FOREIGN TRADE

9 JAN. 1979 — ~~31 August 1979~~
28 Dec 1979

74

FM 9/2/79

74

FLOWERS

Nipped in the bud?

SA's blossoming air export trade in flowers, fruit and vegetables could be nipped in the bud by the very factor that provided its impetus: rising energy costs.

Business has taken off in the last few years as the rising cost of heating European greenhouses made it cheaper for nurserymen to import from this country. In three years the number of chrysanthemum cuttings exported from here for propagation purposes has grown from 5m to 32m a year. Growers talk of the figure eventually reaching 60m.

Even Holland, the home of the bulb, is now buying in large quantities from the Transvaal. One local grower airfreights more than 250 t of bulbs, corms and tubers a year, mostly to the Netherlands, where many are re-exported to Scandinavia and the US.

Cut-flower exports have jumped from R1,8m in 1974 to an estimated R4,5m.

Now, however, rising energy costs raise the possibility that airfreight rates (which could well go up again this year) will become prohibitive. Already, airfreight accounts for 40% of the R6-plus landed cost (excluding duty, distribution costs and retailer's mark-up in Europe) of a 4 kg box of avocados.

Fruit exporter Kelly . . . duty-bound

Avocados could go by sea for R1,30 less per box, but highly perishable varieties of fruit, vegetables and flowers must go by air.

Among the by-air-only vegetables is asparagus, which is in increasing demand. F R Waring exported 2 000 boxes of 4 kg in 1976, 8 000 in 1977 and 16 000 last year, when the CIF price was R13,90/box. The SA trade is affected not only by the great distance from the market, but also by a high Common Market duty.

"Our main competitors pay a much lower duty and some — Kenya, for example — pay no duty at all because they are regarded as developing countries," says Glenda Kelly, export manager for fruit and vegetables at Warings.

SA pays duties of 8% on avocados, 6% on mangoes, 11% on litchis and 16% on asparagus, while black African countries pay no duty, and countries like Israel, Algeria, Greece and Spain pay substantially lower duties.

On fresh flowers, SA pays 17%, compared with 15% for Israel and no duty for black Africa. Fortunately for the industry, however, flowers are low rated for tariff purposes.

Britain-S.A. trade booming

WM 2/2/79

74

LONDON — British exports to South Africa increased by more than 14 percent in 1978, in spite of the Labour Government's desire to swing trade away from the country towards Black Africa.

This jump, after several years of fluctuating figures, was more than twice the percentage increase in exports to Nigeria — a country cited recently by Foreign Secretary David Owen as an example of strengthened British commercial links with Black-ruled countries.

British imports from South Africa increased by 65 percent between 1974 and 1978, and in the same period goods bought from Nigeria dropped by 27 percent.

Main reasons

Figures from the British Department of Trade put exports to South Africa during last year at just over R1 114 million compared with R992 133 600 in 1977 — an increase of 14,29 percent.

British goods sent to Nigeria increased from R1 815 million in 1977 to R1 926 million last year, a rise of 6,09 percent.

A spokesman said the main reasons for the export upsurge to South Africa had been improved economic conditions there.

'Very encouraged'

"We welcome it at this stage because we have been in deficit. One reason is that the South African economy is beginning to show signs of recovery. We are very encouraged," he said.

The spokesman said Nigeria was having difficulties at present because of a somewhat deflationary economy after the oil boom of 1974. "It's a very important market, and we are looking forward to it picking up. Nigeria remains Britain's Number 1 export market in Africa."

On January 23 Dr. Owen told an anti-apartheid meeting here that his Government "recognised the danger of our current economic dependence and has shown a determination to start on the difficult path of reducing our economic profile and commitment in South Africa."

He also spoke of the enormous difficulties of disengaging trade with South Africa.

"We remain vulnerable because of certain key minerals and the huge British investment in South Africa," he told an audience that seemed dissatisfied with the Government's attempts to

Analysis

The situation has now been analysed by the United Kingdom-South Africa Trade Association, which puts forward these facts and arguments:

- Approximately 10 percent of all British overseas direct investment is in South Africa, and the market value is about R6 800 million;
- Britain's total gross income from trade with South Africa is about R3 400 million a year;

Value

- Substantial indirect investment has a market value of about R5 100 million;
- Earnings from British visible exports are running at about R1 190 million a year and provide considerable employment for British workers; and
- Income from invisible earnings — investment income, insurance, dividends, shipping, etc. — totals about R1 700 million a year.

Impact

Uksata's director, Mr. John McQuiggan, estimates unemployment would increase by between 70 000 and 250 000 if trade links with South Africa were cut. And the impact of this inside the republic would put about 500 000 Black workers out of jobs.

"South Africa is profitable area for British investment and one of the dwindling number of countries which still trades on a cash basis," he said. — (Sapa.)

CT. 20/9/77

US firms get go-ahead to seek oil aid from SA

WASHINGTON. — The United States Government, in a dramatic brushing aside of scruple, yesterday decided to allow American firms to seek vitally-needed oil-from-coal technology from South Africa.

The decision was announced yesterday by the Department of Energy at a House of Representatives subcommittee hearing.

It was immediately welcomed by the committee chairman, Congressman William Moorhead, as the most encouraging news the American public has had in recent weeks.

It comes in the middle of a drive by President Jimmy Carter to bring home to Americans how dangerously dependent they have become on vulnerable foreign oil resources.

Yesterday's announcement was made by the acting assistant secretary of state for energy technology, Mr John M Deutch. The chairman, Mr Moorhead, said the announcement was that American energy companies were now free to make their own arrangements to secure up-to-date technological information.

He described it as the most important first step the united states could take towards achieving some degree of energy independence.

"The resulting production of hundreds and thousands of barrels of oil from coal — a resource we have in ample quanitity — can only mean our homes will be warmer, our industries less threatened by cut-off or reduction of energy, and our sense of strength internationally restored."

Mr Moorhead said the subcommittee would immediately begin examining ways of providing incentives to accelerate the use of oil-from-coal technology.

Yesterday's decision came five months after two staff members of the House of Representatives banking subcommittee on economic stabilization, Mr Norman Cornish and Mr Edwin Webber, visited South Africa to examine the Sasol process.

They returned with a comprehensive report which has been studied by both the Department of Energy and the State Department. On a gross national product comparison the US would spend about 155 billion dollars to duplicate the Sasol programme.

~~1 62~~
2 74
~~3 55~~
~~4 260~~

R11m deal may be in jeopardy

25/4/79 N.M

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~~169~~

Deputy Financial Editor

AN R11 million contract to supply wood chips to Japan may be in jeopardy following the Railways decision that Richards Bay harbour must be used to export chips.

Mr. Craig Anderson, general manager of the Central Timber Co-operative, said a Japanese delegation was expected in June to finalise details of the contract. They would then know what direction to take.

Also at stake, he said, was the chip plant at Cato Ridge. This and the Durban harbour plant would have to be closed. They had cost nearly R6 000 000 and on current production would have been paid for within six years.

"It is not economic to rail chips round the country. Moving logs to a harbour-based plant is the answer, but it will cost us R8 000 000 to R10 million for the envisaged plant at Richards Bay," Mr. Anderson said.

The co-op had bought a 9ha site at Richards Bay, but until recently made no decision to develop it. The way exports were developing and the Railways decision meant that after the Japanese visit the next step could mean the closure of the plant.

Mr. Anderson said the planned contract could push chip exports up to 800 000 tons annually.

SA's trade balance improves

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21/4/79

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SOUTH Africa had a favourable trade balance of R358 100 000 in the first three months of this year compared with R111 700 000 in the same period last year.

This was shown by a Department of Customs and Excise preliminary statement of trade statistics released in Pretoria yesterday.

Imports during January-March this year totalled R1 605-million (FOB) compared with R1 437,100 000 in the same period last year, while exports (also FOB) totalled R1 963 100 000 — 1978, R1 548 800 000.

Figures relating to the physical movement of gold bullion, oil imports and imports of defence equipment are not included in the trade statistics.

Imports from Africa dropped from R64 200 000 to R53 900 000, while exports to African countries increased from R114 900 000 to R137 200 000.

Imports from Europe increased from R869 100 000 to R968 400 000 and exports increased from R816 800 000 to R1 072 400 000.

Imports from America increased from R255 700 000 to R325 200 000, while exports to America dropped by R15 500 0000 to R304 900 000-million.

Imports from Asia were up from R226 100 000 to R238 800 000 and exports to Asia rose nearly 60%, from R262 800 000 to R419 800 000. — Sapa.

TRADE FIGURES

Britain loses out

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FM 20/4/79

Britain last year lost its traditional place as SA's biggest trading partner. Though it slipped as top foreign supplier in 1974 (first to West Germany and then the US), last year was the first time the UK was not SA's biggest foreign market (see table).

According to SA Department of Customs and Excise figures, its place was taken by the US, whose purchases rocketed by almost 71%, due mainly to price rises in diamonds, platinum and Krugerrands, as well as an increase in demand for the latter.

The 8,4% fall in exports to the UK to R1 218m, was due mainly to a drop in farm products (R213,5m in 1977, against R181m between January and November last year), in mineral products (more than R14m down) and in base metals (down R20m).

One third of the R344,9m rise in SA's imports from West Germany was accounted for by machinery and mechanical appliances. Chemical and textile purchases rose by R23m and R7m respectively. Leading exports were Krugerrands (up 50% in 1978), iron ore, coal and wool.

Imports from France showed a rise of almost 100% last year, to total R475,5m. This was due mainly to a climb in the value of transport equipment from R82m in 1977 to R219m in 1978. An important item was the import of a R100m container ship. In addition, imports of machinery, mechanical appliances and electrical equipment, much of it for Sasol, rose by R74m to R163m.

Trade with Switzerland has risen considerably, with exports more than doubling in the past year. This is mainly the result of a rise in the number and value of Krugerrands. The 40% rise in imports from Switzerland is accounted for mainly by a surge in demand for traditional purchases from that country, namely, machinery and mechanical appliances (which account for 51% of the total), chemicals, precision instruments, and clocks and watches.

Israel is SA's second fastest-growing foreign market. One reason behind last year's doubling in exports was the opening of factories there by SA companies. Steel products and coal are particularly important. Imports from Israel rose 58%, mainly because of a R4m rise in purchase of chemicals. Base metal imports were up R2,25m.

The sharp rise in imports from Norway is accounted for mainly by a climb in mineral products worth about R20m. The surge in exports to Taiwan is partly due to the sale of several locomotives.

IANGING PATTERNS

	1978 Imports Rm	Change %	1978 Exports Rm	Change %
W Germany	1 275,0	37,1	667,4	26,1
UK	1 043,6	23,8	1 217,9	—8,4
USA	986,9	1,3	1 350,0	70,8
Japan	823,6	31,6	761,7	17,8
France	475,5	98,5	276,4	21,1
Italy	220,9	4,1	197,5	29,9
Switzerland	167,6	39,6	463,3	113,4
Netherlands	149,7	30,4	199,6	36,4
Belgium	113,0	12,4	247,4	34,7
Canada	83,0	29,7	113,4	—2,9
Sweden	78,7	6,4	16,3	5,2
Australia	67,4	10,3	53,4	21,1
Hong Kong	40,4	23,9	151,3	58,3
Taiwan	35,7	41,6	84,9	47,9
Norway	34,3	39,4	17,6	—1,1
Brazil	31,8	20,0	77,8	—12,0
Israel	24,1	57,5	58,1	95,0
Argentina	9,8	100,0	15,2	17,8

Source: Dept of Custom and Excise

U.S. banker's prediction

Change looms in trade pattern

74

26/4/79 NM

Financial Editor

SOUTH Africa's overseas markets are about to experience a change — exports to the U.S.A. will decline and there will be a big expansion in sales to Western European countries.

This is the view of Mr. Joel Stern, president of the Finance Policy Division of the Chase Manhattan Bank.

Mr. Stern, who was addressing the annual conference of the Southern African Institute of Chartered Secretaries and Administrators in Durban, said it was the view of his division that the U.S.A. would move into a recession next month.

"For several months I have been forecasting a recession for the United States. It will continue for close on a year."

As a result, trade between South Africa and Europe would increase during the next 18 months, as economic activity was expected to improve there.

Mr. Stern said he expected governments to reduce the time it took for their policies to become effective.

As a result, economic growth would be more rapid, less inflationary and the average unemployment rate during the 80s would be lower than in the 70s.

Smaller industrialised countries that needed real growth most, especially in Asia, in Israel and South Africa would most quickly accept this new doctrine of "rational expectations".

Mr. Michael O'Dowd, a manager of the Anglo American Corporation, told the conference that the social change of the 80s would flow from what was already "on our doorsteps".

"The expansions of education are already in the pipeline. They will take place and they will take effect.

Educated Blacks

"We are going to have a more highly educated population in the future and highly-educated Blacks are going to become numerous in the 80s.

"Before the end of the 80s more Blacks than Whites will matriculate every year. These people are going to assert their own cultural values in a way which they have not been able to do in the past."

Professor J. L. Sadie, the director of the Bureau of Economic Research at the University of Stellenbosch, drew the attention of the conference to the fact that South Africa would have to find 319 000 new jobs a year for its expanding population in the 80s.

Labour market

"There will be a huge new entry to the labour market every year. I believe that the free enterprise system will not solve this problem. Unemployment will increase unless we change our style of life.

"Growth will be obtained because of our mineral wealth but huge capital sums have to be spent on every new project of this kind to give us more exports.

"What we need are labour intensive industries but we are getting capital intensive projects."

Professor Sadie said South Africa's future would depend on the White population because they would have to provide the jobs.

Non-gold exports up 40% on 1978

RDM 30/4/79

74

By HOWARD PREECE
Financial Editor

DIAMONDS, platinum and base metals are spearheading a highly successful start to South Africa's non-gold exports in 1979 — up nearly 40% on the same time last year, according to preliminary estimates.

This can be seen from the export and import figures from Customs and Excise for the first quarter of the year.

Diamond sales could ease later in the year, however.

Although Customs figures are too unreliable to be used for precise conclusions, they are accurate enough in portraying trends.

The strength of diamonds, in particular, and platinum and platinum group metals can be seen from section 14 of the Customs trade figures.

This section shows an increase for January to March from R441-million in 1978 to R489-million in 1979 for exports in categories including "precious and semi-precious stones, precious metals and coin".

On the surface the rise is a modest one.

But the key is "coin."

This means Krugerrands which are included in Customs figures although bullion exports are not.

Krugerrand overseas sales slumped from over 1 600 000 coins in the first quarter of 1978 to fewer than 750 000 coins in the 1979 equivalent.

Prices were, of course, higher this year.

When Krugerrands are excluded, it means that the increase in exports in the other items in section 14 was about R150-million against the R48-million rise for the sector as a whole.

Platinum exports are, of course, showing a strong trend and this is endorsed by the decision last week of Rustenburg and Impala to raise the producer price from $325 to $350.

Both groups are expanding production to an expected total of about 2-million ounces this year.

Diamonds appear to be doing well at the start of 1979, according to Customs figures, but the impetus might not be maintained throughout the year.

In his De Beers chairman's review last week, Mr Harry Oppenheimer cautioned that he did not expect "the hectic boom conditions of 1978" to be repeated this year.

Base metals include steel products, ferromanganese, ferrochromium and other raw materials.

It looks as though Japanese sales must be doing well.

Customs reports that exports from South Africa to Asia were up from R263-million to R420-million in the first quarter of this year.

That was out of a total rise in exports from R1 549-million to R1 963-million.

When Krugerrands are excluded, the rise in exports was nearly 40%.

That is a handsome effort even allowing for the vagaries of Customs figures.

FOREIGN EXCHANGE

Ali 11/4/79

Communication gap

Why does the Reserve Bank appear reluctant to free the foreign exchange markets further by quoting exchange rates more than once a day? The reason, the *FM* learns, is the problem of communication between Church Square and the 20-odd authorised dealers.

At present, some banks have an unfair advantage over others by virtue of their ability to contact Reserve Bank dealers more quickly. The Bank is reluctant to quote rates more often during the day, or to intervene regularly in the market, until more banks are linked to the Reuters monitor, an electronic information system which ensures that rate changes are flashed to all dealers simultaneously. At present only Barclays, Standard, Nedbank, Trust, Citibank, Santambank, and Senbank are hooked up. Interestingly, the spread between buying and selling rates quoted by these banks is around 10 points, with only marginal variations between them.

However, a Reserve Bank spokesman confirms that more frequent quotes can be expected once the Interbank exchange system — which will directly link the Bank by telephone with 16 major banks — is installed. This is likely to be in "two to three months."

Meanwhile, according to some large corporate sellers of foreign exchange, smaller banks tend to be "sharper and more competitive" in quoting foreign exchange rates. Although the smaller banks "took a long time to get going," according to one corporate forex manager, "they now seem to be entering the market as jobbers of exchange and are trading on margins of only one or two points.".

The bigger banks, he reckons, manage to retain the business of big corporate clients largely by their ability to offer overall import/export finance services, particularly in the area of arranging loan finance for exports. "Standard and Barclays don't need to compete on rates," he observes. Some merchant banks, he claims, are "climbing in strongly" because of their expertise in this field.

But another corporate manager reckons that "there is seldom more than one or two points difference between spreads quoted by large and small banks." For that reason, he says, it is not worth shopping around for the keenest rates on small amounts, while for large deals "our own bank usually does everything possible to keep us happy." That applies to most big customers.

Garment earnings up 30pc

Sun Tribune 6/5/79

(1)74

Well suited for exports

By TONY HUDSON Finance Editor

GARMENT exports from South Africa showed a hefty 30 percent increase in 1978 and earned a record R22 million.

And over the past four years, the increase has been even more dramatic. In 1975 clothing exports were worth a mere R3 million, rising to R7 million in 1976, R17 million in 1977 and R22 million last year.

Figures released by the Department of Customs shows that men's and boys' outer-garments were the main contributors with a total of R11,2 million. This was made up mainly of jackets, waistcoats, trousers and shorts (R9,2 million) as well as overcoats and raincoats worth R1,2 million.

Outer-garments for women, girls and kids pushed R6,9 million in to the kitty. Men's and boys' under-garments brought in R1,3 million.

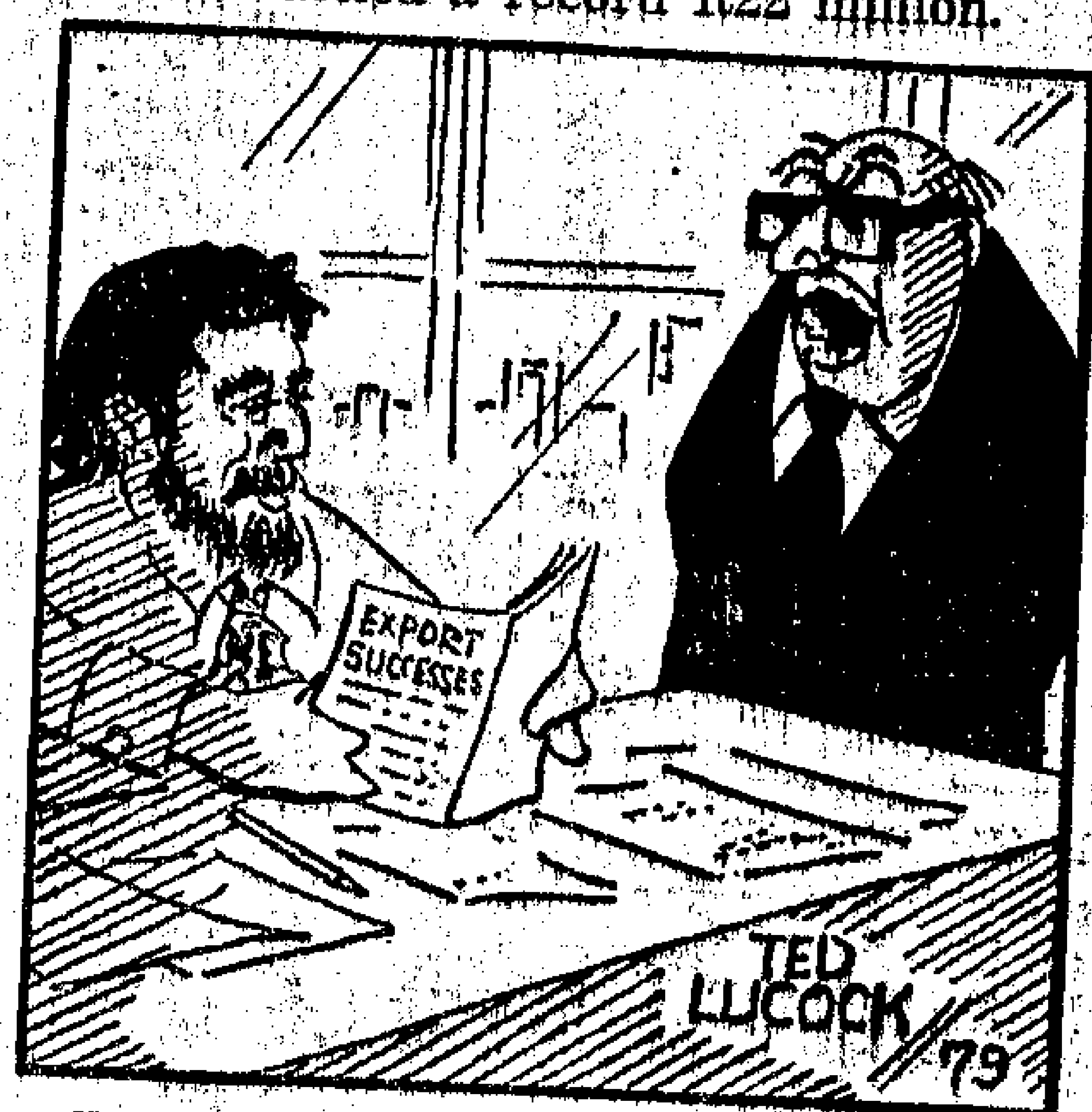
At the other end of the scale, foundation garments such as bars, suspender belts, corsets and girdles brought in a mere R133 000.

