys to substantial export growth.

Copper also ranks high in terms of growth potential. It accounts for more than 25% of the total base mineral export revenue.

New development in the north-western Cape and increased production at Palabora will greatly add to the quantity of copper available for export.

It is now apparent that new sales outlets are being considered. It is surprising how limited sales areas for South Africa's mineral products are. Thus the development of less traditional export markets must be seen as very exciting and there are already signs that new marketing faces are beginning to emerge — all of which promises to inject some fresh ideas into export potential.

VALUE OF SA MINERAL (METALLIC) EXPORTS 1976

	Rm
Jan	35,9
Feb	36,6
Mar	36,5
Apr	34,1
May	40,1
Jun	34,6
Jul	29,3
Aug	40,7
Sep	40,4
Oct	27,2
Nov	31,6
Dec	46,5
Total	433.5

Category Breakdown	Rand Value Rm	% Total
Antimony	18,2	4,2
Chrome	38,6	8,9
Copper	113,6	26,2
Iron Ore	29,3	6,7
Manganese	73,3	16,9
Nickel	67,7	15,7
Tin	9,5	2,2
Vanadium	52,3	12,1
Zinc	13,1	3,0
Other	17,7	4,1
Total	433,5	100,0
Coal (Bituminous & anthracite)	95,2	

Luyt visits US to push fertiliser

Sun. Times (Bus. Times) 22/5/77

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By JIM SRODES

WASHINGTON.- Louis Luyt, chairman of cash-hungry Triomf Fertilizer, has just concluded a visit to the United States to promote the profitable sale of his company's phosphoric acid. But despite the rising spring demand here for fertilisers, his chances of success are mixed.

Triomf's US selling agent, International Ore and Fertilizer Corp (Interore), tell me: "In the future we do foresee the possibility of moving some of their (Triomf's) tonnage into the United States. We're looking at all markets for them.

"There are certain opportunities, we think, in the United States where some of the South African phosphoric acid could move in," a spokesman says.

Like some other US fertiliser industry spokesmen, Interore forecasts that within the next year or two, supply and demand for phosphoric acid will come into balance after a long period of high inventories.

As the balance nears, the prices should firm. One estimate is that by the end of this year, phosphoric acid might deliver at $260 a ton in some markets.

Texas Gulf Sulphur's Roy Underwood puts the price recovery a bit further off — "in another year or two prices will begin to rise substantially," he says.

The problem for Triomf, however, if the annual accounts of three weeks ago are any guide, is that it appears to need substantial high price sales much sooner than that to stave off a cash drought that could eventually force a major capital reconstruction.

Even if the US phosphoric acid price hits $260 a ton delivered by year-end, freight charges have still to be deducted which could mean an effective return to a South African producer of only about $180.

Despite the optimism among some hopeful phosphoric acid companies as a result of the spring peak in demand, at least one industry observer believes expectations of lasting higher prices are premature.

It will be twenty more years, believes Michael Morrison of "Green Markets," a fertiliser industry newsletter, before prices come off their roller coaster.

Prices received for phosphate rock, from which phosphoric acid is made, have gone down — and the rock is currently in oversupply. In addition, at least seven major producers — Phillips Petroleum, Occidental, CF Industries, W.R. Grace, Texas Gulf, Becker and Brewster — have announced plans to increase their production capacity in Florida.

US phosphoric acid plants were operating at 87 per cent of capacity at the end of 1976, the last period for which figures are available. Today, the total capacity for phosphoric acid is 9,1-million tons a year.

Until maximum capacity is reached, inventories are diminished and new markets opened, it appears that phosphoric acid prices will continue to move in erratic cyclical trends.

Moreover, despite the cyclical increase in US demand, some US producers are still trying to export phosphoric acid to Brazil, where, because so many world producers have the same idea, prices are low.

Perhaps it's rather a long shot, but Texas Gulf's Underwood holds out one optimistic thought: "We have a farmer as president, and he is likely to be sympathetic to the voice of the farmers when it comes to exporting our crops and making a few dollars out of it.

"Farmers are optimistic and they've planted a lot of crops over here. So we've had a good fertiliser year. As long as farmers expect to take successful crops to market, fertilisers will sell well and the price of phosphoric acid will rise."

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Metal prices crash will hit Republic badly

SUN TIMES (BUS. TIMES) 22/5/77

By Neil Behrmann

LONDON. — Just at the time when South Africa thirsts for exports to pull down the wide deficit on its balance of payments, metal prices have crashed.

Earlier in the year metals were swinging higher and there was confidence in the air that there would be reflation in the United States and elsewhere. But continual high inflation rates forced the powers-that-be to change their stance.

The Americans are pursuing conservative measures because they feel that their economy is expanding too quickly, while Europe and Japan are still experiencing dull business conditions.

In a nutshell, this is why commodity prices are lower this year and are following an almost identical trend to last year. Then, they also ran up in the early months and came tumbling down soon after when the markets realised that the recession would be prolonged.

Compared with their highs only a month or two ago, copper is down 11 per cent, tin 11 per cent, lead 17 per cent and zinc 23 per cent.

Cash copper is below the £800 mark again, and platinum, too, has fallen to the $156 an ounce area, below the producer price of $162.

The immediate reason for the downward course of metal prices this week was that stop loss orders in copper were set off in New York. The copper price plunged from over $66 a pound to $63,60 and the fall automatically set off stop orders because the price had breached the minimum price limits of some big investors.

The slide had a ripple effect on the London Metal Exchange and tin, lead, zinc and silver all tumbled lower. The downward course of silver in turn affected platinum, which has been weak anyhow, because of estimates that there are excess supplies of some 100-200 000 ounces.

Platinum analysts here feel that as yet there is no reason for the producers to cut their price. The market price is still in close range to the producer price. But if the price falls as far as the 150 dollar range then producers could be put in a quandary. The view here is that they would reduce production rather than cut the price. In that way the market price could steady, in the hope that there would be less supplies in a situation where demand in Japan and Europe is still poor.

Copper is also encountering poor demand in Japan and Europe, according to Commodities Research Unit. The research firm believes that worldwide there are excess stocks of more than two-million tons of refined metal. CRU analysts believe that the bullish factor on the horizon is the virtual certainty that there will be a strike in the US copper industry at the end of June.

Hansard 17 Q col 1174 24/5/77

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Preliminary figures in respect of current account/capital movements

*5. Mr. D. D. BAXTER asked the Minister of Finance:

Whether preliminary figures are available in respect of the current account and capital movements for the first quarter of 1977; if so, when will they be published; if not, when will they become available.

The MINISTER OF FINANCE:

No. Provisional balance of payments figures for the first quarter of 1977 will be published in the June quarterly bulletin of the South African Reserve Bank on about 15 June 1977.

Mr. D. D. BAXTER: Mr. Speaker, arising out of the hon. the Minister's reply, and in view of the importance of the balance of payment situation in our economy, could he not make this information available at an earlier date than the date mentioned in his reply?

The MINISTER: Mr. Speaker, this is a matter for the South African Reserve Bank. This is the information I received from them. I am prepared to approach them again, but I am not able to give any assurance that the date will be brought forward.

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TRADE FIGURES

Two-way deception

Many economy-watchers who despaired at the Reserve Bank's revelation last month that exports in the first quarter were down on last October to December, suddenly threw their hats in the air when the April trade figures were released last week.

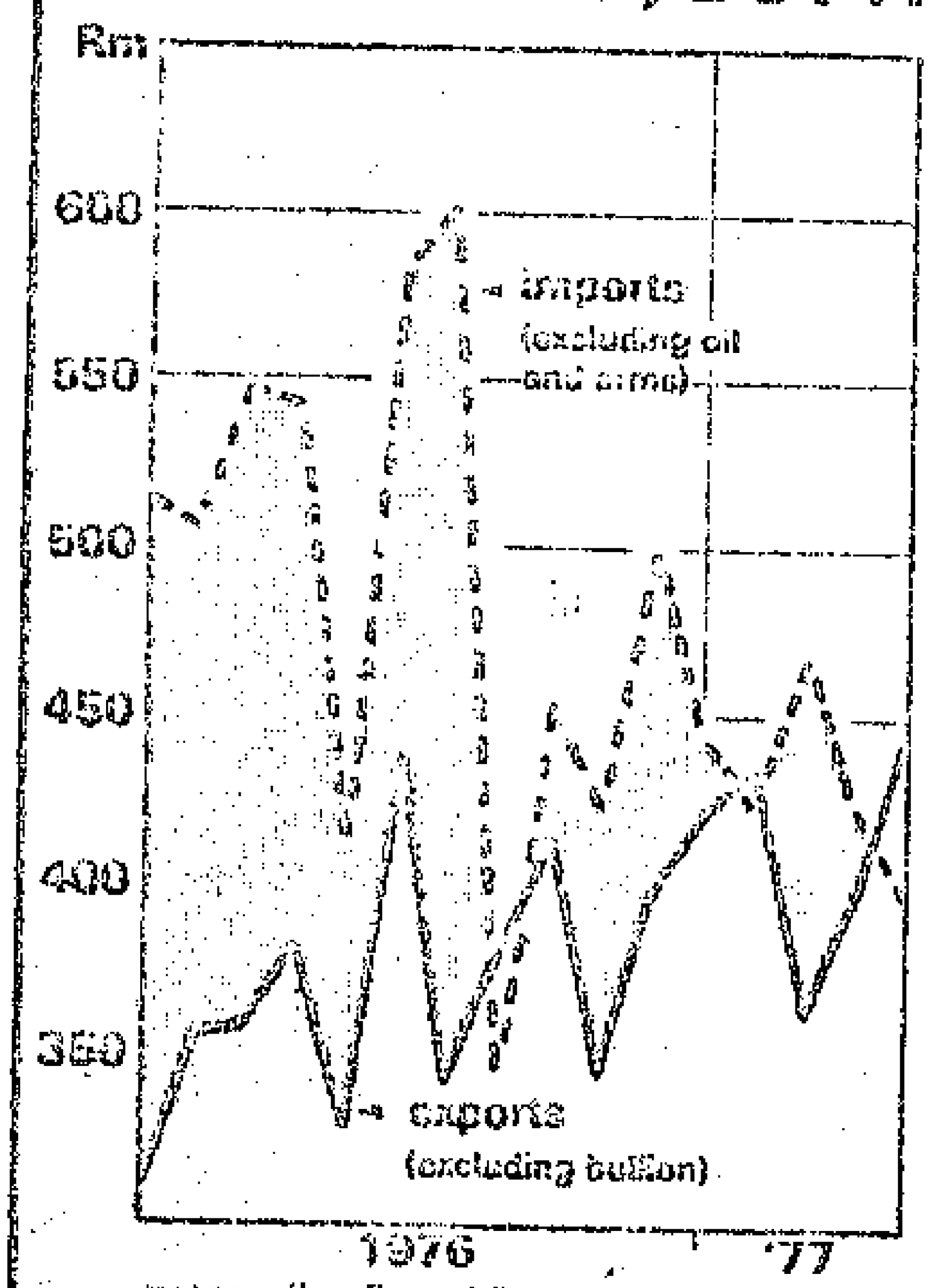
But April's encouraging news should be treated with as much caution as the disappointing first quarter figures.

Exports last month did indeed reach a record R492m. The seasonally-adjusted figure is also at an all-time high. But exports in several important categories (machinery, vegetable products and chemicals, to name a few) were lower in April than in March, when total earnings reached R460m.

The boost in April was almost entirely due to a R15m increase in base metal earnings and a R25m rise in receipts under the diamond and Krugerrand category. There was a substantial drop in foreign KR sales during April (110 000 coins, as against 227 000 in March), so it can be assumed that the R25m rise was thanks only to big diamond shipments. Since diamond exports are notoriously erratic (the Reserve Bank makes special adjustments later to take account of the fluctuations), there's no guarantee that the April bonanza will be repeated soon — or that the Customs & Excise figure is totally reliable.

Nor should anyone get too excited over the import figure, which at R400m

LOOKS GOOD, BUT ...



seasonally adjusted figures

is the lowest in three years (bar last August's distorted figure — the result of the pre-import deposit rush in July).

The continuing fall in imports is encouraging, but can it last?

Oil and defence purchases (which are not included in C&E figures) are still rising. And there can't be much scope for further cuts in other purchases abroad. In volume terms, imports have been coming down for over two years. Inventories have declined for about 18 months. And it will be some time — if ever — before the reinvigorated Buy South African campaign (aimed mainly at capital goods) makes a dent in the import bill.

EXPORT EXPRESS

Ignorance hits export potential

29/5/73

Rob Heywood (right), managing director of CI South Africa, Vasco Nogueira (centre), the company's export manager, and Vernon Taylor, CI's permanent representative in Iran, at Durban to see the first Sprite caravan away.

By FRANS SCHEEPERS
Director of Export Promotion

IT IS surprising that, with all the publicity given to the advantages of export business and the free facilities available, so many businessmen are still ignorant of the help available from the Directorate of Export Trade Promotion of the Department of Commerce.

The services of the directorate and its regional and foreign offices are at the disposal of every registered South African exporter.

Regional offices are maintained in Cape Town, Durban, Port Elizabeth, and Pretoria. Another 30 offices abroad are responsible for trade promotion in more than 50 countries. The directorate's head office in Pretoria also furnishes market information from many other countries where trade promotional offices are not maintained.

In a free enterprise economy, it is axiomatic that government provides and maintains the strategic intelligence and logistic services as a means to enable exporters to maintain their export markets, to penetrate new markets, and to set export targets under the umbrella of organised commerce and industry.

The directorate conducts market surveys at short notice, ensures that trade enquiries speedily reach all relevant exporters, and assists exporters in arranging overseas business visits.

It is also prepared to assist exporters in overcoming obstacles in certain fields. Such assistance is normally handled on an in-company basis.

Many instances, however, still arise of exporters wittingly or unwittingly sabotaging official efforts as well as those of their more knowledgeable and experienced fellow exporters. They alienate good relations through ignoring correspondence from foreign importers; by not keeping appointments made at their request by the directorate's field offices.

They cause immeasurable damage to the professional standing and credibility of official trade representatives and fellow exporters.

Small undertakings with limited resources can find tremendous benefits in the pooling of resources, improvement of production and costing methods, discriminate shopping for materials, and by applying courageous pricing policies.

Many unexploited marketing opportunities await the enterprising South African exporter. Those undertakings which have not yet tried to export, but feel there could be a demand for their product abroad, need only ask their nearest regional representative (Export Promotion) for comprehensive, free export marketing information.

A new vehicle of communication which has made a tremendous impact among selected importers in well over 100 foreign countries is the publication "Export News From South Africa".

Published under the auspices of the Director of Export Trade Promotion, the magazine is mailed monthly to reach the desks of more than 16 000 foreign executives.

Through this additional tool and the department's network of foreign trade offices, it receives thousands of enquiries for a wide range of products from all over the world.

It is essential, therefore, that these enquiries be brought to the notice of South African exporters quickly.

For this the department requires a reliable export trade register. A computerised system of disseminating these trade enquiries has been designed.

• FRANS SCHEEPERS assistance for exporters

Here are some of the more common mistakes made when replying to export inquiries:

• Vague and halfhearted replies;
• Failure to specify freight charges — importers require CIF or C and F quotations;
• Delay in responding to enquiries;
• Wrong products are sometimes offered.

As an instrument to inspire exporters and potential exporters, the Department of Commerce has emulated the major industrialised countries by instituting a state award for export achievement.

Sunday Express Business

EDITED BY PENELOPE GRACIE

TWEE KLA

R1 515 miljoen vir die hele 1976.

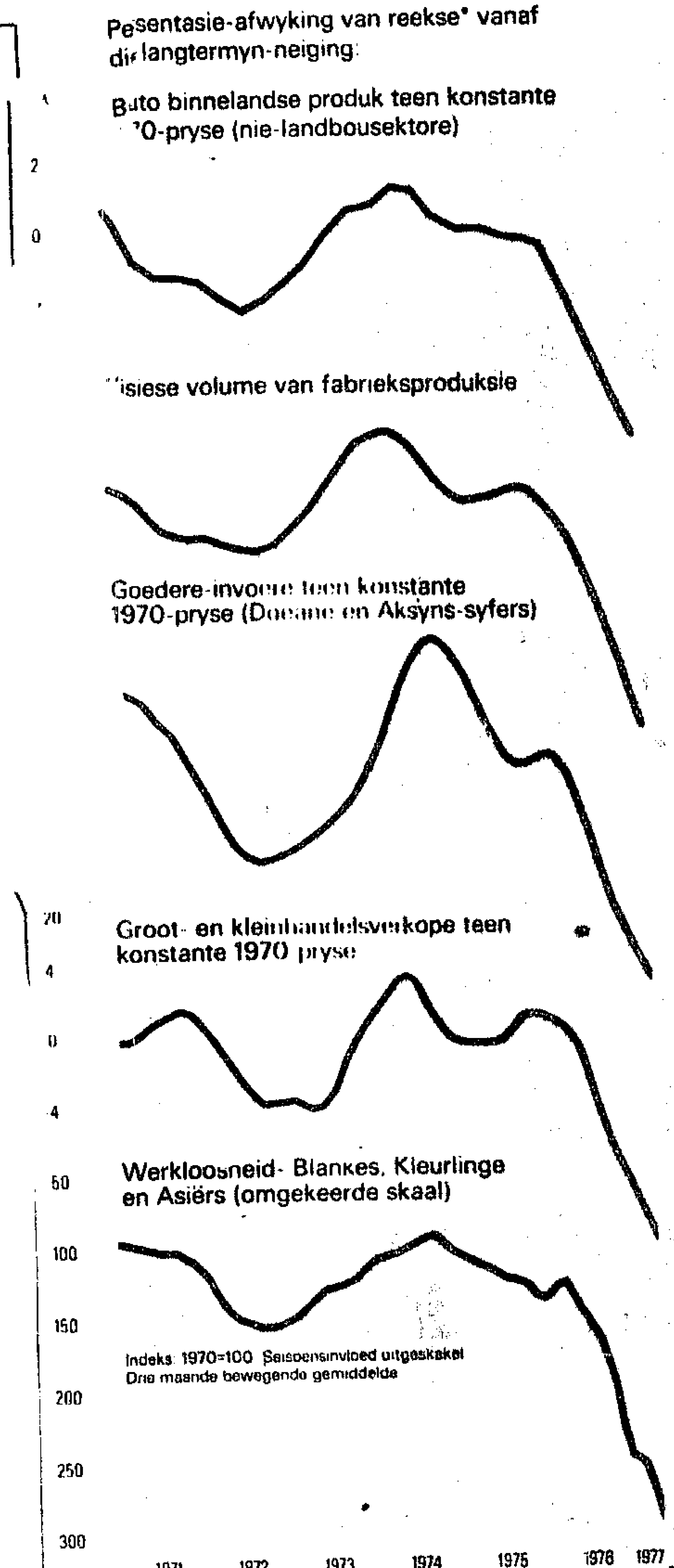
Wat egter hinder aan die mooi vertoning van ons uitvoer, is dat dit hoofsaaklik afkomstig is van 'n styging in mynbou- en landbou-uitvoer. Die vervaardigingsektor lewer byna geen stygende bydrae nie.

In die landbou en mynbou bestaan daar feitlik geen oorskot-vermoë nie. Die styging in mynbou-uitvoer kan hoofsaaklik toegeskryf word aan die ontwikkeling van die twee nuwe ertshawens. Die hoër uitvoer van hierdie twee sektore verdien wel vir die land handige buitelandse valuta, maar dit skep nie tot dieselfde mate werkgeleenthede in die binneland as wat 'n styging in die uitvoer van fabrieksgoedere kan skep nie.

Die fabrieksektor werk tans teen slegs 83,7 persent van sy vermoë, en as 'n deel van hierdie ledige vermoë uitgevoer kan word, sou dit aansienlike nuwe werkgeleenthede skep.

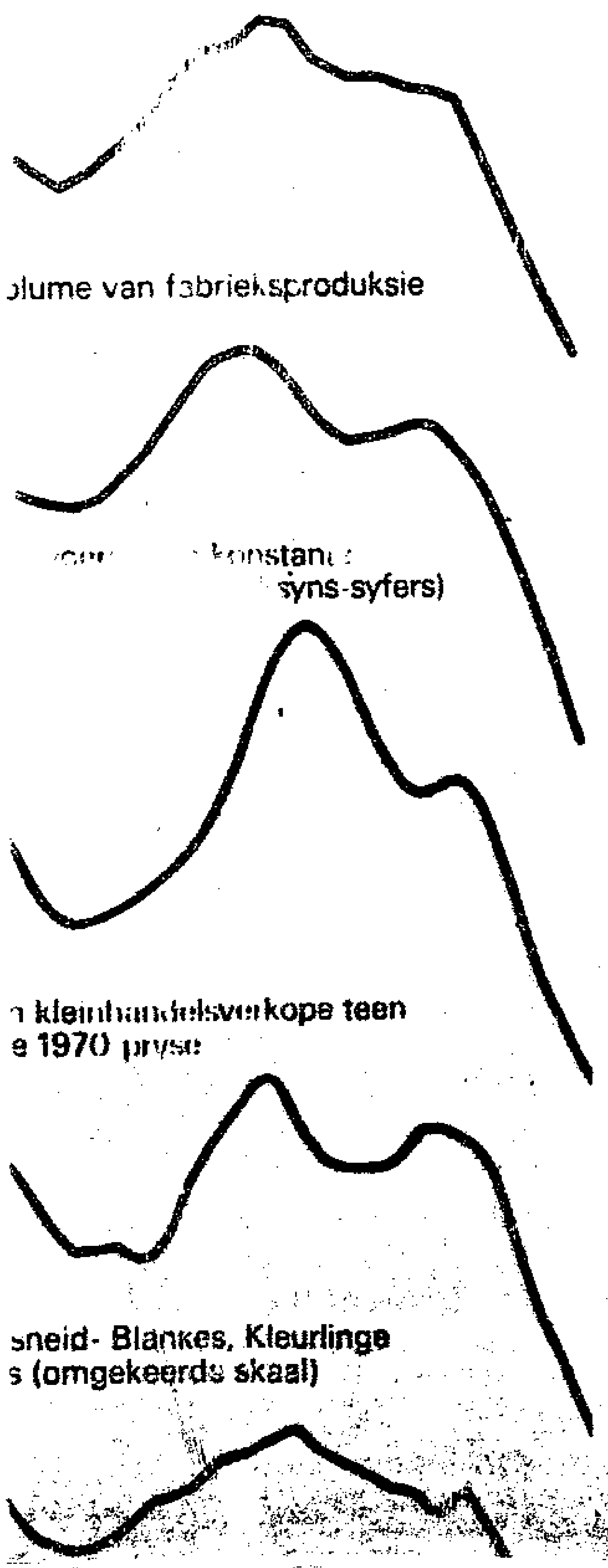
Met die verkryging van buitelandse kapitaal en veral die uitvloei van private korttermyn-kapitaal gaan dit steeds nie goed nie. Volgens die Reserwebank was daar in die eerste kwartaal van vanjaar 'n uitvloei van R149-miljoen se private korttermyn-kapitaal.

Intussen het die Bank vir Internasionale Verrekeninge (BIV) vandeesweek 'n tabel gepubliseer wat toon dat Suid-Afrika vanjaar in sowat R2 900 miljoen se buitelandse lenings moet terugbetaal. Hoewel hier- ... nie net so aanvaar



DIE resessie raak al hoe skerper — of is dit dalk al reeds 'n depressie? Bostaande reeks grafieke word deur die Reserwebank gebruik om die omvang van konjunktuurskommelinge in Suid-Afrika te meet.

KLAPPE VERSAG



Uitvoerwins kan help

Deur Vic de Klerk

DIE mooi verbetering in Suid-Afrika se uitvoer vanjaar in Mei maak twee ander klappe wat die ekonomie vandeesweek gekry het, ietwat sagter. Vir eers was daar 'n verslag van die Bank vir Internasionale verrekeninge dat Suid-Afrika vanjaar R2 900 miljoen se buitelandse skuld moet terugbetaal. Dan is daar ook nog die land se netto buitelandse reserwe wat verder gedaal het tot die rekord-laagtepunt van minus R1 053 miljoen. (Berig hierby).

Dit is om hierdie rede dat die wins op uitvoer nie nou al beskou kan word as bestem vir selektiewe stimulering van die ekonomie nie.

Die land se uitvoer het in Mei gestyg tot die baie hoë vlak van R550,8 miljoen, terwyl die invoer gedaal het tot R391,9 miljoen, wat 'n oorskot vir diemaand van R159 miljoen laat. Vir die eerste vyf maande van die jaar oorskry ons uitvoer nou reeds ons invoer met R107 miljoen.

Volgens die jongste Kwartaalblad van die Reserwebank toon die land se lopende rekening 'n oorskot van R39 miljoen vir die eerste kwartaal van die jaar. Hierdie syfer sluit alle handel-en dienstetransaksies met die buiteland in. Dit is die eerste keer sedert die derde kwartaal van 1973 dat so 'n oorskot behaal word. Dit vergelyk met 'n tekort van [illegible]

deel van die lenings gekoppel is aan handel en daarom hernieu sal word, kan dit nogtans 'n aansienlik negatiewe uitwerking veral op die banksektor se regstreekse lenings in die buiteland hê.

Volgens die Kwartaalblad het Suid-Afrika se banksektor aan die einde van Maart vanjaar korttermyn-skuld van R1 828-miljoen teenoor buitelandse banke gehad. Van hierdie bedrag was R712 miljoen korttermyn-skuld deur die Reserwebank.

Bankiers in Suid-Afrika verwag dat hulle nou nà die BIV se verslag heelwat van hierdie lenings nie hernieu sal kry nie. Volgens sommige bankiers kan dit selfs tot tussen R200 en R300 miljoen wees. Dit sal 'n verdere druk op die bestaande [illegible]

buitelandse geld plaas.

Die uitvloei van korttermyn-buitelandse kapitaal sal ook nog voortduur omdat algemeen verwag word dat die invoer en daarom die buitelandse finansiering wat daarmee saamgaan, nog verder sal daal.

Suid-Afrika se besit aan goud en ander buitelandse reserwe het reeds gedaal tot R784 miljoen. Hiervan is slegs R298 miljoen in buitelandse geld self. Die res is in goud.

Aan die positiewe kant wys bankiers daarop dat 'n groot deel an die land se korttermyn-buitelandse lenings juis toegestaan is aan buitelandse invoerders van ons metale en minerale. Sodra betaling vir hierdie uitvoer ontvang word, sal die buitelandse lenings daaruit afgelos kan word.

Netto syfer skok

DIE netto reserwe aan goud en buitelandse valuta het in die eerste kwartaal vanjaar weer 'n skerp daling van R202 miljoen getoon nadat dit in die laaste kwartaal verlede jaar ietwat beter gegaan het.

Dié daling is waarskynlik in die eerste deel van die tweede kwartaal voortgesit. Dit was basies die rede waarom die Reserwebank einde April vanjaar 'n tweede goudruiltransaksie aangegaan het.

Die netto buitelandse reserwes het nou gedaal tot minus R1 053 miljoen vergeleke by 'n vlak van tussen R700 en R800 miljoen aan die plus-kant so 'n paar jaar gelede. Toe het dit nog goed gegaan met die land se ekonomie.

Die betalingsbalansontwikkelinge wat ons in die berig hierby voorsien, naamlik 'n verdere verbetering in handel en 'n groot aflossing van buitelandse skuld, behoort tot 'n aansienlike verbetering in die land se netto reserwes te lei. Terselfdertyd kan die bruto reserwes, of anders gestel, die beskikbare buitelandse kontant om hierdie lenings mee af te los, aansienlik daal.