National Clothing Federation president Simon Jocum commented that the clothing industry was viewing the exports prospects for the coming year with optimism.

He said bookings were well up on last year and growth was expected to continue.

He said: "This business can only grow. We are fast gaining international acceptance for the styling, quality and prices of our clothing.

Main customers for South African clothing are Britain, Europe and the US where soaring labour and other factory costs have made clothing prices far exceed those of the South African product.



Sending your mother-in-law overseas does not qualify you for the Export Success award

EXCHANGE CONTROL

Now for the others

(74) FM 11/5/79

The travel allowance hikes announced last Friday will soon be followed by increases in other foreign exchange allowances, such as directors' fees, gifts and maintenance for dependants and students living abroad.

"We are busy with a revision of quite a lot of these, and we'll try to put them up to more reasonable levels," says secretary for finance Joep de Loor. He adds that the Reserve Bank will soon simplify the paperwork for exchange control applications.

The lifting of the travel allowance is certainly welcome news, but the increases (from R2 000 to R3 000 per person basic and from R3 000 to R4 500 for businessmen) lag way behind the surge in the cost of overseas travel. Since the present limits were laid down 17 years ago, prices in most countries have more than doubled and the rand's value has been stripped by a number of devaluations.

The reason for the increase in the allowances is not a government rethink of exchange control — "a major review will have to await the Van der Walt Commission's recommendations," notes De Loor. Rather, the Reserve Bank and commercial banks have been hard-pressed to cope with the fast-rising number of applications for extra allocations. Barclays reckons that it handled 30% more exemption requests in the first three months of this year than in January-March 1978. And applications for the whole of last year were a third up on 1977.

What's more, almost all applications were approved by Church Square. "Excesses have been granted pretty easily," says one forex expert. Things may change, however. The Reserve Bank has warned bankers that it will approve exemptions to the new limits only in exceptional cases.

In the longer term, last week's relaxations are a slight move in the direction pointed by the De Kock commission — the eventual disappearance of exchange control over non-residents, and more simplified and streamlined curbs on residents. "The present measures are intended to further this aim," says De Loor.

He is not worried that the higher limits may lead to a drain of foreign currency. He reckons the more generous allowances will cost the reserves no more than "a couple of million rands," pointing out that each traveller is already taking out an average of around R2 500. "On balance, we don't think we'll be much worse off," he says.

Travel agents think they'll be a lot better off. "This will encourage more people to go overseas," argues Indo-Atlantic Travel MD Arthur Goldman. "South Africans can now enjoy themselves in the style to which they are accustomed." He reckons that expensive cruises and higher-grade hotels will be seeing a lot more customers from south of the Limpopo.

Joep de Loor . . . the traveller's friend

Ander lede:
Mnr K. Bosman
Professor A. Cupido
Mnr N. Daniels
Mnr Achmat Davids
Professor R.J. Davies
Professor J.J. Degenaar
Dr René de Villiers
Mnr H.W. Middelmann
Eerw. M.T.L. Moletsane
Professor A.D. Muller
Sheik A. Najaar
Mnr Victor Norton
Professor N.J.J. Olivier
Mnr L. Phillips
H P Pollak

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Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegespreek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

13

EXPORT STRATEGY (74)

A two-fisted approach

FM 11/5/77

Some exporters are worried that the government's new incentives (*FM* January 12) will not do much to help the really big industries on whom much of the future growth in SA's exports will depend. Hence the plea by Safto chief executive Wim Holtes at this week's Afrikaanse Handelsinstituut congress that a concerted effort be made to boost the export competitiveness of one or two (no more) carefully chosen industries.

Holtes suggests that one of the following sectors should be selected for a five-year "export development programme": engineering (including foundries and rolling mills); machinery; transport equipment and spares; chemicals; and paper and woodpulp.

Several big projects are in the pipeline, but they will only succeed, it is felt, with massive government backing along the lines of that given in the early Seventies to coal and iron ore producers, which resulted in the building of harbours at Richards Bay and Saldanha Bay.

The five-year plan would include specific commencement and termination dates, sales targets and likely development costs. A task force would keep a close watch on productivity, technology, new investment needs, freight rates, barter possibilities and so on. To ensure a stable market abroad, foreign investors would be encouraged to take a stake in the SA undertaking and *vice versa*. Holtes proposes that investment guarantees, along the lines of credit insurance, be made available for this purpose.

Concludes Holtes: "Unless SA reaches a much higher growth rate in manufactured exports, we will be left behind by other young industrialised countries such as Taiwan, Spain and Singapore, who will flood the world markets with their engineering products and other manufactured goods."

Wim Holtes . . . let's try it my way

COAL EXPORTS (74) (26)

The oil connection

FM 18/5/79

SA's coal reserves are being used by government as a powerful bargaining counter in ensuring continued supplies of crude oil despite the protests of some local mining companies.

At last week's Afrikaanse Handelsinstituut congress, JCI senior manager Jimmy Linde pointed out that the 33% share of coal exports allocated to oil companies under Phase 3 of the export programme (*FM* January 12) is out of proportion to the oil majors' current contribution to SA's energy needs.

But there is a good reason for this, judging by information given to the *FM* this week by Economic Affairs Minister Chris Heunis. The allocation of export quotas, to BP, Shell and Total, says Heunis, "has been subjected to the condition that they continue to fulfil their obligation in supplying liquid petroleum fuels to the country."

He adds that the companies' coal export quotas which total 13,5 Mt/year, "will be reviewed should any of the oil companies no longer contribute towards the country's needs for petroleum products." Out in the cold are JCI and Gold Fields, which applied for allocations, but got nothing.

Linde asserted to his AHI audience that none of the oil companies had exported a single ton of coal before 1977. The initial cost of development of the export market, and facilities such as Richards Bay, fell on the mines, who have been hamstrung by artificially low domestic prices.

Mining houses' further coal development efforts are being significantly retarded by Heunis's refusal to give them export allocations. JCI, for instance, has a coal field, Middleburg Uitkyk, which could produce up to 3 Mt/year for export, given the green light. Likewise, Gold Fields has a sizeable deposit on the Highveld which could be opened up if required. But so far, says deputy chairman Robin Hope, it has been a matter of repeated representations to the authorities, and continued refusals.

Heunis tells the *FM* there is "no possibility, in the present circumstances, of the total allocation being increased."

However, government has laid down some tough conditions for those oil (and mining) companies lucky enough to get a slice of the export action. One is a proposal that profits realised on the export market should be used as a subsidy in the local mining industry.

Moreover, "applicants must furnish written assurances that they will export coal at prices that are commensurate to ruling world market prices and that they will not adopt marketing methods abroad which may lead to a disruption of the export of SA coal in overseas markets."

Heunis stipulates that "should successful applicants fail to make satisfactory progress with the mining and marketing of coal within a period which could be regarded as normal," export authorisations may be withdrawn.

Financial Mail May 18 1979

THE RADIOCARBON CHRONOLOGY

The rates derived from the simulations have shown that the fission model provided the fastest rates of expansion. The fission model was also characterised by a lower rate of expansion for a single culture than for the whole tradition. A comparison of the rates of expansion derived from the models with values derived from the radiocarbon chronology should provide a test of the appropriateness of the two models.

METHOD

Early Iron Age radiocarbon dates provide estimate of the period during
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Regression analyses for both of the possible ... of expansion ...

RESULTS

The regression line for the Urewe culture had a slope of 0,54 with the origin at 92 years (Fig.4). This gave a rate of expansion of 0,57 Km/year. The slope for the Urewe to Silver Leaves expansion was 0,116 with the origin at 34 years. The overall expansion rate was 9,6 Km/year (Fig. 4). The overall rate of expansion corresponded fairly well with the values derived from the simulation (Table 2) with moderate to high rates of population growth (0,035; 0,040) and medium population densities (5-10/Km^2).

The slope of the regression for the Kwale to Silver Leaves route was 0,096 with the origin at 138 years (Fig.5). The expansion rate was 10,3 Km/year considerably slower than the values derived from the discontinuous spread model (Table 6).

The values for the rates of expansion derived from the radiocarbon chronology are considerably faster than the values for the wave of advance model (Table 1) and this coupled with the evidence for a difference between the rate of expansion for a single culture and the whole tradition provided support for a discontinuous spread model of the Early Iron Age expansion.

DISCUSSION

The regression analysis of the Early Iron Age radiocarbon chronology supported a North to South temporal ordering in the flutted and bevelled complex. The complex used in the present analysis differed from the eastern stream and therefore the regression analysis in no way supported the historical reconstru... sed by Phillipson (1975; 1977). However the ...plex indicated a North to South spread and

...on rates associated with the simulations of ...cated that the wave model (Soper, 1971a) is ...ates of spread generated by the simulations of ...uggest that this was the most likely mechanism ...mics movements known from oral tradition ... Monnig, 1967; Turner, 1954; Were 1974). ...ould have moved some distance and settled and they ...urther expansion. Because more than one

Rooi gesigte oor skrot in Pretoria

(74) Rapport 20/5/79

Deur DAAN DE KOCK

DAAR bestaan groot konsternasie oor die toekenning van 'n permit vir di uitvoer van 200 000 ton skrotstaal.

Na verneem word, is hierdie kontrak aan 'n uitvoerder van Pretoria toegeken en sal dit die eerste keer in vyftien jaar wees dat Suid-Afrika skrot-staal gaan uitvoer.

Die bestuurder van die skrotpoel, mnr. Jack Weir, het bevestig dat die permit deur die Departement van Handel toegestaan is, maar hy sê dat die hele aangeleentheid 'n misverstand was en dat daar nou geprobeer word om die kontrak te kanselleer.

Hy sê normaalweg word aansoeke van hierdie aard na die skrotpoel verwys, maar weens 'n sameloop van omstandighede is staatstoestemming daarvoor verleen.

Daar word nou gepoog om die kontrak te kanselleer.

Na verneem word, sal die uitvoerder ongeveer R2,8 miljoen vir die skrot-staal ontvang as dit uitgevoer word. As die staal egter binnelands gesmelt word, soos dit reeds die afgelope vyftien jaar gedoen word, is dit ongeveer R16 miljoen werd.

22/5/79 AD

Huge SA arms imports listed

CAPE TOWN — Immense shipments of tanks, guns, armoured cars and aircraft have flowed into South Africa from abroad in the past few years, according to a book written by two American strategic experts.

The South African Defence Force's locally built armaments have been heavily augmented with modern — and hitherto completely unmentioned — heavy air and ground weapons originating in several countries including Britain, France, the United States, Italy, Portugal, Switzerland and Canada.

The Book — first published by the Hoover Institute of Sanford University — has been cleared for local publication in terms of the Defence Act.

In America, this has been taken as proof that the South African Government is ready to encourage speculation that it wields much greater military might than it has ever admitted.

The book, South Africa: War? Revolution? Peace?, by Dr Lewis Gann and Dr Peter Duignan, maintains South Africa is too strong to be topped by attack or revolution and cites armaments figures far in excess of any published in the Republic before.

The US administration reacted sharply to the testimony — which implied it turned a blind eye to massive arms-embargo violations — and CIA officials testified in camera to some congressional leaders.

Among other things, the book says the SADF has received 40 F140G Starfighter fighter-bombers, which formerly belonged to the West German Luftwaffe, and hundreds of American-built tanks.

If the figures are correct, South Africa is the strongest military power in Africa, both quantitively and qualitatively.

Its defence force — containing between 400 000 and 450 000 men when fully mobilised — is so strong and capable and is backed by such a sophisticated infrastructure that it is not in danger of being toppled either by an internal rising or an invasion from outside.

The authors quote from testimony by strategy analyst Sean Gervasi to a United States congressional committee in July 1977 that South Africa had then received, among other things:

- 40 ex-Luftwaffe F104G Startfighters.
- 50 US-built F51D cavalier counter - insurgency aircraft.
- 25 US-built Augusta-Bell 205A Iroquois utility helicopters.
- 12 US-built Lockheed P2 Neptune anti-submarine patrol aircraft.
- 240 British-built Centurion battle tanks.
- 100 US-Italian M47 Patton battle tanks.
- 100 US-built Walker Bulldog light tanks.
- 80 French-built AMX13 light tanks.
- 200 Canadian-built Sexton 25-pounder self-propelled guns.
- 200 US-built M7 105-mm self-propelled guns. — DDC.

74

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1/6/79. 74

SA could export cobalt by 1980

JOHANNESBURG — Rustenburg Platinum Mine has started production at its cobalt sulphate plant, production which will make South Africa self-sufficient this year and allow exports in 1980.

Mr Ken Maxwell, managing director, says output next year will increase 50 per cent over this year's figure.

South Africa's annual consumption is estimated at 65-90 tons of cobalt metal, equal to 175-235 tons of cobalt sulphate.

A world shortage of cobalt, brought about mainly by the fighting in Kolwezi last year and the departure of skilled mining personnel, has led to large-scale research into possible methods of substitution, particularly in the United States, which is deficient in primary output yet consumes about 1 400 000 lb a month.

Efforts are being made to increase production in Zaire and Zambia, but primary producers are hard pressed to match demand.

At a conference on cobalt supplies in Chicago recently, it was questioned whether demand would continue at past levels and consumption in television sets was discussed.

A domestic television set contains a significant amount of cobalt in its electron guidance magnets. It was suggested there could be reduced consumption in this sector.

This could create a cobalt surplus in three to five years, even on the basis of the current supply position, according to some sources.

According to the London Mining Journal, the Hitachi Magnetics Corporation aims to produce a magnetic material that provides five times the energy of a conventional magnet, yet contains only 20 per cent cobalt.

The electronics industry is using less cobalt in loudspeaker construction and in integrated circuits, but cobalt is still being retained where reliability commands a high premium.

The extensive use of cobalt in super alloys for the booming aero engine market is also being examined. The president of the Ptratt and Whitney aircraft group reportedly said recently that his company was reducing its cobalt consumption by substituting nickel-based alloys for cobalt alloys.

Reviewing the situation, the London Mining Journal says: "It would be rash to presume a major collapse of cobalt's primary markets unless the supply squeeze proves unusually persistent. Cobalt is used in many cases because its qualities are superior to other alloying metals.

"Any time of shortage and high prices for a raw material invariably raises the substitution spectre and highlights or over-emphasises what progress has been made to find alternative materials.

"Equally, it has often been the case that when the dust has settled, the threatened metal or mineral emerges with far less market damage than had been predicted at the height of the crisis." — DDC.

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c) Ander lede:

Mnr K. Bosman	Mnr H.
Professor A. Cupido	Eerw.
Mnr N. Daniels	Profes
Mnr Achmat Davids	Sheik
Professor R.J. Davies	Mnr V
Professor J.J. Degenaar	Profe
Mnr René de Villiers	Mnr L
Dr I.D. du Plessis	Profe
Professor J.J.F. Durand	Mnr W
Professor J.B. du Toit	Mnr F
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Sentrum die volgende beneis:

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provides loan guarantees and insurance to exporters withdrew this service on its government account (which applies to high risk sales) but not on the 'corporate account'. A meaningless gesture since the government account has not been used for SA business for 10 years.

13

Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegespreek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

Gedurende Augustus en September het die Direkteur Engeland, Nederland, Switzerland, Swede, Israel en Zambië besoek. Hy het vooraanstaande joernaliste, Suid-Afrikaanse diplomate, senior amptenare van die Suid-Afrika-Stigting en verskeie regerings betrokke by Suid-Afrikaanse belange ontmoet. Hy het besprekings gevoer met stigtings, trusts en opvoedkundige verenigings. As gevolg van sy besoek aan Nederland het hy 'n toelae vir die Konstruktiewe Program ontvang van die Algemeen Diakonaal Bureau van die Gereformeerde Kerken in Holland.

Professor J.L. Boshoff, ere-Fellow van die Konstruktiewe Program, het met 'n aantal instansies, wat universiteite in Natal en Transvaal insluit, en met verskeie handels- en industriële firmas in Natal, kontak opgebou.

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Star 2/6/79

SA won't use its gold muscle to get out of the oil price squeeze

The Minister of Finance, Senator Owen Horwood, remains confident about the economic prospects of South Africa, and even though the oil question was a worry, at least South Africa was blessed with gold and a host of other strategic metals and minerals.

In an interview with the Minister and the senior deputy Governor of the Reserve Bank, Dr Gerhard De Kock, in Cape Town, this week, we talked about the economy in general and the outlook in particular.

We discussed a host of topics: gold, interest rates, inflation, financial rand, the health of the South African economy, the outlook for overseas loans, oil.

Herewith some of the highlights:

Oil spectre

Undoubtedly the most worrying problem at the moment is the question of oil and the effect the rising price of oil is having on world economies, which in turn puts something of a question mark over South Africa's exports.

But for the spectre of the oil question, the Government's hope of seeing the inflation rate back into single figures this year may well have come true.

Though there is public concern that the inflation rate is now above the 12 percent mark, part of that figure is due to imported inflation, and part is due to the distortion of last year's introduction of GST.

An April 1979 measurement over an April 1978 included GST on the one side but not on the other. Come the time when the comparison is made between two months of different years in which GST is included in both, and the comparisons should not be as startling.

But inflation is not a problem peculiar to South Africa — "The Economist" last week reported that thanks to rising oil prices German inflation in April was running at 3,5 percent against 2,9 percent in April, 1978, while the Swiss inflation rate in March was nearly twice as high on a year-on-year basis.

"Though the Swiss rate is nothing compared with the double digit figures of others, it just shows you what is going on," Senator Horwood pointed out.

He also pointed out that in South Africa it was cost inflation — not demand inflation — and that Government had kept to its sights over money supply and Government spending.

South Africa, of course, is blessed with abundant minerals and metals which the world wants — gold and platinum being the most obvious examples. And Government is especially pleased at the strength of the country's mineral exports at a time when imports are also costing more.

Government would obviously like to see our major trading partners on a sounder footing — but SA exports are not likely to be seriously hit — unless there is a considerable world-wide downturn. As an exporter of stragetic minerals, we are less vulnerable to an export downturn.

Though the Minister is concerned about the health of the world economies, he points out that the oil price blow of 1979 comes at a time when economies are moving up. In 1973 when the oil price explosion first hit the world, economies were hit when they were in a recession.

One area of hope now is that though some of SA trading partners may be weak, others are much stronger. And Western Europe is compensating for other weak areas.

So a serious downturn in America, say, would not be that bad for us because other areas could compensate.

Colin Campbell in the market

'We are one of the best risks in world'

But the big unknown is what will the impost of higher oil prices do to investment capital? Will it still flow?

From oil and inflation we turned to:

Gold

Given South Africa's gold wealth, I asked whether it was feasible, and if it had been given serious thought, for South Africa to enter oil-for-gold swops.

The feeling of both Senator Horwood and Dr de Kock was that the Reserve Bank was doing a fine job in marketing the country's gold, and that in the bullion market what must be preserved is order and stability.

For South Africa to change its gold marketing policy would be disruptive. Rather sell the gold in the normal way and earn the foreign exchange with which to buy oil.

That South Africa has the potential to do direct barter deals with the oil producing nations by offering its gold for oil goes without saying — and it has been a thought which has crossed many a mind.

The oil-for-gold idea was particularly current about six weeks ago when the bullion price started to test new highs — but at the time the Reserve Bank dismissed the idea as just another market rumour.

But undoubtedly the strength behind today's gold price is the inflation threat and the oil problem. Another important factor is the rising US trade deficit.

But of interest to bullion followers is that the gold price has been rising while the dollar has remained relatively firm, and that it has risen against the traditionally strong currencies.

Unlike his predecessor, Senator Horwood does not make projections as to where he sees the gold price in X weeks time, but he did make some observations on the current demand position.

He said that there was a big demand for gold, and that the demand was international. He also said that the demand for therefore investment.

Liquidity within the system was certainly high (building society inflows now pass the R1 000m mark) — and one of the problems was to get "stagnant" money on the move.

What the Minister would like to see is more "good, old, solid private investment" capital.

But with the March Budget greenlight that private investment is to be encouraged in "State" projects (and the Sasol invitation is an example of this) perhaps more will flow.

The country does not need overseas loans at the moment — but what has been a very pleasing aspect, and a measurement that South Africa is again looking attractive to would-be lenders — is that the terms of potential loans to South Africa have improved, and so has the length of loans.

"We can now talk about five to seven year loans."

With the Soweto troubles now a memory, and with the economy looking in much better shape, overseas lenders are again knocking on the doors.

"South Africa is one of the very best risks in the world, bankers tell me," the Minister said.

Financial rand

This has gone very well, and the estimated amount of applications approved was about R200m to R240m. The Reserve Bank plans to furnish further details of where the applications have come from and where the money is going, but one promising sign for the country was that some applications had been for real estate.

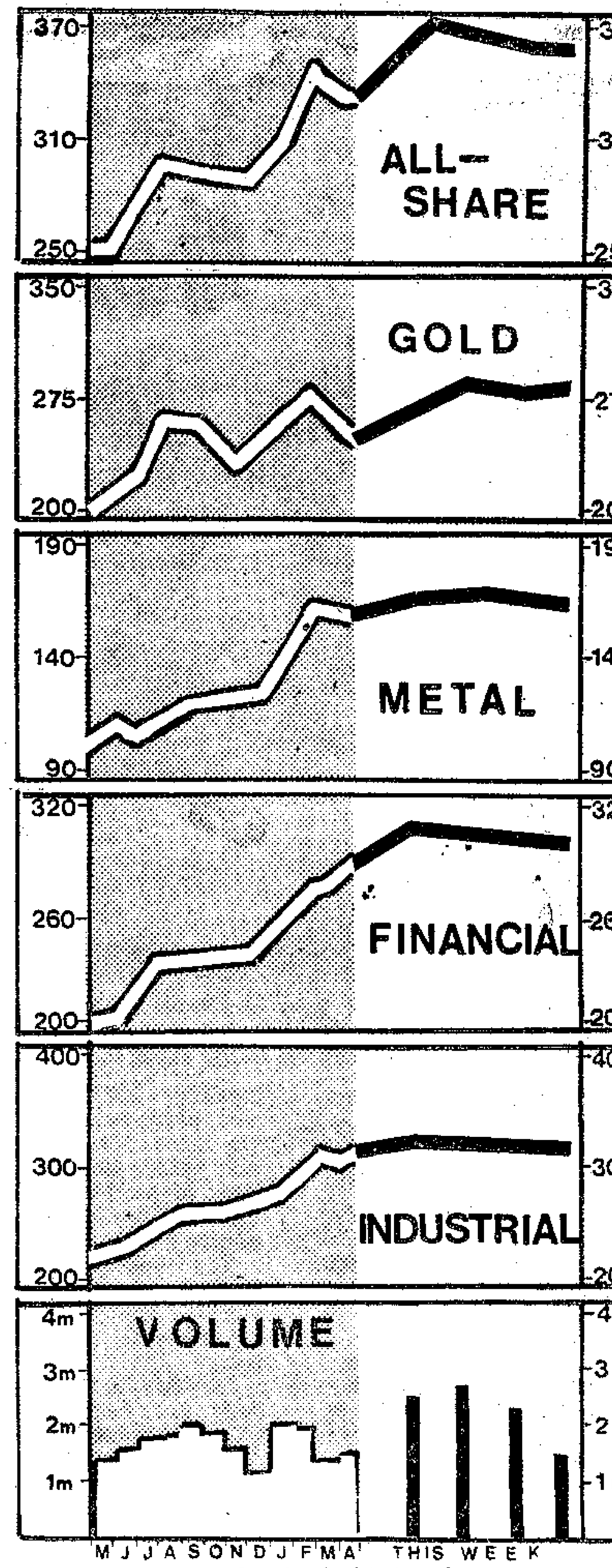
Will the FR continue to rise?

The sharp run up from about 65c US pre-De Kock to the current level of around 90c US has been quite an improvement over a very short time. How much further it has to go depends on market forces.

The mechanics of the FR has inhibited the movement of share prices — but as there have been overseas sellers of SA shares into the Johannesburg market in order to create the financial rands, it means that somebody here has been buying South African shares.

South Africans are buying back the farm — something which Government is very pleased to note.

That the commercial rand had also moved up was particularly pleasing.



Graphs by Lindsey Sanderson

These graphs chart the performance of The Star share indices for major divisions of the Johannesburg Stock Exchange over the past week, together with volumes of trading. The shaded areas of the graph cover the average of the previous 12 months' dealings for comparison.

JSE THIS WEEK ANNE COLLEY

It was one of those good-news/bad-news weeks on the JSE. With the oil price bubbling higher and the producing nations making angry noises about supplies, world wide investors turned once again in force to the hedge investments. Gold touched fresh peaks, platinum was quoted higher, silver was in demand.

The bad news was that gold shares on the JSE were slow to follow the bullion price, not only because of financial rand complications but also because the bullion price is reacting like a yo-yo. And because of the memory of the previous gold rushes, it is only the professionals (who can sit and watch market movements on a minute by minute basis) who have the ability to trade with the skill that is necessary to make profits.

The other bad news was the host of price increases which were announced for a host of household products. While oil prices will hit companies, household price rises are likely to hit discretionary income — and may well undo most of the good which will be generated from the reduced income tax rates effective July.

debut at placing price recently, continued unloved and was traded at 120c this week compared with a 145c opening.

Though it could be suggested that the petrol problem has by and large been discounted by the market, the uncertainty over just what kind of package Minister Chris Heunis will eventually unveil is keeping investors at bay.

Another reason cited by analysts is the unwillingness of investors to commit free funds ahead of the Sasol issue.

There were some good company results — CNA for instance is still looking for further growth despite oil and its problems. And the week ahead sees publication of Anglo American figures.

Coal shares still glowed, but De Beers fell under profit taking and financial rand considerations. The weaker LME copper price — a weakness generated by fears of a recession in the world's industrialised countries — pulled back Messina. Though there is a market thought that Messina may come in for strong buying attention once the Western leaders make up their minds whether they are going to recognise the new Rhodesian Government or not, LME factors for the moment hold the upper hand.

Senator Horwood . . . overseas lenders again knocking on our doors.

Dr de Kock . . . financial rand market has gone extremely well.

An especially welcome sign in today's bullion market is that there is not only a strong monetary demand but also a solid industrial demand. Unlike previous patterns in the gold market, industrial demand is not falling away while the price rises — partly explained by the wide use of gold in the electronics industries.

Interest rates

Does the Government have a deliberate policy to try to keep interest rates low? Was the Treasury Bill rate an "honest" rate?

The TB rate was the function of supply/demand, and was an honest rate, came the reply.

What uncertainty there is concerning interest rates in the market place — and there was a feeling that rates are beginning to bottom and look like beginning to move up again — was probably due to the uncertainty of the Sasol issue details.

Doubling back to the economy in general we touched on the surplus capacity still within industry. Though the economic projections were certainly brighter than there were in October two years ago, it could be some time before there was that much more demand to encourage increased production facilities — and

Overall then, the economy is looking alright; confidence is coming back into investors' hearts, and the country's strategic exports should cushion South Africa against the worst effects of oil price disruptions.

As the upswing gathers momentum, more confidence should be born

Particularly sensitive on the industrial board were motor and related companies. In a list of the 20 worst performers over the past week, at least seven shares with motor/transport connections featured — Toyota, Williams Hunt, McCarthy, Curfin, Robbs.

Caravans International which made its market

The fluctuating free market platinum price also took some of the steam out of platinum couters. But as The Star said last week, metal prices are going through a bumpy patch which is leading to sharp movements both ways in related shares.

London Sun. Trib. 3/6/79 (74) John Cavill

Sugar — it's not total gloom as pressure builds up on U.S.

TO SOUTH African sugar producers, any light at the end of their present tunnel of woe may seem so far off as to be a flickering star-speck of hope rather than expectation.

The world price stubbornly hovers some 30 percent below the minimum floor level envisaged in the new International Sugar Agreement despite export cutbacks: The ISA itself remains unratified by the United States whose imports account for nearly 25 percent of the free market in sugar and the latest forecasts for the year to the end of August puts stocks at a depressing 31-million tons, lower than at first feared but still equivalent to 34 percent of consumption.

All is not total gloom, however. There are strong indications in London that the next meeting of the council of the International Sugar Organisation in a fortnight will produce a storm of pressure on the United States to move on the business of ratifying the ISA and so enable producers to raise the money to finance their stocks.

It is unlikely that the fulminations of the Third World producers will lead to a break up of the ISA fragile though it is — and it is probable that the June 30 deadline for ratification will have to be extended again to take account of the obduracy of the US Congress.

But London sugar traders are hoping the meeting will produce enough pressure to give consumers and producers confidence in the viability of the ISA before the next round of negotiations on export quotas begins.

The second positive, if equally tenuous point for hope, is the latest estimates of consumption in 1978-79 from the German statisticians, F.O. Licht.

They have revised this figure upwards by one million tons to 91,2-million tons to produce a growth rate of 4,7 percent for the year against 4,6 percent in 1977-78 and an historic average of between 3,5 and 4 percent.

This increase is in spite of a drop in American per capita consumption of eight percent to under 43 kilograms between 1973 (Sugar's last "normal" year) and 1978 and the sharp rise in corn sweeteners — up 42 percent in the same period.

With consumption in the under-developed world rising — "If only every Chinese would eat an extra couple of kilos a year," sighed one sugar trader this week — a similar increase could see demand outstripping production if not supply in the 1979-80 sugar year.

A start could then be made on reducing the excess stocks which need to be brought down to about 23-million tons to achieve a healthy price balance.

The other possible hope arises from the soaring price of oil. Not only will this increasingly drive high-cost sugar mills into financial difficulties but it must make the Brazilian solution even more attractive.

Brazil, the world's biggest cane sugar producer, has been stepping up its production of alcohol from sugar to be used as a petrol substitute at a faster rate in the last two years.

With its oil import bill topping R3 800-million (it buys in 85 percent of its needs and the transport system is heavily geared to the roads) Brazil has a dual imperative.

The first is to reduce oil imports and the second to avoid the social consequences of impoverishing thousands of small cane growers.

Thus next year, Brazil plans to produce 3 800 million litres of alcohol, equivalent to nearly 5 million tons of raw sugar or 46 percent more than in 1978-79 and nearly five times the 1976-77 figure.

In this way it hopes to raise the alcohol-petrol consumption ratio from 15 percent to 20 percent and, as an inducement, is selling the heavily-subsidised "petrohol or gasohol" at 10 cents (SA) a litre cheaper than conventional fuel. (It is also experimenting with a 50-50 soya bean and fuel oil mixture as a substitute for diesel and claims success here, too.)

Brazil expects this surge in "petrohol" production to halve its stocks of sugar to nearly one million tons even if its export quotas are not increased in 1980.

Unfortunately, Brazil is alone in the scale of its commitment to a policy of supplementing oil needs with a perennial fuel crop.

One of the big differences between the present sugar price slump and the one in 1967 when it plummetted to under R25 a ton is that there has been little evidence of demand from "non-traditional" users — such as alcohol manufacturers or animal-feed makers.

The problem is that while the sugar price is disastrously low for producers it remains, in real terms, about 100 percent above the low point reached 12 years ago which brought in these outside consumers.

Animal-feed producers are said to be interested in increasing the input of molasses if the sugar price comes down by another 10 percent and then only if cost stability and supply can be assured.

Meanwhile, according to sugar traders C. Czarnikow, the next suxar "boom" — if it is to happen — is unlikely to arrive before 1982 or 1983, assuming present projections of supply and demand are correct.

later the African comes with the same request for leave to go and bury his father. Our society would describe the deceased as an uncle but in the family concept of the African life another father has died and management will lose this emplcyee if he withholds permission of leave as there may be compulsive religious reasons for him to attend the funeral.

FOREIGN INVESTMENT 1

Swedish rub

(74) (73)

FM 8/6/79

The Swedish law prohibiting investment in SA and SWA/Namibia, which comes into force on July 1, will undoubtedly put the brakes on Swedish involvement here.

The bill curbs all new investment in SA. Thus, Swedish firms already in this country (around 20) will not be able to obtain funds from parent companies or reinvest retained earnings for expansion. Subject to the approval of the Swedish government, firms will be able to replace worn-out equipment.

Self-interest motivated this exemption. For if the firms were forced to pull out of SA almost immediately, without finding new markets, an estimated 1 100 Swedes would lose their jobs. Subsidiaries import goods to the value of R40m annually direct from their parent companies in Sweden.

Swedish firms in SA employ about 5 500 people. And between 1970 and 1976 the turnover of the manufacturing firms which include such well-known names as SKF and Atlas Copco, trebled to R145m. In the same period the companies invested R37,8m, half of which was for expansion.

Compressed air engineers Atlas Copco, which has a turnover of R45m and 800 employees, insists it's still "business as usual." Others, such as SKF and dairy equipment suppliers Alfa Laval, also tend to play down the consequences of the new law. Hayden Thomson, Alfa Laval's MD, describes the law as "irritating", but if the firm wants to expand it can lease machinery, provided Stockholm does not take steps to close loopholes.

Manufacturers will be hardest hit while sales companies (such as Sala Equipment, Malcomess-Scania and Skega) will come off fairly lightly, since expansion does not depend on large capital investments. Nonetheless, some of the firms fear that South Africans may withdraw their custom in retaliation to their government's attitude.

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~~Noie Sytrer Road~~
~~Rondebosch~~

9/6/79 Mercury (74)

S.A. still trading with Iran

Mercury Correspondent

LONDON — Iran is continuing to import South African goods with the knowledge of the Government — in spite of its public declaration that all economic and political ties had been severed, according to the Financial Times.

The bulk of the imports are badly needed industrial plastics which are in short supply all over the world.

To conceal the trade, Iranian dealers say documents are being falsified to show the origin of the goods as Swaziland or Mozambique.

In the two years prior to March 1978 — after which the political unrest disturbed all trade — South African exports to Iran had grown at one of the fastest rates ever recorded.

In 1977-78 they stood at 191 million dollars.

Forty percent of the exports was construction steel, 10 percent was vehicles and the remainder was made up of plate glass, industrial plastics and grain.

The Financial Times says estimates of the current value of the trade are hard to make: The temporary ban on steel imports and the halt to luxury car imports cuts the 1977-78 figure by half.

South Africa, it was said, was not in a position this year to sell grain because of a wet summer.

On the other hand exports to Iran of plastics for packing and coverings appeared to have increased sharply in the last three months, the newspaper said.

Iran imports more industrial plastics than the rest of the Middle-East put together.

Apparently unable to secure their needs from reluctant European suppliers Iranian dealers were turning to South Africa with its advantages of proximity and competitive production costs.

The Iranian Government's policy seemed to be a pragmatic one based on obtaining necessary goods on the best possible terms from any source — as long as this was not considered to be against its interests.

In South Africa's case it had been prepared to allow the trade to continue as long as no publicity was given to it, the Financial Times said.

Bankers welcome easing of strict exchange controls

Star Bus. 22/6/79

74

By Colin Campbell, Deputy Financial Editor

Bankers and foreign exchange dealers have given a broad welcome to the latest liberalisation of South Africa's previous strict foreign exchange control measures, announced in Parliament yesterday by the Minister of Finance, Senator Owen Horwood.

One positive effect of the freer use of financial rands and the greater ability for would-be emigrants to take their cash out of South Africa should be a strengthening of the South African currency, if only because the new measures demonstrate that there is a less hysterical attitude about exporting capital from South Africa.

Under Senator Horwood's measures, emigrants can now take out up to R100 000 — the first R3 000 only may be taken out at the commercial exchange rate while the balance, up to R100 000 per family, will have to flow through the Financial Rand market.

In effect this means that — with a discount presently of around 23 percent — a family with assets of R20 000 will be able to take R3 000 at the official exchange rate and the remaining R17 000 at a discount, effectively meaning that the R17 000 is stripped down to an equivalent of R13 090.

As in the past, it will still be necessary to obtain the necessary exchange control permission for capital transfers by inhabitants, and considering requests for such transfers the authorities will apply the same criteria as in the past, thee Minister announced.

Because outward capital movements which moved through the financial rand market were different to those being channelled through the commercial rand market, and did not affect the official gold and other foreign reserves negatively, "deserving cases could in future be more readily approved."

A Barclays Bank spokesman suggested that now emigrants will be allowed to take their funds out, even though they had to assume the discount, it should stop any black market operating.

The president of the Johannesburg Stock Exchange, Mr Richard Lurie, in welcoming the new measures said that it showed a more competent attitude.

It was not possible to guess what impact the new measures would have on the financial rand market, but as the Reserve Bank had recently indicated there had been a steady build-up in demand for financial rands — running to as high as R220m — since the publication of the De Kock Commission's report.

Other bankers were pleased with the abolition of all curbs on overseas assets of immigrants. Previously all overseas assets had to be declared to the Reserve Bank which had the right to require that after a three-year residence in South Africa that liquid funds be brought into South Africa.

This requirement was seen by many as a restrictive measure and as a disadvantage to would-be immigrants.

In introducing the measures Senator Horwood said: "SA will need the managerial and technical talents of newcomers in the years ahead and I wish to make it more attractive for them to assist us in building up SA and making it prosperous."

Carrots — and some sticks

(74)
FM 22/6/79

Finance Minister Owen Horwood this week unveiled a new exchange control regime which will please a lot of people. Bankers and travellers on the make, however, could be in for some shocks.

The biggest step forward is the broadening of the financial rand market to include residents' capital transfers. Exchange control approval will still be necessary and the same criteria will be applied (basically whether a transaction is in the "national interest" or not). But Horwood points out that since transfers through FR do not affect Church Square's reserves, "approval can in future be granted more readily in deserving cases than it has in the past."

Other significant relaxations include:

- The limit on maintenance allowances which can be sent abroad is lifted from R100 to R150 a month. The annual gift allowance is raised by a like amount. Students will be permitted to remit tuition fees, in addition to the present subsistence allowances of R400 a month for singles and R800 for married couples;
- The ban on hotels, travel agents and tourist shops accepting foreign bank notes and travellers' cheques, unless licensed by a bank, is lifted, provided foreign currency receipts are immediately sold to an authorised dealer.

This move will certainly be welcomed by the many businesses which have unsuccessfully asked the Reserve Bank over the past few years for permission to accept foreign notes.

All curbs on the overseas assets of immigrants are to be abolished. Settlers, with the important exception of returning SA residents, will no longer have to transfer their assets to SA. But they will have to promise not to make overseas assets available to South Africans, and will have to give Church Square details of foreign funds and property.

Should immigrants want to bring money into SA, they will be able to do so through FR within three years of arrival.

Foreigners working in this country will also benefit, mainly by no longer being bound to transfer earnings on their foreign assets to SA.

Horwood's intentions are clear — and praiseworthy: "SA will need the managerial and technical talents of newcomers in the years ahead and I wish to make it more attractive for them to assist us in building up SA and making it prosperous."

Ironically, the new rules for emigrants could encourage an exodus of skills. But government now apparently realises that it cannot discourage emigration through currency controls.

Barrier at Jan Smuts . . . making it harder for the currency smugglers

Emigrants are at present allowed to take out a maximum of R30 000 per family, with a further R30 000 invested in special non-resident bonds which can be redeemed in foreign currency after five years. All transfers are allowed out at the commercial rand rate.

No longer. Under the new rules, emigrants can take out only the normal travel allowance of R3 000 per adult through the commercial rand market. The rest of their assets, up to R100 000 per family, will have to flow through the financial rand market, in other words at a discount to the normal exchange rate, currently at 23%. Those who have already left SA will also be entitled to transfer up to R100 000 in FR, reduced by the original settling-in allowance granted.

This is especially good news for the rich, a large portion of whose assets have up to now been frozen in SA. Not only will they be able to take more out, but they can most easily bear the knock of the FR discount. For the small man, with assets of say R20 000, emigration will in future be more expensive, but at least he will have more money immediately available in his new home country.

A worthwhile consolation is that the personal effects allowance, which excludes motor cars, is bounced up from R4 000 to R10 000.

Travellers will find it much more difficult to export money and valuables illegally. Banks recently received a 10-page draft of new exchange control guidelines for travellers. These include the endorsement of air tickets to ensure that a cancelled ticket is only refunded after travellers' cheques have been resold to an authorised dealer.

Horwood also warns that "arrangements are at present being made at the international departure hall at Jan Smuts airport to furnish travellers with advice and to take more effective action against contraventions. Similar facilities will be introduced at other international departure points in due course."

A big stick is being waved at banks to ensure they do their bit in enforcing exchange control. From now on, foreign exchange dealers will have to lodge security (how much has not yet been disclosed), which will be forfeited in whole or part if exchange control regulations are not strictly complied with. "I hope they'll pay us interest", smiles the head of one foreign exchange department. Chances are they will.

Overall, the new measures are a welcome step down the road marked by the De Kock Commission towards a freer foreign exchange market. Horwood refreshingly referred in his statement to some of exchange control's drawbacks, including enforcement problems, red tape and the discouragement of foreign investment.

These disadvantages still apply to the many transactions on which controls remain. Horwood should have the good sense to realise that tightening regulations here and putting policemen there will probably have a negligible effect on those determined to smuggle funds out.

Nonetheless, this week's steps and his declared intention to relax controls even further in the future, especially over non-residents, are proof that Pretoria is moving smartly in the right direction.

(74)

RAND DAILY MAIL, Saturday, June 23, 1979.

May exports a record

By ELIZABETH ROUSE

SOUTH AFRICA's exports climbed to a record R861 800 000 in May, up almost 20% on April's exports of R719 700 000, according to Customs & Excise.

This and a relatively slow growth of imports, which were up 4,2% to R575 600 000 from April's R552 400 000, resulted in a record trade surplus of R286 200 000 in May compared with April's surplus of R167 300 000.

This has brought South Africa's trade surplus to a comfortable R811 600 000 for the first five months of the year, a vast improvement on the trade surplus of R249 900 000 in the first five months of 1978.

The May figures prove that South Africa's export growth has continued to accelerate this year and the increase in imports has been mild.

Export figures exclude exports of gold, but include exports of Krugerrands, which were just about static at 542 281 coins in May compared with April's coin sales.

Even excluding the millions flowing in from gold — net value of gold output was a record R5 000-million in the first quarter of this year — South Africa's export performance has been brilliant. Exports have climbed by 32% to R3 544-million from R2 685-million in the first five months in 1978.

Imports have risen by 11,9% to R2 733-million from R2 436-million in the first five months of 1978. However, the import figures exclude oil and military equipment which will have a crucial effect on the year-end balance of payments position.

Nevertheless, the situation looks healthy as South Africa has gained a good start ahead of oil problems, which might result in lower prices for South Africa's non-precious ores and minerals.

A decline in food exports is expected because of the drought, but higher prices for agricultural products might minimise the damage.

An important factor in reaching an expected healthy balance of payments at the year-end (the former Minister of Economic Affairs, Mr Heunis, estimates that the surplus on current account on the balance of payments is running at a R3 000-million seasonally adjusted annual rate) has been the repayment of all Government debts to cover South Africa's reserves.

South Africa increased trade with Europe, America and Asia, but imports from Africa and Oceania decreased in May.

Imports from Africa dropped from R107 200 000 to R90 300 000 and exports to African countries were up at R258 500 000 from R202 100 000.

Imports from Europe rose from R1 464-million to R1 627-million, and exports were up from R1 426-million to R1 940-million.

Imports from America increased from R434 300 000 to R553 500 000 and exports rose to R636-million from R548-million.

Imports from Asia amounted to R432-million (R394-million) and exports were up at R663-million (R469 500 000).