Die grafiek hierby toon hoe diep die huidige resessie in die ekonomie reeds is en daarom ook die behoefte om nou so 'n bietjie skiet te gee. Die ruimte om dit te doen, word egter op die oomblik voorgeskryf deur die lae vlak van die netto buitelandse reserwes.

Voeg dan hierby Min. Chris Heunis se waarskuwing dat ons invoer weer gaan styg met 'n oplewing in die ekonomie en dat sekere uitvoer-produkte soos yster en staal, dan ook heeltemal kan wegval.

WEENS tegniese probleme verskyn Beurs-RAPPORT en Sake-RAPPORT se opsomming van die belangrikste bewegings en neigings vandeesweek op die Johannesburgse Effektebeurs, vandag op bls. 6 en 7 en NIE op bls. 4 en 5 soos gewoonlik nie.

(49) 74

FIN. MAIL 3/6/77

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Ripe for change

SA's export perks are amongst the most generous. But the way they are administered is causing confusion and resentment

Pretoria is planning to change some of its export aids. As envisaged in the budget, Parliament is due fairly soon to debate certain suggested revisions to the tax allowances, while a special study group comprising private and public sector experts is hard at work reviewing the whole spectrum of incentives.

Since the Reynders Commission urged an improvement in incentives five years ago, financial assistance from the State has burgeoned. The Department of Commerce's export incentive budget (which includes such items as special export rail tariffs, a subsidy on exporters' finance charges and electricity rebates for mineral processors — but not the valuable tax allowances) has bulged from a paltry R1m in 1971/72 to some R40m this year.

Some businessmen are perturbed that the present perks are more generous than they are effective. A motion at the recent Afrikaanse Handelsinstituut congress in Cape Town recommended "a series of cost-benefit studies to determine whether the funding of export incentives and the manpower involved in their administration have been productively used and whether they have brought long-term benefits to the balance of payments."

The new legislation and the study group's proposals will hence be aimed, not at dishing out more largesse, but at concentrating it. The idea is to help those genuinely in need. As Secretary for Inland Revenue Mickey van der Walt observes: "We're hoping to clear up misunderstandings and tighten up some loopholes".

First target will be the "special export discounts". In terms of the present Income Tax Act, an exporter may — at the discretion of the Secretary for Commerce — deduct for tax purposes abnormally high discounts granted "to penetrate or maintain a market in an export country".

For almost a year now Joep Steyn and his men have taken a tough line on applications for discount allowances. Not only did some of SA's trading partners object to what they saw as an excessive export subsidy, but as Van der Walt puts it, "a very good idea was being abused".

Among the malpractices pulled off at taxpayers' expense: selling at a loss without any hope of establishing a stable market; inflating export prices and then granting a tax deductible discount; and using the discount as an agent's commission. "Sometimes the private sector can be its own worst enemy", remarks a machinery exporter who claims that the clampdown on the allowance has hurt his company's exports.

Others are more uptight. "It's completely killed our export market," complains a leather goods producer.

Echoing others, he grumbles that Pretoria wanted to cancel his deductions retrospectively and that he still doesn't know whether he can claim on orders already quoted on but not delivered when the chop came last July.

"Ours was a genuine case," adds a clothing exporter. "We can't understand why the authorities legislate something and then negate it in practice."

Indeed, the way incentives are administered comes in for harsher criticism than the perks themselves. The major complaint is the uncertainty of not knowing in advance whether even the most conservative and reasonable claims will be nodded through.

Take the case of a large ferro-alloy producer whose application for a special tax deduction on new plant and machinery (normally available to mineral beneficiators) was turned down. No reason was given, but the company's financial manager now assumes that only plants operating at a loss or trying to break into foreign markets for the first time are eligible.

Then there's the exporter who was suddenly told that his exports to Rhodesia and Mozambique did not qualify for certain tax allowances — though the Act only excludes the BLS countries.

Many see an irreconcilable conflict between the tax-collecting interest of the Receiver of Revenue and the export promoting duties of the Secretary for Commerce. Says Safto chief executive Wim Holtes: "Some incentives are administered by departments which don't have exports as their prime responsibility". And Van der Walt concedes, "We are in the first instance a tax collecting department".

Van der Walt (above) and Steyn . . . pulling in opposite directions

The study group is looking at ways to streamline the vetting of requests for financial assistance. One idea is that export incentive applications should be handled in the same way as those for export credit insurance — by a committee of public and private sector experts meeting regularly.

Van der Walt is not in favour: "Just imagine the time lag if every claim were submitted to a committee. From a practical point of view I don't think a committee is better placed than tax assessors to do the job".

Some suggest adopting the incredibly simple Rhodesian system. There, registered exporters are paid their allowances in cash at each month-end on the basis of copies of export documents returned by Customs to the Treasury.

Another big headache is the treatment of export service industries — ships' agents, forwarding houses, consultants and so on. Should they be entitled to the same tax deduction for wages, stationery, office equipment and phone and telex charges as allowed to exporters of goods?

No, says the Receiver, though the Act allows the Minister of Finance to authorise tax allowances for any such industry.

The Secretary for Inland Revenue explains in a recent letter that: "Marketing expenses contemplated (in the Act) are explicitly linked with sales effected by the exporter. In view of these provisions, it is considered that the allowance is not available to persons in an export service industry". Van der Walt also argues that many service industries cater for a captive market. Are they generating more exports, or simply using tax allowances to compete with other local firms? he asks.

However, he does point out that "we want to rationalise which are merely service industries and which are exporters of goods."

Surprisingly, those firms which do nothing but export are also struggling with claims for tax deductions for some administrative expenses. "I just don't understand them," sighs a commodity trader whose companies bring in several million each month in foreign exchange.

Strangely, the Receiver has allowed deductions for salaries (but not wages) in one company, but not in another. The only difference between the two is that they handle different commodities. The Receiver also disallowed a director's overseas travel expenses.

One reason may be that the wording of the Income Tax Act seems to exclude companies whose turnover is all exported, and to link allowances to the seeking of foreign markets rather than to the volume of exports.

Thus Section 11 bis 4 (j) allows deductions for salaries, wages and office expenses "in conducting a marketing operation in the Republic in respect of sales both in export countries and in the SA market if . . . at least 10% of the time of the persons engaged in such operation is devoted to exports . . ."

Hopefully, this section will be one of those to be clarified. As Holtes puts it: "There's nothing wrong with the incentives. We want to remove the uncertainty".

***FM* Special Report**

How good is SA's export policy compared with the country's needs? How good is its expertise and incentive package? What makes successful exporters succeed? What must contractors watch for in foreign markets? Why export at all?

For the answers, see the *FM*'s in-depth *Special Report* on exports to be published on June 24.

French in anti-Red aid move

26/4/77 [illegible]

(75)

Own Correspondent

DURBAN — France would have to give some help to African countries to keep communism at bay, Mr Jean-Francois Duflos, leader of a top-level delegation from France now visiting South Africa, said in Durban today.

The delegation consists of top people in the military, government and business fields in France who have all been students or office-bearers at the prestige French Government-backed Institute of Higher Studies on National Defence.

Mr Duflas stated however, that all members of the delegation "are here in their private capacity. The French Government is aware that we are here but I emphasise that this is a private visit. We cannot discuss anything on behalf of our government."

MEETINGS

During their two-week visit to South Africa as guests of the Government, members of the 30-strong delegation will meet the Minister of Defence, Mr P W Botha and the Minister of Foreign Affairs, Mr Pik Botha.

Mr Duflos, a retired diplomat and former ambassador to New Zealand, said in an interview that he could not say anything about France's relationship with South Africa.

"We are here to look at the economy and the general situation."

Referring to Africa in general he said Africa "cannot be left to the danger of communism. It will be a good thing if we give some help."

FRENCH ECONOMY

75

Desperate ploys

FIN MAIL 6/5/77

The French government is embarkin a new programme for economic reco in a desperate bid to fend off the threa a Left-wing victory in the general elec next spring.

However, the revamped plans Premier Raymond Barre risk falling tween two stools by giving a new spu inflation without providing jobs for country's 1,2m unemployed. The t unions have displayed scepticism al the package by staging their big strike since the revolt by workers students during the tumultuous sum of 1968. Nationalised industry was p lysed for 24 hours, with the threa widespread stoppages in the private tor during the coming weeks.

Barre now promises emergency n sures to improve living standards for elderly and put youngsters to work — firms which hire school-leavers will tax concessions. All this is going to the tax-payer 8,2 bn French fra (R1,44bn) over the next two years. A first instalment, motorists have alre had to stomach the third petrol p increase in six months.

The government is also trying to tr form unemployment into an exp Immigrant workers, who number 2m 8,5% of the French labour force — get a $2 000 bounty if they go ho Youngsters who accept jobs abroad receive $970.

Barre's Gaullist critics, headed ex-premier Jacques Chirac, say Presi Valery Giscard d'Estaing cannot hop win the election through gimmicks.

Swedish industry no to sanctions

3/6/77 Star

STAR 3/6/77

74

The Star Bureau

LONDON — Sweden's businessmen would oppose any moves to boycott or impose sanctions on South Africa, the vice-president of the Federation of Swedish Industries, Mr Axel Iveroth said yesterday.

"The most dangerous thing we could do is to isolate countries in southern Africa," he said.

"I oppose all ideas of boycotts, blockades and all attempts to cut off countries or peoples."

Mr Iveroth told Pressmen and industrialists after a two-day fact-finding mission to Britain that the Swedish Parliament was examining a committee recommendation that all Swedish investment in South Africa be withdrawn.

IRRESPONSIBLE

But, he said, the federation would not agree with any unilateral attempts by his government to impose sanctions.

"To withdraw from a place because you don't like the way it is run is a very irresponsible attitude," he said.

"To me, it is obvious that the right method is to walk into the place, like Mr Andrew Young did. He wants to talk to the people he wants to change.

"We who are in business and industry should do the same." If, on the other hand, the United Nations ordered sanctions, the businessmen would have to comply, he added.

All countries should do their best to avoid war in southern Africa, he said. Such war would cause great problems for European countries.

OIL TANKERS

"A warlike situation could stop the oil tankers on the route around the Cape. Something much worse than the 1973 energy crisis could befall us. There are also minerals in southern Africa on which our industries heavily depend," he said.

He criticised the policy of the Swedish Government of giving aid to guerilla groups in southern Africa.

Swearing-in ceremony abandoned

BRUSSELS — Four Ministers in Premier Leo Tindemans' newly-formed Cabinet have refused to attend a formal swearing-in ceremony.

Mr Tindemans immediately offered his resignation to King Baudouin.

The shock development occurred after Mr Tindemans announced the composition of a four-party coalition yesterday.

In an unprecedented move four Ministers in his own Social Christian Party refused to attend a ceremony at the Royal Palace to be sworn in by King Baudouin.

They belong to a French-speaking wing which feels it is under-represented in the Government. Their refusal to attend caused 19 other Ministers and King Baudouin to abandon the ceremony. — Sapa-Reuter

Man held

East Rand Bureau

A white man is being held by police for questioning in connection with the death of Mr Claude Cronk (30), who was found on Tuesday near the tennis courts in Selection Park, Springs, after a party.

EXPORT EXPRESS

'Our reserves run into billions of tons'

12/6/77
Sunday Express

Coal helps keep SA in the black

74

EXPORT EXPRESS REPORTER

THE opening of the Richards Bay export harbour last year focused attention on one of South Africa's most valuable exportable natural resources — coal.

A large number of substantial export contracts have been signed with, among others, the Japanese and the Europeans and these should provide South Africa with much vital foreign exchange earnings for many years to come.

The bulk of the exports are handled by the Transvaal Coal Owners Association which acts as an agent on behalf of local producers.

The managing director of the association, Alan Tew has been a driving force behind South Africa's break into the world coal market. He took time off to answer a number of questions on the "hows and whys" of South African coal exports.

What is the total of SA's ongoing coal export contracts world wide?

If we are to regard "ongoing" as meaning long term, the principal contracts in this category are with the steel industry of Japan for approximately 3-million tons of coal a year, and with electricity generating utilities in the US, France, Italy, Germany, and Japan which in aggregate total about 6-million tons a year.

There is other business of a shorter-term nature with a wide range of countries which may develop into longer-term arrangements, or may not, in the light of experience.

The total export of coal over the next 12 months will be quite close to 12-million tons which incidentally is the design capacity of the Richards Bay coal terminal.

What do these export contracts represent in terms of foreign earnings, in total, and on an annual basis?

It is not TCOA's practice to expose details of prices negotiated in confidence with consumers overseas but it is common knowledge that our business into Japan is done at a higher realisation than that achieved with the utility companies which buy coal essentially for its calorific value.

In broad terms, a full year's supply of coal to Japan at the current price level will earn over R90-million and the balance of our business with utility companies would add another R100-million, all in terms of foreign exchange earnings.

There has been talk that SA is on the point of signing a coal export contract with Israel — can you comment on this?

Israel is to construct a coal-burning power plant which will look for coal from a variety of sources. We certainly are in discussion with this new buyer and would expect to be able to negotiate for an interesting part of their total requirements, which will be running at around 3-million tons of coal by the mid 80's.

What competition has SA faced in obtaining its coal export contracts and to what do you attribute your success in landing them?

TCOA's success in achieving its current export level rests on two principal factors.

The decision to go for exports on a large scale was taken in 1970, at least three years ahead of our competitors, and as a result production at the mines and the entire export infrastructure, including Richards Bay, came on stream in 1976.

The second factor is that our coal has been promoted internationally with solid technical support and good commercial nous.

In view of the worldwide steel slump, is there any chance of some of these contracts being reduced or cancelled?

The steel industry is certainly at a low point internationally and this is causing difficulties for our customers in Japan but there is absolutely no danger of contract cancellation.

We may, however, have to run through a period of limited performance but then would expect to benefit from this when the pendulum swings.

What other countries worldwide are potential areas for SA coal exports?

We have touched on Israel but I would certainly like to include countries in the Far East such as Taiwan and South Korea, and the full spectrum of European destinations from Spain through to Scandinavia.

We remain interested in South America but I would sense that it will be some time before we are able to move significant quantities of coal in that direction.

What other developments do you foresee in the field of SA's coal exports?

The limitation for Richards Bay of 12-million tons mentioned earlier is in the process of being overcome as the coal terminal is being enlarged to cope with 20-million tons.

This will involve important new coal export operations in which the international oil industry will feature strongly, but I would certainly not regard the figure of 20-million as representing the ultimate limit for South Africa's coal exports.

We have coal reserves which run into many billions of tons and the export of some tens of millions over the next 20 years or so which I would regard as a golden opportunity internationally for coal, seems a totally worthwhile way for South Africa to profit from the bounty which we have in our geological make-up.

articulars :

Pretoria.

FIN. MAIL 17/6/77 (74)

Has Luyt's link gone bust?

On Tuesday, Gazocean, Triomf's buyer and shipper of phosphoric acid, announced that its entire management had resigned. As a consequence, the Paris Chamber of Commerce has appointed a judicial administrator, Maitre Jaques Pesson, to run the Paris-based company while its legal tangle with Triomf is being unravelled.

In short, the apparent deadlock can only be resolved in one of four ways:

- Gazocean can gain breathing space by paying the first Triomf bill (around $3m) presented last Friday under the terms of the original "take or pay" contract:
- It can settle for arbitration provided for under SA law, under the rules of procedure of the International Chamber of Commerce;
- It can send a delegation to SA and attempt to persuade Triomf to accept a revised deal; or
- After a reasonable period of time, Triomf can apply for Gazocean's liquidation in the event of non-payment of the $3m bill presented last Friday.

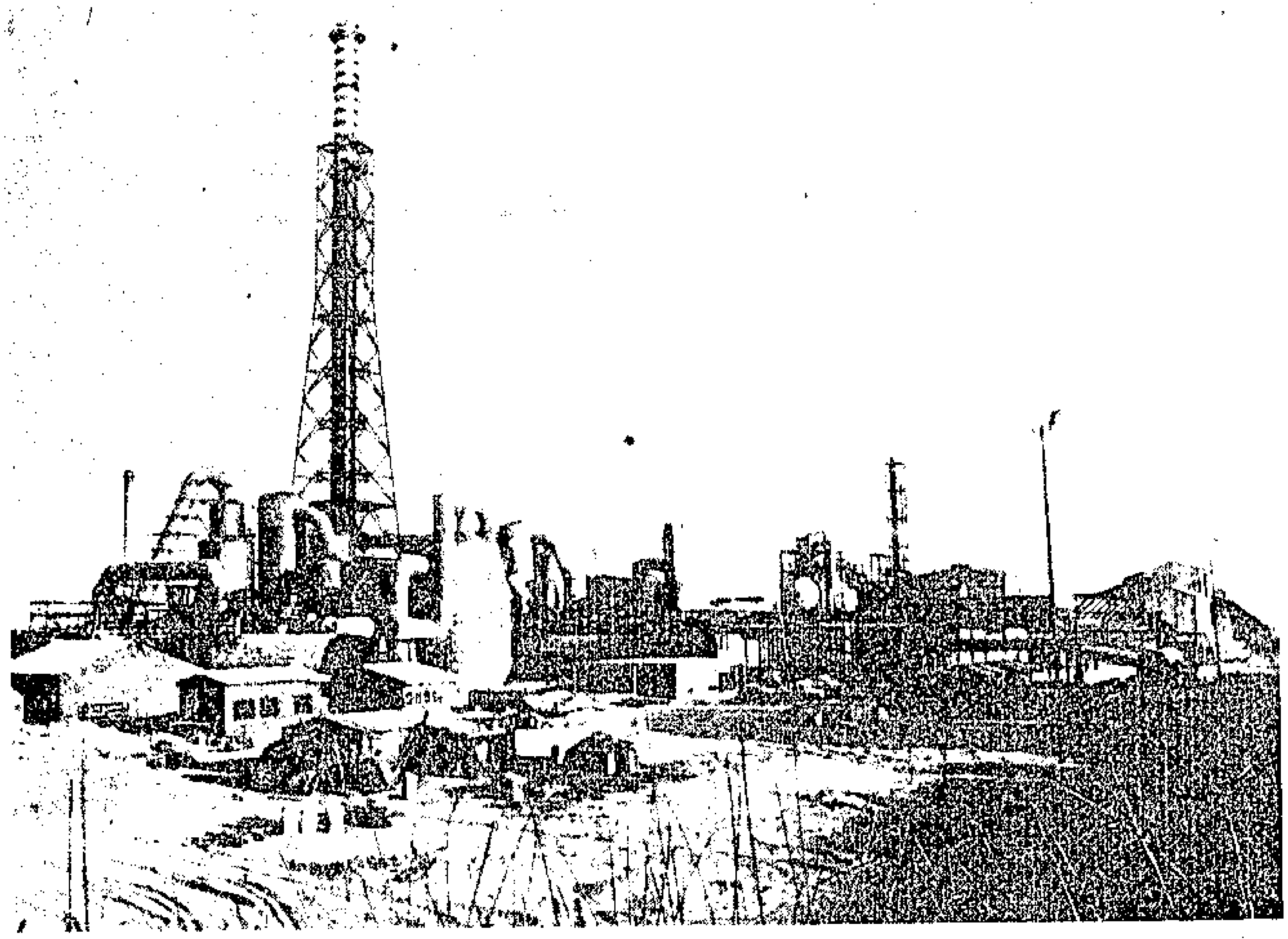
As regards settling the Triomf bill, Vincent de Bailliencourt, the head of Gazocean's legal department, denies that his company has received any notice from SA that payment is due. However, the *FM* is quite satisfied that Triomf *did* bill Gazocean on Friday last and preceded that demand with a notice of claim on June 2.

And as regards the second and third alternatives, Triomf has received no notice of impending arbitration nor does it expect a Gazocean delegation in the next few days. The *FM* learns, though, that the French company has suggested a meeting while, on the subject of timing, De Bailliencourt says that "it depends on what the legal administrator decides. He's the man who will be taking all the decisions from now on," he says.

Meantime, Triomf is adamant that bills will be presented every time there's a shipment of phosphoric acid from its R100m plant at Richards Bay. The most recent shipment was a 7 500 t load last weekend destined for Japan and paid for with a letter of credit fob Richards Bay.

The *FM* also understands that a further two shipments are earmarked for later this month with a third, and much larger shipment, scheduled for the beginning of next month.

In Paris, De Bailliencourt says that "there has never been any question of the French government putting any money into Gazocean, either now or in the past". Further, and in spite of *FM* information to the contrary, De Bailliencourt insists that no agreement of this type has been linked to Gazocean pulling out of its deal with Triomf.



Triomf's phosacid plant . . . will the bills still be met?

Either way the French Company *is* strapped for cash and somebody must be picking up the bill for the current loss-making operations. French sources suggest that new financial, arrangements, which were scheduled to take effect on June 1, were forestalled.

Provision was made, the *FM* understands, for the injection of 50m francs of fresh capital into Gazocean by its shareholders. But this depended, runs an oblique Gazocean statement, "on agreement with Triomf".

To confuse the issue, there are rumours that Gazocean intends to file for damages against Triomf for frustration of the marketing contract or contracts. Whether or not that rumour is little more than a smokescreen will only become evident in the coming days.

FIN. MAIL 17/6/77 (74)

Pipers call the tune

A decision by David de Villiers, director of imports and exports to clamp down on steel pipe imports (at least until the end of the year) is good news for local pipe manufacturers — but could adversely affect consumers.

On May 23 de Villiers met with 32 representatives of the steel tube manufacturing industry, merchants and Seifsa and Iscor, following complaints (*Inside Industry*, May 27) that tube makers are suffering from a wave of cheap imports.

Indeed, two of the country's top manufacturers, Stewarts & Lloyds and General Mining's Hall Longmore, are currently working at 60%-65% capacity. And that's while SA is importing steel tubes valued at R60m p/a.

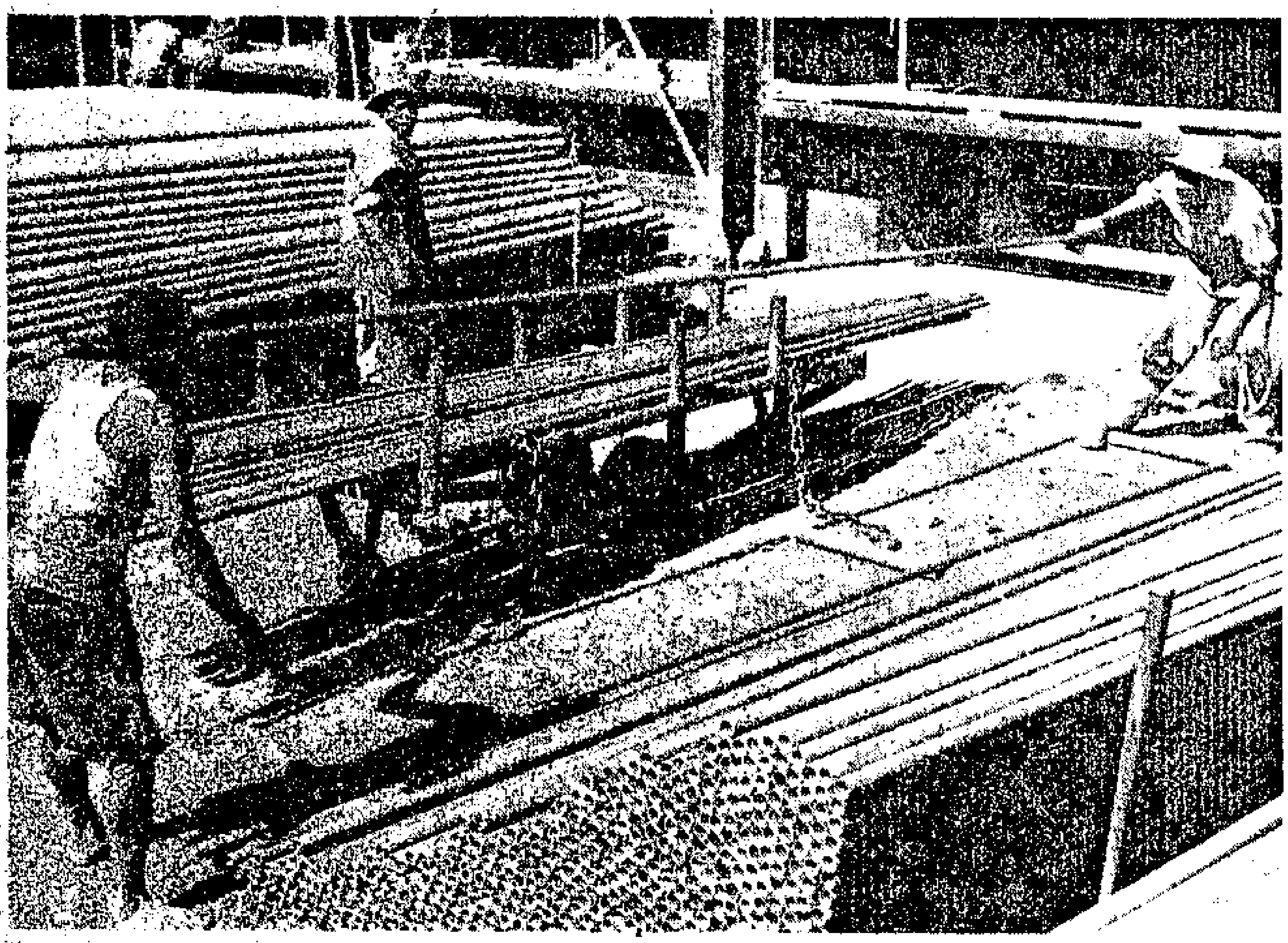
With the industry at a watershed, with 6 000 jobs at stake, complaints that Far East countries are dumping in SA and with mounting criticism that government's adherence to GATT agreements is too strict, clearly something had to give.

Tubemakers say, privately, that they can make at home around 80% of what's imported, but readily admit that local Iscor steel costs more than, say, Japanese finished steel tubes landed in the Republic.

When de Villiers called the May meeting he had an unenviable task. Anxious to protect local industries, he was also aware that, for example, the price of Iscor-made steel has rocketed since 1975 (from R800/t to around R1 000/t today). It's also known that the ½ inch tubing from Japan (landed cost) in February 1975 was R1 149/t. In September of that year it *dropped* to R775. By April 1976 it fell further to R694 and currently hovers around R500/t.

De Villiers has shown considerable sympathy to the tubemakers' case. He has now slapped a ban on imports for the rest of the year which, say *FM* sources, "is a step in the right direction. It shows that government has *our* welfare at heart."

But, it's also explained, things won't change that quickly. SA merchants have plenty of permits in the pipeline but they won't say how many, what their lifespan is and (above all) what they're worth.



Imports protection . . . more in the pipeline?

FM sources suggest that the decision was made not just out of a deep concern for local industry's future and safe-guarding black jobs. It was also a decision which gives PM Vorster's call to "buy SA" more teeth, and should save much needed foreign exchange.

But there could well be more significance attached to the Pretoria decision than simply a move to protect the tube manufacturing industry. Could it, in reality, be a sign of things to come — even the basis of the government's import substitution programme?

In short, several hard pressed industries (textiles and paper are but to name two of them) could find themselves getting the protection they want, providing not too much fuss is made (the May 23 meeting has been kept very quiet).

Even if that means paying more for goods? Yes, it seems.

74

STAR 17/6/77

US-SA trade links could hinge on secret meeting

17/6/77 Star

Hugh Roberton

NEW YORK — A high level conference on future economic relations between South Africa and the United States, which is to be attended by the Minister of Foreign Affairs, Mr R F Botha, and other prominent South Africans, takes place here on Monday.

The event is being organised in the strictest secrecy, apparently to discourage anti-South African demonstrations, and South African officials have declined to discuss it.

But leading American bankers and industrialists who have been invited today confirmed details and said the meeting could have a strong bearing on future relations between the two countries.

The former Secretary of State, Dr Henry Kissinger, and the previous US Secretary of Finance, Mr William Simon, are among the Americans who are expected to address the conference.

South Africans taking part include Dr Gerhard de Kock, Senior Deputy Governor of the Reserve Bank, and Mr Lennox Sebe, Chief Minister of the Ciskei.

American industrialists and bankers said that economic relations between the US and South Africa were now precariously balanced because of the Republic's race policies.

They added that what they hoped to hear from Mr Botha and other South African speakers was "the nuts and bolts" of what South Africa planned to do to move away from discrimination.

DEAD-END ROAD

One industrialist said South Africa was now on "a dead-end road" in its economic relations with the US, and pointed to the sharp drop in US capital entering the Republic. "This decline will not be reversed by words but by action," he said.

American businessmen also point to the growing pressure on them from inside the US to either be the vanguard of change — as the Carter administration wants US business interests in South Africa to be — or to withdraw from the country entirely, as powerful civil rights groups are demanding.

Amrel appointmen

Mr Ronnie Cohen (41) has been appointed managing director of Amalgamated Retail (Amrel). He was formerly group marketing director.

ITALIË KOM

74

ÁL NADER

Handel met SA styg steeds

RAPPORT 19.6.77

ITALIë het in die afgelope jaar 'n reuse-sprong gemaak as handelsvennoot van Suid-Afrika. Ons uitvoer soheentoe het van 1975 tot 1976 met 'n yslike 55,5 persent toegeneem, terwyl ons invoer van Italië met 4,2 persent toegeneem het.

Persentasiegewys is die in- en uitvoersyfers weliswaar betreklik laag in vergelyking met die res van ons wêreldhandel. Dis immers sover dit invoer daarvandaan betref, maar 3,6 persent van die totaal en wat uitvoer soheentoe betref, 3,2 persent van die totaal.

Nogtans is daar 'n nuwe bewustheid in Italië van Suid-Afrika as toekomstige handelsvennoot. Hulle kom al hoe meer tot die besef dat die Republiek die toekomstige werkwinkel van Afrika is.

Dit is die indrukke van twee koöperatiewe sendings uit Suid-Afrika wat Italië die laaste paar weke besoek het.

Hul boodskap is kortom: As dit op die herrie kom, het Suid-Afrika in werklikheid minder aan boikotte deur Italië as van Amerika te vrees.

Die sendings het bestaan uit voorsitters en hoofbestuurders van koöperasies. Daar was o.a. ook 'n paar senatore in die groep.

Die sending se hoofdoel was om ondersoek in te stel na die politieke en ekonomiese situasie in Italië en hulle te vergewis van groter koöperatiewe samewerking met Italië se grootste onderneming, Fiat, wie se motors, vragmotors en trekkers in Suid-Afrika goed bekend is.

Fiat is juis een van die Italiaanse reuse wat sy geld in Suid-Afrika gesit het waar sy mond is. Hy het in 'n moeilike SA motormark gesukkel. Pleks van hom aan die mark te onttrek, het hy egter besluit om 'n inspuiting van R10 miljoen aan sy SA bedrywighede te gee.

Hoewel die wêreld nog nie omgekeer is nie, voel die nuwe besturende direkteur, dr. Giancarlo Barsotti, heel tevrede met sy vordering. In die afgelope jaar het Fiat sy markaandeel in die motormark opgeskuif [illegible] de, die afgelope jaar of wat miljoene rand meer as ooit tevore in Italië belê het nie — iets wat hy definitief nie sou gedoen het as hy nie volle vertroue in 'n vrye politieke en ekonomiese toekoms vir Italië gehad het nie.

Hoewel Italië een van die laaste lande in Europa is wat ná die resessie op die herstelpad kom, het hy sy inflasiekoers van diep in die 20 persent reeds tot om en by 15 persent verminder. Ofskoon dit nog opdraande gaan is hul ekonomie definitief verby die laagtepunt.

Sover dit Italië betref, plaas hy Suid-Afrika, waar hy 'n baie gesonde landsontwikkeling aantref, baie hoog onder die lande waarmee hy saamwerk, het die sendings bevind.

gens die jongste Naamsa-syfers (berig op bl. 3) duur die vordering voort.

Die politieke toestand in Italië is volgens die sending baie minder bedruk as wat Suid-Afrikaners miskien algemeen aanvaar. Die Kommunistiese party het weliswaar in die laaste verkiesing 34 persent van die stemme op hom verenig. Tog is die Kommunisme meer vakbondgeoriënteerd as Marxisties. Trouens, die Italiaanse Kommunistiese Party distansieer hom heeltemal van sy Russiese eweknie.

Vooraanstaande Italianers is die mening toegedaan dat die Italiaanse Kommuniste hul belangrikheid in 'n verenigde Europa sal verloor. Hulle het 'n versadigingspunt bereik in die stemme wat hulle kan trek in hul aandrang op nywerheidshervormings in werkersbelang.

Sover voorsien kan word, sal die Europese kommuniste slegs ongeveer 10 tot 12 persent verteenwoordiging in die Europese parlement haal. Dit sal die posisie van die Italiaanse Kommuniste baie verwater.

Die eenheid van Europa onder 'n Europese parlement waarvoor daar in 1978 verkiesings gehou word, is vir Italië 'n waarborg dat hy nasionale voorspoed en welvaart sal kan laat voortduur binne 'n Europese magsblok wat 'n eie standpunt kan inneem onafhanklik van Amerika en Rusland.

Niks onderskryf die Italianers se vertroue in Italië en Europa miskien sterker as die feit dat Fiat, die reus onder Italiaanse nywerhe-

The protectionist peril

FIN. MAIL 24/6/77

74

A wave of protectionism is sweeping SA. With production capacity to spare, and often unfair competition from abroad, it is not surprising.

With some justification, a member of the PM's Economic Advisory Council observes that "our imports have gone up so rapidly in recent years that we're entitled to try and trim them back".

There is a real danger, however, that some of the steps now being taken to keep imports out will not only be of dubious efficacy but could give SA's trading partners an excuse to strike back at our own exports.

Remarks a foreign diplomat: "We haven't responded yet. But we are concerned about the clamp on imports — we think it's going to affect our exports to SA quite considerably."

The slump in domestic demand has already dramatically reduced the import bill, shoving it down from a seasonally-adjusted monthly peak of around R600m in mid-1976 to only R364m last month. But some industry and government people think this is still not good enough. They're looking ahead; chances are the next upswing will start with the foreign reserves at a relatively low level. So it will be vital to keep the increase in imports which accompanies any economic upturn to a bare minimum.

Lest it be accused of cocking a snook at Gatt (the General Agreement on Tariffs and Trade, which has strict rules about protection), Pretoria has wisely allowed the private sector to take the lead in beefing up the Buy South African campaign. Business, for its part, has had the good sense to switch attention from consumer imports (where the scope for substitution is small) to capital goods.

The real gap between domestic and international price levels must be further narrowed by increased tariff protection on the one hand and higher preference levels for local content — Seifsa economist Tony Robinson, addressing this week's NDMF seminar on import substitution.

It is the task of commerce not only to buy South African, but especially to present their wares in such a way as to promote the South African product. I believe commerce in SA wants to make the short-term sacrifice to achieve a long-term benefit for the whole economy — Ekspa MD Jan Horn, at the same seminar.

The ball started rolling after last August's EAC meeting, since when employer bodies have conducted a survey to pinpoint the extent to which imports could be replaced by locally produced goods. Their poll (see box) has revealed that almost R900m a year could be saved right now by switching from foreign to local suppliers.

Meanwhile, a committee chaired by AHI director Fritz Stockenstrom has asked Unisa's Prof Piet Nel to look at the feasibility of setting up a data bank to help importers identify local suppliers.

Then there are the moves (*FM* May 13) to form sectoral committees to scrutinise import permit applications with a view to guiding buyers to local producers. Talk is they may even advise government to refuse permits where suitable local products are available.

Most (although not all) of these strategies are essentially information services, which link buyers with order-hungry local suppliers. Fair enough. They may be hard to implement, but they are moves in the right direction.

Government has not been sitting still either. The 15% import surcharge, whose main purpose is to boost Treasury revenue, has raised SA's tariff walls.

Import permit allocations, meanwhile, have not kept pace with the rising cost of foreign purchases, and only last week the *FM* reported government's decision to clamp down on steel pipe imports, even though this could harm consumers. And the streamlined countervailing duties provided for in the Customs and Excise Amendment Bill now before Parliament can be used to neutralise other countries' export subsidies.

SA is by no means the first to jump on the protectionist bandwagon. There are skeletons in most of our trading partners' cupboards.

Seifsa is compiling a list of what it regards as unfair trading practices (such as abnormally low interest rates and lengthy payment terms) used by overseas suppliers to tempt SA buyers. Director Errol Drummond has not said what he intends doing with this dossier.

But one leader in an industry threatened by imports tells the *FM:*

"We've been told by government we'll get what we want provided we shut up about it."

If that really is a true reflection of Pretoria's attitude what are the implications? First, SA will have some explaining to do to Gatt. But more serious is the danger of indiscriminate over-protection, *a la* the early Sixties, which could result in SA's producing a string of high-cost products which it really would be better to import. And of course there is always the possibility of retaliation from our trading partners, the potential damage to investor confidence and the problems of later withdrawing protection and making manufacturing industry stand on its own feet again.

It is therefore essential that protection should remain selective and be given only after careful investigation of all the pros (the need to protect infant industries for instance) and cons by the Board of Trade and Industries.

And if that is not enough, there is always the exchange rate. If the overall import intensity of the economy is indeed still too high to allow economic growth to be resumed even though we are entering the fourth year of recession, then obviously import intensity must be reduced. The way to do that is not through bureaucratic control of who may buy what overseas but through the price mechanism — by making imports still dearer, and exports still more profitable.

In short, the way to do it is to devalue.

SWITCHING TO THE LOCAL PRODUCT

At Thursday's NDMF seminar on import substitution, Seifa economist Tony Robinson unveiled the results of a survey to determine the extent to which SA buyers could switch from foreign to local suppliers.

The survey (financed by the PM's Scientific Adviser) distinguishes between "import displacement" (where local products could immediately replace imports) and "import replacement" (goods which could be produced in SA with more investment).

The survey shows current import displacement potential at R872m a year. Sectors which could make the largest contributions are: basic ferrous metals, R244m (73% of 1975 imports); textiles, R128m (50%); machinery, R122m (8%); and electrical machinery, R118m (21%).

The displacement potential in the tobacco, clothing, jewellery and liquor trades is negligible.

Import replacement potential is calculated at R753m. Particularly large contributions (measured as a percentage of current imports) could be made in the jewellery, paper products, electrical machinery and leather sectors.

Among the survey's proposals:

- Studies on the setting up of an "import replacement financing fund." Industry would be helped financially to discard out-dated plant, to rationalise and to promote productivity;
- Improved local tender preferences. A tenderer replacing imports would enjoy particularly favourable preferences;
- Changes in customs tariffs to protect local industry from foreigners' over-generous export subsidies and marginal pricing practices; and
- Greater voluntary rationalisation of industry, and less variety of product. Local producers should be prepared to cut prices to meet foreign competition.

FIN. MAIL
24/6/77

74

SA EXPORTS & CO.

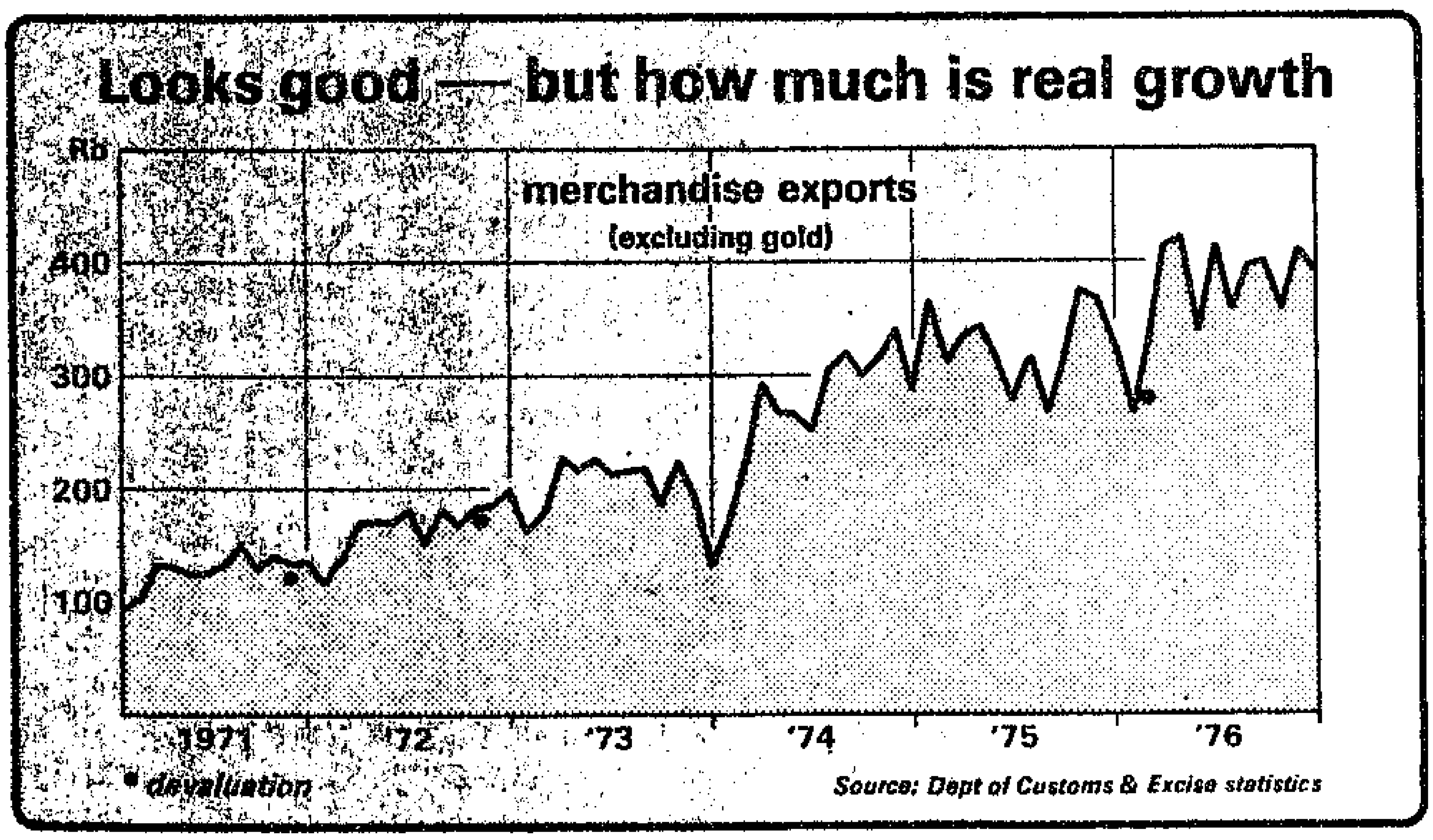
Exports are vital to our economic survival, the more so as political pressures increase.

So how good are we? How good are our export policy, expertise, incentives? Are we on beam or off? Where are improvements possible? Has anything changed since the Reynders Commission in 1972 rapped the nation's companies ("including those which have been in the export business for a long time") over the knuckles for "a surprising lack of knowledge in the general area of exporting"?

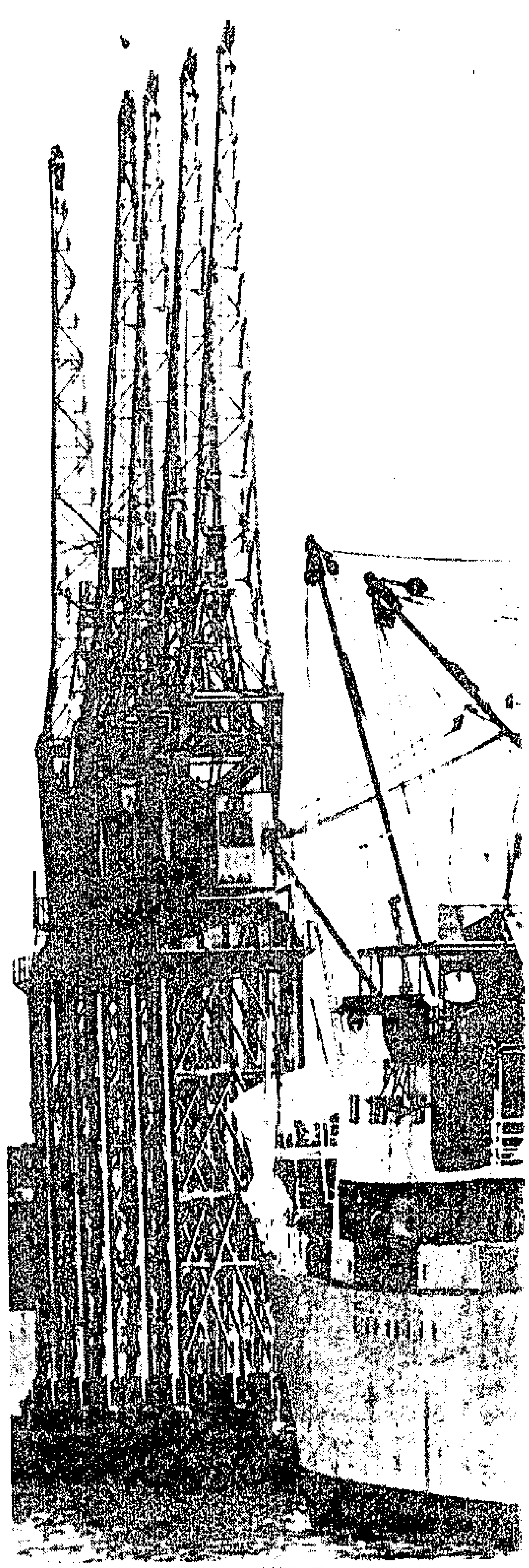
The answers to these questions, plus a host of useful export hints from successful practitioners, are the subject of this *Special Report*.

On the face of it, the odds would seem to be stacked against exporting from SA. There's the distance, with nearly 90% of our total exports having to be transported 9 000-18 000 km, probably the highest proportion of long-distance traffic among all trading nations, Australia and New Zealand included.

Our productivity ratio (output per employee) is distressingly low compared with those of our major competitors. Our domestic market is fragmented by a



Source: Dept of Customs & Excise statistics



proliferation of types, makes and models. Our politics arouse international hostility against things "Made in RSA". And government delayed far too long its decisions to lay down some of the vitally necessary infrastructure.

If that weren't enough, government fairly meticulously sticks to GATT and other trade agreements. Which means "virtuous" SA with, by comparison, minimally protected local industry, competing against countries in which protectionism and indirect export subsidies have both become a fine art.

In this tough world, we nevertheless managed to export over 25% of GDP last year, almost as much as the UK, Sweden, Denmark and Norway, about the same as South Korea, but ahead of Israel, Australia and Japan. Unfortunately, though such comparisons look comforting, they're not very meaningful. The only yardstick that counts in the end is the balance-of-payments, the difference between what comes in and what goes out, including invisibles. And that gap remains large — and critical.

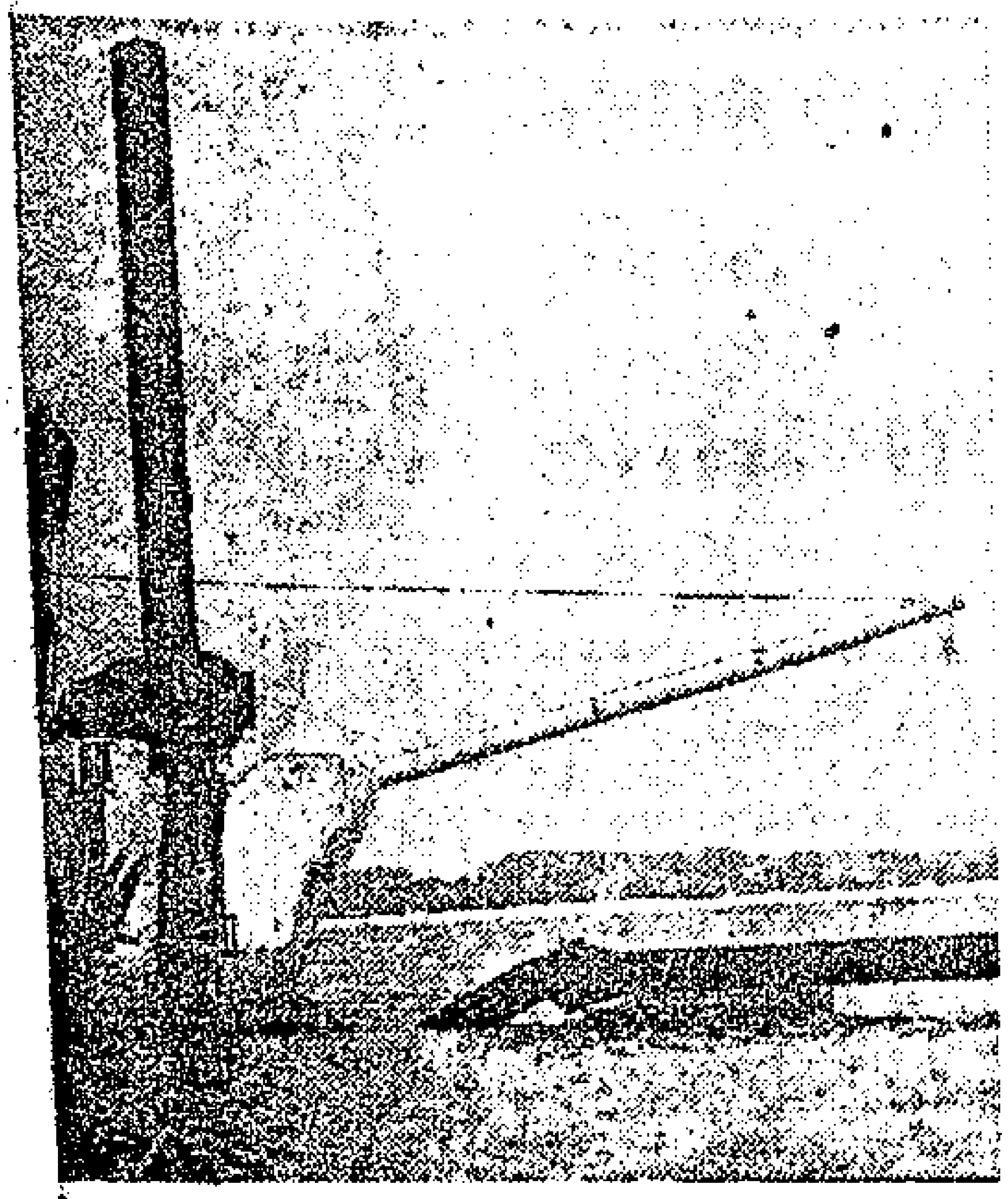
Denne. His stickwork and basic skills are excellent, but he must concentrate on his defence and use short passes to wing or the halves on either side of him in his build up. He tends to want to beat the man once too often.

(74)

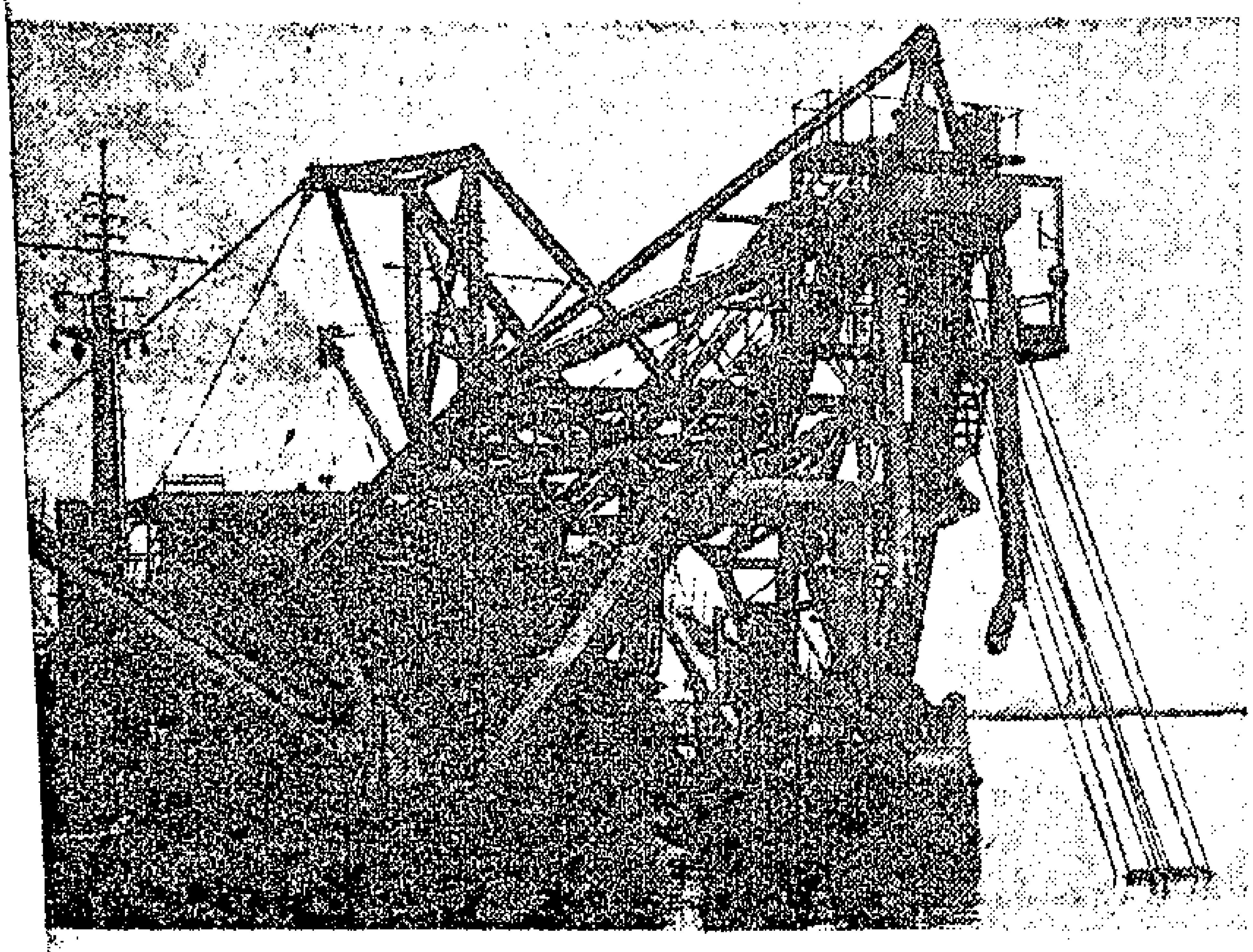
30/6/77 N/MERCURY

SHIPPING — Wilf Seifert

REPAIR JOB FOR AN ODD CUSTOMER



STAFF of the Prince Edward graving dock in Durban are busy positioning a record 120 blocks in preparation for the arrival of a unique vessel: the twin-hulled Richards Bay cutter suction dredger Gravelines.



She is only the first of four dredgers due here in July and August for repairs.

The Gravelines has a very unusual history. She consists of two former general cargo ships. Hartwardersand and Surwurdersand, built as sister ships in 1965 at the Elsflether Werft A.G. of Germany.

Now registered at The Hague, the two hulls were widened by the addition of a centre section three years ago and then joined together to become the dredger Gravelines.

She is due to dock in the inner chamber tomorrow morning for an annual survey and major repairs which include her battered suction pipes.

Later next month, the cutter suction dredger Mascaret will follow. She, too, has been booked for general repairs and the fitting of additional pontoons.

The Mascaret is well-known to this port. She spent about seven months here undergoing an overhaul in 1975 after sinking in Richards Bay during operations in March that year.