SURPLUS TREK ONS DEUR

Rapport 24/6/79

(74)

VIR die eerste keer sedert vroeg in 1976 oorskry SA se korttermyn-buitelandse bates weer sy korttermyn laste. Ons netto reserwes toon weer 'n surplus, of in gewone taal gestel, die oortrokke bankrekening is afgelos nadat die tekort vroeg in 1977 R1 000 miljoen oorskry het.

Maar dit is omtrent die enigste goeie nuus in die jongste Ekonomiese Kwartaalblad van die Reserwebank. Van die byna moeg geprojekteerde ekonomiese oplewing het daar nog nie veel gekom nie. Sake het maar taamlik huiwerig gelyk in die eerste kwartaal vanjaar — en dit nog voor die jongste ekonomiese skok van 'n brandstofkrisis.

Die goeie nuus spruit alles voort uit die rekord-surplus op die lopende rekening van die betalingsbalans, of dan Suid-Afrika se handel met die res van die wêreld. In die eerste kwartaal vanjaar het die surplus R1 057 miljoen bedra, en aangepas op 'n jaarbasis is dit 'n massiewe R3 455 miljoen, volgens die Reserwe bank.

Dit vergelyk met die swakste tot dusver, R2 375 miljoen op 'n jaarbasis in die eerste kwartaal van 1976. Die totale surplus van die afgelope nege kwartale bedra bykans R3 000 miljoen en hierdie totale verdienste is gebruik om buitelandse skuld in een of ander vorm af te los.

Maar dit is waar die goeie nuus eindig. Om net weer te kyk na die pas afgelope kwartaal.

Die groot klomp geld wat die land in die buiteland verdien het, is eerstens gebruik om R207 miljoen se langtermyn-buitelandse lenings af te los, waarvan die staat en die bansektor die grootste gedeelte van R167 miljoen gebruik het.

Wat egter baie onwelkom is, was die R537 miljoen se uitvloei van korttermynkapitaal. 'n Mens kan maar net hoop dat die implimentering van die aanbevelings van die De Kock-kommissie op die langer termyn hierdie uitvloei gaan stuit.

Met die gewone binnelandse ekonomie wat elke persoon raak, het dit egter nie so goed gegaan nie en een van die eerste probleme waarmee die ekonomie te doen het, is dat die land tans te veel spaar.

Dit klink snaaks om dit as 'n probleem te omskryf, maar 29c van elke rand wat deur private individue, maatskappye en die staat verdien word, word tans gespaar.

Opskrifte

Die Reserwebank wys daarop dat nadat binnelandse besparing in 1978 met 14 persent toegeneem het, het dit in die eerste kwartaal van 1979 aansienlik verder gestyg. Persoonlike besparing het darem ietwat gedaal, sê die Bank.

Die opskrifte wat die Bank in sy verslag gebruik, vertel die res van die storie.

- Ietwat laer groeikoerse in die nie-landbousektore van die ekonomie. (Die landbou word nie in dié stadium gemeet nie, anders was dit dalk nog heelwat swakker).
- Laer koers van toename in reële private verbruiksbesteding. (Die salaristrekker het eenvoudig nie meer die geld om dieselfde hoeveelheid goed te koop nie).
- Afname in reële bruto binnelandse investering. (Die sakesektor bly maar traag om nuwe projekte aan te pak.)
- Afname in reële voorraadinvestering. (Wie wil dan nou ook ekstra voorrade opbou as die publiek reël minder koop?)
- Hoër koers van toename in pryse. (En dit was nog vóór petrol, melk, botter en kaas en byna ook eiers!)

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

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

(c) Deelname aan Welsyns- Professionele en Openbare Organisasies

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

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

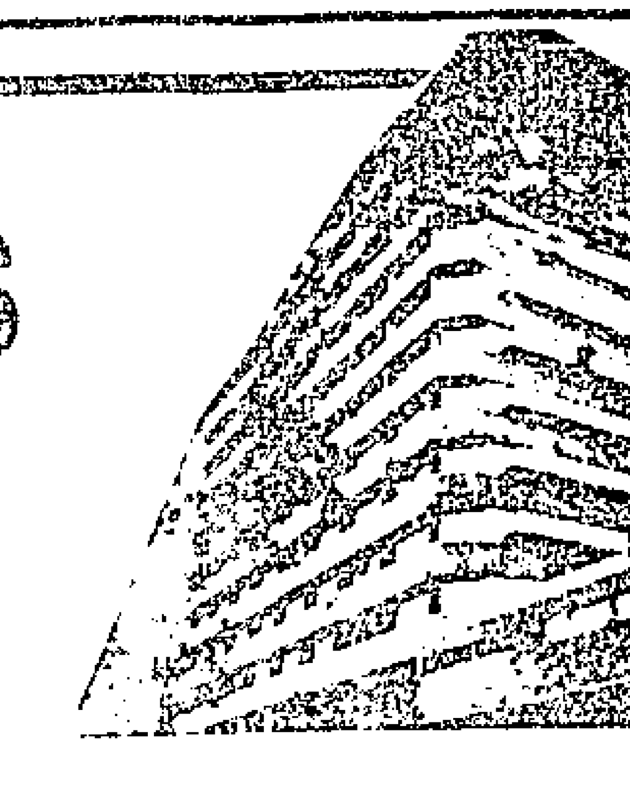
Die Direkteur is gekies as lid van die Raad van die Vereniging vir Sosiologie in Suidelike Afrika. Hy is ook 'n lid van die Suid-Afrikaanse Sosiologiese Vereniging en van die Internasionale Sosiologiese Vereniging. Hy is aangestel as die Suid-Afrikaanse afgevaardigde in die Raad van die Internasionale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

WAARDERING EN DANK

Ek is altyd dankbaar vir die geleentheid wat die jaarverslag bied om
Akademiese Advie
leiding, aanmoed
die Sentrum.

Die Universiteit
die bedryfskoste
sedert sy stigti
uitbreiding van

Phosacid demand adds lustre to Triomf



TRIOMF and Fedmis have signed contracts to supply Brazilian buyers with phosphoric acid at a three-year record price of $370 a ton cif during the current third quarter of 1979.

While world phosacid capacity still exceeds demand, most plants — particularly in developing countries, for technical reasons — are unable to attain rated capacity.

So prices are expected to go even higher in the final quarter and to continue to rise for the next two years, making the medium term outlook rosy.

One problem is that the price of imported sulphur, a vital ingredient in the sulphuric acid that goes into phosacid, has also rocketed.

While Fedmis estimates that the cost of sulphur in a ton of phosacid is "nearly half the fob realisation for phosacid", Triomf says the current sulphur cost is about $120 a ton of P_2O_5.

The cost may be lower to Triomf because its plant is nearer the coast and is still operating on contracts signed some time ago.

Still, sulphur prices are a brake on profits. But phosacid prices are expected to outstrip sulphur prices in the next two years, largely because of long-term sulphur contracts already signed.

The SA phosacid suppliers claim to be beating the prices of other suppliers by $20 a ton at present, so future orders and prices look secure. But widespread drought will probably depress local demand for fertiliser so, despite price increases, profits here will be lucky to level-peg.

While Triomf's phosacid plant operated at only 75% capacity last year in producing 300 000 tons of P_2O_5, it is now working at 96% capacity, or an annual rate of 385 000 tons. A seventh concentrator line will bring capacity up to just over 400 000 tons by July.

Triomf last year reckoned it needed $265 per ton cif to break even before finance charges. Sulphur costs may have pushed this up to $290 per ton.

If an average phosacid price of $340 for the year can be attained, this will translate into a gross profit of R16.5-million from phosacid alone.

Assuming domestic fertiliser gross profits are unchanged at R12-million and an interest bill of R13-million (R15-million), group pre-tax profits will be R15-million odd.

Tax will be nil and minorities about R7-million, making taxed attributable profits R7-million to R8-million and earnings about 57c.

So, despite the higher phosacid prices, I would not expect Triomf's earnings in the current year to greatly exceed Mr Luyt's forecast of "not less than 60c" this year.

Louis Luyt's earnings target anticipated current phosacid prices but perhaps not sulphur prices. It was certainly quite ambitious. I would not expect more than a token dividend of 5c to 10c even if 60c of earnings is achieved.

Last year Triomf's debt-equity was a daunting 705% and total net borrowings were equivalent to 17.4 years' net cash flow. True, a good portion of the loans were from shareholders but the interest bill was covered a slim 1.2 times by gross profits.

So even though current cash flow of R20-million plus in the operating company may be adequate to meet loan repayments over the next three years, there is a strong need to reduce borrowings.

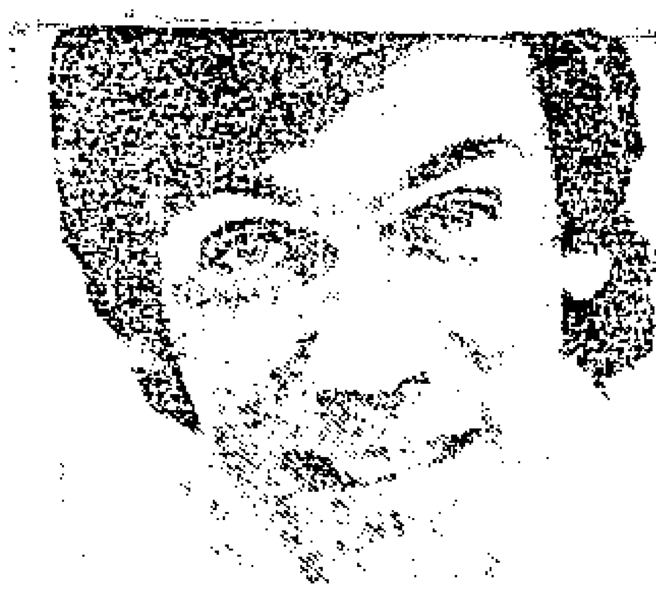
Assuming breakeven at Fedmis to be $290 per ton and an average price for the year of $340, phosacid gross profits at this 165 000 tpa plant could approach R7-million against a small unquantified loss last year.

While domestic lime and fertiliser profits may be down on 1978, fertiliser exports should be appreciably higher, so these divisions should level peg.

The nitrogen division uses oil-based naptha, so might have been hit by higher raw material costs, while cement and animal feeds are unlikely to have made a big

Oil strike rumours in perspective

Sunday Times Bus. 24/6/79



Diagonal Street

By DAVID CARTE

FOR some weeks, the market has been a-buzz with rumours of an oil strike near Mossel Bay.

Rumours have grown increasingly wild. One has it that 5 000 houses are being built there, another that new electrical installations "big enough for an industrial town the size of Vanderbijlpark" are under construction.

Fact is, drilling rig FP1 has just completed a borehole 4 000m deep and, on the way down, there were some faintly encouraging oil "shows". Now the borehole is completed and is being tested.

Starting from the bottom, sections of the hole are blocked off and an explosion triggered. The big hope is that the borehole casing will be ruptured in a relatively soft oil-bearing strata and that oil will flow.

Testing could be completed this week.

Dr PJ van Zijl, managing director of Soekor, says the results of the test will be announced "as soon as possible".

If there is a significant strike, the Prime Minister or Minister of Mines will announce it. If not, Dr Van Zijl will.

In the meantime it's early to think they would sit on the information or build a town before they knew for sure.

Soekor's financial manager, Mr W F J van Zyl, last year estimated the capital cost of a "small" offshore field of 80-million bbl at R150-million.

Such a field would yield 30 000 bbl a day for seven years. Operating costs over seven years would be R240-million, which would translate into a profit of R150-million to Soekor, R280-million for the State in taxes — and save the country R1 400-million in foreign exchange.

His projections were on crude prices obtaining before the Iranian revolution and the current oil crisis. These developments would presumably have made an even smaller field a viable proposition.

Exploitation of the gas well discovered off Plettenberg Bay in 1969 seems to be a more immediate prospect than a big oil strike.

In 1973, Dr F W Quass, then managing director of Soekor, said proven reserves were 0.5-trillion cubic feet".

As liquified natural gas (LNG) for export to the US, he valued the potential revenue at R500-million, assuming a price of R1 per cubic ft.

An undersea pipeline today costs R1-million to R2-million per km. The well is 70km off the coast, so the capital cost of landing the gas would be R140-million.

Two Soekor experts recently told the Confederation of Civil and Mechanical Engineers in Pretoria that the most economical way to exploit the gas field was to convert the gas to methanol on an offshore platform and to ship it to shore. The estimated capital cost of a processing platform was R[illegible] million.

[illegible] presented [illegible] sibility.

Much will depend on the comparative advantages or disadvantages of further [illegible] or [illegible] plants.

[illegible] valued at R500-million as LNG way back in 1973, must be much more valuable [illegible] — especially as methanol.

Considering the country's strategic position and on the most superficial sums, I would expect a go-ahead for both exploitation of the gas field and construction of ethynol plants in the not-too-distant future.

Good energy news would lift the entire market and the economy.

74 FM 29/6/79

FOREIGN LOANS

In the pound seats

Why is government borrowing so much money abroad?

With Treasury's coffers brimming with tax revenue (government receipts were up 30% in April and May compared with 1978), Finance Minister Owen Horwood hardly needs to tap the international capital markets. Indeed, only a small portion of the $280m loans negotiated with Swiss and German banks last November has been drawn.

But in the past week Horwood has announced two new foreign loans. One,

Owen Horwood . . . I'm listening if you want to lend

worth SwFr100m (R50,4m) is a five-year private placement provided by Swiss Bank Corporation. The *FM* learns that the loan carries a fixed coupon of 5,25%, which one foreign banker describes as "very, very favourable."

The second loan comes from a British bank, believed to be National Westminster. A Natwest spokesman in London refuses to comment, or to give details of the terms or maturity of the loan. Nonetheless, it is known that Natwest executives have paid regular visits to SA in recent years.

Secretary for Finance Joep de Loor tells the *FM* that "we want to keep up relationships with the banks." Though loan offers have been rolling in, "there are a few we can't refuse." De Loor adds that the amounts of the loans have been "relatively small."

SA's standing among international investors has certainly soared in the past year or so. Despite political worries, the economy is generally in pretty sound shape with a positive balance of payments and growth rate and a manageable, though high, inflation rate.

There is another good reason for Horwood to accept loan offers. A sizeable chunk of overseas debt negotiated in 1976-77 (when SA paid a heavy premium for its money) matures within the next few months. To help repay this debt, government has sensibly negotiated longer-term loans on far better terms.

De Loor adds that some banks have asked Pretoria not to repay loans on maturity, and have offered more favourable rollover terms. "It's quite a nice position to be in," he chuckles.

Contd. from previous page

ing that pleas will speak for themselves in the ultimate end.

Mrs Martha Mahlangu, Solomon's mother, arrived late for the service.

Bishop Tutu, who was unable to attend, was preparing for a 2.30 pm flight to Cape Town in a last bid to save Solomon from execution.

He had hundreds of signatures on a petition and messages from all over the world.

"I am going with the hope that I will get the opportunity of being listened to," he said.

He was going to see the Minister of Justice, to whom Mrs Mahlangu had also sent a last-minute plea.

Mrs Mahlangu's hopes for her son's reprieve from the gallows were shattered when the authorities did not give her and Bishop Tutu permission to meet the State President.

Post. 6 April 1979.

MAHLANGU'S LAST WORDS

SOLOMON MAHLANGU ...

Speaking of her son ... Martha Mahlangu told SU...

"Solomon took his ... There were no traces of ... me goodbye for the last t...

"He even made the ...

"He died like a sold...

Mrs Mahlangu said ... to her were:

Do not worry about m... those who are suffering. ... of contribution. And m... Goodbye and go well, mo...

Mrs Mahlangu said the Re... Church, who administered the ... execution, told the family Sol... walked tall to the gallows wi...

Mrs Mahlangu dismissed as ... report that her son was "afrai...

"Throughout my visits to him in death row, there was never a moment when Solomon showed signs of nervousness or ten[illegible]," she said.

Mrs Mahlangu criticised the [illegible] report which said Solomon "prayed and read the Bible" and that he often thought of Psalm 23.

She said there was nothing strange in his praying or reading the Bible for he was from a devout Christian family.

A memorial ser...

Picture: PETER MAGUBANE

World 07 APR 1979

World condemns Mahlangu hanging

THERE were demonstrations, protests and calls for sanctions against South Africa yesterday when countries around the world heard pleas to save Solomon Mahlangu from the gallows had failed.

Mahlangu, a former Soweto student, was hanged at dawn yesterday morning for his part in the Goch Street killings. Two men died in August 1977 as a result.

He was executed in spite of last-minute appeals to the State President, Mr B J Vorster, for clemency.

The United Nations and the governments of the United States, Britain, Holland, India, Belgium and East and West Germany issued statements condemning the hanging yesterday. Anti-apartheid bodies held protests in a number of European capitals.

Dr Kurt Waldheim, United Nations secretary-general, and Mr Ole Algard, Security Council president, both issued statements yesterday deploring the execution.

African churchmen in Nairobi yesterday condemned the execution and called on the United Nations' Security Council to impose sanctions against South Africa as the last peaceful means left to force South Africa to abandon its apartheid policy.

The East German Government's Anti-Apartheid Commission said it was "vital" that the UN impose sanctions against South Africa.

Bishop Desmond Tutu, secretary general of the South African Council of Churches, said South Africa would have enhanced its image abroad and improved race relations if it had heeded the appeals to save Mahlangu. — Sapa-Reuter, AP.

...nal prayers

Post 06 APR 1979

By WILLIE BOKALA

...NSTRATIONS and appeals for the life ... Mahlangu mounted throughout the ... Soweto Students' League yesterday ... ll students to demonstrate by way of ... solidarity with the family.

...ir appeal for mercy on the life of ... former Mamelodi High student, the ... med adhoc committee of the SSL ... Mahlangu were hanged it would ... that would forever remain engrav... student's mind.

...e said yesterday that a prayer meeting ... d by students throughout Soweto would ... gina Mundi Church on Sunday at 2 pm. ...nts said they hoped parents, teachers ... leaders would attend the service which ... dedicated to Mahlangu.

... blood has been shed in the past three ... South African community should not ... perish without putting up a struggle to ...

... Vorster should listen to the worldwide ap... ...uld.

... langu, was kept in the ...

... wasn't being buried at Mamelodi.

But the truth soon emerged.

Students from Atteridgeville came to the Mahlangu's and told them they had seen two coffins being offloaded from a Government van at the Atteridgeville Cemetery.

Contd. Overleaf.

Mahlangu

TRADE FINANCE 22/6/79

The gap narrows

With dollar and Eurodollar rates softening this month, the Reserve Bank may be tempted to lower the rand's present 2,5% forward cover margin.

Barry Mason of Hill Samuel is one who hopes it remains unchanged. He points out that foreign interest rates are currently not attractive to importers, but could become so if dollar rates continue to decline. Should the forward cover margin be lowered though, the benefit of these falling rates will not be realised. Also, foreign-controlled firms subject to local borrowing restriction, would face higher overseas rates. "The forward margin is more or less right at the moment" agrees Barclays economist Andy Connor.

Exporters, for whom the margin is a premium, would gain from a narrowing, but in many cases their exchange rate risk is nullified by trade finance borrowings and export receipts being in the same currency. Their forward cover needs are therefore lower. Moreover, the high cost has deterred many exporters from covering forward.

The cost of New York three- and six-month acceptance credit has softened since the beginning of June. Three-month paper is currently at 10.3%, down from 10,48% at the end of May, while six-month rates have fallen from 10.55% to 10.2%. With bank margins and forward cover accounted for, an importer pays around 9% per annum. But a domestic borrower can obtain 90-day rand acceptance finance at a cost of roughly 7,7%, marginally less than at the beginning of June.

In the Eurodollar market, on the other hand, the six-month London Interbank Offered Rate (Libor) on US dollars firmed last week from 10.75% to 10.875%, but is still lower than rates quoted a month ago. A SA importer using this market would face an all-in rate of 9.0% to 9,75%, depending on the bank margin negotiated.

London three-and six-month acceptances have also hardened, following the raising of the minimum lending rate in the UK budget. But borrowing sterling is subject to restrictions, and is only used by SA firms for UK trade financing.

For smaller importers, however, the forward cover discount is a crucial factor in deciding where to borrow. With no access to rand acceptance finance, they are faced with the cost of a normal bank overdraft, at best 1%-2% above the prime rate of 10%. In New York, the prime rate is 11,5%-11,75% which, with the forward cover discount, compares favourably with local rates. In London, "solid" companies may negotiate credit at 0,5% to 1,25% above Libor.

Some large SA companies have direct borrowing facilities with overseas banks, thus avoiding local bank commission. Barlow Rand spokesman, for instance, says the firm has "direct lines with overseas and with local banks" but "one cannot generalise that one is cheaper than the other." Local banks can sometimes negotiate favourable rates with foreign correspondents.

According to Mason, adequate amounts of medium-term finance are available to SA companies in the Eurodollar market. Rates are currently running at 1.5% to 1,75% above Libor rates.

Now SA imports 2 000 tons of Irish cheese

DURBAN. — A consignment of 2 000 tons of cheese from Ireland has arrived in Durban.

It follows a consignment of 10 000 tons of butter which has arrived in South Africa during the past week. The imports are aimed at easing the butter and cheese shortage.

The cheese, mild rindless cheddar, will be sold at the official control price, although it was bought for substantially less. It was imported in 18 kg blocks and has a different taste to local cheese.

The butter was also imported in bulk, and will be packed in local wrappers so that patriotic shoppers will not know whether they are buying local or imported butter — there is no easily discernible difference in quality or taste.

Nowhere on the labels will it state the origin of the butter, a move which has been attacked by retailers, who point out they would not be allowed to use similar methods.

The general manager of the Dairy Control Board, Mr Eddie Roux, said there were two reasons for the imported butter being packaged locally.

"Firstly, the butter is imported in bulk form because it is the cheapest way of importing it. Secondly, it creates work for our local packaging firms."

A spokesman for a national cold storage firm said it was unlikely that consumers would know whether they were buying local or imported butter, because packaging was manufactured in large quantities, and the same labels would probably be used on both local and imported butter. — Sapa.

Oil price rises batter world metal markets

5/7/79

(74)

The Star Bureau

LONDON — The metal markets, and copper in particular, have taken seriously the oil price increases and the almost certain world economic recession that will follow.

Three-month copper dropped from over £900 a ton to about £830 on the news of the oil-price increases — believed likely to add perhaps 1,5 percent or two percent to inflation in Western industrialised countries.

The effect is exacerbated by the strength of sterling, which has climbed to over 2,20 dollars for the first time in four years, reaching 2,2275 dollars in mid-week. Sterling's strength is based on the UK's near self-sufficiency in oil.

The same oil price fundamentals have also been holding back the aluminium market. Three-month metal on the London Metal Exchange was down to £701,50 a ton.

Prices were lower in spite of a 3 cent a pound rise by the US producer Anaconda, and a 4,5 cent increase by Reynolds Metal.

Nickel, at £2 665 a ton for three-month metal on the LME, was more than £1 000 down from the peak of £3 790 reached towards the end of May.

Lead prices resisted the general drop because the supplies of scrap, which were coming on to the market at about £600 a ton, have dried up. Thus the market is holding steady, with three-month metal at £593,25 a ton at midweek.

DISCREET

Three-month zinc maintains a level of £350 a ton but this was thought to have required some discreet intervention by the European producers.

The squeeze on tin appears to be easing. By mid-week three-month standard-grade metal was down some £150 a ton at £6 975. More importantly, the backwardation was down from £1 000 at the peak to a more modest £800 or so.

Gold, surprisingly, was virtually unaffected by the announcement of higher oil prices. By the middle of the week it was hovering just below recent highs at 284 dollars an ounce.

Some of this was due to the oil-price rise having been discounted in advance. But gold was also coming under the influence of charts which had gold "trading in a range."

Some analysts were suggesting gold prices would go up in about a year's time when the increased number of petrodollars being recycled by their owners start looking for something better than securities in dollars, whose value is after all based on the success of the US economy.

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

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

LIDMAATSKAP

Soos voorheen gemeld, is die Sentrum vir Intergroepstudies geregistreer as 'n maatskappy. In die Memorandum en Statute van Vennootskap word voorsiening gemaak vir die benoeming van eenhonderd lede. Tans is daar 57 lede en hulle sluit die volgende in:

a) Drie stigterslede:

Mnr J.G. Benfield
Mnr H.L. Kennedy
Mnr P.G.T. Watson

b) Sewentien persone wat gedurende die afgelope 10 jaar lede van die Beheerraad was (* dui stigterslede aan):

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

Threat to pine export industry

74

6/8/79 DD

By MATTHEW MOONIEYA

EAST LONDON — South Africa's nearly R40 million pineapple exporting industry is in jeopardy because of technical problems with containerisation.

A British importer claims the pines are arriving in a "sorry state" because of humidity problems on the ship's containers and it is reducing the pines' market value.

But yesterday one of the country's biggest exporters, Mr C. Tilney, of Kidd's Beach, confirmed the problems and said they were merely teething problems.

He was optimistic they would be overcome in the future.

The UK importer, Mr Keith Sims, said the pines were mouldy when they arrived and it could prove costly to the South African farmers who had to compete directly with the Ivory Coast for the lucrative market.

Mr Sims claimed the designs of the refrigerated containers waiting at South African ports were far from satisfactory. Defrosting units had blown water into the containers.

"When many of these containers are unloaded at London markets we have had to stand back and watch gallons of water flow out before the fruit could be unloaded," Mr Sims said.

The humidity made the pines mouldy while avocados matured prematurely, he said.

Citing figures on how South African farmers could lose out, Mr Sims said quality pineapples could fetch R9 a carton but mouldy pineapples could only be sold for about R3,60 or less and this did not even cover the freight charges.

He also alleged the South African ships were arriving late and they were missing crucial buying times.

Mr Tilney said Mr Sims' allegations were fairly factual but containerisation being a new concept, there would be problems.

"We are in an experimental stage and usually at a time of transition such as this, we must be prepared to lose a little but to assess such losses would be very difficult indeed."

On the allegation of ships arriving late, Mr Tilney said: "This we will always encounter because you cannot tell with the ships. They could land up in a dry dock or something could go wrong at any time.

Asked about airfreighting pines as some Border farmers were doing, Mr Tilney said airfreight was largely for the luxury market and he did export some pines via airfreight.

"The thing to remember about these complaints is that not all our arrivals have been bad. We've had some good arrivals.

"I am positive these problems could be overcome. It's just a question of co-operation by everybody in this entirely new concept."

Mr Sims also urged the South African Perishable Products Control Board to remedy the situation.

The chairman of the board, Mr C. C. Meaker, was not available for comment yesterday.

The public relations officer for Safmarine, Mr Willie le Roux, rejected the allegations that refrigerated containers were far from satisfactory.

"There's certainly nothing wrong with our design. They're the most modern in the world. We've been at the tail end in the development of containerisation so obviously most problems first encountered in this concept have been eradicated." He said he would investigate the allegations further. — DDR

Mennonite Central Committee se Konferensie oor: 'Die Rol van Geskiedkundige Vredeskerke', Gaborone, Botswana. Verhandeling voorgelê oor: 'The Rol...

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Professor Monica Wilson

F. M. 13/7/79

MAIZE EXPORTS

Maize

F.M. 13/7/79

74

Bumper prices

SA yellow maize export prices reached a record R137/t at tender last week and traders reckon this season's shortage of SA grain could allow these levels to continue.

Local export agents, General Overseas Holdings, were responsible for the tender on behalf of principals Tradax, of Geneva. Export assistant Dorian Luzzatto reckons the record price was not just a flash in the pan — "the market is willing to pay these prices for SA maize." This month, he points out, agents have only 56 000 t on offer, compared with 140 000 t this time last year. There was a further tender this week for 14 000 t due for September delivery from Durban.

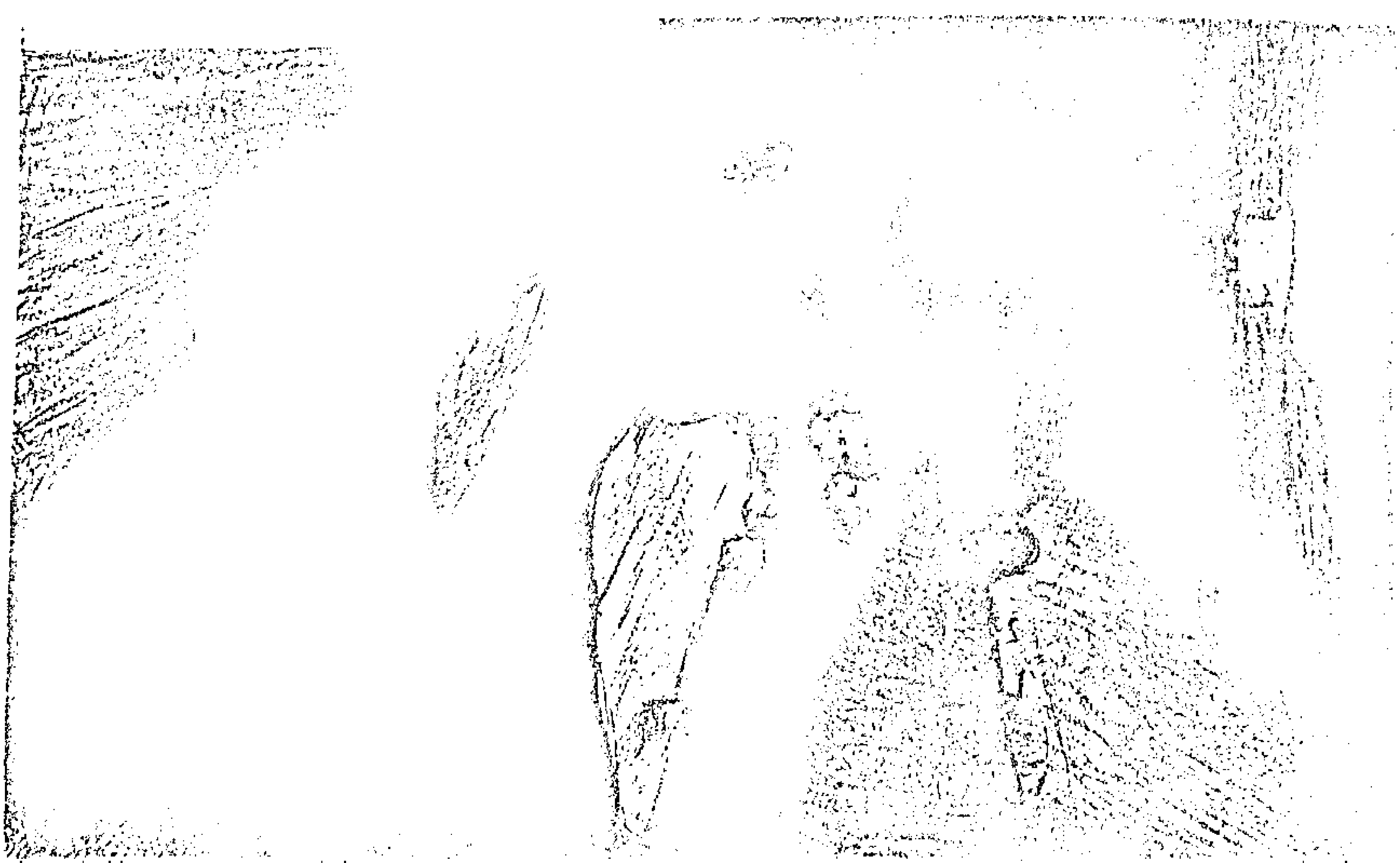
SA's high quality yellow maize normally commands a premium over US prices (currently around R100/t), reckons SA Maize Speciality Organisation director Freek Tomlinson. But to see such a wide margin so early in the export season is "surprising," he says. The gap is usually much narrower at the beginning of the season, but widens later when the Argentinians stop selling. Argentinian grain is of high quality, but their storage capacity is comparatively small and maize must be exported as it is harvested, says Tomlinson.

The latest estimates of the SA maize crop run at around 7,5 Mt, compared with 10,5 Mt last season, and exports are expected to drop to about 1,7 Mt.

There are also indications of a short Russian crop, and 16 ships have already been chartered by the Russians to cater for imports later in the year. The total grain shortage in that country is expected to be up to 30 Mt, although the massive overhang of more than 170 Mt on the world market should be able to accommodate this without much difficulty, say leading traders.

Meanwhile, the *FM* learns that the Maize Board is considering futures trading on the Chicago commodities market. A delegation will be leaving next month for Chicago to study the pros and cons of hedging.

Although the Maize Board refuses to comment, the SA Sugar Association, an active participant in the futures market, confirms it has been approached by the Board for an opinion on futures trading. Opting for hedging, reckon some experts, should bolster the export price.



„Al ons ligte handelsvoertuie voldoen reeds aan die bepalings. In die eerste plek skep plaaslike inhoud werkgeleentheid vir duisende Suid-Afrikaners en tweedens kan bestaande geriewe nou nog beter benut word," het Datsun-Nissan se besturende direkteur mnr. Peter Whitfield die afgelope week gesê.

„Dit is ewe noodsaaklik dat die plaaslike komponentebedryf uitgebou moet word met die oog op die toekoms. Baie van diegene wat so kla oor die plaaslike inhoudsprogram het nie hul huiswerk gedoen nie. Ons halfton, eentonbakkie (petrol en diesel), asook die E20-bussie sal op 1 Januarie 1980 in alle opsigte aan die voorskrifte voldoen."

Ford Suid-Afrika se Cortina-bakkie, wat in die Republiek uit die passasiersmotor ontwikkel is, voldoen ook aan die bepalings en voorsien gevolglik geen probleme nie.

Dieselfde geld vir Fiat se 128-bakkie, maar dié Italiaanse vervaardiger gaan waarskynlik probleme begin ondervind wanneer sy 128-reeks met die nuwe Ritmo vervang word.

Toyota Suid-Afrika, die Republiek se grootste vervaardiger en verspreider van ligte handelsvoertuie, het egter probleme. Sy besturende direkteur, mnr. Colin Adcock, het die afgelope week gesê dat hy die aanbevelings nog beter wil bestudeer voordat hy kommentaar lewer.

Dit is egter bekend dat Toyota se voorsitter, dr. Albert Wessels, van plan is om sterk beswaar by die Regering aan te teken oor die nuwe aanbevelings. Veral oor die feit dat sy Stout-bakkie van 1½ ton nou ook by die plaaslike inhoudsprogram betrek is.

„Omdat daar nog nooit sprake was dat die Stout deel van die program sou wees nie, het Toyota tot dusver geensins in daardie

Sigma hierdie voertuie in die mark sal hou en sal poog om hul syfer in die volgende ses maande drasties te verhoog.

'n Sigma-woordvoerder het die afgelope week gesê dat die Peugeot-404-bakkies (diesel en petrol) „beslis in die Suid-Afrikaanse mark sal bly. Daar is 'n groot mate van uitruilbaarheid van onderdele met die passasiersmotors en gevolglik skep die plaaslike inhoudsprogram hier geen probleme nie."

General Motors se Isuzu-bakkies (petrol en diesel) beskik in die stadium oor feitlik geen plaaslike inhoud nie en die vervaardiger van Oos-Kaapland wou geen aanduidings gee van wat die toekoms vir hulle inhou nie.

Volgens die bepalings word 'n vervaardiger vir elke 5 persent wat sy voertuig onder die vasgestelde kerf is (66 persent vir bakkies) met sowat R200 belas

SA inhoud tik bedryf dik

74

Rapport 15/7/79

DIE ingrypende veranderinge wat vandeesweek deur die Raad van Handel en Nywerheid voorgestel is oor die verpligte plaaslike inhoud van handelsvoertuie vanaf 1 Januarie aanstaande jaar, het die Suid-Afrikaanse motorbedryf die afgelope paar dae erg geskud.

Die jongste aanbeveling is dat handelsvoertuie met 'n massa van 1 400 kg (ongelaai) by die program betrek word. Voorheen was die plaaslike inhoudsprogram net van toepassing op handelsvoertuie met 'n massa van minder as 2 450 kg (gelaai) en 'n wielafstand van 2 950mm van toepassing.

Vervaardigers wat nie op 1 Januarie aanstaande jaar aan die nuwe vereistes voldoen nie, kan sodanig belas word dat die prys van 'n handelsvoertuig met meer as R1 000 kan styg.

Bakkies se plaaslike inhoud moet vanaf 1 Januarie 1980 66 persent wees en dié van paneelwaens en minibusse 50 persent. Laasgenoemde voertuie se plaaslike inhoud moet egter op 1 Januarie 1981 die 66-persent-kerf bereik.

Die oorgrote meerderheid plaaslike vervaardigers het die afgelope week hul misnoeë met die jongste reeks aanbevelings uitgespreek en feitlik deur die bank gesê dat hulle by die betrokke minister beswaar gaan aanteken. In die geval van Toyota Suid-Afrika is daar selfs nou 'n voertuig by die program betrokke wat voorheen nie in aanmerking sou kom nie.

Die enigste vervaardigers wat nie onkant gevang is nie, is Datsun-Nissan, Ford en Fiat. Eersgenoemde is nog altyd die grootste voorstander vir plaaslike inhoud en verwelkom die jongste reeks aanbevelings van die Departement Handel en Nywerheid.

„Al ons ligte handelsvoertuie voldoen reeds aan die bepalings. In die eerste plek skep plaaslike inhoud werkgeleentheid vir dui- ... Afrik...

rigting gewerk nie," het mnr. Phil Porter, Toyota se bemarkingsdirekteur, die afgelope week gesê. „Daarom beskik ons Stout in hierdie stadium oor feitlik geen plaaslike inhoud nie. Ons is beslis nie gelukkig oor die feit dat die bepalings op sulke kort kennisgewing so drasties gewysig is nie."

Toyota se 1200- en HiLux-bakkies (halfton en eenton onderskeidelik) beskik tans oor 'n raps meer as 30 persent plaaslike inhoud. „Ons kan nog heelwat voor 1 Januarie 1980 met hulle uitrig en het ook verskeie planne om hul plaaslike inhoud te verhoog. Een ding is egter seker: uit die mark vir ligte handelsvoertuie sal Toyota nooit onttrek nie," het mnr. Porter bygevoeg.

Die aanduidings is dat Sigma se ligte bakkie, die Mazda 1300, van die mark onttrek gaan word aangesien dié voertuig geen hoop het om aan die bepalings te voldoen nie en dat die beleggings daarvoor te groot sal wees.

Sy groter bakkies, die Mazda 1600 en 1800, beskik in die stadium oor sowat 25 persent plaaslike inhoud en dit kan aanvaar word dat Sigma hierdie voertuie in die mark sal hou en sal poog om hul syfer in die volgende ses maande drasties te verhoog.

Dit beteken dat 'n bakkie met 'n plaaslike inhoud van net 40 persent op 1 Januarie 1980 se prys met meer as R1 000 sal moet styg.

„Geen vervaardiger kan so iets in die Suid-Afrikaanse mededingende mark bekostig nie," het Datsun se Peter Whitfield gesê. „Ek voorsien dat Datsun-bakkies se prys in 1980 met 4 persent gaan styg weens die inflasiekoers en ander kostes — maar nie weens die plaaslike inhoudsprogram nie. Die vervaardigers wat dus ver onder die vasgestelde kerf gaan wees se pryse sal onrealisties styg en ek kan nie sien hoedat hulle in die mark kan bly nie," het hy bygevoeg.

ANTHRACITE EXPORTS

FM 26/7/79 (Ak)

Clearing the tracks

Local anthracite producers are banding together to try to break down the growing barriers of congestion at Durban harbour — and to divert some of the responsibility for export scheduling back into the hands of the private sector.

Traders claim that poor co-ordination on the part of SA Railways is hampering their export efforts. As a result of discussions with the SAR, says Savage and Lovemore director Ernest Gardner, producers have formed a controlling committee, under his chairmanship, and an operating committee, which will hopefully soon be permitted to vet the SAR's permit allocation procedures.

At present, producers who are not affiliated to Richards Bay, and who must use Durban's Bluff Coaling Appliance, are granted annual export permits and rail truck allocations. When an export order is to be transported an additional railage permit is issued by the Railways in an attempt to co-ordinate the arrival of trucks at the docks with that of the receiving ships.

This, say exporters, is where the system falls down. Even a slight delay in the arrival of a vessel or in the transport of the anthracite can, and does, lead to extensive blockages at the port. Indeed, they claim, the full export quota may not be exported this year because of the backlog. This is especially disturbing, they add, as applications for permits this year far exceeded permit allocations.

Gardner reckons the two new private sector committees are not intended to replace the system, but they should be able to provide a check on the timing of railage permit allocations and of the acceptance of receiving ships.

Only recently formed, the committees

CONTENTS

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Silence in

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SRC Stamp

FM 20/7/79

BALANCE OF PAYMENTS

Rough ride for exports

The Treasury has been quick to clarify the surprising statements made by Minister of Finance, Owen Horwood, in London and Frankfurt last week. According to reports, Horwood said that the current value of SA's exports, excluding gold and coin sales, more than cover its imports, including oil. Treasury points out that the Minister was obviously referring to merchandise imports and exports and *not* to services.

According to the latest Reserve Bank Quarterly Bulletin, in the first three months of this year merchandise exports (excluding gold) exceeded imports (including oil) by as much as R222m. Exports did exceptionally well — 28% up on the corresponding period last year — because of the higher prices of a number of export commodities, notably platinum, copper, iron and steel products, ferrochrome, ferro-manganese and fruit. Imports, on the other hand, rose by only 13%, thanks to a drop in the volume of goods imported, including oil, purchases of which were about 40% down on the preceding quarter.

But, reckon economists, SA will not be able to boast such a favourable position in the latter half of 1979: the rate of growth of exports is expected to slow down, accompanied by a fairly sharp upturn in the value of imports.

Factors pointing to slower export growth include:

- a weakening in the prices of most metals and minerals;
- a downturn in the economies of SA's key trading partners, although Barclays' economist Johan Cloete claims that the full impact of this will only be felt next year;
- and a slump in certain agricultural exports, particularly maize and sugar.

Increasing imports

Some economists predict at least a 20% hike in the value of imports by the end of the year, due to higher oil and other import prices (reflected in climbing inflation rates among SA's trading partners), along with the greater volume of imports expected as growth picks up.

Despite these trends SA can expect a surplus on the current account for the year of at least R1,7 billion (assuming an average gold price of $240/oz), according to Senbank's Louis Geldenhuys. Nedbank's Rudolf Gouws reckons that R2 billion is not unrealistic. These estimates are based on the fact that the surplus in the first quarter amounted to R1 billion and will probably be in the vicinity of R400m in the second quarter. This would reflect a sharp rise on last year's surplus of R1,4 billion.

While SA's terms of trade improved dramatically during the first three months of this year, higher import prices and lower export prices will work against this trend for the remainder of the year. But, argues Cloete, as long as the high gold price is sustained, trade terms are likely to remain favourable.

During the last three months net gold and foreign reserves declined by R128m — indicating that in the second quarter there was still a substantial capital outflow. But most economists quizzed by the *FM* forecast an improvement in the second half of the year.

The drain on the short-term capital account (which amounted to R638m in the first quarter) is expected to slow down, largely because, by the end of April, the Reserve Bank had repaid all short-term debt borrowed to supplement SA's foreign reserves. The climb in imports should also, to some extent, be offset by greater offshore trade finance. But this will continue to depend on local and overseas interest rate trends.