It was a freak accident which occurred in shallow waters when her 5,5-ton anchor crashed through her side. First officer Jaques Baert, in a vain attempt to seal the big hole, was trapped and drowned.

RECORD

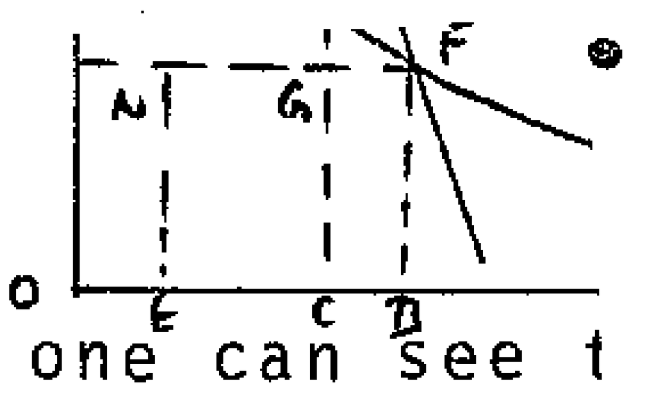
Although there has been no final confirmation, the other two dredgers due in Durban are:

- the Sliedrecht XXI for repairs to her hull and scraping and painting. She is boked for two drydock sessions; and
- the Concorde. This vessel was to have arrived here last month, but it is not known now when she will arrive.

According to the acting dockmaster, make-up for the Gravelines required two cranes and three shipwrights and took three days — a record.

The problem is that the dredger requires the laying of two centre lines plus four bilge lines of blocks — as many as two single ships would need.

Buy EM = EC wheat.
4. Buy GF = CB wheat.
5. Sell GF = CB wheat.



41. Given the diagram shown above (Q.40) one can see t
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SOUTHERN AFRICA LABOUR AND DEVELOPMENT RESEARCH UNIT

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NOTHING SLUGGISH ABOUT SLAG

Local slag (a steel waste product) which is being dumped at a rate of 700 000 t a year should find wider markets when the SA Bureau of Standards draws up a proposed national specification for the commodity.

At present slag aggregate is being used for road construction as a sub-base but, as Fowler Construction points out, without standards certain potential large users such as railways won't accept the material.

"Overseas where there are standards the material is extremely popular," says Fowler's MD Louis van Iddekinge. "It has skid resistance and durable qualities that are in considerable demand.

"What SA needs is a local standard regarding particle size and quality of slag aggregate (manganese slag, for example, differs from its steel counterpart and some of the older slag dumps are often poorer quality)," says Van Iddekinge.

Fowler uses the material drawing only on Iscor's various dumps. Largest supplier is Heckett — a Pretoria-based concern which in 1976 produced some 204 000 m³ of slag for aggregate and selling it, depending on quantity from sites at Pretoria and Vanderbijlpark, at between R3-R3,20 m³.

Heckett also agrees that a local standard would increase demand considerably.

Unfortunately it's going to take SABS about two years to prepare the standard. It is currently preparing the first draft for the specification and to some extent will base this on European and US standards.

The specification will cover, among other things, the grading of slag and lay down limits for substances in slag which would be harmful in its use in concrete or road construction.

Another company using slag, but for different applications, is Slagment which also draws on Iscor dumps at Vanderbijlpark and Pretoria.

Slagment produces a powdered material (around 400 000 t/year) which is a type of cement and sells this in bulk.

"Smallest amounts are a railway truck or bulk road tanker load," says GM Kennith Wood, who cites the Hendrik Verwoerd Dam's use of some 200 000 t of the material as the type of consumer that Slagment likes.

Looks as if slag products can be money spinners.

Yours sincerely,

Francis Wilson

FRANCIS WILSON

FARM LABOUR IN THE CITRUSDAL VALLEY

FIN. MAIL 1/7/77

74

FOUNDRIES

Approach to exports

Chamdor . . . pouring for export profits

A foundry which has been in production for barely six months has scooped a R1m export order and is proving the point that in the foundry business, specialisation pays off.

Chamdor Stainless Cast Products, located outside Krugersdorp on the West Rand, is owned by Krugersdorp Engineering, the German foundry equipment supplier Hottinger and two individuals Jurgen Deist and Alistair Elrich.

The intention in starting the foundry was to make products that SA was importing from Korea, Taiwan and Japan. "Ironically," says Deist, "we based our feasibility on the production of pipe fittings for the chemical and petrochemical industries only to discover that this was a depressed market carrying high stock holdings."

But other lines such as pump and valve components went down well. "Largely through ignorance we got the idea that we ought to be competitive on world markets," jokes Deist.

"Other countries are more efficient on machining, but we've got the advantage on casting with all the materials available locally."

Unlike other foundries such as Scaw Metals, Thomas Begby and Apex which produce stainless steel castings as well as grey iron products, Chamdor, which cost about R1m to set up, concentrates entirely on stainless steel products.

It's also a highly automated plant. Deist's previous experience was in helping to set up Messina's autocast foundry at Brits and some of the philosophies behind that have obviously gone into Chamdor.

The export order will occupy Chamdor for about two years although it is hoping to balance its business more equitably between local demand and overseas business. "We hope to build production up to around R150 000/month," says Deist.

Other foundries are not doing so well. An export agency based in Johannesburg concentrating on handling foundry products reckons many are not sufficiently flexible on pricing.

"Local profit margin is around 20%. The companies expect the same from export business. Another snag in attitude is that although foundries pay lipservice to exporting, if the local market picks up they will drop the overseas business," reckons the agency director.

In one year, the agency has helped to export some R50 000 to Europe and the US. "There's fantastic potential there. Look at companies like International Harvester which requires some 100 000 t yearly and prefers to source this out of several locations."

"The stainless steel industry has a progressive and lively outlook," reckons Deist. "It's just not like that with the grey iron industry. That needs more co-ordination and livening up."

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74

French in bid to boost trade with South Africa

Sunday Times (Business Times) 3/7/77

By Neil Behrmann

PARIS. — The powerful federation of French industries, Conseil National du Patrona Francais (CNPF) will soon make a concerted effort to promote trade between France and South Africa.

The aid will be in the form of technological equipment and advice, joint ventures between businesses of both countries, patents and assistance in setting up operations either in South Africa or France.

The CNPF is also offering a one-year scholarship in France for young professionals in their late twenties. Each year, talented young blacks, and whites will be able to work for a company in France and broaden their business experience.

The scholarships are intended for post-graduates and young business men — not for full-time undergraduate students. The CNPF stresses that the group must include whites and blacks.

According to Francois Ricaud, an executive of CNPF, the decision was taken only a few weeks ago. It is significant because the CNPF is a powerful organisation in France on the lines of the Confederation of British Industry, but carrying far more weight.

Clearly, French business men see possibilities in South Africa and recognise that South Africa is an important source of raw materials.

Sunday Times (Business Times) 3/7/77

US tops SA import list

THE UNITED States leapfrogged Britain and West Germany last year to become South Africa's biggest source of imports.

Overall two-way trade with the US also jumped by more than a fifth, making it our second biggest trading partner and rapidly heading for the top.

This development shows that increasing pressure by anti-apartheid and church groups against trade with South Africa is having little real effect.

Ironically, European countries such as West Germany, where opposition to South Africa is muted, are doing proportionately less trade with this country.

Imports from the US rose 29 per cent to R1 267million, compared with a 2 per cent increase from West Germany to R1 059-million. Britain, first in 1975, was relegated to third position after a 6 per cent drop to R1 031-million.

Exports, however, present a different picture. Britain, by far our biggest customer, held its position, followed by Japan, West Germany and the United States — all with increases in the 5-7 per cent range.

In terms of overall two-way trade, the American zone (north and south) had a whopping 21 per cent rise, while Africa was up 13 per cent, Asia 7 per cent and Europe 5 per cent. In real terms, after discounting for inflation, Asia and Europe actually fell back.

A spokesman for the American Consulate-General in Johannesburg said there had been an upward trend in trade between

Politics a poor second to trade

South Africa and the US for some years.

Last year's figures included the purchase of three Boeing special performance jumbo jets. But even without them there was a substantial increase, spurred by improved deliveries and competitive prices, the spokesman said.

The value of two-way trade . . .

. . . between South Africa and its main trading partners.

(R-million)

	1975	1976
Britain	2 022	2 028
United States	1 419	1 723
West Germany	1 479	1 532
Japan	1 103	1 115
France	360	405
Italy	296	355
Switzerland	312	289
Belgium	225	276
Netherlands	231	273

Tony Koenderman reports

Imports from Britain (the main ingredients of which are machinery, transport equipment and chemicals) actually fell 6 per cent last year, but exports (precious stones, foodstuffs) increased by a counterbalancing amount, so that there was hardly any overall change.

The balance of trade between South Africa and West Germany is shifting in South Africa's favour. Our exports last year rose 6 per cent, but imports by only 2 per cent.

A spokesman for the German-SA Chamber of Trade and Industries in Johannesburg said South Africa could increase its exports to Germany further by going for regional markets or growth points.

He pointed out that the large foreign labour force in Germany presented a possible market for exports of less sophisticated goods.

"Germany is an open market without restrictions on imports or exports, except for certain agricultural products," he added.

Although overall two-way trade figures rose, South Africa is losing its importance to its big trading partners as the dominant African trading nation.

But what the shifts show is not so much an aversion on the part of our trading partners to doing business with South Africa, so much as the greater self-sufficiency of the Republic's economy.

Thus, for example, while we are buying proportionately less from Britain, we are selling proportionately more to that country. With Germany, our share of German exports is unchanged, but we are, again, selling proportionately more.

These trends are also obviously influenced by our increasing imports from the United States.

While South Africa last year accounted for 28 per cent of British trade with the whole of Africa (down from 30 per cent in 1974), we are supplying 31 per cent of African exports to Britain (up from 24 per cent in 1974.)

• To Back page

US tops import list

• From Page 1

Despite its oil, we are selling twice as much to Britain as Nigeria, but Nigeria is now a substantially bigger market for Britain than South Africa is.

In regard to West Germany, whereas South Africa accounted for 21 per cent of German-African trade in 1971, our share last year was 17 per cent.

However, as with Britain, it is only Germany's exports that have suffered.

South Africa's share of German exports to Africa declined from 32 per cent in 1971 to 22 per cent last year, but our share of African exports to Germany stayed firm at 13 per cent.

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7/7/77 . NATAL MERCURY

7/7/77 N/MERCURY

BANKRUPTCIES CONTINUE

Mercury Correspondent

LONDON — The number of small businessmen going bankrupt or into liquidation has failed to drop in Britain, in spite of the prospect of an improvement in the economy.

Those who have taken a hammering in the past three months include cafe and restaurant proprietors, garage owners, hauliers, radio and hi-fi dealers and a selection of high street retailers.

Receiving orders in the High Court — about a quarter of all bankruptcies in England and Wales are dealt with there — totalled 479 in the three months ended June 30, compared with 409 in the same quarter in the previous year and 480 in 1975.

Receiving orders in the first quarter of this year totalled 478.

Hardest hit in the field of compulsory winding-up orders were the building trades, as usual, mainly because most site jobs are handed out to sub-contractors who sometimes get into muddles over tax, V.A.T. and social security deductions.

74

WESTERN PROVINCE HOCKEY ASSOCIATION

WP Colts Tour to Southern Cape (George) : 30 to31 July 1977

To assist the players with their tour expenses your donation is greatly appreciated. TICKETS are 20 cents each or 3 for 50 cents. The PRIZE is a PORTABLE RADIO. The DRAW will be made on Wednesday 27 JULY 1977 and the winner contacted by telephone. Thank you for your support.

O. Metcalf.
MANAGER

QUESTION: Which horse won the 1977 Durban July Handicap ?

	Name and Address	Telephone	Answer
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Group 7: Sean Archer

In our group, discussion focused exclusively on research which can be characterised by the following adjectives: informal, unstructural or limited, temporary in its dimensions, foot-loose or on-foot or interview-type research. In other words both action-research ...

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FIN MAIL 8/7/77

EXPORT ZONES 74
One for SA?

Pretoria is studying the feasibility of setting up an export processing zone (EPZ).

Stellenbosch economics lecturer Colin McCarthy (seconded to the Department of Industries) has discussed the pros and cons of the idea with the Private Sector Export Advisory Committee. Together with deputy secretary for Customs and Excise A J Wylie, he is now preparing a short report to be circulated among interested private and public sector bodies for comments.

An EPZ is not to be confused with a free port. Unlike free ports (such as Hong Kong and Singapore, where customs duties are low and used chiefly as a source of revenue), EPZs are neither residential nor trading areas. So South Africans can forget about buying calculators, perfume or suits at rock-bottom prices in a local EPZ. Some exporters on the other hand, can look forward to a useful boost to their competitiveness in foreign markets.

An EPZ is no more than an industrial estate near a harbour or airport where raw materials and other supplies can be imported duty free, processed and re-exported. Products sold locally are subject to customs duties on leaving the EPZ.

There are about 14 EPZs in other parts of the world and a similar number are on the drawing boards. The oldest is at Shannon in Ireland. Taiwan has three. Mauritius has adapted the concept so that individual factories may be declared EPZs. Most EPZs specialise in low volume, high value manufactured items like radios, wigs, electronic equipment and clothing.

In SA, East London asked to be declared a free port in the late Fifties and has since pushed for an EPZ. But McCarthy notes that "no formal requests from local authorities have been received, though some have expressed interest. We'll consider various possibilities."

Besides helping exporters, an EPZ can give a boost to industrial development and employment in a depressed area. It can cut out much of the red tape which currently enmeshes customs duty refunds on imports intended to re-export; ease transport problems; and facilitate sorting, re-packing and re-labelling of goods imported for re-export.

The major objection to a new EPZ is that, as the Reynders Commission on Exports pointed out in 1972, "the expected development and the increase in exports in such zones may not justify the capital expenditure (eg on harbour extensions)".

about that but clearly this is something to which one should be sensitive. The third major question we looked at was: to whom do you feed the result of sensitive area research? Apart from the perennial problem of a choice between supplying what were termed in the group either 'inside users of the information' or 'academic outsiders', a further problem arises of what to do if you suspect strongly that the leadership groups - in other words the string pullers and the resource dispensers - are going to block action on the research. Do you then look for new potential inside the community at large? This led to a fourth separate question: what do you do if there are no existing institutions in the community? Do you then first set about trying to build up some institution or organisation to fill the vacuum and then supply with your research results? It was accepted without question

SUNDAY TIMES, Business Times, July 10, 1977.

SA steel sales up – despite curbs

THE CANADIAN Government is investigating dumping allegations against the South African steel industry, and the result could be the denial of another important market to this country.

An official from the Canadian Department of Trade is due here in the next few weeks to look into the position.

However, despite increasing protectionism in the severely depressed steel markets of the world, South Africa's exports are doing remarkably well.

Iscor's steel exports in the first six months of the year were worth R100-million. Target export tonnage for 1977 is 1,3-million tons.

By TONY KOENDERMAN

Iron ore exports through Saldanha Bay since the ore port opened last November have topped 6,7-million tons, with an FOB value of R88-million.

Sales abroad by the other big South African exporter, Highveld Steel & Vanadium, are said to be substantially up as well, although figures are not available.

But managing director Leslie Boyd says the bulk of Highveld's export tonnage has been in the form of semi-finished steel to feed the rolling mills of Third World countries, particularly in the Middle East, Far East and South America, where Highveld's low-cost steel is very competitive.

South African exports to Europe have been sharply curtailed under an agreement with the EEC, and if Canada is lost, the only major market left for finished steel products will be the United States.

As a result of the agreement with the EEC, the British Board of Trade is to remove its anti-dumping duty of £38 (about R57) a ton, which has already resulted in Highveld, in particular, reducing its exports to Britain.

Dumping is defined as selling a product abroad at below the domestic price, and its a practice which most major steel producing nations have been guilty of during the world slump.

Prime offender, and the first target of European protectionism, has been Japan. South Africa and Spain followed, and now Australia is coming under fire.

Canada has also accused British steel producers of dumping.

And Mr Boyd sees no signs of an end to the recession.

"The chances of a recovery in the United States look no firmer than they did this time last year," he said.

"The economy actually dipped in the fourth quarter last year after a good first half, and the same symptoms are appearing again.

"The Federal Reserve Bank is starting to choke off the money supply as it did last year. Unless the US recovers, you can forget Europe and Japan.

"I see no cause for optimism yet."

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BUSINESS TIMES international scene

Commodities move against SA blocked

By JIM SRODES

WASHINGTON. — The Carter administration's hard-line attitude towards the Common Fund which is aimed at stabilising world commodity prices, seems likely to cut the ground from under poor nations ganging up on South Africa.

The threat to the Republic comes from the 100-odd nations that make up the Group of 70 within the United Nations Conference on Trade and Development. (UNCTAD).

If they had their way, any commodity support system would automatically bar South Africa's output, thereby leaving exports of metals, coal and other raw materials more vulnerable than ever to price swings and speculation.

Two weeks ago, delegates from African and other developing countries wrung a pledge from the United States to work for the Common Fund.

This week, one of Mr Carter's chief international economic policy aides spelt out what the White House had in mind — and the result was vastly different from the commodity support system envisaged by the poorer export-dependant nations.

Even before last year's UNCTAD meeting in Nairobi, the have-not nations had been demanding that the industrial powers fund a common pool that would be used to counteract the swings in world commodity prices.

In the intervening months, at UNCTAD and other world meetings, the demands have been refined to include such details as a $6-billion common fund that would purchase buffer stocks of 10 "core" commodities.

Although the position of the Carter administration has moved sharply from outright opposition to any scheme that interfered with world market patterns, it is far from concilliatory to developing country demands.

Big differences remain between the industrial powers and the Group of 70. With 48 of these nations dependent on three or fewer commodity exports, their militancy is a constant element in the equation.

The Group of 70 has a $25-billion lever and the lessons of the OPEC group and the subsequent cartelisation of bauxite have not been lost on them. While South Africa is a frequently mentioned political target of the commodity fund sponsors, they concede a more fundamental economic motive is their belief that any commodity fund must have as its prime function the transfer of significant economic resources from the rich nations to the less developed.

Indeed, the challenge to the Carter administration and to the governments of the other developed nations is over control of the transfer of wealth from the richer countries to the poorer.

Spokesmen for the less-developed nations have been increasingly critical of the insistence of the big powers that development aid be channelled — and thereby restricted — through international institutions which often impose conditions on the governments that receive the aid.

Some of the more militant Third World leaders charge that institutions such as the World Bank and International Monetary Fund merely use their aid resources to keep poorer nations from defaulting on their growing debts to the private banks of the US and Europe.

The response to this challenge came in a little-noticed speech made this week by Treasury Assistant Secretary Mr C. Bergsten to a foreign trade group. In it, Mr Bergsten flatly rejected income transfer as a purpose for any commodities fund.

Moreover, development aid, even supplementary assistance for commodities stabilisation, must be funnelled through the international aid agencies, he added.

Mr Bergsten said: "Any such scheme to raise prices above long-term market trends would run counter to our own fundamental objectives, be inordinately expensive, require continual replenishment, duplicate a number of the functions of existing international institutions and disrupt markets."

As an alternative, the United States has begun trying to move the commodities debate out of the UNCTAD forum, which is dominated by the numerically greater forces of the poorer nations, and into the Geneva-based trade talks, under the General Agreement on Tariffs and Trade, and between the major industrial trading nations.

The Carter administration believes that the key to any common funding pool is prior marketing agreements reached on each separate commodity to be supported between producer and consumer nations. It is precisely because such marketing agreements are hard to organise that the United States insists on them — reasoning that buffer stocks are no use unless firm agreements are already in place.

The Carter administration also wants to see a reduction in the number of commodities to be supported at first. Mr Bergsten argues for "credible" buffer stocks, noting that $2-billion might be needed just to smooth out the swings in coffee prices and another $4-billion for copper — thus wiping out the $6-billion proposed by UNCTAD.

On the thorny question of what to do about LDC balance of payments deficits that are tied to trade losses, but not to any identifiable commodity price, the Americans insist that the IMF and World Bank facilities must be relied upon.

The strategy of the Carter Administration is clear enough and so are the motives of the poor-country bloc. While the United States is a major consumer of industrial raw materials, it is also a major producer of most of those same commodities.

By demanding firm marketing agreements on each commodity to be supported by the Common Fund, the full weight of the United States will be felt at each conference table, and often on both sides of the table at that.

The UNCTAD group, on the other hand, feels frustrated by the tremendous leverage that the major industrial powers exert — not only on the prices of their key exports, but also as regards the political pressure that often accompanies development aid or balance of payments financing loans from the international agencies and private banks.

But without the United States as an active participant and funding source, no commodity fund is possible and the LDCs know it.

Indeed, the Carter administration is actively supporting legislation in the US Congress that would convert the existing government stockpile of key defence commodities into an economic stockpile which would seek to smooth out the price swings of items that American industry imports in large quantity.

Such a domestic commodity buffer stock would be an effective counterweight to any international common fund pool arrangement.

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Swedes study investment ban in Republic

Star 11-8-77

Own Correspondent

STOCKHOLM — The Swedish government has appointed a five-member commission to study, and to suggest legislation for, a Swedish ban on capital exports and investments in South Africa and SWA/Namibia.

It is headed by Mr **Eskil Ellner** a justice of the Supreme Administrative Board, who has under him four Members of Parliament representing the four major parties — Centre, Conservative, Liberal and Social Democrat.

The commission's findings are not expected to be published until towards the end of this year.

CAPE TIMES 14/7/77

The longest train arrives in Saldanha

Staff Reporter

THE LONGEST and heaviest train run on South African lines and carrying a R260 000 load of iron ore for export, arrived in Saldanha Bay yesterday.

The train, which was 2,5 km long, consisted of 220 loaded trucks and two "test" trucks and was pulled by six diesel locomotives. The 861 km haul, from the Sishen iron ore mine, was an experiment by SAR aimed at boosting South Africa's iron ore export through Saldanha by 1,5 million tonnes a year to 19 million tonnes a year.

The train left Sishen on Tuesday evening, running on a line especially designed for this type of traffic and completed last year. It stopped halfway to change crews. Instruments in the two test trucks measured braking pressure and general stress on the trip.

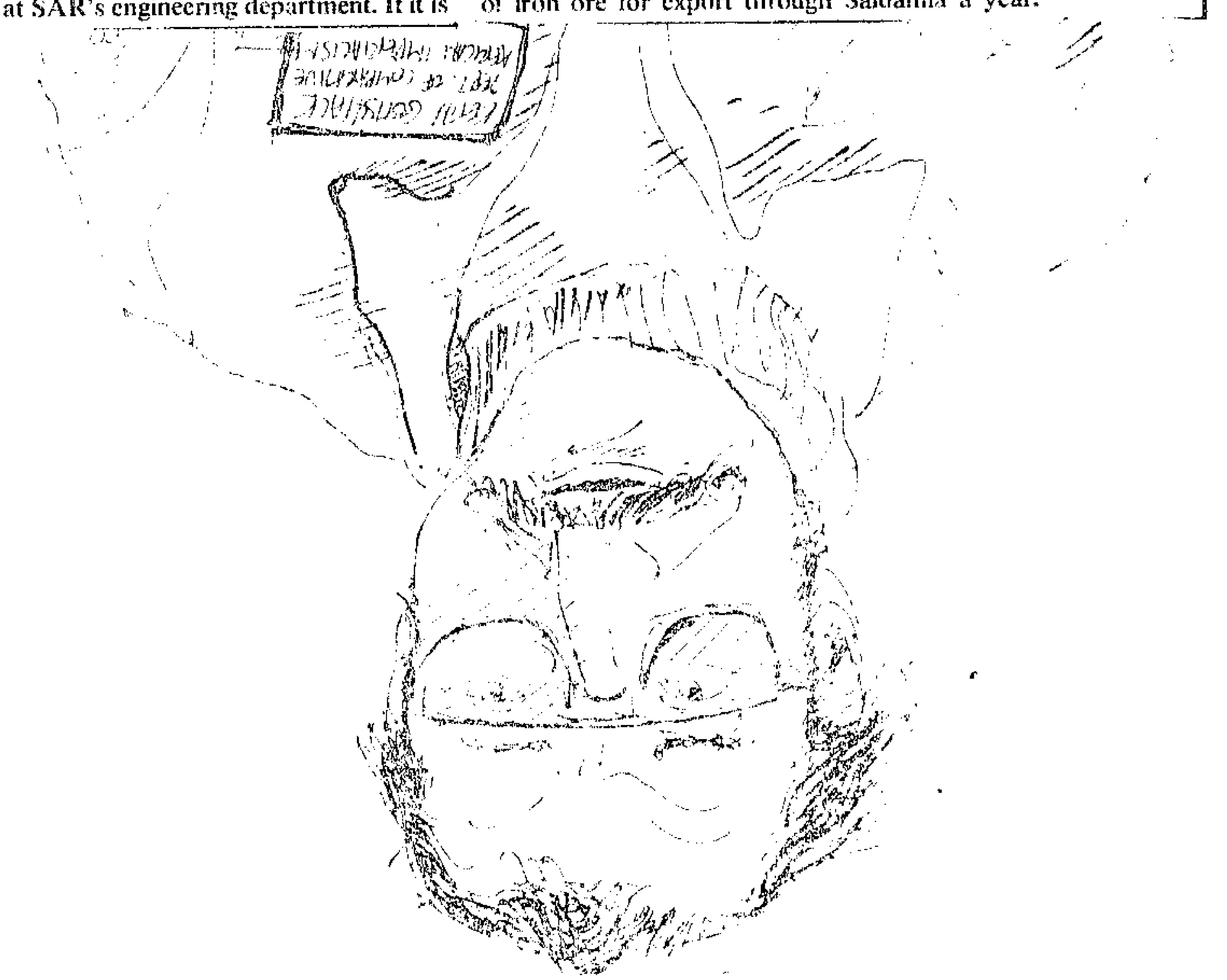
This information will be sent to Pretoria to be analysed by the chief mechanic at SAR's engineering department. If it is found the locomotives and trucks can withstand the strain of such a heavy load, trains of 220 trucks and more will become a regular sight on the Sishen-Saldanha line.

Asked whether heavier trains would increase the likelihood of derailments, Mr H L de Beer, Assistant Chief Superintendent, SAR, said yesterday there was no danger of this.

"Size and length of trains do not have a direct bearing on accidents and the line is built for heavy traffic.

"Furthermore, this new train system would boost our iron ore export programme without increasing conveyance costs."

At present, SAR runs three trains – consisting of 202 trucks each – on the line between Sishen and Saldanha each day. If the new 220-truck system is introduced an extra 1,5 million tonnes could be hauled on the line a year – easily exceeding South Africa's short-term target of 18 million tonnes of iron ore for export through Saldanha a year.



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that no projects can take root ... vacuum. We summarised
that part of our discussion by ... you need another
institution to pressure the ex ... blocking the whole process.
And on that note we ran for ou ... .

Group 8: John Grindley

I am afraid that our group di ... discussing the relevance
of present research at the Uni ... stern Cape. But there was
a very strong general feeling ... a greater application of
the findings of this research ... the University and at
other levels. The findings ... nd their way through to
changes in teaching programmes ... oncern expressed about the
kind of filters or restriction ... research, originating in
the first place with the ideas ... esearch worker. Further
filters might be the degree of ... at the level of supervisors
in the department or the Unive ... wider granting bodies.
There was some discussion abou ... good or a bad thing and
how this was in fact affecting ... g taken.