Despite government having recently secured R200m in foreign loans, the long-term capital account, which had a net outflow of R207m in the first quarter, remains a headache. Up to the end of 1982, maturing long-term public sector loans will amount to close on R1 billion a year, and possibly not much more than half this amount can be rolled over or refinanced.

Despite the likelihood of some improvement in the capital account, economists are unanimous that there will still be a net capital outflow. Cloete goes as far as to say: "I see the outflow on the capital account largely cancelling out the current account surplus."

Barclays' Cloete . . . looking for the surplus

76 FM 27/7/79

SUGAR

Europe tips the scale

The international sugar market continues to look sour and it seems that Western European producers will come in for an increasing share of the blame. In London early this week, the Daily Raw Sugar Price was fixed at £96,50/t in listless trading conditions which have characterised the market for months.

"Attention is going to be increasingly focused on Western Europe's crops," says one analyst with a leading London sugar house. At the moment the expectation is that the EEC will generate another massive disposable surplus in the 1979-80 season similar to the 3 Mt it hawked on to the world market at subsidised prices during the 1978-79 selling season just ended. Despite appalling world prices, the subsidised EEC Sugar Beet Regime enabled producers to increase their plantings this year to cover 1,77m ha, compared with 1,56m ha last year, yet another example of distortions caused when governments interfere with markets. The only slight let-off for the market is that the quality of this year's harvest seems likely to be lower because of bad weather during the planting period and this may therefore keep production at roughly last year's level, despite the increase in the area planted.

However, the first definite indications of yield will be received in early August when European growers begin the first of a series of "beet tests". If yields are better than expected, then the disposable surplus — currently estimated by some experts to be roughly equivalent to the annual on-going world surplus of production over consumption — could be higher still. And that, trade sources agree, would be very bad news.

The EEC's structural sugar surplus, apart from being caused by subsidised production, is also a product of the group's commitments to import 1,3 Mt of sugar cane annually from former colonial countries. The commitment is likely to continue for the foreseeable future. Additionally, although EEC countries are scheduled to re-appraise their Sugar Regime and adjust internal production quotas next year, the political power wielded by European beet producers may limit attempts to re-order the Community's sugar supply and demand balance.

This means that the EEC, the world's largest sugar producing region not to sign the International Sugar Agreement (ISA), looks set to continue to stay out in the cold. Membership of the ISA, which seeks to stabilise sugar prices between US 11c-21c/lb through a system of export cutbacks and reserve stock sales, remains out of the question until Europe can agree to reduce sales on to world markets to help prices upwards from their current levels well below the ISA floor. Ever since the agreement's inception in January 1978, producer members have been cutting back on their exports. In SA's case this has resulted in a cutback amounting to over 18%, which has so far caused a 5% reduction in production, extraneous supplies being stockpiled.

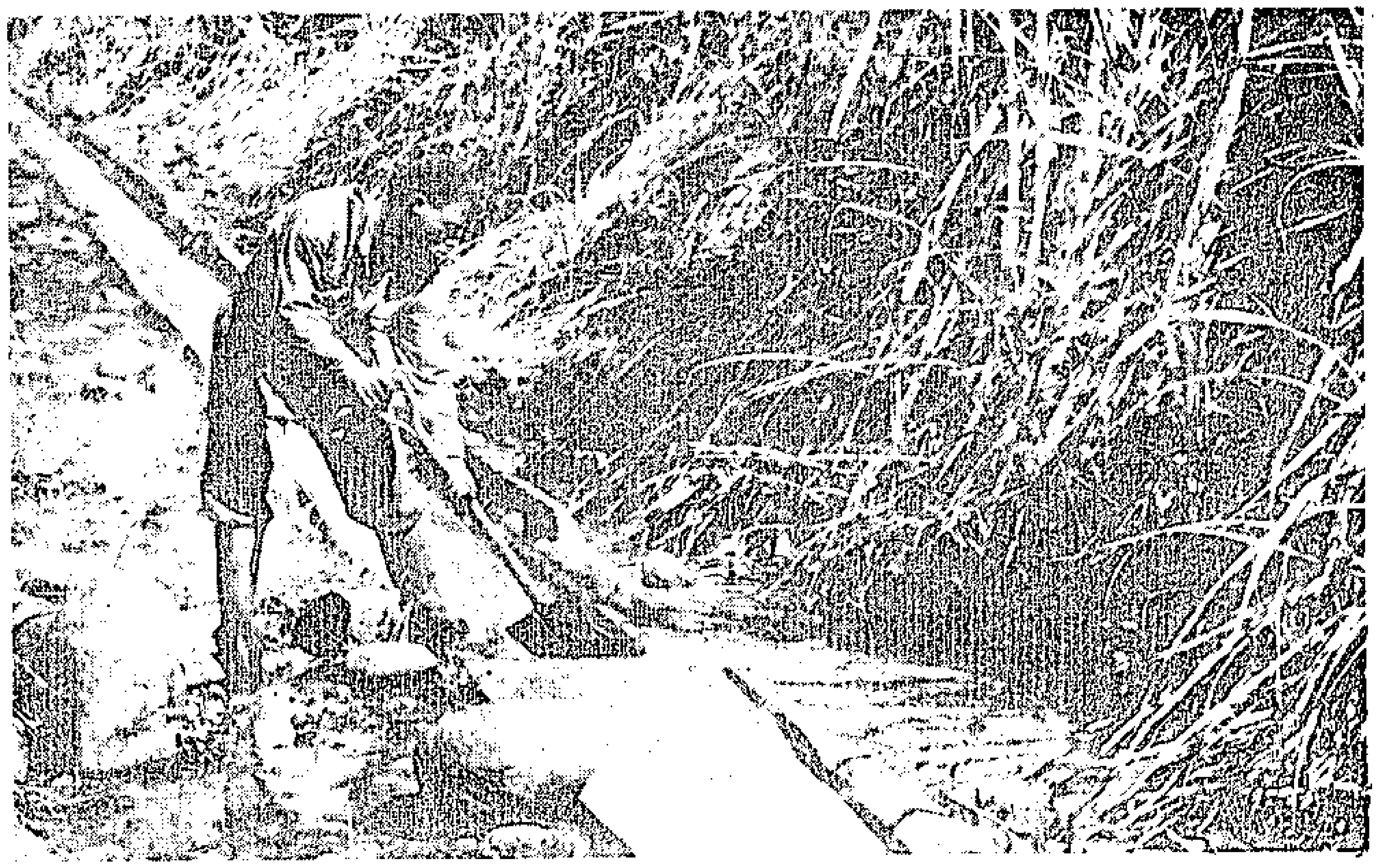
Meanwhile, the US is also doing its bit to unsettle further a market which is already deeply depressed. That country's ratification of the ISA has continued to be prevented by a domestic sugar dispute over support levels for US growers. There is a chance that legislation may be passed by Congress before that body recesses at the beginning of August, guaranteeing growers 15,8c/lb, but there is likely to be very stiff opposition as many still want 17c/lb.

If no legislation is passed, the Senate Foreign Relations Committee is likely to continue to block ratification as the chairman, Senator Church, is from sugar-growing Idaho. And ratification is needed not only to give the ISA a psychological boost, but also to enable the ISA's 2,5 Mt stocks acquisition scheme to be launched. This has been postponed several times and the latest introduction deadline is October 1.

Further, unless the US ups its domestic sugar price in the near future, existing sugar support legislation may entitle the country's Commodity Credit Corp, a body which in recent years has bought sugar to boost domestic prices, to sell off deteriorating stockpiled supplies. This would cut down imports and further depress world prices.

And the news is not much better from neighbouring Cuba where production is expected to top last year's massive 7,35 Mt by another 650 000 t.

The only — slight — bright hope on the horizon is that the Soviet Union's apparent grain production problems indicate that the country's sugar output has suffered as well. "When Russia is buying grain, it spills over into sugar," says one sugar trader. Though that still remains to be seen.



Watering cane in Natal while Europe floods the market

74

FM 27/7/79

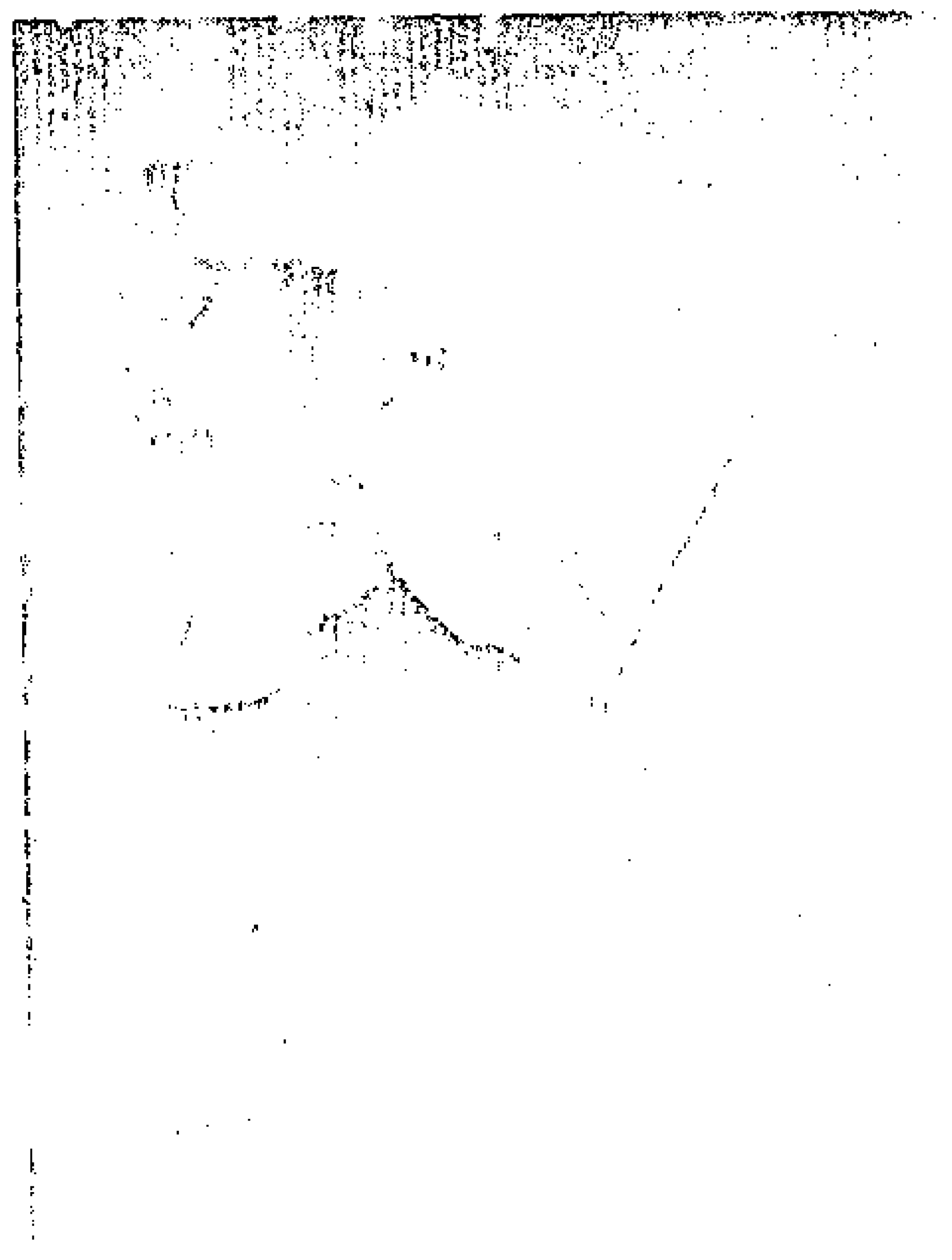
SA'S WORLD IMAGE

A time of assessment

What, post-Wiehahn, post-Riekert, does the world make of SA now? Are we really caught up in a "new era," in which "apartheid is dead"?

South Africans pride themselves on their hospitality, and like to be liked: their sincerity is palpable. Small wonder they are often disappointed by the scant attention given their problems by *"die mense daar buite,"* and by concern among foreign businessmen and diplomats over the snail's pace of progress. Is not the Verwoerd era a ghost from the past, Vorster tumbled in the ruins of Info?

Sadly, being a South African often means being between a rock and a hard place. The *FM* has questioned correspondents in four of our major trading partner



A.T.O

Mortality rates greater than 5/1 000 appear in italics in Table I. For all of these major causes of mortality, the ... mortality rates exceed those of the whites.

However, in this context, what requires empł... disease classification a certain amount of ... despite the fact that the overall rates for ... system are comparable for whites, Asians an... broad category the mortality rates for spec... Table II provides the proportional contrib... diseases for the whites, Asians, 'coloured... Ischaemic Heart Disease is the major Circu... Asian communities, Cerebrovascular Disease ... latory Diseases in the 'coloured' and Afr...

Similarly, if the Accidents, Poisoning and Violence ... in greater detail, motor vehicle accidents are the major cause of mortality in whites, 'coloureds' and Asians, the second most important cause in the white community is suicide, whilst that for the 'coloureds' is homicide. For Africans, the latter is the main cause in this category.

The expectation for life at birth and at age 45 for whites, Asians and 'coloureds' is summarised in Fig. 6. It is not meaningful to calculate an expectation of life for urban Africans as this group is subject to a large measure of migration. The characteristically better expectation of life for women in comparison to men, is apparent for all three communities. However, what is of interest is the ratios of the expectations of life for the three communities. At birth, the white:Asian:'coloured' ratios are 1:0,91:0,76 for males and 1:0,88:0,77 for females; at the age of 45 these are 1:0,91:0,86 for males and 1:0,79:0,85 for females. The 'coloureds' are less disadvantaged at e_{45} as compared to e_o for both males and females, a difference which is largely attributable to the high infant mortality rate in this community. It is also noteworthy that Asian females have the worst expectation of life at age 45 of the three communities, which is in marked distinction from both males and females at e_o and males at e_{45}. The fact that for the 65+ age group, Asian women have the highest mortality rates for respiratory, circulatory, digestive, genito-urinary and ill-defined causes of death (Table I) may contribute to this anomalous situation.

Fig. 7 summarises the percentage improvement in the expectation of life at birth subsequent to the total elimination of the mortality associated

the South African population from all causes of death. The proportional ... the seventeen major disease categories of the International ... to the overall mortality of the ... a typical

... large number of symptoms ... African community (22,5%). This provides some ... vision and utilisation of medical services to Africans in the urban ... In general, the Asians have a spectrum of mortali... the whites on the one hand and the 'coloureds' an...

Clearly, the presentation of the cause specific m... tional mortalities conceals a certain amount of i... provides a more detailed analysis of these data i... specific mortality rates for defined age groups b... and 'coloured' communities.

If the mortality rates (Table I) are compared wit... ities for the seventeen major disease categories ... noted that despite the relatively minor proportio... circulatory diseases in the 'coloured' community, these diseases are higher than those of the white... apparent inconsistency is that the mortality rate... sitic Diseases are so high that they effectively ... mortality of the Circulatory Diseases in the 'col... the white community, the mortality rates for most ... are so low, the importance of the Circulatory diseases become disproportionately exaggerated.

FOREIGN EXCHANGE

FM 27/7/79

The climb continues

The rand has continued to harden in local foreign exchange markets this week, dealers say, bolstered by the continued boom in gold and an apparent slowdown in oil repayments.

As the *FM* went to press, the Reserve Bank pushed its rate up a further five points to $1,1915 (selling) and $1,1935 (buying) from the previous $1,1910/30, and from $1,1890/05 at the beginning of the week. Two weeks ago, the rate was as low as $1,1780. However, forex men believe that the "crisis point" caused by gold's breach of the $300 an ounce level has passed. Although the authorities seem to want an exchange rate of $1,2, further moves are likely to be more gradual, reckon dealers.

Tempering the rand's upward climb in mid-week were reports of massive intervention — of the order of hundreds of millions of dollars — by central banks to support the dollar in European markets. At the same time, sentiment surrounding the dollar firmed as dealers sought to correct positions ahead of the appointment of the new chairman of the US Federal Reserve.

The hike in the value of the rand against the dollar over the past couple of weeks came as bad news to many exporters, who will now have to make do with fewer rand proceeds. Exporters have been heavy sellers of spot and forward dollars, while importers are holding back, leaving banks long on dollars.

Although banks are still indicating 10-point spreads, generally around 1,1918/28 at mid-week, some dealers reckon the buying rate is moving up closer to the Reserve Bank rate. There is still "immense competition" between banks, dealers confirm, and prime borrowers for large amounts are being quoted spreads as low as 2 points.

Internationally, the psychology of the foreign exchange markets is "crazy," according to some traders. Influences which would "normally" be regarded as minimal are pushing sterling up and forcing the dollar even further down. Clearly major corrective policies from the US are needed to iron out the present extremes in the international forex markets.

Mystery chicken exports

2/8/79

74

Mercury Reporter

RAINBOW Chickens yesterday denied thousands of tons of frozen chickens being loaded on to a ship in Durban Harbour were destined for Iran.

A senior spokesman for Rainbow — he did not want to be named — was commenting on a report that a load of chickens, believed to be the biggest ever to leave South Africa, was thought to be headed for the Middle East on board the ship Rain Forest.

The report said nobody would confirm or deny that the final destination was Iran.

Rainbow stopped its exports to Iran earlier this year as a result of fighting in the country. The spokesman refused to say where they were exporting chickens to but it was definitely not Iran.

"We are not the only company exporting to these countries but we have to be extremely careful and it wouldn't be in the country's interest to talk about them," he said.

He would not confirm that "thousands of tons" were being exported but he said there was a "fair amount". He could not see any shortage or price increase in South Africa as a result of the exports.

Mr. Alan Gardiner, head of a large supermarket chain, however, predicted the price of chicken per kilogram would increase between R1,40 and R1,60 within weeks. The wholesale price during the past year has been generally lower than R1 a kilogram.

No shortage

Although there was no shortage in Durban at present there was definitely no surplus. He felt the low supply was "unusual" for this time of the year.

"I think the reason for this is partly because of a problem in America. They had a bad run on beef and as a result sold more chickens.

"There was no surplus to export and South Africa jumped in to help a world shortage," said Mr. Gardiner.

Prices were, therefore, firmer on the local market and he expected an increase shortly.

Star 2/8/79 (79)

SA-Hong Kong trade is growing

By Alan Williams

HONG KONG — Trade between South Africa and Hong Kong is continuing to grow, despite a threat by Nigeria to blacklist all Hong Kong companies dealing with South Africa.

At the same time, trade between Hong Kong and Nigeria has dropped sharply — but analysts say this is not necessarily because of the South African connection.

The colony's imports from South Africa in the first four months of this year were worth about R62m compared with R47m in the same period last year.

Exports to South Africa were worth R17m compared with R11 in the first four months of last year.

Exports to South Africa have now overtaken those to Nigeria — a far cry from last year, when Nigeria bought more than four times as many Hong Kong products as South Africa.

In December 1977 Nigeria warned it would refuse to deal with any companies which traded with South Africa.

die Sentrum is om navorsing na die onder-
›udinge in Suid-Afrika te bevorder en te
ıder oor verhoudinge tussen rasse- en

ADVIESKOMITEE EN RAAD VAN BEHEER

die Sentrum staan onder die toesig van 'n
skomitee wat in 1978 bestaan het uit die
itter), die Prinsipaal van die Universi-
d, Sir Richard Luyt, die Adjunk-Prinsipaal,
aplan, professor W.H.B. Dean, professor
mede-professor D.J. Welsh.

beheer deur 'n Beheerraad waarvan die
ie Universiteit van Kaapstad, ex officio
, en die Adjunk-Prinsipaal ex officio
er. Die Direkteur is ex officio 'n lid.
ust word deur dr J.P. Duminy, ds. W.A.
K. Lindsay verteenwoordig en die Uni-
pstad deur professor W.H.B. Dean,
Ellis en mede-professor D.J. Welsh.
gaarn verteenwoordig die lede van die

.F.R. Ellis met navorsing- en studie-
Robert Schrire as sy plaasvervanger
Advieskomitee en die Raad van Beheer.

PERSONEEL

el bestaan uit die Direkteur, professor
r Merwe, M.A. (Stellenbosch), Ph.D.
Administratiewe Assistente, mev. H.
ltydse sekretaresse, mev. B.J. Chapman.

ır is mejj. Morna Cornell en Ruth Ruther-
klerklike assistente en mej. Judith
iversiteit van Kaapstad) as deeltydse
nte in diens geneem. Twee ere-

kampus, waar ons gedurende die laaste vyf jaar gehuisves was, ontgroei. Daarom is ek besonder dankbaar vir die ekstra ruimte wat ons nuwe kantoor in die Leslie Social Sciences Building op die Groote Schuur Campus aanbied.

Ek wil weereens die Carnegie Corporation en die Algemeen Diakonaal Bureau van die Gereformeerde Kerken van Nederland bedank vir hulle gulle ondersteuning van die Konstruktiewe Program wat ons in staat gestel het om meer personeel aan te stel en om publikasies en werkgroepe te finansier. Ek wil ook graag weereens die ondersteuning deur plaaslike skenkers, firmas en trusts noem, kort nadat die Program gestig is. Hulle hulp het dit moontlik gemaak om etlike publikasies gratis te versprei onder almal wat in die bevordering van 'n oop samelewing belangstel.

Ten slotte is dit met innige genoeë dat ek my verpligtings teenoor die ere-navorsingsbeamptes van die Sentrum vir hulle bydraes tot die navorsingsprogram, boekstaaf en teenoor die personeel vir die wyse waarop hulle hulle pligte gedurende die jaar uitgevoer het.

Hendrik W. van der Merwe
Direkteur

Desember 1978

FM 3/8/79

EXCHANGE CONTROL

Smaller loopholes

Tighter exchange control rules fo travellers leaving SA came into effect thi week (*FM* June 22). Those leaving i August, who have already bought ai tickets and travel cheques, will not affected.

The Department of Finance maintai that "the arrangements do not involve tightening up of the exchange contr measures, but only the adjustment of existing arrangements in the interests of better organised and more streamlin system."