One of the members of our grou ... n in Guguletu would answer
if he were asked what sort of ... one at this University or
in other Western Cape universi ... w was expressed that he
would almost certainly be much ... the reasonable and just
application of existing knowle ... e of financial resources
on further research. In many ... information, if it was
adequately used, would meet th ... of the population. This
came up in a number of differe ... er discussions. The
group spent some time on the q ... ate technology - so-called
appropriate technology - like ... r development in agri-
culture. Here there were str ... g the people in our group
- there seemed to be quite a d ... younger members of the
group and the more established ... The younger representatives
saw a strong need for such dev ... e other side there was
a lack of clarity about how th ... ould advance. We had a
very interesting discussion bu ... hieved anything in rela-
tion to directions of researc ... or the Western Cape, in
regard to policy.

Red faces over Bonn credit guarantees

Star 11-7-77

FRANKFURT. — The West German Government is acutely embarrassed by reports about a substantial increase in Government credit guarantees for exports to South Africa.

According to the magazine Der Spiegel, neither the Foreign Minister, Mr Genscher, nor the Economic Minister, Mr Friederichs, was told about the raising of credit guarantees by the State-owned Hermes company from 656m deutschmarks to 2 700m DM.

Among the ventures guaranteed by the Government are supplies by Deutsche Babcock for a strategically important coal liquifying project, Sasol 2, worth 515m DM; machinery for two coal-fired power stations worth 140m DM; a car plant worth 36m DM; as well as investment orders for the mining industry.

CONFIRMED

The increase in Government credit guarantees for business with South Africa was first reported by the Information Centre Southern Africa, an anti-apartheid organisation based in Bonn. The reports have now been confirmed by the Ministry of Finance.

Apart from Deutsche Babcock, the firm of Siemens and Mannesmann has also been granted Government guarantees.

The decision to raise the credit limits was made by an inter-departmental committee of experts from the ministries of economics, finance, economic co-operation and foreign affairs.

As long as the importer has a reliable reputation, the committee is free to pursue what amounts to a trade policy of its own which, in the case of South Africa, happens to run counter to Bonn's declared policy of no longer wishing to appear to be on friendly terms with South Africa. — Guardian News Service.

Natal Mercury 12/7/77

Germany invests more in S.A.

BONN — The South African Embassy here said that direct West German investment in South Africa last year totalled some 38 million marks (R10 200 000) and that economic ties between the two countries were strengthening.

The embassy was commenting on an interview published in a West German newspaper in which Mr. Egon Bahr, secretary-general of the ruling Social Democratic Party (SPD), said West German investment in South Africa had "dropped to practically nothing."

The embassy said South African Government statistics showed total West German direct investment there stood at 576,2 million marks (R155m) at the end of 1976.

The West German Economics Ministry indicated that last year's investment in fact showed a rise over 1974 and 1975.

Investment ban

In the interview, with the weekly Protestant newspaper Allgemeine Sonntagsblatt, Mr. Bahr noted that the SPD executive had recommended a ban on further South African investment to force political change there.

The embassy said more than 6 000 West German firms had either direct or indirect contact with South Africa and more than 300 had subsidiary companies working in trade and industry.

It estimated the total German financial engagement in South Africa as about 12 billion marks (about R3 220m), including indirect investment through subsidiaries and export credits. — (Sapa-Reuter.)

MR. SAM BROWNLEE, who has been appointed manager of the Hhluhluwe branch of Barclays National Bank Ltd.

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Natal Mercury 14/7/77

Trade mission chief says . . .

Problems no hitch to U.K.-S.A. trade

Financial Editor

TRADE will go on between the United Kingdom and South Africa in spite of balance of payments problems, political pressures and financial difficulties.

This is the view of Mr. D. G. MacRae, leader of a five-man section of the Glasgow Chamber of Commerce Trade Mission which is visiting Durban. The rest of the mission is in other parts of the country.

Mr. MacRae, who is assistant general manager of the Bank of Scotland, said that his bank will support British exporters with financial facilities if they wish to do business with South Africa.

"We took a decision some years ago to participate in such matters.

"Our exporters have not been affected by South Africa's cutback in imports. The members of this mission have found their visit to be well worthwhile. They are not in a pessimistic mood."

Mr. MacRae added that he was making his first visit to South Africa.

"I came with an open mind. It was not as I expected. I have been very impressed."

Asked whether firms in Scotland would be able to keep to delivery dates if orders were placed by South Africans Mr. MacRae said that they would do so.

"The newspapers make headlines out of the strike situation in the United Kingdom but our strike record is better than that of many countries.

"The Scots are industrious people. The bulk of them are hard working.

"We are like South Africa. We do not sell ourselves well enough abroad."

Metals and minerals exports surge

RDM. (74) 23/7/77

By DON ROBERTSON
Mining Editor

THE increase in the export of metals and minerals was largely responsible for the favourable balance of trade for the first six months of the year, a position which South Africa has not attained since late 1973.

Evidence of this improved export achievement is shown in metal and mineral sales for May reported by the Department of Mines.

Exports of the major items have increased substantially after the poor April figures and the revenue for the year is well up on the corresponding five months last year, suggesting that the record sales of 1976 will be beaten.

The commissioning of Richards Bay and Saldanha Bay has played a major role in the sales figures and exports of iron ore and coal are rising steadily.

Iron-ore sales through Saldanha rose to R15 855 780 in May compared with R11 114 956 in April. Coal exports brought in R17 590 071 compared with R17 771 582. Coal tonnages were made up mainly of bituminous coal with anthracite sales lagging because of seasonal factors overseas. However, anthracite sales should pick up later in the year.

Sales of antimony increased to 1 686 tons in May and were worth R1 891 502, compared with only 51 tons worth R56 714 in April. This improvement was reflected in the June quarter results from Consolidated Murchison, although results for the first half of the year were well down on the corresponding period of 1976.

Also showing a substantial improvement were sales of nickel which were worth R9 063 863 in May compared with R5 725 439 in April.

Higher tonnages of copper were exported, bringing R16 663 575 against R10 188 353 in April, although the low international price continues to cause concern.

Chrome, vanadium and manganese exports were all down on the April figures. Chrome earned R3 564 329 compared with R4 820 980, manganese R5 836 685 against R6 215 057, and vanadium R3 656 474 against R4 035 598.

The higher tin price has increased its importance and it earned R1 023 204 compared with R682 213 in April.

Asbestos was again a major earner, earning R13 037 161 compared with R10 328 310, strengthening South Africa's position as a top producer.

Diamond sales were lower at R15 290 757 compared with R26 770 289 as were sales under the category miscellaneous, which includes uranium and platinum. This figure fell to R35 603 490 from R41 165 802.

JULY 23, 1977

Prices drift down in subdued stock market

D.D. 25/7/77

74

JOHANNESBURG — Hollard Street closed on a subdued note yesterday with prices tending to drift down across the board.

Gold shares remained basically steady but there was not sufficient interest to lift counters on the firmer gold trend.

Lack of overseas interest in the internationals and, possibly, withholding of funds from Hollard Street for the Government and Ergo issues accounted for the market's uninspired performance this week.

Features in the metals sector was a marked weakness in platinums and a victory for the bears in asbestos yesterday.

De Beers opened 2c higher at 470c, then fell back to 467c, 3c off on the week.

Messina and Minorco were a little firmer yesterday but Mangula and Palamin lost up to 20c on the week in coppers.

Assmang maintained its uptrend to finish 75c up on the week.

Lydenburg tumbled 6c yesterday, which stretched the platinum counter's losses to between 8c and 10c for the week.

Tin counters did not react to good quarterly figures.

Coals were dull and the favourites were up to 25c easier on the week.

Randfontein was steady yesterday and the counter maintained a lead of 150c on the week. Other winners were Freguls, Kloof, Harties and Libanon, which were up in the 30c to 40c range over the week.

Pres Brand retreated 70c while West Drie came off 25c over the week.

Anglo came off 2c yesterday but at 428c showed a 6c gain on the week. The Anglovaal counters, GFSA and Johnnies, lost ground as did Duiker, in spite of a 10c recovery yesterday. Unicorp shed 3c, cutting the week's gain to 13c while UCI was up 12c in sympathy.

In London, banks were the main feature in the market after Midland and Lloyds reported half-yearly earnings figures. Midland gained 10p and Lloyds 2p. Natwest and Barclays rose 5p in sympathy.

Other leading equities were featureless and generally easier. Gold shares held steady at the lower levels.

In Salisbury, only nine trades were marked up for the day but turnover was good in African Distillers and in National Foods.

In minings, Falcon shed 5c to 316 and Mangula 5c to 155 but Wankie put on 2c to 77 and Ceres 1c to 85.
DDC-SAPA-AP

D.D. 25/7/77

Owen predicts decade of pressure on SA

74

NEW YORK — A difficult ten years of Western economic pressure to force steady change in South Africa was envisaged yesterday by British Foreign Secretary David Owen.

"I'm not talking here about massive changes in one or two years," he said in a TV interview after his 90-minute Southern Africa strategy meeting with Pres Carter. South African society had to modify itself "progressively and specifically and we've got to use our influence to make sure that they do."

It called for "very difficult political judgment," he added.

Dr Owen said Britain and the US faced a major challenge in influencing the modification of apartheid.

"If you've got economic investment, if you are there, you've got to use those economic investments in a creative way to change that society."

Dr Owen said that during his talks with American officials it was decided "to carry our plan forward" on Rhodesia.

"We have seen our way ahead," he added. "We will have further discussions and consultations with other countries and key people, but we have chartered out a forward programme and we are going to come forward with specific proposals. As a result of consultations, we are going forward intensively now."

Dr Owen said no firm decision had been made about his going back to Africa on another trip, but he did not rule it out.

In reply to a question he said the idea of an economic safety net for Rhodesia was discussed, with no change in the previously determined overall figure of R1 000 million. The main contributions would come from Britain and the United States.

In an earlier interview yesterday Dr Owen said Pres CArter had given his personal backing to continued British-American planning for majority rule in Rhodesia.

Dr Owen thought that the one-man one-vote plan was acceptable to world opinion, and that Mr Ian Smith should realise "He's taking on the whole of world opinion" when he stood out against it.

Mr Smith's announcement of general elections at the end of August was brushed aside by British and American diplomats as involving only three per cent of Rhodesia's inhabitants.

Mr Smith is considered only one factor to be considered in the overall plan for peaceful transition to majority rule, or at least transition with the least amount of bloodshed possible.

A key figure in British American planning will be Pres Nyerere of Tanzania, who arrives in Washington on August 4. He will be asked to help achieve agreement among the various black nationalist leaders outside and within Rhodesia. — DDC.

SA losing out on W African trade flood

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RDM 15/8/77

By GEORGE YOUNG

CAPE TOWN. — The wholly-unpredicted flood of sea trade between the Far East and West Africa, which is bringing a formidable volume of bunker traffic to the Cape, is a fair indicator of the potential business for South Africa if only relations with those parts could be normalised.

The near 30 years of the unpopular interval situation in South Africa has virtually shut off a nearby market for local goods which, since the discovery of oil in West Africa, could add hundreds of millions of rands to the kitty each year.

The Japanese and the Chinese have not been slow to fill the gap and the insatiable thirst by the emerging West African states for manufactured products is seeing full loads of goods going round the Cape.

The ports in West Africa are overflowing with ships and bulging at the seams with imports.

It represents a trade potential for South Africa which boggles the minds of industrialists conscious now of the infinitesimal business going that way from this country.

Car carriers are being used to meet the demand for new transport, bulk carriers are hurrying in raw materials, and a continuous flow of general cargo carriers is ferrying the type product available in this country at possibly lower cost.

It is obvious that cost of transport must favour movement of equivalent cargoes from this country as against those from the Far East.

But political prejudices transcend all other factors in the development of this trade, and this country's loss is very much the gain of the Orient.

It could well be that if South Africa had nurtured the goodwill of West African countries, the economic difficulties of this country at the present time could have been reduced.

Indeed, the Japanese, in suffering reproaches by the West for their exports, are among the main benefactors from the West African prosperity.

There are return cargoes, too, and bulk cargoes of West African timber have been passing through the Cape bound East.

The fact that timber equally as useful could be obtained in the tropical forests of Malaysia or Indonesia does not much matter.

The imports and exports have to find some point of balance.

South Africa gets a few crumbs from the traffic in the form of ships calling here for provisions while in transit, and of course those which contract engine trouble and have to patronise local facilities.

Right now the repair facilities are crying out for work, and their representations overseas for clients are inhibited by the uncompetitive prices at this end — attributable entirely to the inflexible and wholly unimaginative dry-dock tariffs imposed by the experts on Johannesburg station.

South African harbours have not until now known what competition is, but the repair traffic is a cut-throat rat race in which all industrial nations are participating.

It has not occurred to the Railways hierarchy that no ships will patronise local dry-docks when equivalent facilities of other ports along the route are cheaper.

SEN. HORWOOD SÊ, PAS OP?

Sake-Rapport 21/8/77

(74)

INVOERDERS wat botter op al twee kante van hul brood verwag — en in die proses regeringspogings om valuta te bespaar, fnuik — gaan hulle vasloop. Dit blyk baie duidelik uit die bedekte waarskuwing wat sen. Owen Horwood Vrydagaand in Durban gerig het.

Hy het die jaarlikse kongres van die Natalse Streekkamer van Koophandel toegespreek en gesê as dit ooit sou blyk dat die beskikbaarheid van uitvoerkrediet in die buiteland en termyndekking deur die Reserwebank 'n belangrike hindernis tot invoerplasing is, die Regering sy beleid hieroor in heroorweging sal moet neem.

Sen. Horwood het oor invoervervanging teenoor invoerverplasing gepraat en gesê dat sy invoerheffing van 15 persent wat hy vroeër vanjaar met die Begroting ingestel het, om inkomste-redes gedoen is. Maar dit het natuurlik ook die uitwerking gehad om invoervervanging aan te moedig.

'n Ander metode om hierdie doelwit te bereik is die onlangse pogings deur die private sektor in die Koop Suid-Afrikaanse-veldtog.

Daar word veral hier klem gelê op kapitaal- en intermediêre goedere. Hierdie pogings is hoogs verdienstelik en verdien die steun van almal in Suid-Afrika. Die hele poging behoort ook aansienlik meer lig te werp waarom nyweraars en verbruikers dikwels ingevoerde goedere bo die plaaslike verkies, het sen. Horwoord gesê.

Oor die huidige verloop van die land se handelsbalans het sen. Horwood gesê dat dit nou lyk of 'n aansienlike oorskot vir 1977 getoon sal word.

Daar is egter nog aansienlike slapheid en oorskotvermoë in die ekonomie.

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Free trade is the way to economic growth, says Horwood

Sunday Times (Business Times) 21/8/77

Owen Horwood

By NIGEL BRUCE

LOCAL manufacturers who might have hopes of additional protection from imported products through draconian import controls are in for some disillusionment.

Finance Minister Owen Horwood spelled out on Friday that neither this type of protection nor misplaced patriotic views that all imports were bad, were part of official policy.

"International trade is of the greatest importance for an open economy like that of South Africa with its wealth of natural resources," he told the Durban Chamber of Commerce.

"By specialising in the production and exportation of those goods and services in which it has a comparative advantage, and by importing other goods and services, South Africa is able to attain a much higher rate of economic growth . . . than would have been possible in a closed economy," he said.

Indeed, the country's economic history testified that imports of capital, intermediate and consumer goods within reason were in some cases vital to the strength, soundness and growth of the economy.

Artificially induced import replacement would harm the economy in three ways:

• It would be inflationary as it would reduce supply and hinder competition while increasing demand by stimulating domestic investment.

• Real growth would be inhibited through the protection of inefficient high-cost industries' resulting in a misallocation of scarce resources.

• Balance of payments problems would be aggravated as a result of a stimulation in domestic spending and therefore imports, as well as by harming exports through these inflationary consequences.

However, Minister Horwood also emphasised that the encouragement of the industrialisation of this country over an extended period through gradual import replacemet replacement behind protective tariff barriers, rather than direct import controls, remained Government policy.

The superiority of the tariff over quoted restrictions . . . derived from (the former) making use of the price mechanism and did not completely remove the necessity for a protected industry to remain competitive.

Other advantages were that tariffs could be applied selectively, were more easily administered and gave less scope for malpractices. They were also more in accord with the GATT international free-trade agreement.

He warned, however, that "there is a definite limit beyond which import replacement should not be enforced, as it would then become counter-productive and undermine South Africa's economic development."

While the Minister did not make this point, a prime example of the harm a precipitate import replacement policy is capable of is evident in the problem of the motor manufacturing and television manufacturing industries.

Their isolation from world competition has resulted in South Africa paying much more than would otherwise have been the case for cars and television sets.

The Minister also dealt with the related question of import displacement, which ie the temporary displacement of imports where spare manufacturing capacity existed.

This was the case in South Africa at present and in the short-term such a policy would be beneficial. But its scope was extremely limited.

"Once the expected new upswing gains momentum, any continuation of such an import displacement policy would again be inflationary and harmful to real growth and the balance of payments," he said.

SAKE -
Rapport — RAPPORT, 4 September 1977 — 3

Uitvoer bloei na Iran

(74)

DIE Midde-Ooste en veral Iran is besig om 'n goeie uitvoermark vir Suid-Afrikaanse goedere te word. Die afgelope week het dit weer bekend geword dat een Suid-Afrikaanse maatskappy 15 000 vierkante meter wit keramiekteëls na Iran uitgevoer het, terwyl 'n ander 'n tweede versending swembadtoerusting na Iran uitgevoer het.

Johnson Tiles was suksesvol om die teëls (met 'n waarde van R51 000) na Iran uit te voer. Die totale massa van die klomp teëls beloop 130 ton en dit moes met ses groot vragmotors na Durban gebring word.

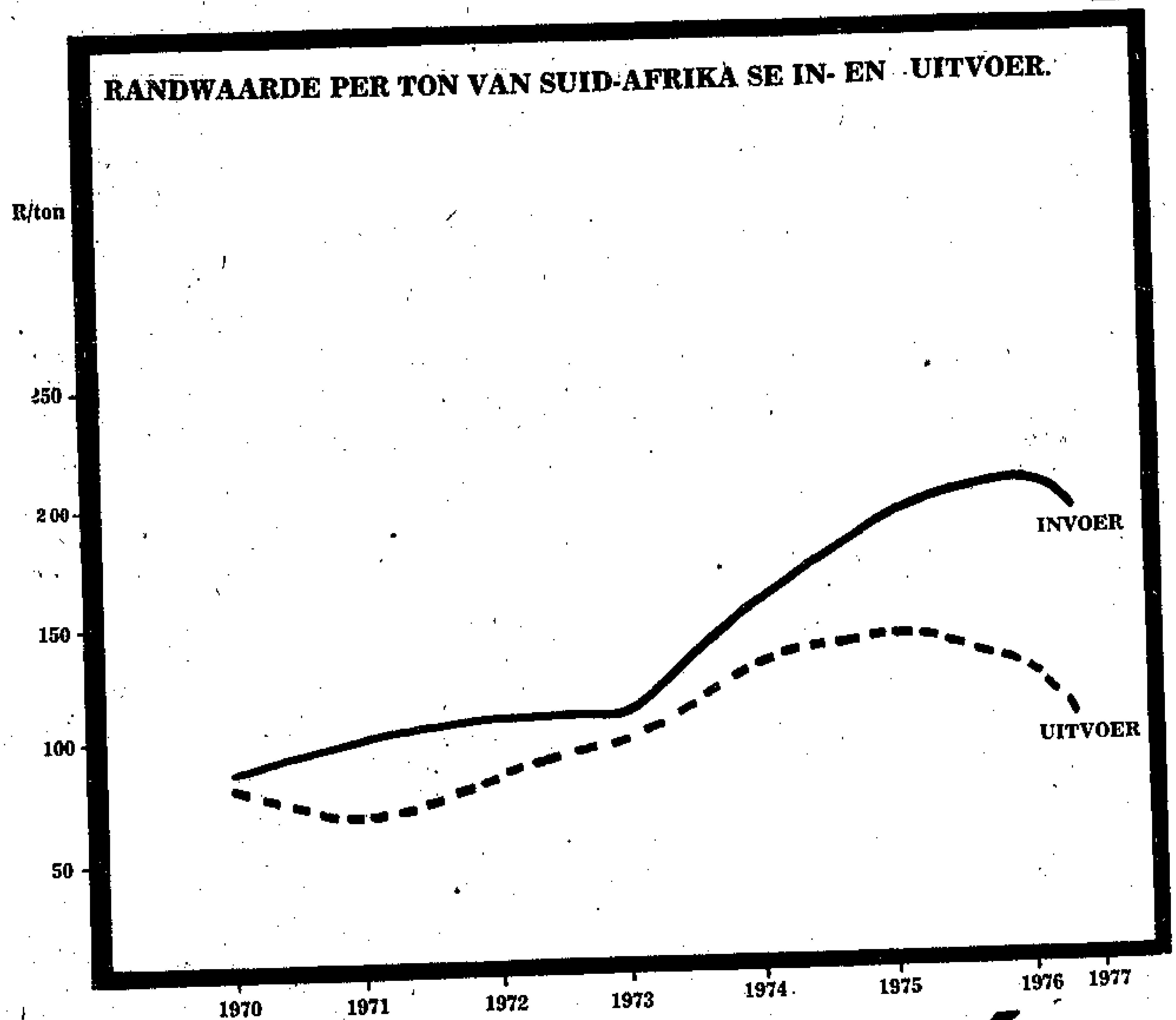
Hoewel Johnson reeds geruime tyd teëls na die buurstate en sulke lande soos Mauritius en die Seychelle-eilande uitvoer, is dit sy eerste bestelling uit 'n land so ver van Suid-Afrika af soos Iran.

Poolquip Industries het die swembadtoerusting na Iran uitgevoer en is ook Safto se uitvoerder vir die maand Augustus. Dit is behalwe die deurbraak in Iran ook weens sy suksesvolle toetrede tot die Britse mark.

Met hierdie uitvoerbestellings raak dit nou vir Poolquip ook moontlik om sy vervaardigingsbedrywighede aaneenlopender te maak en nie meer so erg op seisoenskommelinge aangewese te wees nie.

● Ander uitvoernuus is dat Form-Scaff byna R2 miljoen se bestellings uit die buiteland ontvang het sedert hy hierdie mark twaalf maande gelede begin ontgin het. Hy is ook besig om vir 'n verdere R3 miljoen se bestellings te tender.

(74) SAKE-RAPPORT 4/9/77



INVOER ÁL DUURDER

DIE randwaarde van Suid-Afrika se uitvoere is besig om teen 'n baie stadiger tempo te styg as die randwaarde van sy invoere. Indien die waarde van uitvoere dus will bybly by invoere, sal daar oor die volgende dekade aansienlike verdere uitbreidings aan die land se infrastruktuur gedoen moet word.

Bostaande grafiek toon die tendens in die randwaarde van die land se in- en uitvoer. Met die ingebruikneming van die land se twee ertshawens by Saldanha en Richardsbaai het die volume van uitvoer aansienlik gestyg. Maar in die proses is die gemiddelde randwaarde van die land se uitvoer verlaag.

Aan die invoer-kant was daar 'n aansienlike afplatting in die tonnemaat ingevoer, maar die randwaarde per ton van hierdie invoer het veral sedert 1974 skerp gestyg.

Die land bevind hom tans in 'n posisie dat hy meer as twee ton se goedere moet uitvoer vir elk een ton se invoer. Hierby is egter nie in berekening gebring die invoer van olie en wapens en die uitvoer van goud nie.

Die randwaarde per ton goud is wel baie hoog, maar aansienlik styg vanweë die langer afstande daarby betrokke.

Suid-Afrika kon sy buitelandse handelsposisie oor die afgelope twaalf maande aansienlik verbeter, en die ingebruikneem van die twee ertshawens was een van die belangrikste redes vir die styging in uitvoer. Die vraag is egter hoe lank hierdie lae prys uitvoer sal kan bly betaal vir invoere voordat die huidige surpluskapasiteit weer uitgeput is.

toekomstige groei uit hierdie sektor is baie beperk en vir die steeds duurder wordende invoer sal betaal moet word in lae prys uitvoere, soos bv. erts.

Om te verseker dat invoer en uitvoer in die toekoms in randwaarde ongeveer dieselfde bly, sal óf die volume óf die randwaarde van uitvoer aansienlik verbeter moet word.

Uitgeput

Die verdere verwerking van die huidige ertsuitvoer om sodoende die randwaarde daarvan te verhoog, is waarskynlik oor die lang termyn die enigste geskikte oplossing.

Die koste aan infrastruktuur om gedurig die volume van uitvoer te wil verhoog, gaan baie hoog wees. Die marginale koste van elke ekstra ton uitvoer wat op hierdie wyse geskep word, sal waarskynlik ook

MONEY Sun. Trib. finance 4/9/77

(74)

Foreign exchange folly

SOUTH AFRICAN importers who, through ignorance or remission, failed to maintain a fully covered foreign exchange position during recent months, will now be feeling the adverse effects of their folly.

Since March, the rand has depreciated by considerable amounts against several foreign currencies. The rate of depreciation has been as high as 6,2 percent in the case of the Swiss franc, 3,6 percent in the case of the yen, 3,2 percent in the case of the German mark and, even against sterling the value of the rand has fallen by 1,2 percent.

At annual rates these currency movements represent increases of between 2,4 percent and 12,4 percent in importers foreign currency bills. By contrast the charges attached to the forward purchase of currency (current at mid-August) vary between 3,4 percent per annum in the case of the Swiss franc and minus 1,4 percent per annum in the case of sterling.

It is actually still cheaper to buy sterling forward than, given the bouyancy of the currency, to wait until a sterling debt becomes payable—and the use of this simple facility means that the rand value of a debt becomes a certainty instead of a hazardous guess.

Perhaps it is the existence of such seeming paradoxes — attractive but unintelligible to the layman — that confuse and frighten off the average small importer and exporter.

It is true that in South Africa the issue is further confused by the special status afforded the US dollar in our foreign currency relations. The rand is, for the time being, pegged to the dollar at a public selling price of 1,1471 dollars to the rand.

As a result of this peculiar relationship between the two currencies the Reserve Bank offers a special and inexpensive service. The bank will cover all the dollar debts of South African residents upon request at a charge of one percent per annum.

In other words, if an importer has a dollar debt payable in three months time, the Reserve Bank will guarantee to sell the importer the necessary foreign exchange in three months time at the present dollar rate of exchange plus a (really nominal) charge of 0,25 percent.

All charges are payable in rands, but only at the time when the debt falls due, that is, in three months time. All arrangements can be made through the local branch of a commercial bank.

Since the rand is pegged to the dollar, the rand price of all other foreign currencies is, in turn, determined by the respective values of these currencies in US dollars. Foreign exchange risks in other currencies are covered by purchasing (in the case of an importer) or selling (in the case of an exporter) the required foreign currency in exchange for dollars on the open market.

The premiums or discounts payable in respect of forward purchases or sales of currencies are determined by demand and supply conditions in the free markets for these currencies.

Discounts are presently available on forward purchases of French francs at a rate of 4,6 percent per annum. In the case of Italian lire the discount is 10,9 percent per annum; sterling 1,4 percent; Belgian francs—the purchase of the currency one year ahead is currently 0,2 percent cheaper than today's exchange rate.

FM 16/9/77

THE VIEW FROM IRAN

74

No oil embargo against SA could succeed without the co-operation of Iran, which supplies almost all our crude. How does the Tehran government feel about sanctions moves?

"Iran won't just cut off oil supplies to South Africa if she can help it," a top National Iranian Oil Company executive told the *FM*'s man in Tehran this week. Pointing out that Iran has a 17% stake in the Natref refinery at Sasolburg, he added that "there are no plans at all to change the existing arrangements with Natref. Why should we, when it is in our interest not to curtail operations?"

The official confirmed that "if nothing untoward occurs" Iran will continue shipping to SA at the present rate of about 50 000 barrels a day.

Said another Iranian official: "This arrangement is purely commercial and has nothing to do with the politics of the SA government. We cannot be a party to a boycott of our own financial and commercial interests".

Sake-Rapport 18/9/77

Uitvoerverlies geweldig

(74)

'N BAIE groot deel van Suid-Afrika se huidige rekord-uitvoer word teen pryse gedoen waarmee nie altyd aangehou kan word nie.

Oor die kort termyn kan daar teen 'n verlies uitgevoer word, mits die uitvoerprys nog die veranderlike koste-element van produksie dek. Uitvoer wat op hierdie manier gedoen word, is 'n vorm van dumping.

Maar daar kan nie baie lank aangehou word om teen 'n verlies uit te voer nie omdat die produksie van sulke uitvoer met verloop van tyd die kapitaalgoedere wat daarvoor aangewend word, gaan opgebruik. En omdat dit teen 'n verlies uitgevoer word, maak dit geen bydrae tot die toekomstige vervanging van daardie kapitaalgoedere nie.

Op die oomblik voer Suid-Afrika onder meer die volgende goedere teen 'n verlies uit.

STAAL. Hier langsaan bespreek ons Yskor se uitvoer van staal wat vir die jaar 1977 meer as R200 miljoen kan bedra.

LANDBOUPRODUKTE. Die meeste van die huidige oorskot landbouprodukte in die land word nou teen 'n verlies uitgevoer. Die belangrikste daarvan is die sowat 3 miljoen ton mielies teen wêreldpryse van ongeveer R75 per ton.

Suiker

Maar op die uitvoer van suiwelprodukte, asook vleis, word ook groot verliese getoon. Die uitvoer van koring is tydelik gestaak omdat die verlies te groot geword het.

Die huidige wêreldprys van ongeveer R165 per ton suiker is waarskynlik ook laer as die gemiddelde plaaslike produksiekoste. En was dit nie dat die bedryf nog 'n langtermynkontrak teen beter pryse het nie, sou hier ook aansienlike verliese gewees het.

Met die swak wêreldvraag wat daar op die oomblik na staal bestaan kan die uitvoer van erts deur Saldanha ook nie baie winsgewend wees nie, terwyl selfs die land se koperprodusente in die huidige swak mark mooi moet trap.

Daar is waarskynlik ook nog etlike ander produkte wat ook teen 'n verlies uitgevoer word. Trouens, vir die jaar 1977 kan hierdie nie-winsgewende uitvoer soveel as R1 000 miljoen wees.

Indien die wêreldpryse van die meeste van hierdie goedere nie baie vinnig herstel nie, bly ons herstel in uitvoer steeds kwesbaar.

FOREIGN TRADE FIN. MAIL

Exports down 23/9/77

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Exports no longer seem the front runner in the economic recovery stakes. Not if last month's trade Department of Customs trade figures are anything to go by.

Up to July, this year's average monthly trade surplus was R31m, but the August surplus tumbled to a mere R3,...

What happened? Imports shot up by 12% in August to R457,4m, compared to July's R409,0m. Exports on the other hand fell by 9% from R505m in July to R460,9m in August.

The major reason for the surge in imports was the R30m increase in purchases of foreign machinery and mechanical appliances — 25% up on July's figure. Exports suffered from the drop in earnings from semi precious and precious metals and stones. This was partly the result of lower Krugerrand sales.

The future doesn't look rosy. With recovery probably not too far off, August's import level could soon become the rule rather than the exception. Moreover, export prices are still depressed, while the economies of most of our major trading partners are still struggling to climb out of the doldrums.

Overseas buyers back in SA market

Sunday Times (Business Times) 25/9/77

By JEREMY WOODS

SECURITIES rands, the investment currency through which foreign investors buy and sell South African equities, has been the best performing currency on international markets this month.

During this period, the price of security rands has moved up from a price of 74 US cents to 86 US cents. Likewise, the discount on security rands, a sure barometer of how overseas investors view South Africa's investment potential, has fallen from a discount of 36 per cent to a discount of 25 per cent at 86 US cents.

Behind this significant rise in the price of security rands is a sudden change in overseas investment sentiment about South Africa in both the share market and semi-Government stocks. A year ago overseas investors were bailing out of South African shares and stocks as if there was no tomorrow. Now, behind a sparkling bullion price, gold share buyers are piling back in while there has been steady demand for South African stocks.

"We are convinced the sudden rise in security rands can be firmly attributed to the very aggressive buying of gold shares that has been coming from London and New York in recent weeks," the partner of a top stockbroking firm said on Friday. "The same overseas investors who were wildly selling all their South African shares after the Soweto riots of last year have been buying them back again with equal aggression."

Another dealing partner of a stockbroking firm said: "You know the interesting

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Securities rands boosted

Sunday Times (Business Times) 25/9/77

• From Page 1

fact behind this sudden rise in security rands is that there has been little change on the political scene — the main reason for investors selling their South African investments last year and the fall in the security rand price."

How long will the rise continue?

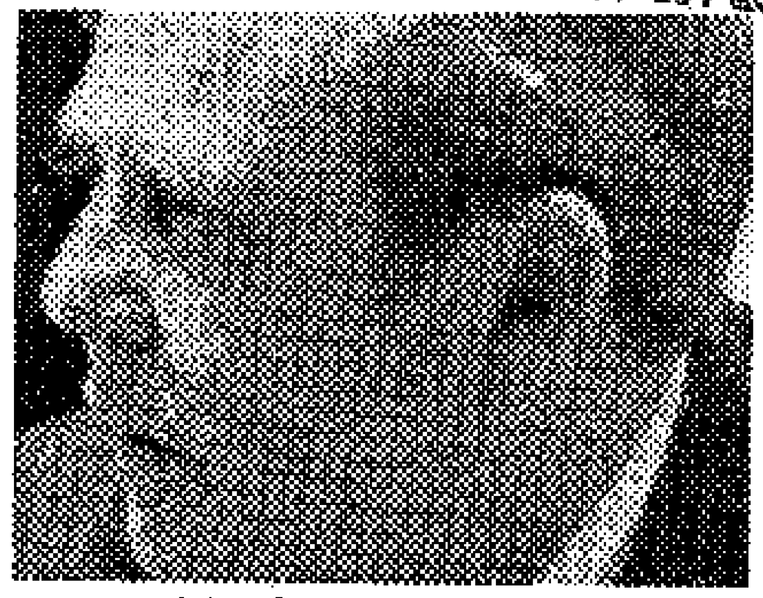
The general feeling in the stock market on Friday was that the advance in security rands would meet some resistance around the 90 US cents mark.

"But you know", said one expert." overseas investors have no morals when it comes to profits. If the gold price keeps going the way it has performed in the last month, the security rands discount could go to nothing as investors scramble into gold shares."

(74)

Minister orders investigation of export incentives

Sunday Times (Business Times) 25/9/77



Chris Heunis

By CATHERINE LURIE

THE Minister of Economic Affairs, Chris Heunis, has appointed a working group to investigate a possible revision of export incentives.

A sub-committee headed by Professor Johan van Zyl of the Bureau of Economic Policy and Analysis of Pretoria University has just completed a preliminary report and its first full report should be ready for presentation to the working group within two weeks, after the processing of questionaires that were sent out to South African exporters.

The most important of the incentives under investigation is the income tax allowance scheme.

Other schemes being scrutinised are:

• Concession for rail rates — at present controlled by the Department of Commerce.

• Long-term credit facilities from the Industrial Development Corporation and insurance by Credit Guarantee Insurance Corporation for the export of capital goods.

Industrialists would welcome new, more simply administered export incentives that carry with them a higher degree of business certainty.

The South African Foreign Trade Organisation says that better co-ordination is needed between Government departments to assist the export drive.

(74)

Fin Mail 7/10/77

The cost of sanctions

What will happen if current threats at the UN and in European capitals become reality and SA is subjected to an economic boycott?

Arnt Spandau, professor of business economics at Wits, suggests that things will be bearable, although standards of living could drop drastically.

In a paper presented at the NDMF's Business Outlook conference in Johannesburg this week, Spandau explores the possible effects of trade and investment boycotts.

Using an input-output model devised by one of his colleagues, Yehuda Uliel, Spandau examines the effects of both a 20% and a 50% drop in foreign investment (on 1976 figures). The former would cause total disposable income in SA to fall by R101m, while the latter would cause it to fall by R247m. Applying Spandau's figures to Reserve Bank income data, the *FM* calculates that a 20% investment boycott would reduce disposable income by 0,5%. A 50% boycott would reduce it by 1,3%.

Spandau says that a 20% boycott would result in an increase in unemployment of about 37 000 (11 368 of those affected being whites). With a 50% investment boycott, joblessness would rise by some 90 000 (27 344 whites).

But Spandau is nevertheless optimistic about the SA economy's resilience: "I would . . . maintain that, in all likelihood, a total investment boycott in 1976 would not have decreased SA's GDP by more than 5% and that the additional unemployment would not have exceeded 40 000 in the case of whites and 80 000 in the case of non-whites.

"In contrast," he argues, "a trade boycott would be considerably more expensive. In 1976 a 50% trade boycott would have reduced SA's exports by R4 280m, and this would have meant a deterioration in the balance of payments of R3 746m. More than 1,1m people would have become unemployed."

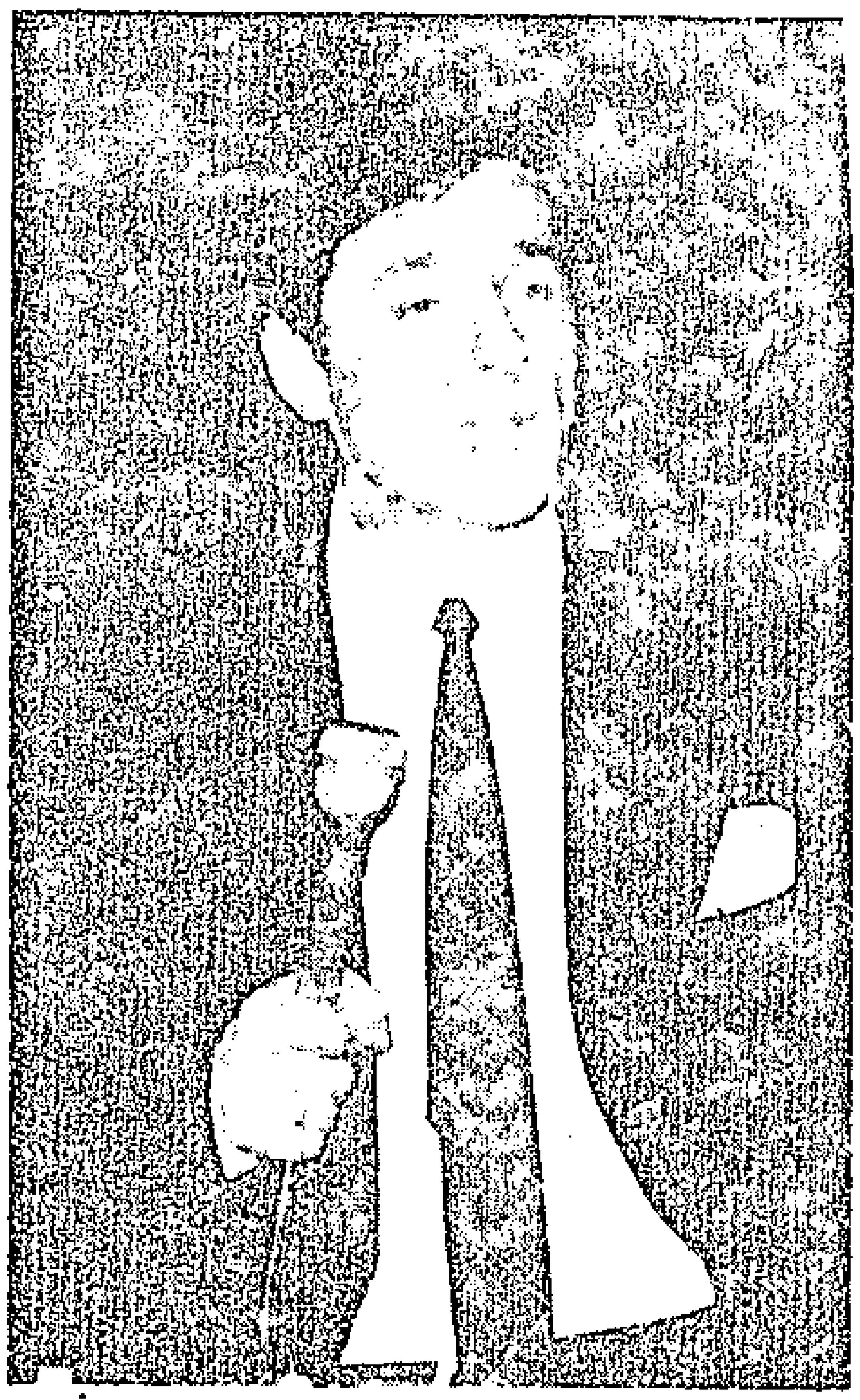
British unemployment

Spandau estimates that personal incomes would also have dropped, evidently by as much as 14%.

He goes on to consider the effects of boycotts on the boycotters, and quotes calculations which suggest that a boycott of SA would increase Britain's unemployment by 70 000 and reduce its exports by £600m.

Spandau argues that a successful boycott of exports would be difficult to uphold. There are just too many loopholes.

If a boycott were successfully imposed, how would the SA economy fare? Not too badly it would appear — at least initially. But after an easy stage of import displacement and import substitution, Spandau says that things would tighten up. The lack of foreign know-how and competition would tend to decrease efficiency, resulting in "high cost industrial establishments".



Spandau . . . the dangers cannot be set aside

Spandau also acknowledges the psychological and strategic considerations attached to boycotts. For one thing, net emigration from SA would increase.

What should be done? Spandau briefly mentions the restructuring of black education, changes in African land tenure rights in urban areas, the electrification of Soweto and the elimination of job reservation.

He concludes that until job reservation and other discriminatory measures are removed, "the danger of an economic boycott cannot be set aside".

FM 7/10/77 (74)

CAPITAL EXPORTS

Simpler package

UAL, long active in the field of arranging export credit finance, believes that it has made a significant breakthrough in switching the role of SA banks from passive providers of short-term bridging finance to active providers of export credit.

Much of the red tape rigmarole usually clogging up that kind of finance is eliminated. In its stead comes what UAL claims is a neater, cheaper, and more attractive package for buyers and sellers alike.

The scheme, worked out in conjunction with the IDC and Credit Guarantee Insurance Corporation (CGIC), is on the road already and has been applied to two major foreign contracts entered into earlier this year, one an E L Bateman R15m project "to the north", the other, Concor Construction's R45m Majes irrigation scheme in Peru.

In the traditional pattern, when Macrobert Construction puts up a dam for the Ruritanian government, Macrobert gets paid for monthly work by way of an advance from the SA bank providing bridging finance. The bank is repaid every six months when the IDC in effect "lends" Ruritania the money to pay Macrobert. Actually the money gets funnelled through directly from the IDC to the bank.

UAL's Scott . . . the man from Ruritania

So the bank has supplied bridging finance to keep Macrobert's day-to-day work going and the IDC has lent long-term money (at a low rate) to Ruritania, drawn down in six-monthly tranches.

The headaches in this set-up are numerous. Interest rates on the bridging finance fluctuate. And at 13% to 14% it's more expensive even than the overdraft rate because it's a term facility fixed for the period of the contract. Macrobert builds the cost into its contract price.

Moreover, the Ruritanians are puzzled by the need for separate bridging and long-term arrangements; the contract is complicated by these two aspects and, although there is insurance for a certain percentage of any amount outstanding, Macrobert still has to carry the bridging finance as a liability in its balance sheet.

UAL's scheme is simple: it cuts out the separate bridging finance arrangement and instead advances money on behalf of the IDC, as part of the overall financial package, to the buyer/borrower at SA's preferential rate for export credit, currently 7% to 7½% pa.

This, says Peter Scott, head of UAL's export finance division, "lowers the cost of large SA-financed capital exports".

But how come UAL can make money available at 7%? A trade secret, says Scott.

Clearly management and service fees form part of the recoupment. And perhaps the IDC, which remains in the set-up as the lender to the buyer/borrower, assumes the burden somewhere along the line.

Business Mail

Real reserves on upward trend

RDM 8/10/77 (74)

By HOWARD PREECE
Financial Editor

THERE has been a much greater improvement in the real trend underlying gold and foreign exchange reserves than is apparent from the official figures.

This improvement, the best since at least early 1974, is disclosed in the quarterly bulletin of the Reserve Bank.

It also puts into better perspective the announcement yesterday by the Reserve Bank that its gold and foreign exchange assets fell by R11-million in September after a R43-million drop in August.

The quarterly bulletin shows that in the three months April to June this year there was a R187-million upturn in the real net reserves position.

The net reserves are the gross reserves minus the short-term foreign liabilities of the banks, including the Reserve Bank.

This compares with a decline in the net reserves of R202-million in the first quarter of this year.

The official gross reserves figure — which do not in any case include the foreign exchange assets of the private banks — can be, and have been, highly misleading.

They do not show rising or falling patterns of foreign debt although the quarterly bulletin does indicate how much money has been specifically borrowed to help the reserves.

What is happening is that South Africa is heavily repaying debts, both public and private, from the present surplus from the current account of the balance of payments.

This means, of course, that a surplus is not reflected properly in the official reserves figures.

This is the reverse of the position in, for example, 1975. Enormous foreign debts were incurred before the rand devaluation in September that year, although the gross reserves were showing a wholly misleading upward trend.

The R187-million improvement in the net reserves in the second quarter of this year resulted from the known increase of R92-million in the gross reserves and a reduction of R95-million in the short-term foreign liabilities of the banks.

These liabilities had swollen in a continuous trend from R386-million at the end of 1974 to R1 828-million by the end of March this year.

That figure had dropped back to R1 735-million by June 30.

Even so, it gives some indication of South Africa's debt burden compared with official total reserves of just over R800-million, even when the approximate R286-million gold content of the Reserve Bank's R700 holding is valued at a market price.

Foreign bills last month dropped from R59 800 000 to R58 700 000, foreign investments from R20 700 000 and other foreign assets from R344 800 000 to R34 700 000.

Government deposits increased from R455-million to R626 100 000 and deposits by provincial administrations from R88 500 000 to R87 300 000.

Notes in circulation increased from R1 162 400 to R1 232 800.

The ratio of gold reserve to liabilities to the public less foreign assets stood at 19,4% on September 30, compared with 20,2% on August 31.

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Sanctions aimed at SA's fuel supplies

10/10/77 CT

LONDON. — Britain has qualified a Commonwealth plan for world sanctions against South Africa with warnings that the move could imperil Western interests and worsen racial conflict in the Republic, Commonwealth diplomats report.

The mounting of such an embargo has been widely projected by Commonwealth and United Nations members, and by the ruling British Labour Party's annual convention as one of two ways of compelling South Africa to comply with the UN trade ban on Rhodesia.

Specifically, the aim is to get South Africa to cut off fuel supplies to Rhodesia.

The second method of making the Rhodesia trade ban more effective, according to Commonwealth officials, would be to outlaw delivery of crude oil supplies to South Africa subsidiaries of major international oil companies.

Under South African law these subsidiaries, regardless of the wishes of their parent companies, cannot refuse to withhold the direct or indirect supply of the oil needed by the Rhodesians.

The British Government, which is helping to shape the Commonwealth plan, has entered two reservations against a measure so drastic as the imposition of oil and other economic sanctions against South Africa. The Foreign Secretary, Dr David Owen, said at the Labour Party's Convention in Brighton recently:

"A universal ban on trade with South Africa would cause major problems and higher unemployment in British exporting industries and would also disrupt industries at present dependent on imports of South African raw materials, principally chrome, manganese, platinum and other minerals," he said.

British trade with South Africa last year totalled around R850m in each direction, while all black African nations combined took about R1 900m worth of British exports.

"We obviously do not want to introduce measures which will drive white South Africans into acts of desperation producing a far more repressive ...

Owen and Gromyko to confer on Rhodesia

CT 10/10/77

MOSCOW. — Rhodesia is expected to dominate talks here this week between the British Foreign Secretary, Dr David Owen, and Mr Andre Gromyko, the Soviet Foreign Minister. The talks begin today.

Dr Owen, on his first trip to Moscow as Foreign Secretary, will be anxious to brief Mr Gromyko and hear his views on the Anglo-American plan to bring majority rule to Rhodesia under a British administrator-general.

The Kremlin, firmly allied to the militant Patriotic Front guerilla movement, has not disguised its scepticism. Soviet press commentaries have depicted the proposals as an attempt to prolong white supremacy.

Soviet delegates abstained last week from a United Nations Security Council vote which appointed a special representative to Rhodesia under the Anglo-American plan, and Britain is clearly hoping Moscow will not oppose the plan directly.

Shortly before meeting Mr Gromyko at the UN last week, Dr Owen asked the Soviet Union to give up "destabilizing efforts" in the world.

There could be no lasting stability, he said in Chicago, "If attempts to find peaceful solutions in different continents are sabotaged, either by other nations acting on behalf of major participants in the ideological struggle, or encouraging solutions by force based on ... massive exports of weapons".

Dr Owen's speech, on the eve of the Belgrade Conference reviewing East-West détente, also emphasized British concern for human rights in the communist world, another likely subject in his two days of talks. — Sapa-Reuter

(74)

EMBARGO : 12TH OCTOBER, 1977 AT 09h00

ADDRESS OF WELCOME BY THE HONOURABLE J.C. HEUNIS, MINISTER OF ECONOMIC AFFAIRS, AT THE 8TH ANNUAL CONFERENCE OF THE CUSTOMS UNION COMMISSION, PRETORIA, 12 OCTOBER, 1977

Gentlemen

I would like to extend, on behalf of the Government of the Republic of South Africa, a warm welcome to the delegates of our three Customs Union partners who will be participating with our own officials in this Eighth Annual Conference of the Customs Union Commission.

Four years ago it was my privelege to address the delegates to the Fourth Annual Conference of the Customs Union Commission which was the first meeting of its kind to be held in Pretoria after the conclusion, in 1969, of the revised Customs Union

Agreement/...

Agreement. On that occasion I mentioned that our four countries had been associated in a customs union for 63 years, and I also pointed out that this association had withstood the test of time. Today, I am even more convinced than ever before that this is, in fact, the case.

As the Minister responsible for the portfolio of Economic Affairs in South Africa, I take an active interest in the economic development of the states comprising our common customs area. I, therefore, closely follow the work done by the Customs Union Commission and its various sub-committees.

In the world in which we live today, and which is characterised by its many complex problems and conflicting interests, it requires

immense/...

immense qualities of wisdom and patience on the part of human leadership to create and to maintain favourable conditions for the orderly development and the attainment of the legitimate aspirations of individual countries. This applies equally to the economic sphere and, in this respect, the Customs Union Commission is, indeed, confronted with a very difficult task in as much as it has to find amicable solutions to the problems which arise from time to time within the context of the application of the Customs Union Agreement. It is, therefore, gratifying to learn that the meetings of the Customs Union Commission and its various committees are constantly being conducted in the traditional atmosphere of goodwill and co-operation which has been typical of the deliberations in these forums in the past.

I firmly believe that where there is a will to solve a problem,

there/...

there is a way to do so, and I believe that I can state today that this mutual goodwill in the search for solutions to our problems forms the basis for the successful operation of the Customs Union Agreement over so many years.

We have had numerous and difficult problems to solve in the past, and I have no doubt that such problems as may face us in the future will not be any easier. Admittedly, we on the South African side have not always been able to accommodate in full the requests made from time to time to us by our Customs Union partners. However, I am confident that, as in the past, we will continue to work together and try to find compromise solutions which are fair and equitable to all parties.

As you know, South Africa has recently been subjected to increased attacks in various international and other forums. It is regretable

that/...

that some of our immediate neighbours, including some of our Customs Union Partners, have participated in these attacks in spite of the material benefits which they derive from their close economic ties with South Africa. I feel that it is not too much to expect from our partners in the Customs Union that they should show some measure of cognisance of this fact whenever they appear in international and other forums. I would ask our visitors to take this message back to their respective Governments.

When I last addressed the Commission in 1973, the South African economy, as well as the economies of Botswana, Lesotho and Swaziland, were experiencing boom conditions. Since then the picture has changed dramatically as far as South Africa is concerned.

The South African economy has moved into the deepest recession which the country has experienced at any time since the early 1930's.

As I/...

As I shall indicate later, this development is to a large extent due to the fact that the South African economy is in no small measure influenced by economic conditions in the countries which are the Republic's main trading partners. However, as far as the economies of our Customs Union partners are concerned, they would appear to be affected to a lesser extent by extraneous influences. While the shares in the Common Revenue pool of these three states, expressed as a percentage of their imports, may have declined in certain years, they have nevertheless obtained a stable and growing income from this source. The addition of the stabilisation factor to the revenue sharing formula will, of course, enhance the stability of income which they derive from this source and which I understand, represents a not inconsiderable portion of their annual budgets.

In contrast, South Africa is not in this fortunate position

since,/...

since, as I have already mentioned, foreign economic developments can, and do, influence the South African economy to a very considerable extent.

Thus, the economy of South Africa was seriously affected by the severe conditions of recession which the country's main trading partners experienced during the years 1973 to 1975 and from which their recovery has been rather slow and patchy. Furthermore, factors such as the steep oil price increases introduced by the Opec countries since October 1973, high inflation rates prevailing in certain countries which supply other essential goods to South Africa, the decline in the gold price during 1975 and the first three quarters of 1976, as well as a downward trend in the inflow of foreign capital into the Republic have all exerted severe pressures on our balance of payments.

In the/...

In the light of these developments the South African Government has found it necessary to introduce strong, and in some respects also very unpopular, fiscal and monetary measures in an attempt to solve the country's economic difficulties. I am gratified to be able to say to you today that much progress has already been made by us with the aid of these measures to achieve the major policy objectives of the South African Government in the economic field, namely, the solution of our balance of payments difficulties, the reduction of our rate of inflation to more acceptable levels, and the establishment of favourable conditions for renewed economic growth on a sound basis.

However, the achievement of these policy objectives was unfortunately accompanied by a continued slowing down of the economy.

During/...

During the past twelve months South Africa's real rate of economic growth was approximately 1 per cent, compared with 2 per cent during the year 1976. Since these growth rates are well below the level necessary to ensure the creation of ample employment opportunities for South Africa's growing population, and having regard to the substantial improvement in the current account of the balance of payments which we have been able to achieve during the past twelve months, it has been suggested in certain circles that action should now be taken by the South African Government to reflate the domestic economy. However, after careful consideration the South African Government has decided that it would not be advisable to proceed with a general stimulation of the economy at this stage, the more so because of the unfavourable position of the capital account of our balance of payments and the fact that our foreign exchange reserves are still

at a/...

at a relatively low level but having regard also to South Africa's traditionally high propensity to import which stems from the fact that we have to import a large percentage of our industrial raw materials and capital goods requirements. Consequently, a general stimulus of the economy will inevitably lead to increased imports and renewed pressures on our balance of payments. Moreover, the rate of inflation in the country is still at a relatively high level which means that South Africa has to persevere with its efforts to achieve a greater degree of price stability.

However, the South African Government has decided to give serious consideration to the introduction of further appropriate policy adjustments which would provide for a selective stimulation of the economy. Thus, certain monetary policy measures have been relaxed, while the practical implementation of

specific/...

specific projects of high social priority is receiving attention.

Although the economic disciplines applied by South Africa during the past two years have already contributed substantially towards the easing of our problems, we are nevertheless determined to improve on these favourable trends by maintaining those measures which we consider to be the most appropriate for the restoration of economic stability in our country. I realise, of course, that the continued application of these corrective measures which are needed to solve our difficulties may entail further temporary hardships and sacrifices for all sections of our community. However, we have shown that we have the courage to face the challenges with which we are confronted in the economic field, and to make the necessary sacrifices in order to create favourable conditions for renewed economic growth.