But there will be a lot more hassles f travel agents, banks and their custome Basically, all travel cheque purchases a refunds will now have to be endorsed air tickets. No fare will be refunded u TCs have been cashed.

Anti-currency smuggling measures Jan Smuts are being tightened and s urity at other airports and border p will be stepped up soon. Random che will be made at the airport along the li of the existing customs practice spokesman at Jan Smuts says "the che will be gradually stepped up, but blan coverage is unlikely because of volume of traffic."

Current exchange control regulati stipulate that it is illegal to spend m than R150 a day on a business trip with prior approval. Will the airport authori be legally able to confiscate or impo excess cash before a traveller even le the country? Bankers point out t businessmen wanting to extend th overseas trips will now have additional expense and inconvenience having money telexed to them abroad.

FOREIGN TRADE

Fob or cif?

FM 3/8/79

(FL)

Why do many SA exporters shy away from selling on a cif (cost, insurance and freight) basis? Shipping and insurance men agree that free-on-board (fob) sales are costing SA business millions of rand a year.

Safmarine MD, Marmie Marsh, says his line is trying to persuade producers to shift from fob to cif. Although there are signs that resistance is breaking down, "the response has not been great," he asserts. Wim Holtes, of Safto, agrees: "Exporters could give more support to our own shipping lines than they are doing at the moment."

According to Holtes, SA lags way behind European shippers, who export mainly on a cif basis. Australia is also making more progress than SA. Safmarine estimates that in 1978 total freight charges on imports to SA amounted to R570m and on exports R700m. But a mere R200m was paid to local shipowners on imports and R150m on exports.

Holtes explains the reluctance to quote cif in terms of local exporters regarding freight and insurance costing as a problem, rather than an advantage. Granted, there is more risk and effort involved, but, argues Holtes, exporters would become more competitive by offering buyers more alternatives.

At its conference in Manila last May, the UN Conference on Trade and Development accepted that in liner trades a country's general cargo should be apportioned on a 40-40-20 principle (for example, in trade between SA and Britain, each country's shipping lines should have 40% of the business, while the remaining 20% could be carried by third country lines.) According to Marsh, "Safmarine's participation in the liner trade with our major trading partners (Europe, USA and the Far East) has been planned along these lines and the required percentages have been achieved."

This principle does not apply to bulk trades, of which South African lines' shares are well short of 40%. Since freight charges on commodities, such as coal and iron ore, can amount to as much as a third of landed cost, a rise in the share of lines such as Safmarine, Unicorn and vessels chartered by them would make a substantial foreign exchange contribution.

However, buyers often insist on fob terms. Dick Bird, Transvaal Coal Owners Associations GM, says that cif terms are always offered to customers, but nearly 70% of coal exports are sold fob. "We don't like to be dogmatic," he adds. Iscor exports only 11,2% of its iron ore in SA ships, while 28% of steel exports are sold cif. Samancor sells half of its manganese and chrome on a cif basis.

Top of the shipping lines' pops is the SA Sugar Association, which controls the shipping of all exports and usually the insurance as well. Japanese buyers, known to demand fob terms whenever they can, have left the shipping — but not the insurance — of SA sugar in local hands. Traders agree that many other exporters, while perhaps not being able to quote cif, could at least insist on cost and freight (C&F) terms.

Financial Mail August 3 1979

1\. C

Conjur

E.g. "Jack fell

'Dot' symbolis

'but'

'although'

'however'

'moreover'

'furthermo

'albeit'

'whereas'

2\. N

\- (Simpl

Fm 3/4/79 74

SA/UK TRADE

Against the pound

Some good news awaits Britain's new ambassador to SA, John Leahy, who arrived last week. The UK's trade south of the Limpopo has moved strongly in its favour this year.

Despite the firming of sterling against the rand, which should make South African goods more attractive to UK buyers, recent figures show just the opposite. SA exports to Britain in June this year amounted to £35,6m (R63,2m at the prevailing exchange rate), compared with £76,7m in June 1978 (R122,7m at the exchange rate then prevailing).

Indeed, exports to the UK in the first six months of this year fell to less than R420m, from R641m last year. In mid-1978, the pound was worth around R1,61 and it had firmed to 1,82 by the end of June this year. Since then it has jumped to over R1,93.

The explanation of the anomaly lies in SA's exports of precious and semi-precious metals (including diamonds). In the first quarter of 1978, according to Department of Customs and Excise figures, SA exports to Britain in this category totalled R130m. In the same period of this year, they plummeted to only R11m. Meanwhile, exports to Switzerland in this class leapt from R98,6m to R343m. Experts say much of this shift is attributable to the diamond trade, which is finding Zurich and Geneva more attractive trading centres than London at present.

Mining men reckon the change in markets is not serious, and will probably only be temporary. "There are no regulatory or restrictive factors involved," one reckons, "and it is far more likely to represent a short-term shift in market preferences." Indeed, he points out, the drop in diamond sales to the UK could soon be compensated by increasing sales of Krugerrands following the relaxation of import rules in the recent British budget.

Imports from the UK, meanwhile, which should have become less attractive for South Africans as the pound strengthens, have increased. In June last year imports amounted to R97,3m, while last month they reached over R120m. The first quarter rise was from R248,4m last year to R259,2m this year. Customs and Excise figures show that over half the increase was accounted for by imports of mechanical or electrical apparatus.

Don't forget services

One item adding to SA's physical trade deficit with the UK is the large services deficit. This figure includes payments for British freight, insurance and financial services. This figure, reckons Safto's Wim Holtes, is continually overlooked in analysing SA's trade with the UK, and is expected to grow substantially this year, partly because of the hardening of the pound.

Holtes adds that there has been a movement away from sterling as a trading currency by SA traders. This has helped lessen the impact of the firmer pound. What is more, the UK accounts for a smaller portion of SA's trade bill than it used to — its share of two-way trade is declining at an average rate of around one percentage point a year, from over 33% 10 years ago to only about 22% now. This is due to the UK's increasing business with black African countries, and to SA's burgeoning trade with Germany, the US and other attractive trading partners.

'un-', 'in-', etc.

3\. DISJUNCTION 'v'

Disjunct v Disjunct

E.g. "It is raining or the sun is shining."

(pvq)

'Wedge' symbolises:

'or'

'either...or'

'and/or'

'or else'

'Wedge' does not symbolise:

'either...or...but not both'

p	q	pvq
T	T	T
T	F	T
F	T	T
F	F	F

pvq is false iff both p and q are false.

Symbolize this: (pvq) . (-pv-q)

or -(p ≡ q)

/2

Star 8/8/79

BUSINESS

Foreign wave swallows 'bits of US'

(79)

NEW YORK — A tidal wave of foreign investment from Europe, Latin America and the Middle East is washing across the United States.

It has engulfed citrus groves, old people's homes and manufacturing. It has swept over ranches, hotels, insurance companies and chemical plants.

On both coasts it has swallowed up resort islands, stock exchange memberships, art galleries, banks and New York's City's last great townhouse, the Sonnenberg Mansion in Gramercy Park, purchased by an Austrian baron.

Most regions are wholeheartedly welcoming foreign investment. Forty states wanted the R200m Volkswagen plant that was eventually located at New Stanton, Pennsylvania. Thirty states have established offices in major European capitals to lure foreign money.

Even though American entrepreneurs and corporations control companies abroad which are worth an estimated R130 000m — four times that of foreign ownership within the United States — alarm bells have started to ring in Congress, industry and some state capitals.

PRESSURE

Foreign investors have spent R30 000m to buy all or at least 10 percent of hundreds of American companies and corporations.

An additional R60 000m of foreign investment been placed in ... al Government s... ities and stock and b... s.

Critics are ... oping to mount public pressure

---

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

LIDMAATSKAP

Soos voorheen gemeld, is die Sentrum vir Intergroepstudie geregistreer as 'n maatskappy. In die Memorandum en ...

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

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

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

(c) Deelname aan Welsyns- Professionele en Openbare Organisasies

... Suid-Afrikaanse ... Internasionale Sosiologiese Vereniging vir die tydperk 1978-1982.

WAARDERING EN DANK

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

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

HONEY CAKE — Jan

1 cup flour
4 t baking powder
2 T butter
1 egg
½ cup sugar
¼ t salt
½ cup milk

3 T honey
1½ T butter

Sift dry ingredients. Heat milk and 2 tablespoons butter until melted. Beat egg and add to milk and butter. Mix with dry ingredients and bake in buttered fairly deep pie dish approximately 20 minutes at 350°F or 180°C.

Melt honey and 1½ tablespoons butter and pour over hot cake before serving. Serve with whipped cream.

NUT CAKE — Margaret

4 eggs
¼ lb sugar
¼ lb ground almonds (or hazelnuts)
½ t baking powder
½ T flour
¼ grated lemon (skin & lemon)

Beat yolks with sugar until creamy, then add nuts, flour, baking powder and lemon. Fold in stiffly-beaten egg-whites. Bake at 350°F for ½ hour.

Serve with whipped cream.

if it is too thick. Chill in a large bowl. Before serving pour on sour cream and sprinkle with chopped chives.

SUGAR EXPORTS

Via the back door

FM 10/8/79

SA is disposing of large quantities of sugar in forms not covered by the International Sugar Agreement. These include high-test molasses and animal feeds, the destination of which sugar men are unwilling to discuss for fear of tipping off competitors. Germany and Spain are known to be important markets.

This season's total sugar production target is a record 2,1 Mt. Local sales are estimated at 1,08 Mt or 1,4% higher than last year. On a seasonal basis — ISA restrictions refer to a calendar year — exports under the agreement are unlikely to be above last season's 775 406 t as quota restrictions are unaltered. That leaves around 240 000 t to be accounted for.

ISA stocks have already been accumulated in SA, though only partly declared. Some additional sugar may go into stock, but that still leaves a balance far in excess of last season's non-quota exports of 49 000 t.

Financial Mail August 10 197

ingredients. Simmer till beans are tender. Cool. Remove meat and 1 cup beans. Purée remaining soup in blender. Heat slowly. Put a few reserved beans in each serving bowl. Sprinkle with Worcester sauce. Cover with soup. Garnish with cream and crumbled bacon or croûtons.

PRESERVED BRINJALS — Sue J

brinjals
white vinegar
olive oil
garlic
fresh marjoram

Peel brinjals and cut into Julienne strips.
Put into enamelled pot and cover with white vinegar and bring to the boil. Cook for as short a time as

PINE FURNITURE

(186) (74)

Through the roof

FM 10/8/79

Pine furniture has become one of SA's fastest growing export industries. Worth only R780 000 in 1977, exports leapt to R10m last year and should reach R18m-R20m this year.

"Next year will bring in between R40m to R50m for our members," says Southern Africa Pine Producers' & Exporters' Association chairman Richard Makin. The 35-company organisation certainly seems to be on a boom time if his prediction is even vaguely correct.

Turnabout in the pine furniture industry comes at a time when manufacturers are cutting each other's throats locally in front of sceptical consumers unenthusiastic about the design or price of its white-wood products. Overseas attraction is meanwhile growing.

"We expect exports to stabilise at R20m including R1m from us," says Do-it Youself Kits director Jeff Whittle.

His 100-workforce Babelegi factor opened a year ago with 100% of productic going overseas. Whittle conservative estimates that sales will rise 25% over tl next 12 months despite price-cutting l exporters outside the association and ris in the cost of pine from lumber millers

"Exports are reviving but our bigg threat is the price of timber. Pine went 40% earlier this year and now it has j gone up another 15%," says Whittle.

Makin, who also runs Maksa P Corporation at Krugersdorp, fears S present 20% price advantage over m competitors from Eastern Europe will whittled away to put a ceiling on l potential. "Some of us exhibiting Birmingham and Cologne discovere tremendous demand for pine products. are not competing with Scandana furniture, which is in a different class much more expensive than SA prod but have almost unlimited growth ential in the European do-it-your chain store and mail order market.

adds.

The UK is still the target market for pine furniture exporters although, says Makin, France and Holland are rapidly opening up. Container shipments are despatched in completely knocked down units for European handymen or importers to assemble and paint. Growing popularity of pine products is quickly bringing in competitors from Spain and Italy with the main non-European threat coming, however, from the Far East led by Taiwan. Most popular lines are breakfast nooks, small tables, bunk beds, shelving, louvre doors, kitchen chairs and benches.

Germiston-based louvre door specialist Bugs Boland is wary of endorsing the general feeling that Europe is a bottomless pit for SA pine furniture exports even though last year's R250 000 worth of shipments from his HMB Industries has already reached R750 000 since February. "The only thing keeping us in Europe is cheaper labour and cheaper raw materials. Labour costs are rising and pine isn't so cheap any more. We have a 225 workforce manufacturing solely for export at Babelegi but, once their costs pass a certain mark, we'll be right out of the market. In Europe we are up against the shrewdest buyers in the world. A price war is emerging and the key to our survival is cheap pine," says Boland.

If he is right then the organisation's 35 producer-exporters are in a cleft stick. After three badly depressed years, during which the timber price structure collapsed and the industry was for a long tim threatened with government interventio (*Business brief* last week), the miller are at last feeling confident enough to re establish — if not dictate — the price o their product leaving sawmills. Tha means dearer wood.

Bad news for pine furniture makers after carving out an export market only to see it threatened more by domestic problems than overseas competitors.

TABLE II

[redacted]						
Rheumatic Heart Diseases						
Hypertensive Diseases (400-404)	212 2.					
Ischaemic Heart Diseases (410-414)	57 58.					
Cerebrovascular Diseases (430-438)	15 16					
Total Circulatory Diseases (390-458)	97 1					
Motor Vehicle Accidents (E810-E819)	7 38					
Suicide (E950-E959, E979) *	485 24.6%	104 15.4%	42 12.6%	13 12.5%	84 3.9%	2.
Homicide (E960-E969)	59 3.0%	41 6.1%	41 12.3%	2 1.9%	680 31.3%	1 25.
Total Accidents, Poisoning and Violence (E800-E999)	1973 100%	677 100%	333 100%	104 100%	2175 100%	6 1

* E979 "Suicide and self inflicted poisoning by motor vehicle exhaust gas" is a code Africa which does not appear in I.C.D. (8th revision). See Ref. 13.

SUNDAY TIMES, Business Times, August 12, 1979 74

Ferrochrome exports set to earn R300m

By STEPHEN ORPEN

A TAKE-OFF in exports is expected to lift South African ferrochrome sales by some 50% to nearly R300-million this year.

Strongly rising ferrochrome demand has much to do with the boom developing in markets for stainless steels.

This, in turn, is being fired particularly by capital spending on massive projects worldwide to diversify out of oil-based energy, and in the aerospace and other high-technology industries.

Moreover, a leverage effect which has been growing swiftly since the early seventies should ensure that South Africa benefits richly from the flourishing demand for ferrochrome.

The leverage is reflected in the fact that, since 1970, South Africa's contribution to world ferrochrome demand has jumped from only 10% to almost 50%.

In 1970, South Africa produced 160 000 tons of alloy a year whereas by last year production capacity had grown to more than 800 000 tons.

Most of this is currently being exported into a world market consuming about 1,6-million tons.

In 1970, export earnings from ferrochrome were only around R45-million. By last year they had climbed to some R186-million. According to Middelburg Steel and Alloys marketing manager, Leo Melville, they are conservatively expected to top R285-million in 1979.

The increase will result not only from rising export volumes — from last year's 480 000 tons to above 600 000 tons. Prices, which have already climbed some 50% this year under supply pressures, may also contribute.

The price of charge ferrochrome (around 8% carbon) is now running at some 40 US cents a pound, compared with 35 cents late last year and only about 12 cents nine years ago.

High-carbon material, with 4% to 6% carbon, is fetching between 45 and 50 US cents a pound. Low-carbon products (0,5% carbon) are selling at between 80 US cents and $1 a pound.

The bulk of South Africa's exports are of charge chrome.

Of international demand, the US is responsible for some 400 000 tons, Japan for about 450 000 tons, the EEC countries for about 500 000 tons and the rest of the world for the balance of something over 240 000 tons.

Altogether, some 880 000 tons is produced outside South Africa, of which the US accounts for some 170 000 tons, Japan for some 300 00 tons and the EEC for some 200 000 tons.

The chrome ore for domestic production comes largely from South Africa in the case of Japan but the US imports little metallurgical grade chrome from this country.

Overall, South Africa is supplying more than 70% of imports of ferrochrome by industrialised countries, and the percentage appears to be rising.

The US relies on South Africa for some 80% of her ferrochrome, Japan for 72% and the EEC for 78%.

Some 70% of ferrochromium is used in the manufacture of stainless and heat resisting steels and, according to a recent US National Materials Advisory Board publication (Contingency Plans for Chromium Utilisation): "No substitutes exist or are likely to be developed for chromium in the high-strength steels, high-temperature metals and corrosion-resisting alloys essential in the manufacture of jet engines, petrochemical and power plant equipment, and in various other critical products."

Middelburg Steel and Alloys, in the Barlows stable, adds that "the future growth of stainless steel is assured as it is a vital material in the construction of all energy-related plant applications."

The company mentions nuclear reactors, oil-from-coal processes and ethanol production in particular.

At a recent symposium in Washington, the challenge facing stainless and speciality steels was broken into three broad categories:

- energy;
- the cost and availability of raw materials and
- the development of new alloys to meet the demands of new technologies.

Looking ahead, some experts expect to see turbine blades and other "aggressive environment" products benefiting from advances in areas like solidified single crystals, eutectics, tungsten-reinforced super alloys and ceramics.

But, medium-term, the consumption of ferrochrome and stainless steels is likely to benefit most through substitution for carbon steels and as a means of extending the life of industrial equipment.

Star 14/8/79

(24)

Australian Govt breaching own policy on SA

Own Correspondent

CANBERRA — The Australian government is apparently breaching its own policy of not promoting trade with South Africa.

The Government is providing export incentive grants to 25 Australian manufacturers to take part in a trade fair in South Africa in October.

The provision of the grants, which involve reimbursement of a substantial part of the cost of taking part in the trade fair, was revealed by the Australian Financial Review newspaper.

The Australian Government's firm policy has been not to encourage trade with South Africa.

This has recently resulted in its closing trade offices in Cape Town and reducing the size of its Johannesburg office to two Australian staff and one locally engaged staffer.

The Government has also instructed the trade commission that while it could assist Australian businessmen in arranging contacts and introductions and could conduct market surveys it could not conduct trade fairs or any other form of active promotion.

The presence of Australian exhibitors at the Aussa 79 trade fair, assisted by Government grants, runs against the Government's stated policy.

It also comes after Prime Minister Malcolm Fraser's strong attack on the apartheid policies of the South African Government at the Lusaka Commonwealth heads of Government conference.

Mr Fraser told Australian reporters in Lusaka last week it was Government policy not to promote trade with South Africa.

The Lusaka declaration on racism and racial prejudice, which was proposed and drafted by Australia, specifically said: "We reaffirm that it is the duty of all the people of the Commonwealth to work together for the total eradication of the infamous policy of apartheid, which is internationally recognised as a crime against the conscience and dignity of mankind and the very existence of which is an affront to humanity."

According to the Financial Review report the trade fair, which will be held from October 17 to 23, is being jointly sponsored by two South African companies.

They are Safocean, the main sea carrier between South Africa and Australia, and the Lester Donovan group, a marketing company.

The newspaper quoted Mr Donovan as saying he had been given assurances by the Australian Government that the export incentives would be available to companies taking part in the fair.

He said officials in the Australian Department of Industry and Commerce had been very helpful.

The trade fair was arranged, he said, after he had visited Australia last year and criticised Australia's policy towards South Africa.

Sun. Times 19/8/79

By JIM SRODES: Washington

US concern over foreign banks

(74)

Business Times looks at the World Scene

FOREIGN banks have emerged as a competitive force in the US banking market. Since 1972 foreign banking concerns have doubled both their share of total US banking assets and their share of domestic commercial and industrial lending, according to a recent US Government report.

The 265 branches, agencies and subsidiaries of foreign banks active in the US as of February last year, the report states, control assets of nearly $84 000-million, or 8,4% of total US banking assets.

Rising public concern about the accelerated pace and scope of foreign entries into the US banking market — highlighted by the controversial attempt by the Hong Kong and Shanghai Banking Corporation to acquire Marine Midland, a major New York State bank — prompted Congress to commission the study.

Foreign banks — drawn to the US by the size of its financial markets, investment opportunities here, and the recent liberalisation of many State banking laws — have become increasingly more competitive with domestic banks.

Since 1972, when foreign banks engaged in about 7% of the total US commercial and industrial lending, their share has nearly doubled to 13,5%.

The expansion of foreign banks is highlighted when they are contrasted with their direct competitors — the largest US banks that hold 53% of domstic banking assets.

In 1974, the report notes, US offices of foreign banks made commercial and industrial loans in an aggregate amount equal to 11,8% of similar loans made by the major US banks.

By November last year, the foreign loans equalled 19,5% of the largest US banks' total.

Between 1966 and 1977, US banks tripled the number of their foreign branches — from 244 to 730, the report says.

Foreign bank operations in the US tripled in a much shorter period. Between November 1972 and February this year, foreign operations in the US increased from 104 to 318.

In 1977 and 1978 the rate of growth accelerated — foreign banks set up 112 offices, 19 more than they established during the previous four years.

Acquisition has become the favoured method for foreign banks to gain a slice of the US market, principally because of "recent decreased dollar value and depressed US bank stock prices," the report says.

Since 1977, foreign interests have acquired 48 banks with assets of $23 804-million — twice as many as were acquired between 1970 and 1976, with assets of just $9 161-million.