In this connection I also wish to record my appreciation of the

goodwill/...

goodwill and co-operation displayed by our Customs Union partners in our efforts to overcome the pressing economic problems which we in South Africa are facing at the present time. I also believe that our partners will agree with us that their economic well-being is inseparably bound up with South Africa's continued economic stability and progress and that it is, therefore, in their particular interest, no less than in ours, that the South African Government should at all times follow policies which would promote the attainment of these objectives.

I now have great pleasure in declaring this Eighth Annual Conference of the Customs Union Commission as having been formally opened today, and to express the hope that your discussions during this meeting will

contribute/...

contribute towards the economic well-being of all the countries involved. I wish you every possible success in your deliberations.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE MINISTRY OF ECONOMIC AFFAIRS.

PRETORIA

The high price of protection

74

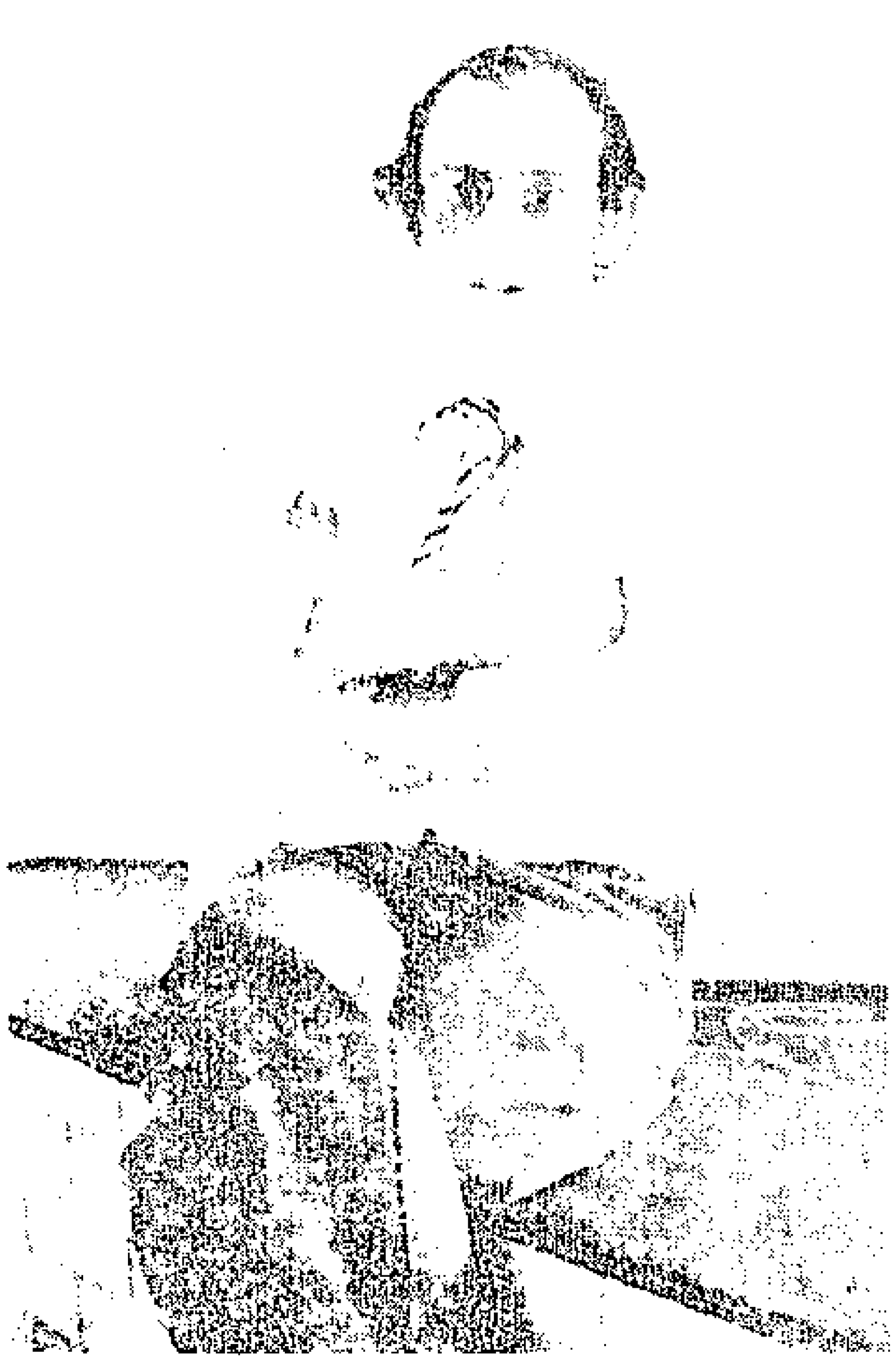
FM 14/10/77

Beggar thy neighbour trading policies are emerging as the number one threat to world business. Why they must be resisted, not only abroad but also at home

As a result of persistent unemployment, poor economic growth and continuing inflation, more and more countries are turning to protectionism. This is no solution to the world recession and the IMF and Gatt have rightly warned of its dangers.

The IMF's view emerges in its annual report where it notes that "the rising protectionist sentiment in particular industries in some industrial countries, continues to be cause for serious concern".

The Secretariat of Gatt puts the situation even more bluntly: "The spread of protectionist pressures may well prove to be the most important current development in international economic policies. Without a clear return to more liberal trade practices accompanied by the necessary structural economic adjustment measures, the stage would appear to be set for a further cumulation of economic difficulties."



Zarenda . . . in-depth study on SA protectionism

Finance Minister Horwood supported these warnings when he observed during his speech at the IMF that: "A disturbing feature of the present situation is the growing protectionism in the field of international trade." He did temper this statement, however, by adding that "in the circumstances this is understandable. From an individual country's point of view the continued existence of surplus capacity inevitably leads to increased pressure for measures to encourage short term import replacement".

The only generally accepted economic justification for protection is the "infant industry" one. This states that an industry operates at optimum output and cost levels only after it has reached a sufficient size to benefit from economies of scale. In the growth period, therefore, so the argument goes, protection against imports is necessary.

However, during a period of recession, the temptation to turn to widespread protective measures becomes very strong. Such protection can benefit a particular country in the short term, but the ultimate result is always harmful. If country A protects its own industries at the expense of country B, country B's purchases of country's A's exports are bound to shrink. This happens in two ways. First because country B's national income shrinks and, secondly, because its citizens are bound to demand protection of their own industries.

Import substitution is presently uppermost in the minds of many SA economists and industrialists. A recent survey of SA manufacturing industry by Seifsa, FCI and the Afrikaanse Handelsinstituut concluded that there is a gross import substitution potential of R1 093m. In at least 16 of the 19 industries examined, the potential for import substitution exceeds 40% of the total import bill.

In the light of the enormous benefits such import substitution would have — not least of all on the balance of payments — these findings should not be taken lightly. However, the problems associated with implementing such a policy must also be taken into account.

The survey recommends that tariff and other protective measures should be introduced in no less than 13 of the industries investigated. Whether such wide ranging protective measures can be implemented without serious disadvantages is doubtful.

A lecturer in economics at Wits University, Harry Zarenda, has just completed an in-depth study of protectionism in SA. He claims import substitution has been a failure in many countries, and that "there appears to be little relationship between high levels of protection and increased import substitution".

Import substitution

The apparent reason is that countries tend to protect inefficient sectors of their economies, thus causing a misallocation of resources which in the end does little to encourage import substitution on a large scale.

Discussing the rationale for a tariff, he says it should only be levied temporarily "during the initial period of high costs . . . The danger is that tariff protection tends to become a permanent feature".

An earlier researcher, Professor Sarel du Plessis of the University of SA, stated that, "in a substantial number of cases the import tariff system does not serve as a stimulus to growth. If anything, it has the opposite effect".

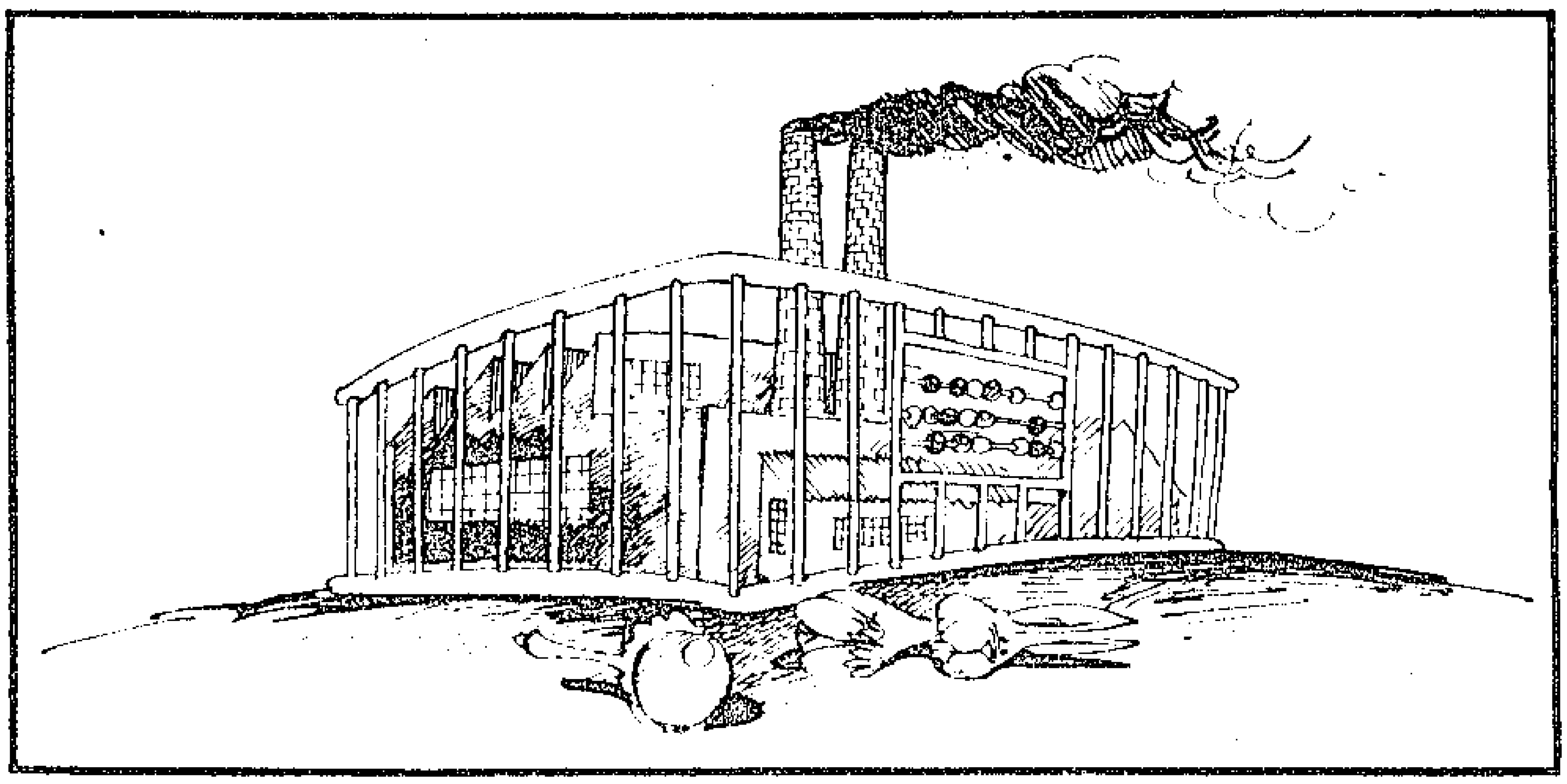
Peter Lewin, lecturer in economics at Wits business school, is even more critical. He comments: "Tariff protection not only results in a misallocation of resources, but also has two other serious side effects. Firstly, the tariff is an implicit tax on potential exports and one does not know whether the country is earning more or less in terms of the balance of payments. Secondly, it is the consumer who suffers as a result of tariffs, and because of the weakness of organised consumer bodies little is done to oppose tariff increases.

"In any case, tariff protection almost never works because the 'infant' never grows up."

Professor Diederik Goedhuys, head of finance at the Wits business school, stresses that tariff protection should only be seen as a transitory measure, and that the time must come when "our industries in SA enter the fray".

Goedhuys sums up: "SA must avoid aiming for spectacular development — such as the motor industry, which was developed at tremendous cost and created relatively few jobs for our unskilled labour."

The need for a greater degree of import substitution is no doubt desirable. But care should be taken in the implementation of such a policy to avoid setting up unacceptably high import barriers which could discourage our "infant" industries from ever standing on their own feet.



Infant industries . . . time to grow up

Friday, October 14, 1977

Investment in SA up — report

By GORDON KLING

THERE has been an upsurge in foreign investor confidence in South Africa, according to the Bureau for Economic Research at the University of Stellenbosch.

This should continue because of the unique blend of the country's biggest money-spinning exports coupled with fairly recent developments on the international economic front which has given rise to a "heads you win — tails you win" phenomenon.

The improvement is shown graphically in the latest issue of Trends, a statistical analysis of economic developments compiled by a senior economist at the bureau, Mr W A v H Roets. It combines movements of securities rands, the investment currency used by foreigners to buy South African stocks, and the conversion factor, which reflects the discount of SA stock on the London Exchange, along with improved consumer confidence here to show an improving composite trend in overseas sentiment towards the economy.

South Africa could be becoming largely immune to world economic shocks.

Trends is basically confined to statistics, but Mr Roets yesterday confirmed that the bright economic outlook could be reasoned like this:

The gold price, so important to South African foreign exchange earnings, tends to rise in reaction to adverse economic developments abroad. These developments depress demand for exports of the Republic's other metals and minerals.

But as the pendulum swings towards better conditions in the major world economies, demand for these picks up while gold tends to fall back.

The economy accordingly has a built-in resilience with all its implications for greater strength.

Ironically, this favourable development has resulted from efforts largely spearheaded by the United States to demonetize gold. This metal has now become a substitute for money and reacts upwards in price to monetary insecurity.

"We sense that consistent negative correlation between America's economic prospects and the price of gold is not coincidental," Mr Roets said in the survey.

"This augurs well for the f...

Name: ....

Address in Cape Town: ....

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Telephone No.: ....

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RAPPORT 16/10/77

Boikot het wat SA boere nodig had

Van Ons Korrespondent

UTRECHT

IN Nederland kry die boikotters teenspoed — aan die een kant met Suid-Afrika se Outspan-lemoene en aan die anderkant in die stad Apeldoorn oor 'n internasionale kongres vir munisipale amptenare wat binnekort in Durban gehou word.

Die Nederlandse Boycot Outspan Actie is net wat Suid-Afrika se lemoenboere nodig gehad het.

Veral in die stad Groningen het die Nederlands-Suid-Afrikaanse Werkgemeenskap die bul by die horings gepak. Hulle het op aanvraag van 'n organisasie in die stad, die Centrum voor Lectuurvoorziening, Informatie en Communicatie (Clic), 'n aantal pamflette versprei as teenhanger van 'n pamfletteveldtog van die Boycot Outspan Actie.

Die Clic het ... [illegible] ... advertensies ... Outspan-lemoene en pe... [illegible] verkoop selfs ... [illegible]

... [illegible] is intussen op ... [illegible] dat Outspan ... [illegible] vanaar by ... elke marktkraam ... [illegible] land ... Koopis ... [illegible] ... [illegible] ... sommige verkopers ... die Boikot ... bedrywighede ... [illegible] ... advertensie.

Ná 'n heftige debat in die stadsraad van die Nederlandse stad Apeldoorn is daar besluit om 'n afvaardiging te stuur na die internasionale kongres vir munisipale amptenare belas met openbare parke, wat binnekort in Durban gehou word.

Lede van linkse partye in die raad het aangedring op 'n boikot van die kongres uit protes teen apartheid. Die meeste lede van Christelike partye en die Konserwatiewe Party vir Vryheid en Demokrasie het egter besluit dat 'n afvaardiging tog gestuur moet word.

Die raadsvergadering ... [illegible] ... [illegible] is.

Die stadsrade van Rotterdam, Arnhem, Den Haag, Amsterdam en Nijmegen het besluit ... afvaardigings ... [illegible] ... Nederlandse amptenare ... van plan om die kongres in hul persoonlike hoedanigheid en op ... koste by te woon.

Die kongres duur van 16 Oktober tot 4 November.

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easy to discern both ... community is very fi... tufty nature of the g... g species are Eragros... tus, Setaria flabellat... species such as Erag... sta, Microchloa caff... develops through selec... ent slopes, which are ... il forms supporting th... common as the situat... providing the best ag...

(viii) Eragrostis ... and community

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Twee hoës gee hoop

SAKE - Rapport
16/10/77

Deur VIC DE KLERK (74)

SUID-AFRIKA is as 'n lener nog steeds baie ongewild op die buitelandse geld- en kapitaalmarkte. Die geld wat die land wel kry, word half onder die tafel gegee, en die algemene gevoel is dat die land se naam liefs weggehou moet word van die leningsadvertensies.

Dit is die indruk wat gewek word in die jongste Euromoney, 'n gesaghebbende tydskrif oor die Euro-geld- en kapitaalmark. Vir die bietjie geld wat Suid-Afrika nog daar deur middel van private plasings bekom, moet hy van die hoogste rentekoerse ter wêreld betaal.

Die Minister van Finansies, sen. Owen Horwood, en dr. Braam van Staden, ekonomiese adviseur van die Reserwebank, het vroeër vandeesweek gesê dat dit nou ietwat beter gaan met Suid-Afrika se lenings in die buiteland.

Die vernaamste rede hiervoor is dat die land bewys het dat hy sy betalingsbalans kon regruk. Selfs Euromoney voorspel dat Suid-Afrika die enigste van die ontwikkelde lande sal wees wat vanjaar geld op die markte geleen het en wat 'n oorskot op die lopende rekening van sy betalingsbalans sal toon.

Politieke faktore weeg egter nog baie swaar en Suid-Afrika sal basies eers oor 'n paar jaar van sy buitelandse lenings moet terugbetaal voordat die land weer sy ou status op die markte sal herwin.

Gaan beter

Volgens dr. Van Staden kon ons tot in 1975 geld leen teen koerse wat goed vergelyk het met ander lande van Suid-Afrika se grootte. Maar in 1976 was daar 'n aansienlike verswakking.

Hoewel ons nie onlangs die buitelandse markte getoets het nie, is hy van mening dat dit nou beter gaan.

Onderstaande tabel toon die gemiddelde koers wat die verskillende lande vanjaar bo die Londense interbank-rentekoers (Libor) moes betaal vir lenings, of waarteen lenings vir hulle aangebied is. Omdat Suid-Afrika vanjaar onaktief in die mark was, is 'n marge vir hom moeilik bepaalbaar.

Die beleggers selfs 7/8 persent sou aanvaar.

Die ander Kommunistiese Oos-Europese lande is ook gewilde leners. Hul belading wissel tussen 1 en 1,25 persent.

Rusland het onlangs nee gesê vir 'n aanbod van 500 miljoen dollar teen 'n belading van 1 persent omdat die land voel dat hy ook teen 7/8 persent, die primakoers vir die beste lande, geld kan kry.

In onguns

Die merkwaardige herstel in die binnelandse ekonomieë van Italië en Brittanje die afgelope twee jaar maak nou ook van hierdie twee lande gewilde leners. Italië kan nou geld kry teen 1,375 persent en Brittanje teen 0,875 persent bo Libor.

Dit is 'n bewys dat as 'n land sy ekonomie regruk, hy gou weer die guns van die beleggers wen.

Maar daar is ook 'n hele paar ander lande wat lelik in onguns is.

Kuba en Ghana is twee lande waarvoor die beleggers dadelik nee dankie sê. En hoewel Kuba miskien

Land	Koers bo Londen-Interbank.
Italië	1,375%
Brittanje	0.875%
Portugal	1,50%
Spanje	1,375%
Frankryk	0,875%
Griekeland	1,125%
Rusland	1,0%
Kuba	2,0%
Kanada	1,25%
Nieu-Seeland	1,0%
Australië	1,0%
Zaïre	2,25%
Nigerië	1,0%
Malawi	2,0%
Viëtnam	1,75%
Iran	0,75%

Geordeel aan die lening van 35 miljoen Duitse mark deur die Spoorweë vroeër vanjaar, moet hierdie belading ongeveer 3 persent wees, volgens Eromoney.

Bale gewild

Aan 'n paar van bostaande lande is daar 'n baie interessante storie verbonde.

Nigerië, byna 'n buurstaat hier in Afrika, se leningsprogram oor die volgende drie jaar bedra 4 miljard dollar. Die land is 'n baie gewilde lener op die buitelandse markte en nie minder nie as drie bankkonsortiums het meegeding vir die eerste fase van 1,3 miljard dollar.

Die koers was 1 persent hoër as Libor maar Euromoney is van mening teen 'n belading van 2,5 persent iets sal kry, is Ghana se finansiële bestuur tans só swak dat niemand belangstel nie.

Die Soedan staan bekend as 'n stadige betaler. Om hiervoor te vergoed, wissel die beladig op enkele klein lenings tussen 2,5 en 3 persent.

Peru is op die oomblik die waarskynlikste kandidaat wat nie sy buitelandse skuld sal kan terugbetaal nie, terwyl Turkye al reeds die hulp van die IMF ingeroep het om sy probleem met buitelandse skuld te help oplos.

Die Opec-lande kan natuurlik almal geld leen teen baie lae koerse, maar Iran se belading van slegs 0,75 persent moet van die beste ter wêreld wees.

SAKE-RAPPORT 16/10/77

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ertzog refused to commit himself to the satisfaction
an, Malan left and formed the Gesuiwerde Nasionale
which was the official opposition in 1935 with 19

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16/10/77

Trends sê ook so

IN die Oktober-uitgawe van Trends probeer die Buro vir Ekonomiese Ondersoek van die Universiteit van Stellenbosch by wyse van 'n statistiese ontleding aandui dat buitelandse beleggingsvertroue in Suid-Afrka besig is om te styg.

Die Buro gebruik basies die verbetering in die diskonto op effekterand saam met die Londense omskakelingsfaktor vir ons aandele om hierdie verbetering mee te bewys.

Daar bestaan min twyfel dat die Suid-Afrikaanse ekonomie nou meer buitelandse vertroue afdwing as 'n jaar of twee gelede, sê die Buro.

In sy reaksie op dr. Braam van Staden van die Reserwebank se toespraak het dr. Hannes Human van General Mining dit egter reguit gestel dat hierdie moontlike klein verbetering in buitelandse sentiment nie genoeg is om die invloei van of nuwe beleggingsgeld of nuwe lenings te verseker nie.

Daarom glo hy dat die groeikoers in die binneland nog steeds nadelig beïnvloed sal word deur hierdie gebrek aan buitelandse kapitaal.

SAKE-RAPPORT
16/10/77

ng' created profound unease within the Afrikaner
usness and various attempts were made at 'versoening'.
an outside event however to achieve a situation suit-
r reconciliation. Britain declared war on Germany.
ember 6 1939 the South African parliament voted to
her. In the process the cabinet had split and Hertzog
igned as Prime Minister whilst Smuts was asked to
new ministry. Reconciliation within the ranks of
lerdom was imminent and within two days a rapprochment
e was held at Monumentkoppie. On 8 September 'broeder-
as declared at an end when both Malan and Hertzog
t a mass meeting. Yet within the differing approaches
haracterized their speeches could beeseen the seeds
ude which boded ill for any prolonged reconciliation.
undered on about the coming republic whilst Hertzog
for a sense of moderation. Clearly, the divide within
r nationalist aspirations was between a Hertzogite gra-
on the one hand and a Malan extremism on the other.

declared his gradualism repeatedly. At Smithfield
for conciliation between English and Afrikaans
whites on 4 November 1939, just three weeks before
g Hereniging negotiations in Pretoria. The Malanites
this and viewed Hertzog with suspicion. They were
hat Afrikanderdom would not wait for conciliation
he two groups first and then press for an independent
ate South Africa.

ging Conference was potted with difficulties and
actually broke down over the Republican issue. At stake was
the issue of whether the new party should only accept avowed
republicans as members or whether such a choice should be
left to the individual member. Furthermore Hertzog wanted
the decision to become a republic to be left to the nation
to decide in a referendum whereas the Malanites saw things
differently - an Afrkaner republic was not to be dependent
on the support of the English. Various formulas were tried
as a 6-man committee explored the possibilities of meeting
the needs of both sides[4]. It was to no avail. The first attempt
had foundered though Hereniging was still not ruled out.

SAKE - RAPPORT

Ons sê...

DAT Suid-Afrika nou vinnig besig is om 'n beter kredietrisiko in die oë van die buiteland te raak, is vandeesweek, soos ons hier langsaan berig, deur twee hoës in die geldwêreld, min. Owen Horwood en dr. Braam van Staden van die Reserwebank, duidelik gestel.

Maar dat ons nogtans sal moet leer om met minder buitelandse geld klaar te kom, is ewe waar. En daardie faktor sal 'n demper op ons ekonomiese groei bly.

Gelukkig besef die hele land dit omdat die owerhede openhartig daaromtrent was. En dis 'n goeie ding — daardie openhar tigheid — want nou weet almal wat op die spel staan en sal hulle derhalwe die nodige aanpassings sonder skroom maak.

Groter onafhanklikheid van die buite land, nie net sover dit geld betref nie, is buitendien nou maar eenmaal ons voor land. Die skrif daarvoor is aan die muur.

Nogtans.

As Suid-Afrika daarin kan slaag om volgende jaar 'n redelike groeikoers te behaal, sonder veel buitelandse lenings behoort dit genoeg belangstelling by buitelandse banke te prikkel om minstens die premie wat ons vir buitelandse geld moet betaal, aansienlik te verminder.

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nd on the ground. The photo image
l with a greyey-Brown hue (gyBr) caused
eddish-brown autumn colour. The accom-
as, Themeda triandra, Heteropogon
a falx and Tristachya leucothrix, while
Trichoneura grandiglumis, Aristida
ciliaris are also present. This dominance
but it tends to occur on the south-facing
e mesic (Opperman & Roberts, 1974).
lovelly, Hutton and Avalon. This type
this community can thrive are normally
d and are usually under the plough.

Heteropogon contortus co-dominant

98, 140 and 210 and is similar to the
as, Heteropogon contortus dominated
communities but has high values of Eragrostis chloromelas, a reduced cover of Elionurus argenteus, Themeda triandra and Brachiaria serrata, a slightly more consistent cover of Setaria flabellata, virtually no Tristachya leucothrix and no Eragrostis racemosa. This type occurs on the middle to lower portions of the pediment slopes generally between 1 550m and 1 600m; the drop in altitude often results in soils being shallower phases of the Clovelly and Hutton forms and of the Mispah form where Molteno Sandstone starts to outcrop. Where rock is not outcropping the soils are of Clovelly and Hutton forms.

Generally this type is poorer in species than the Elionurus argenteus - Eragrostis chloromelas - Heteropogon contortus community to which it is closely related and the species differences suggest a heavy grazing pressure which is reinforced by a reduction in cover to below 3,0 per cent. These areas are used for stock as the soil depth is shallow and cannot be used for extensive cultivation. The photo identification hue is constant at light-grey-brown (lgybr), the grey hue being derived from the Eragrostis chloromelas.

74

Call for ban on oil exports to SA

LONDON. — The Commonwealth Committee on Southern Africa yesterday decided to call for a mandatory United Nations oil embargo against South Africa unless it guarantees to stop the flow of oil from the Republic to Rhodesia, the Commonwealth Secretariat announced here.

The announcement followed a three-hour meeting here of the committee, which monitors the effect of sanctions against Rhodesia.

It adopted a report of a special Commonwealth working group on sanctions, which was set up after the heads of government met here last June to study ways of enforcing sanctions against Rhodesia.

Strong feelings were expressed at the June conference about alleged sanctions-busting by Western oil companies operating in South Africa.

The committee agreed unanimously that action should be taken to make sure the South African Government guarantees that petroleum products, imported into South Africa or manufactured from crude oil supplied to customers in South Africa "will not in any circumstances whatever be exported to Rhodesia".

"Accordingly, the committee recommends that the governments whose companies supply crude oil or oil products to South Africa, or who are themselves, or through their agencies, engaged in this trade, should now make it clear to the South African Government that it faces a stark choice.

"Either it co-operates with the rest of the international community in providing effective guarantees which will ensure that the evasion of oil sanctions is brought to an end or it places in jeopardy the continuing supply of petroleum to the Republic itself."

The committee hoped that "early and sympathetic consideration" would be given to their recommendations by the Commonwealth heads of government.

Since the closing of the Mozambique border, the statement said, petroleum products reaching Rhodesia had their origin in oil supplied in the first instance to customers in South Africa.

South Africa was supplied with oil by companies which were forbidden by law to supply the Rhodesian market or by agencies and governments which acknowledged they were bound to apply sanctions against Rhodesia.

However, those who supplied the South African market had at present no effective control over the destination of petroleum products. — Sapa.

A. M. 20/10/77

74

Agreement on plan to stop S.A. oil flow

LONDON — The Commonwealth Committee on southern Africa yesterday decided to call for a mandatory United Nations oil embargo against South Africa unless it guarantees to stop the flow of oil from the Republic to Rhodesia, the Commonwealth secretariat announced here.

This followed a three-hour meeting of the committee which monitors the effect of sanctions against Rhodesia.

It adopted a report of a special commonwealth working group on sanctions, which was set up after the heads of government met here last June.

Guarantees

The committee agreed unanimously yesterday to seek from the South African Government effective guarantees that petroleum products "will not in any circumstances whatever be exported to Rhodesia."

The committee recommended that it should be made clear to the South African Government that it faced a stark choice.

"Either it co-operates with the rest of the international community in providing effective guarantees which will ensure that the evasion of oil sanctions is brought to an end, or it places in jeopardy the continuing supply of petroleum to the Republic itself."

Mandatory

The Commonwealth secretariat statement went on:

"In making this recommendation the committee on southern Africa stress the need, in the event that the Government of South Africa was unwilling to give the necessary guarantees, or offered guarantees which were not regarded as satisfactory, for seeking from the Security Council a decision to impose in mandatory form an embargo on the supply of crude oil and petroleum products to South Africa itself."

The committee hoped that [illegible]

Oil, arms cost SA R800m in first half

74

RDM 21/10/77

By HOWARD PREECE
Financial Editor

THE State spent over R800-million on imports of oil and military equipment in the first half of this year.

This is shown by comparing the import figures given by the Reserve Bank to those given by Customs and Excise.

The Reserve Bank figures include oil and defence purchases from overseas while these are excluded by Customs.

According to the Reserve Bank, imports in the first six months of this year totalled R3 381-million, but the provisional figure given by Customs for January to June was R2 550-million.

That leaves a shortfall of R831-million to be accounted for by oil and defence imports.

Customs figures are provisional, however, and the R831-million figure should be regarded as a fair estimate rather than an exact measurement.

Even so, the trend in spending overseas on oil and defence still appears to be on the increase, although the graph is flattening.

This is seen by comparing the Reserve Bank import figures with those for Customs for previous years.

On that basis oil and defence imports cost just over R250-million in 1973.

By 1974 that figure had grown to about R840-million, and by 1975 to approximately R1 170-million.

The total was more than R1 500-million in 1976.

Judging by the published figures for the first half of this year — and even allowing for the imperfect statistics — the total this year would seem to be set for at least R1 600-million.

Happily for South Africa, the value of net gold output this year will be over R400-million more than in 1976.

This provides a vital cushion in the overall balance of payments.

But there is still an urgent need for South Africa to conserve oil for financial reasons — let alone prepare for any possible oil sanctions.

Mineral exports top R1 000m, but easing up

Star 25/10/77 (74)

Export earnings of the main industrial mineral producers for the first eight months of this year topped the R1 000m mark, reflecting an improvement of just short of 50 percent on the comparable 1976 figure.

However, latter months of this period reflect a slowing down in some sectors in line with the state of world trade.

The main contributions to the jump from R667m to R1 008m came from iron exports through Saldanha, totalling R121m compared with R16m, and the bituminous coal trade through Richards Bay at R133m against R35m.

Next in line would seem to be uranium sales, though these are lumped with platinum group metals. With the market in these slack, the combined total of R315m (R274m) the improvement in uranium earnings must have been substantially higher.

Exports of copper brought in R100m against R62m but this growth is not likely to be maintained with the sorry state of the world copper market and a temporary setback to Palabora through technical problems.

Chrome sales are up R11m for the eight months at R40,5m but manganese just held its position at R66m. Nickel brought in R12m more at R50m, but this seems unlikely to be maintained with the weakening of the metal price.

ABLE FOR THE B.A. DEGREE

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	Archaeology I (5)	Archaeology II (2)	Archaeology III (+)
e.	Botany I (1)	Botany II (2) Botany III (2)	-
f.	Chemistry I (4)	Chemistry II (3) Chemistry III (3)	-
g.	-	Comparative African Govt.& Law I (4)	Comp.African Govt.& Law II (2.15 p.m.)
	-	Constitutional Law (3)	-
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i.	-	Drama I (2)	Drama II (5)
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LOCAL MANUFACTURE

Problems

74

FM 28/10/77

If the employer bodies' new scheme to keep importers up-to-date on locally produced goods remains no more than an information system, fine.

But if it becomes an instrument of coercion to make businessmen switch from foreign to local suppliers, it could backfire. And with Pretoria committed to trimming the import bill, local industry likely to be in the doldrums for some time to come, and sanctions looming on the horizon, chances are it won't be too long before the product register becomes a justification for turning down import permits or foreign exchange applications.

The data bank — which should be operating within the next few months — is a co-operative effort by the Afrikaanse Handelsinstituut, FCI, Seifsa, SA Agricultural Union, Motor Industries Federation, Assocom and the Chamber of Mines to make importers (particularly of capital and intermediate goods) aware of what's made in SA.

"It will be entirely voluntary," insists FCI director Hennie Reynders. The organisations stress buyers will be free to decide whether the local or foreign supplier offers the best quality, delivery, finance terms and so on, and to act accordingly. And the product register, compiled from information supplied by local industry and probably to be issued fortnightly, will be sent free to anyone who wants it.

"Just asking people to Buy South African will cut no ice," reckons AHI director Fritz Stockenström. "It has been decided to take this matter a step further."

To begin with, the register will list items in broad categories — rivets, transformers, epoxy resins, windscreen wipers, yacht sails and so on. "We'll redefine these headings as we go," says Stockenström. The organisations insist that many importers have no idea that their requirements can be bought locally.

The moment the bodies — or anyone else — try to take sides, there's bound to be trouble.

74

SA geared to survive boycott — Dr Riekert

CT. 28/10/77

By GORDON KLING
Industrial Reporter

THE GOVERNMENT'S apparent calm in the face of the rising international clamour for economic sanctions against South Africa can be explained by two reasons: the West could probably not afford a trade boycott, and the Republic *could* withstand one.

The rest of the world provides South Africa with only two of its basic economic needs, and a Cape times investigation has revealed that although there would be hardships, industry and the government have been quietly working on replacements.

The two basic needs are oil and foreign capital.

Referring to the aspect of capital, the chairman of the Prime Minister's Economic Advisory Council, Dr J P Riekert, told the Cape Times he accepted "the prospect that relatively little foreign capital may be available in the near future", but in spite of this the authorities were in a position to consider selective stimulation of the economy.

This paradoxical development could be attributed to success in reducing the country's reliance on foreign funds.

Dr Riekert said he had figures to prove this and spoke of the substantial surplus on the current account of the balance of payments, which reflected a substantially-improved trade performance.

Mr T Bloom . . . we'll need foreign capital

"The fact that there was no corresponding rise in South Africa's gold and foreign exchange reserves indicates to a large extent the volume of foreign debt repayments already effected," he said.

"This ties up very neatly with the positive efforts being made by the private sector to look more closely into local production possibilities with a view to reducing the country's dependence on imports."

He attributed this effort to a determination provoked by "the massive stream of propaganda which is being directed from abroad against South Africa" to resist whatever economic pressures may eventually be applied.

● Mr Willem Roets, senior economist at the University of Stellenbosch, Bureau for Economic Research, said foreign capital now accounted for only 12,5 percent of the country's needs. This, he said yesterday, was considerably less than in previous years, and it contributed only two percent to the Gross Domestic Product.

Mr R Aldworth . . . drop has been shared equally

● Big business, however, is not so sure that the effect of sanctions would be minimal. "Anybody who has done their sums properly will realize we'll need a lot of it (foreign capital) to create the infrastructure and the jobs that will be needed to keep our economy moving over the next decade," said Mr Tony Bloom, deputy chairman of one of the 10 largest industrial concerns in South Africa, in an interview from Johannesburg.

● The newly-elected president of the Association of Chambers of Commerce (Assocom), Mr Richard Mitchell, feared a vicious circle would result from a reduced flow of capital.

"A dearth of foreign investment will cause us to continue with stringent economic policies which will create unemployment and increase the possibility of social unrest, which would in turn cause foreign confidence to be further decreased and produce a greater drop off," he warned.

On balance, businessmen and economists believed the economy would cope with a foreign capital cut-off, but it would harm most those who could least afford it, with the social implications this implied.

Latest Department of Statistics figures indicate that we have already seen a 43 percent drop in capital expenditure in the June quarter this year, compared with the equivalent period last year.

And the head of Barclays National Bank in South Africa, Mr Robert Aldworth, said the drop had been shared equally by local and foreign owned companies.

The effect of an oil embargo would be similar. South Africa spends about R1 300m a year, all of it in foreign exchange, on oil.

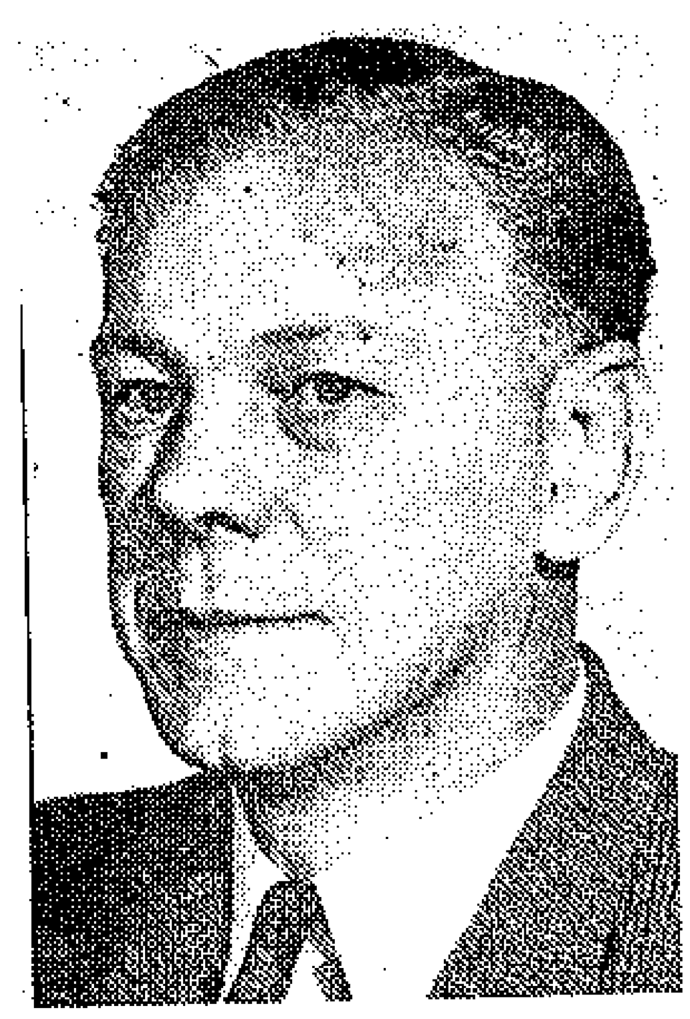
The government has been depositing oil in decommissioned mines, and it is estimated that supplies are sufficient for two-and-a-half years at the current rate of consumption.

The Sasol I oil-from-coal plant meets only about five percent of the demand.

The R2 500 m Sasol II should meet about 26 percent of demand at today's levels, when it comes on stream in four years.

This leaves a large gap, but in the event of sanctions the strategic reserves could probably be made to last, with stricter energy-saving measures, to the Sasol II start-up date.

Foreign exchange savings could be applied to another plant to keep up supplies, and it is likely that Sasol II could boost its output considerably.



Dr J P Riekert . . . West probably couldn't afford it

South African industry has been engaged in converting oil to coal at an accelerating pace. A Cape Times investigation revealed that progress has taken place, though slowly.

● The head of the giant Langeberg fruit-canning group, Dr J Mouton, spoke of a 50 percent saving in energy costs by the conversion from oil to coal in steam-raising processes.

● The chairman of Cape Portland Cement, Mr J P Cronje, said conveyor belts were being used to move material from quarries instead of diesel consuming vehicles. Future plans call for a two-km electricity-operated conveyor belt.

● At the largest paper manufacturer in South Africa, Sappi, group managing director Mr R T G Day disclosed plans to conserve energy by burning bark and timber residues in steam-raising boilers. The company already saves about R2,5m a year by using combustible material in waste liquor.

The switch from oil to coal and electricity must boost the price of its substitutes, however. The Transvaal Coal Owners' Association is holding its own grudgingly, on meeting coal demand and the coal price has a long way to go before it reaches oil price levels. And, of course, South Africa has plenty of coal.

Electricity

Increased use of electricity has already meant higher prices, as all consumers will be aware. Government concern has, I understand, prompted moves to establish a sub-committee of the energy policy committee. Industry representatives have been invited to sit on the committee, which aims to overcome problems being expereinced in raising capital for new electricity-generating projects.

In a continuation of this investigation, the Cape Times will examine how economic sanctions against South Africa would affect its trading partners.

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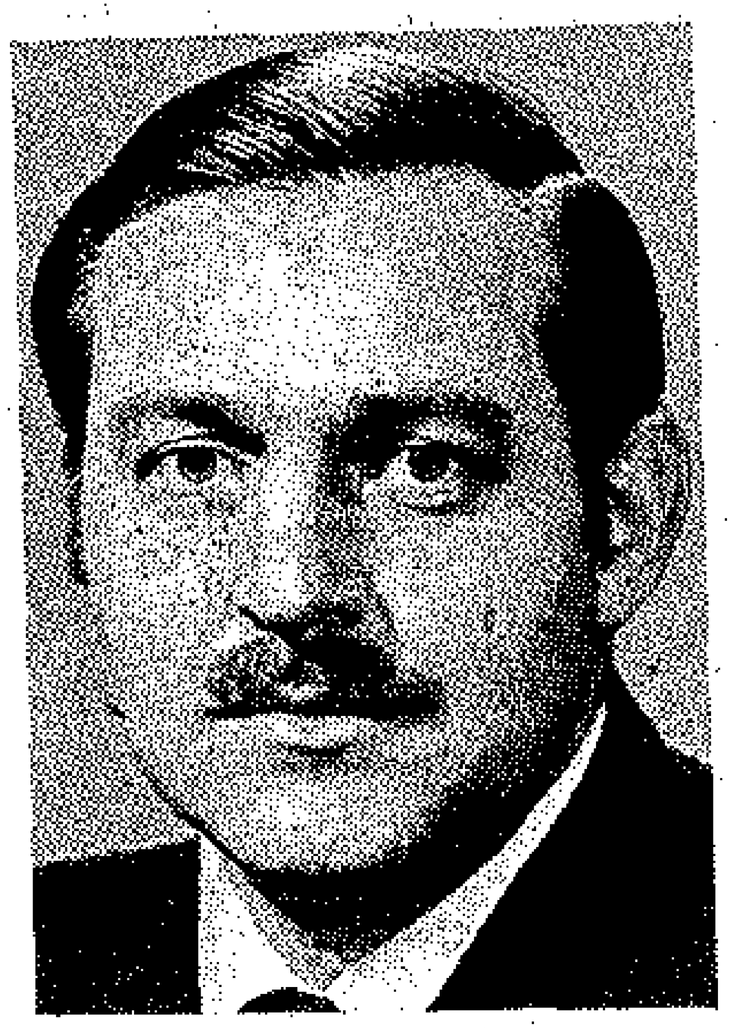
SA prepared to sacrifice, warns Botha

74

23/10/77

PRETORIA. — The Foreign Minister, Mr R F Botha, said last night economic war had been declared on South Africa, and the Republic would fight it out rather than surrender, if necessary.

South Africa was prepared to pull in its belt, to suffer, to sacrifice, he said in an interview with Independent Television News, the British commercial TV channel.



Mr R F Botha

He told millions of British viewers that South Africa was prepared to show the same resistance that Britain showed against the German attack in World War II.

Mr Botha accused the United States of favouring radical elements in Southern Africa, and the US and Britain of applying double standards to South Africa and of not judging the situation here objectively.

It was not so much the practical effect of an arms embargo that concerned South Africa, but the principle involved. South Africa was disappointed that the United States had joined the emotional vendetta against her, and did not accept the factual basis on which the US decision was taken.

Mr Botha said South Africa was prepared for the arms embargo to be extended to a trade or even an investment embargo.

"We are prepared for everything. Our survival is at stake. Were you not prepared when the Germans attacked you, when the Germans started the war, to fight it out until the end?

"Britain must make no mistake — if she showed that resistance which she did, we will show exactly the same quality of resistance."

Asked if South Africa was prepared to return to the laager, he said South Africa had always been in a laager in a certain sense, but not out of choice — South Africa had gone out of its way to play a constructive role in Namibia/South West Africa and Rhodesia.

Asked if he felt South Africa as a nation was now at war, Mr Botha replied:

"In a way, we have always been at war. . . . I mean that economic war has now been declared."

Footnotes (74) 30/10/77

S & L voer uit

BY enige veldtog om in Suid-Afrika 'n groter mark vir plaaslike goedere te kry, bly uitvoerbevordering steeds die baie belangrike ander pool as druk op die land se betalingsbalans verminder moet word. En in hierdie opsig is daar 'n hele aantal Suid-Afrikaanse ondernemings wat hul deel deeglik doen.

'n Voorbeeld is Stewarts & Lloyds, wat die Suid-Afrikaanse Buitelandse Handelsorganisasie (SAFTO) se Uitvoerder van die Maand in November is.

Hierdie groep bestaan eintlik uit 'n hele aantal maatskappye wat elk verskillende produkte in verskillende dele van die wêreld bemark. Van die dertig maatskappye in die groep is sewe daadwerklik op die uitvoermark bedrywig.

Tussen hulle voer hulle sulke goedere soos pypleidings, gietstukke, kleppe, vervoerbande en selfs windpompe uit. Hierdie goedere kan in lande so ver uitmekaar as Hongkong en Rohrweg gevind word. S & L verdien hiermee vir Suid-Afrika sowat R5 miljoen per jaar.

En dit was maar eers sowat twee jaar gelede dat S & L sy uitvoerbedrywighede begin koordineer het. Uitvoerontwikkeling is nou 'n integrale deel van sy algehele beleid vir uitbreiding.

S & L het 'n groepuitvoerbestuurder, mnr. Lars Franzen, aangestel. Sy eerste taak was om al die maatskappye in die groep te ontleed om hul uitvoervermoë te bepaal.

Die groep moes ook op 'n basiese filosofie besluit. Dit was om eerder op die „sagte deel van die maag" van die uitvoermark te konsentreer en dit daar te probeer binnedring.

„Ons soek nie konfrontasie met groot internasionale vervaardigers in hul eie lande nie, maar probeer eerder om in die behoeftes van sektore te voorsien wat te klein is vir die grotes", sê mnr. Franzen.

[illegible] 30/10/77

'SATISFACTORY' RESULTS FOR IRON ORE MEN FROM TRIP TO JAPAN

74

S. Tribune 30/10/77

220

By ALAN PEAT

A TOP-LEVEL Iscor bargaining team has just returned from Tokyo after negotiations for a higher price for iron ore exports to the Japanese steel industry. The results, says an Iscor spokesman were "satisfactory for the moment."

Iscor general manager Phillip Pretorius, and international marketing manager, Paul Roux were unable to get the Japanese to agree to a higher price, but have achieved a greater proportion of the higher grade ore in the export quota for the rest of the year.

Iscor previously supplied Japan in a ratio of 60 percent lump ore to 40 percent of the higher grade fine ore. The bargaining session has resulted in these percentages being reversed.

The price differential between the two grades is just under three rand a ton. And, while the Iscor spokesman would not indicate the gain in earnings, other industry sources estimate the gain at the end of the year to be in excess of R1,5 million if present monthly tonnages are maintained.

Iscor says that while negotiations are over for the moment, it is a condition of the long-term contracts that price revisions may be made at intervals within the contract period.

"It is likely," said the spokesman, "that further negotiations for a higher price will take place in the near future.

"While we would have liked a price rise now, we must accept that the Japanese industry is in the doldrums. It is a satisfactory agreement under the present circumstances but I don't know how long it will last."

Japan has become a major contributor to Iscor's export programme. South Africa is now fifth in the league of suppliers of iron ore to Japan, and it is expected that the 5 million ton target set for fiscal 1977 will be well exceeded.

Up to the end of September South Africa had supplied more than 4 300 000 tons of iron ore — with more than 751 000 tons going in September alone.

Iscor is far and away the largest contributor to this export tonnage.

Meanwhile the Japanese steel industry has continued its downward trend. Peak production of 120 million tons in 1973 has now fallen off to an expected 100 million tons for 1977.

The medium term future is no brighter.

30/10/77 S. Tribune (74)

Sanctions warning

DE ROTHSCHILD SPELLS OUT POSSIBLE DIFFICULTIES

By ESMOND FRANK

A STEADY economic improvement in Britain, which relies heavily on imports to keep the wheels of its industry turning, will "hopefully" lead to a greater demand for South African raw materials, says leading world banker and financier Edmund de Rothschild.

But he warns that Britain, now poised on the brink of a new boom, could find alternative sources of supply, such as Australia and Canada, if international trade sanctions are applied against South Africa.

De Rothschild, in this country for the World Wilderness Congress at which he was a guest speaker, told me in Johannesburg this week that a trade embargo could threaten socio-political stability in South Africa by creating more unemployment, especially among blacks. blacks.

Britain currently accounts for about 22 percent of South Africa's exports, which are worth about R920-million a year to this country. Heading the list of British purchases are metals and minerals (61 percent) followed by fresh dried and canned fruits (14 percent).

De Rothschild, President of N. M. Rothschild and Sons Ltd, of London, and on the boards of an impressive list of international companies and institutions, says the United Kingdom's current account of the balance of payments has improved dramatically since 1974 when the deficit, according to British Overseas Trade Board figures, stood at a massive £3 347-million.

Figures for the second quarter of this year show that the British national debt has been reduced by a healthy £3 297-million to a more respectable £50-million.

De Rothschild largely attributes the recovery to the increasing flow of crude oil from the North Sea wells.

Meanwhile informal talks beween De Rothschild and Chief Gatsha Buthelezi, chief executive councillor of KwaZulu, in Johannesburg this week are believed to have centred around the feasibility of inexpensively harnessing hydro power in the homeland.

De Rothschild, who was involved in the construction of the massive 1,073-million dollar Churchill Falls hydro-electric project in Labrador, believes that low-head hydro schemes can be economically employed to create cheap energy for small communities without detracting from natural environmental beauty.

"It has been found possible," he told me, "to harness the flow of rivers in cascade so that only a small quantity of water is impounded in a lake near the source of the river or its tributaries."

The beauty of low-head hydro, he adds, is that the turbine generator is in the rim so that it can be submerged to eliminate the need for large, unsightly concrete dams.

De Rothschild says low-head hydro is applicable in many areas. There are 49 000 known sites in the United States alone where low-head hydro can be developed to produce about 183-million kilowatts of power.

Edmund de Rothschild

S. Tribune 30/10/77 (74)

A nation goes on trial...

HUGH ROBERTSON
Tribune Bureau

NEW YORK: South Africa will be on trial for the next six months, with the threat hanging over its head of sanctions far worse than the mandatory arms embargo agreed on at the United Nations this week.

Whether the South African Government likes it or not, its record on May 1, 1978 — the probable date on which the six-month embargo will be reviewed — will have a vital bearing on its relations with the West and on the economic well-being of the country.

The Western powers see the six-month embargo not so much as a "sentence" for the recent offences of the South African Government, as the beginning of a trial — with the final sentence yet to be decided.

So far the only senior Western spokesman to publicly explain this has been the British Ambassador to the UN, Mr Ivor Richard. He told the Security Council on Friday: "The least the South African Government can now do is to rescind the recent closures and arrests. But South Africa must do more than that. It must begin to take serious steps to dismantle apartheid. Cosmetic changes are not enough and Britain will not accept they are enough."

Mr Richard also said: "We are ready to use the political and economic influence at our disposal to urge change within South Africa, but not merely as a punitive measure. It follows from this that our response will be in each instance carefully judged."

Western diplomats, in unusually frank off-the-record conversations with Pressmen, appear to be concerned that the South African Government might misinterpret the differences which dogged the Western countries in trying to reach agreement this week on what steps should be taken against South Africa.

The differences, they stress, were over the form of action and not over the principle that action should be taken. British and French delegates, who were known to have reservations about the American-initiated arms embargo proposal, indicate that they were concerned about the provision of the UN Charter under which action was envisaged.

The only way in which an arms embargo can be adopted is under Chapter Seven of the UN Charter. But Chapter Seven specifies that before the embargo can be enforced, the situation in the offending country must be declared to be a threat to international peace and security.

Such a declaration is a very grave one indeed, opening the way for action under other provisions of the Charter and making the Western action punitive rather than persuasive.

The upshot was agreement among the Western countries on a six-month time limit to the embargo.

Stronger pound will be fillip to SA exports

Star 31/10/77

(74)

Grant Rogerson

Three economists in Johannesburg expressed views about the extent to which South Africa will be affected by the rising value of the British pound.

Mr Andy Connor, economics manager of Barclays National Bank foreign exchange department pointed out that the sterling appreciation to the dollar would be felt in South Africa because of the rand's fixity to the dollar.

South African exports will become cheaper and South African imports from Britain will be less attractive to buyers than home produced goods.

"The impact will be greater with sterling than with other currencies because much of the trade still tends to be invoiced in sterling rather than US Dollars, and although the UK is no longer the country's biggest trading partner, it is still in the top three."

Mr Louis Geldenhuys of the department of economics of Senbank said: "The rise of the value of the pound seen in proper perspective is relatively insignificant for South Africa in my opinion. Firstly the impact of a five percent rate adjustment at a time when prices are rising at an annual rate of some 15 percent in the UK and 11 percent at home must be small.

Furthermore, since our devaluation in September 75, UK export prices in pound terms rose by some 45 percent for instance. "We are talking here of a one percent change in the weighted value of the rand.

"Exchange rates changes of this nature are here to stay, and I feel that they must not be wrongly interpreted. "I feel it still suits South Africa that our currency becomes slightly weaker at this stage especially in view of our BoP current account.

Dr Piet Kiezer of Safto: "Certain export contracts which we have negotiated with British companies in pounds sterling will become more valuable, but contracts which have been negotiated in rands will remain unaffected.

"The real effects will be felt in the UK especially on British goods for export. If quoted in sterling they are going to cost more abroad which will put the UK at a disadvantage price-wise."