Dr Gertrud Heydorn — Mev. S. Walters
Mnr F.A. Jacobs — Professor F.A.H. Wilson
Mnr H.M. Jimba

d) Twee Ere-Fellows:

Professor J.L. Boshoff
Dr Sheila T. van der Horst

Lede word na die Algemene Jaarvergadering van die Maatskappy uitgenooi en kies elke drie jaar 'n verteenwoordiger op die Beheerraad. 'n Verkiesing is in 1978 gehou en die huidige ampsdraer is Biskop A.W. Habelgaarn. Terwyl geen verpligtinge aan lede opgelê word nie, word hulle geraadpleeg in verband met sake wat die Sentrum se program raak.

NAVORSING

Gedurende die verslagjaar het die navorsing van die Sentrum die volgende behels:

A. Mobiliteit en Politieke Verandering in Suid-Afrika

Hierdie projek is 'n paar jaar gelede aangepak. 'n Ondersoek onder die kleurling bevolking van die Kaapse Skiereiland is onderneem. 'n Aantal tydelike navorsings-

aan Nederland het hy 'n toelae vir die Konstruktiewe Program ontvang van die Algemeen Diakonaal Bureau van die Gereformeerde Kerken in Holland.

Professor J.L. Boshoff, ere-Fellow van die Konstruktiewe Program, het met 'n aantal instansies, wat universiteite in Natal en Transvaal insluit, en met verskeie handelsen industriële firmas in Natal, kontak opgebou.

(b) Konferensies

Gedurende 1978 het die Direkteur die volgende konferensies bygewoon:

Jaarlikse Konferensie, Nasionale Uitvoerende Komitee- en Raadsvergadering van die Suid-Afrikaanse Instituut vir Rasseverhoudinge, Kaapstad (Januarie).

Suid-Afrikaanse Jaarlikse Vergadering van die Religious Society of Friends, Stutterheim (April).

Negende Wêreldkongres van Sosiologie, Uppsala, Swede. Verhandeling voorgelê in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosiologiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).

NM 22/8/79 (74)

U.S. will not interfere militarily, says analysis

WASHINGTON — American Congress members have been told that in the long-term South Africa is vulnerable to Black African nationalists supported by the Soviet Union and Cuba.

An analysis of the Soviet and Cuban role in Africa states that the extent of Soviet and Cuban involvement will determine how congress will respond.

The analysis by Raymond W. Copson, of the Congressional Research Service, does not foresee the U.S. intervening militarily in support of any African regime.

Peaceful settlement

A violent denouement in Zimbabwe-Rhodesia, Mr. Copson reasons, might find the British or Salisbury Governments asking for UN help in evacuating White Zimbabwe-Rhodesian refugees.

Should there be a peaceful settlement in Zimbabwe-Rhodesia the U.S. might be asked to fly in UN peacekeeping forces.

Zimbabwe-Rhodesia, South West Africa and the Horn of Africa, Mr. Copson believes, all offer short-term opportunities for a rapid escalation of Soviet and Cuban involvement.

Important Black State

Exports to sub-Saharan Africa are small, only about R2 800 000 in 1977 or 3 percent of total U.S. exports.

Nigeria was the most important Black State in economic terms to the U.S.

However, about a third of U.S. exports and overseas investment have in the past gone to South Africa which would probably keep its economic importance to the U.S. for some time even if U.S. firms cut back their South African operations for political reasons.

Denied access

In the globalist approach to African affairs, Soviet and Cuban involvement raises the danger that the U.S. will be denied access to key minerals like chrome, platinum, gold, manganese, uranium and cobalt.

The Africanists or "area specialists", who take a so-called multipolar approach to African problems, feel, however, that African Governments will let their need for capital override ideology and will thus continue mineral exports.

Mr. Copson argues that the U.S. and its allies might take more active counter measures to Soviet and Cuban involvement in certain events.

Civil violence

These would include a victory by the Patriotic Front terrorists in Zimbabwe-Rhodesia, increasing civil violence in South Africa, a revolutionary upheaval in Zaire.

These events might persuade the U.S. and its allies that more active counter-measures to Soviet and Cuban involvement must be taken.

A combat role for the U.S. would probably still be excluded but several steps could be taken by the U.S. as an anti-Marxist ally for beleaguered African regimes.

These steps could include security help, increased development aid, and condemnations in international forums of Soviet and Cuban actions.

Mr. Copson argues that an expanding Soviet and Cuban role in Africa need not necessarily lead to increased bipolarisation should the U.S. choose not to respond.

He notes, however, that it is most likely to alarm U.S. policy-makers and intensify U.S. opposition to Soviet and Cuban activism.

Mr. Copson says whatever the course of Soviet and Cuban involvement in Africa, Congressional wariness about potential U.S. combat involvement in Africa will almost certainly persist.

23/3/79 Post

74

Israel fights off attack on SA trade

NEW YORK — An Israeli diplomat this week rebutted an attempt by a group of black American churchmen to link the furore over Ambassador Andrew Young's resignation to Israeli trade with South Africa.

The church leaders proposed to Mr Yehuda Blum, Israel's Ambassador to the United Nations, that Israel lead an "economic war" against South Africa.

An Israeli diplomatic spokesman at the UN said the church group was told that the Israeli government had expressed opinions against the policy of apartheid "but we are not ready to cut economic or diplomatic relations with South Africa."

The church leaders — all members of the Southern Christian Leadership Conference, founded by the late civil rights leader Martin Luther King — had asked to meet Mr Blum in the wake of the political storm surrounding Mr Young's resignation as chief United States delegate to the UN.

Mr Young, the Carter administration's top black representative resigned amid a flurry of controversy and criticism over contact, against US policy, with an official of the Palestine Liberation Organisation (PLO).

The issue has threatened a black-Jewish split in the US and greater black American support for the PLO.

An Israeli spokesman said Mr Blum was "surprised" to find the black church leaders open their meeting with criticism of Israeli ties to South Africa. The black representatives had earlier met PLO United Nations observer Zehdi Labib Terzi to express support for Palestinian "self-determination."

An Israeli spokesman said: "They (the church leaders) said they would like Israel to lead an economic war against South Africa.

"Mr Blum said we could not lead any economic war against anybody while Israel is boycotted by the Arabs. He said Israel has only 0,4 percent of South Africa's foreign trade, and he suggested the black leaders talk first with the black African countries whose trade with South Africa is 15 to 20 percent."

He said Israel agreed with opposition to apartheid "on a moral basis" but his government was "not going to take an initiative like that — if the whole world stopped South African trade, we could follow."

The spokesman said the church leaders "did not like it, but it does not mean we are going to change our policy."

He said Mr Blum also rebutted charges that Israel conducted an arms trade with South Africa and helped South Africa develop nuclear capability. "We said they should check first with other countries. There is no reason to put us in front of the fire."

c) Ander lede:

Mnr K. Bosman
Professor A. Cupido
Mnr N. Daniels
Mnr Achmat Davids
Professor R.J. Davies
Professor J.J. Degenaar
Mnr René de Villiers
Dr I.D. du Plessis
Professor J.J.F. Durand
Professor J.B. du Toit
Mnr A. Fiederman
Professor R.F. Fuggle
Mnr G.J. Gerwel
Eerw. D. Guma
Professor A. Paul Hare
Dr Gertrud Heydorn
Mnr F.A. Jacobs
Mnr H.M. Jimba
Mnr H.W. Middelmann
Eerw. M.T.L.L. Moletsane
Professor A.D. Muller
Sheik A. Najaar
Mnr Victor Norton
Professor N.J.J. Olivier
Mnr L. Phillips
Professor H.P. Pollak
Mnr W.J. September
Mnr Franklin Sonn
Mnr P.M. Sonn
Regter J.H. Steyn
Mnr R. Tobias
Professor R.E. van der Ross
Professor J.M. van Rooyen
Mev. S. Walters
Professor F.A.H. Wilson

d) Twee Ere-Fellows:

Professor J.L. Boshoff
Dr Sheila T. van der Horst

NAVORSING

Coal for Korea 'experiment'

NM 3/8/79

(14)

DURBAN'S newest shipping company, Pakard Shipping, is carrying out a trial shipment of 25 000 tons of low-grade coal to Korea which, if successful, could earn South Africa valuable foreign exchange.

Although there is nothing new about shipping coal out of South Africa, it is believed that this is the first time that such a large cargo of coal has been loaded by cranes and grabs directly from railway trucks. The usual procedure is for coal to be loaded by chute.

Captain Ardy de Reus, managing director of Pakard Shipping in Durban, said yesterday that future regular shipments of coal to Korea would be considered depending on the economics of the trial shipment. The value of the export order is put in the region of R700 000.

There have been many

SHIPPING

Peter Sutton

raised eyebrows in local shipping circles because of the time-consuming method chosen for loading. Captain de Reus explained, however, that because existing mechanical loading facilities both in Durban and Richards Bay were fully committed, it had been decided to try the experiment.

The coal being exported is a low-grade semi anthracite high-ash duff which comes from the Natal mines of Savage and Lovemore. Mr. C. Mey, managing director of the company, said there was no local demand for the coal but in Korea it was made into briquettes and used for household heating and cooking.

Both men praised the co-operation being received from the Railways in carrying out the trial order. A total of 650 rail trucks each holding 38 to 48 tons are needed to fill the ship and at current rates of loading 65 trucks are being offloaded daily. If this rate can be improved regular shipments to Korea would be feasible.

4

Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegespreek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

Gedurende Augustus en September het die Direkteur Engeland, Nederland, Switzerland, Swede, Israel en Zambië besoek. Hy het vooraanstaande joernaliste, Suid-Afrikaanse diplomate, senior amptenare van die Suid-Afrika-Stigting en verskeie regerings betrokke by Suid-Afrikaanse belange ontmoet. Hy het besprekings gevoer met stigtings, trusts en opvoedkundige verenigings. As gevolg van sy besoek aan Nederland het hy 'n toelae vir die Konstruktiewe Program ontvang van die Algemeen Diakonaal Bureau van die Gereformeerde Kerken in Holland.

Professor J.L. Boshoff, ere-Fellow van die Konstruktiewe Program, het met 'n aantal instansies, wat universiteite in Natal en Transvaal insluit, en met verskeie handels- en industriële firmas in Natal, kontak opgebou.

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The Natal Mercury, 30/8/79

74

U.S. dollar strengthens

LONDON — The dollar strengthened a bit against most major currencies yesterday, boosted by better-than-expected U.S. foreign trade figures for July.

Bullion trading was nervous and trendless, with quotes just below the all-time high of 316,75 dollars an ounce recorded in London on Tuesday afternoon.

The metal finished trading here yesterday at 316,125 dollars, a record close for the centre and up 37½ cents from Tuesday's close of 315,75 dollars.

In Zurich, gold closed at 315,875 dollars, down from 316,125 dollars.

The trade deficit narrowed from 1,90 million dollars in June to 1,10 million dollars last month. A number of U.S. banks set record prime rates of 12,25 percent on Tuesday.

British pound

In London, it took 2,2545 dollars to buy a British pound late yesterday, compared with 2,2495 dollars late on tuesday.

Traders said they did not see any particular economic news boosting sterling, which has been riding high lately on Britain's North Sea oil reserves.

But they said they suspected some market operators might be pushing up the British currency for speculative reasons. There have also been rumours in the foreign exchange market of Middle Eastern interests dealing in large amounts of sterling. — (Sapa-AP.)

14

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

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

(c) Deelname aan Welsyns- Professionele en Openbare Organisasies

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

Hy is Voorsitter van die Quaker Service Fund in die Kaap, die diensafdeling van die Godsdienstige Vriendekring (Quakers), wat gemeen[...] op die platteland en in die stadsgebied[...]

Die Direkteur is gek[...] Vereniging vir Sosio[...] ook 'n lid van die Su[...] en van die Internasi[...] is aangestel as die [...] Raad van die Interna[...] die tydperk 1978-19[...]

WAA[...]

Ek is altyd dankbaar [...] verslag bied om my waa[...] Akademiese Advieskomitee en die Beheer[...] leiding, aanmoediging en belang in die aa[...]enthede van die Sentrum.

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

3

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

LIDMAATSKAP

Soos voorheen gemeld, is die Sentr[...] geregistreer as 'n maatskappy. In d[...] Statute van Vennootskap word voorsi[...] benoeming van eenhonderd lede. Tan[...] hulle sluit die volgende in:

a) Drie stigterslede:

Mnr J.G. Benfield
Mnr H.L. Kennedy
Mnr P.G.T. Watson

b) Sewentien persone wat gedu[...] jaar lede van die Be[...]

Sir Richard Luyt
Professor S.J. Saunders
Professor H.W. van der Merwe
Mede-professor D.J. Welsh
Professor Monica Wilson

(74) 31/8/79

FERROCHROME

FM 31/8/79

Feeling the heat

(74)

Japanese ferrochrome smelters are certainly feeling the heat of competition from SA's exuberant ferroalloy producers (*FM* August 3). They have requested protection against cheap ferrochrome imports (selling for 30 000 to 50 000 yen below domestic producer prices), although an earlier request for anti-dumping action, in September 1978, failed.

Ferrochrome imports into Japan have risen from 46 900 t in 1975-76 to 138 000 t in 1978-79, with plans to import 130 000 t in April to September 1979, equivalent to an annual rate of 260 000 t. Kobe Steel intends to take 20%-30% of its ferrochrome needs from SA this year.

Samancor's MD Piet Streicher says SA's ferrochrome exports have obvious factors going for them, starting with access to local ore. Cheap electric power and large-capacity, computer-controlled furnaces of modern design capable of smelting up to 70 000 to 80 000 t pa, complete the mix. SA producers have pioneered large furnaces and developed their own know-how to run them, so achieving the same sort of advantage over Japan's older and smaller furnaces as Japan's steel producers have developed over the US. SA's most important innovation is pretreatment of ore fines, which are briquetted by Middelburg and Samancor and pelletised and pre-reduced by CMI, the JCI subsidiary. This is actually a Japanese process developed by Showa Denko.

Last October a Japanese government advisory body recommended that domestic ferrochrome production be held at 400 000 tpa, which would require the scrapping of over a third of current 635 000 t capacity. The Japanese smelting capacity is still highly fragmented. Of the 27 electric furnaces producing high-carbon material, only eight had more than 30 000 tpa capacity. A number of Japanese producers have already announced cutbacks or closures.

Some government officials argue that national security requires the continuance of a strong Japanese ferrochrome industry, but this argument faces the contrary interest of Japanese steelmakers and Japan's national vested interest in free trade.

Japan also imports substantial quantities of chrome ore from SA, but obeys UN sanctions on Rhodesian chrome ore, and distinguishes the two sources through a ban on import of ore from SA with an iron-chrome ratio of more than 1 to 2,1. Now the Japanese government has made a special exception for ore from Samancor's Grasvally mine, which exceeds this cut-off ratio.

XV CERTAIN CAUSES OF PERINATAL MORBIDITY AND MORTALITY

	W M	W F	A M	A F	C M	C F	B M	B F
0-1	12,46	9,07	16,92	11,55	29,22	24,78	23,16	22,23
1-4	0,02	0,02	0,02	0,02	0,02	0,04	0,04	0,00
5-24	-	-	-	-	-	-	-	-
25-44	-	-	-	-	-	-	-	-
45-65	-	-	-	-	-	-	-	-
65+	-	-	-	-	-	-	-	-
ALL	0,25	0,17	0,48	0,32	0,83	0,67	0,55	0,67
NO.	519	359	170	113	942	785	1143	1075

X

				F	C M	C F	B M	B F
0-1				10	0,25	0,10	0,04	0,06
1-4				00	0,12	0,14	0,02	0,04
5-24			[illegible]	0,04	0,02	0,04	0,03	0,02
25-44	0,02	0,05	0,06	0,09	0,17	0,13	0,06	0,08
45-64	0,23	0,19	0,44	0,37	0,36	0,36	0,34	0,25
65+	1,25	1,09	1,07	1,83	1,57	1,10	0,73	0,56
ALL	0,13	0,15	0,11	0,12	0,15	0,14	0,10	0,08
NO.	276	303	38	42	169	165	203	130

II

	W M	W F	A M	A F	C M	C F	B M	B F
0-1	0,17	0,13	0,00	0,21	0,06	0,16	0,04	0,06
1-4	0,03	0,07	0,07	0,00	0,07	0,05	0,03	0,04
5-24	0,09	0,05	0,07	0,05	0,06	0,04	0,05	0,
25-44								
45-64								
65+								
ALL								
NO.								

III

0-1	0,09	0,05	0,06	0,21	2,27	1,68	2,31	1,96
1-4	0,03	0,01	0,00	0,05	1,27	1,08	1,02	1,29
5-24	0,01	0,01	0,01	0,01	0,01	0,01	0,02	0,02
25-44	0,02	0,02	0,08	0,08	0,08	0,05	0,06	0,07
45-64	0,09	0,12	0,39	0,88	0,28	0,42	0,24	0,61
65+	0,39	0,59	1,61	2,59	0,81	1,28	1,04	1,44
ALL	0,05	0,08	0,12	0,18	0,28	0,26	0,22	0,33
No.	114	173	43	63	316	307	455	530

CUSTOMS DUTY

FM 31/8/78 74

Acting on agents

Amendments to the Customs and Excise Act gazetted last month are bothering freight forwarding agents.

In terms of section 99 agents were previously liable only for any customs duty penalties incurred in a foreign trade deal. Now they are liable "for the fulfilment of all obligations, including the payment of duty and charges levied on their principal".

The SA Shipping and Forwarding Association is currently preparing a submission to government protesting at the tightening up of the section. But they seem unlikely to get very far.

During the second reading of the bill in Parliament this year, Deputy Minister of Finance P T C du Plessis explained that objections to the clause had been overridden. The Act gives the agent the rights of the importer, he argued, but in terms of the amendment, the agent will no longer be able "to decide on an arbitrary basis which of the liabilities of the importer he wants to meet". The deputy minister also argued that, since the agent provides an expert service, he should not be allowed to "shirk his responsibilities".

A spokesman for a large freight forwarding company reckons the clause is designed to enable the Department of Customs and Excise to "get its money quickly in the event of hassles". The agent will then have to recover payments he has made from his customers.

One forwarding agent describes the amendment as "crazy", but agents say they are unaware of any action taken under the new rules so far.

While government may seldom invoke the new clause, agents are nonetheless concerned. For instance, agents could be forced to make payments for customers in liquidation. And they may become embroiled in expensive litigation with customers from whom they try to recoup their payments to customs collectors.

TABLE I

MORTALITY RATES FOR THE 17 MAJOR DIVISIONS OF THE ICD (8th REVISION)

(Note: There ... isions V, XI, XII, XIII ... ch of these categories).

DISEASES

					C M	C F	B M	B F
					55	51,04	29,36	27,05
					27	7,48	3,56	3,42
					21	0,21	0,20	0,22
	0,06	0,03	0,17	0,20	1,14	0,78	0,36	0,45
45-64	0,25	0,13	0,75	0,45	3,30	1,37	2,15	1,27
65+	1,04	0,72	1,61	1,98	5,48	2,78	5,45	2,93
ALL	0,19	0,15	0,56	0,45	3,33	2,69	1,66	1,61
NO.	399	315	198	159	3792	3146	3472	2593

TABLE I

MORTALITY RATES FOR THE 17 MAJOR DIVISIONS OF THE ICD (8th REVISION)

(Note: There are no tables for divisions V, XI, XII, XIII because of the small numbers in each of these categories).

I INFECTIVE AND PARASITIC DISEASES

A		C		B	
M	F	M	F	M	F
9,81	6,60	55,55	51,04	29,36	27,05
0,76	0,79	8,27	7,48	3,55	3,42
0,07	0,08	0,21	0,21	0,20	0,22
0,17	0,20	1,14	0,78	0,36	0,45
0,75	0,45	3,30	1,37	2,15	1,27
1,61	1,98	5,48	2,78	5,45	2,93
0,56	0,45	3,33	2,69	1,66	1,61
198	159	3792	3146	3472	2593

II NEOPLASMS

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,17	0,13	0,00	0,21	0,06	0,16	0,04	0,06
1-4	0,03	0,07	0,07	0,00	0,07	0,05	0,03	0,04
5-24	0,09	0,05	0,07	0,05	0,06	0,04	0,05	0,04
25-44	0,26	0,33	0,21	0,26	0,54	0,56	0,34	0,36
45-64	3,01	2,58	1,47	2,19	5,10	2,68	2,32	1,91
65								
AL								
NO								

III

0-1								
1-4								
5-24	0,01	0,01	0,01	0,01	0,01	0,01	0,02	[illegible]
25-44	0,02	0,02	0,08	0,08	0,08	0,05	0,06	0,07
45-64	0,09	0,12	0,39	0,88	0,28	0,42	0,24	0,61
65+	0,39	0,59	1,61	2,59	0,81	1,28	1,04	1,44
ALL	0,05	0,08	0,12	0,18	0,28	0,26	0,22	0,33
No.	114	173	43	63	316	307	455	530

CUSTOMS UNION 74

FM 31/8/79

Stop the smugglers

A growing number of SA businessmen are perturbed about competition from cheap imports which are purported to come from Botswana, Lesotho and Swaziland, but which in fact originate further afield in countries such as Rhodesia, Mozambique and even Taiwan.

In terms of the customs union agreement, no duties are levied on goods crossing the border from the BLS states to SA, nor are any records kept of these imports. But items coming in duty-free are supposed to have been substantially manufactured in the BLS countries.

This system is being increasingly abused, say local manufacturers. Imports of, for instance, plastic buckets, cement, CKD furniture, knitted clothing and especially textiles from one or more of our neighbours are now much higher, they allege, than total manufacturing capacity in the country concerned.

"We've found Rhodesian tags on some of the stuff supposed to come from Botswana," says a textile man. Another points to "Swazi-made" jerseys which, besides the stitching and packaging, are 100% Made in Taiwan.

Getting the goods from, say, Rhodesia or Mozambique into a BLS country without paying duty is apparently no problem. There is a free-trade pact between Rhodesia and Botswana, and many border crossings are poorly policed. "Some of it is not far removed from smuggling," claims one industrialist.

Organised industry has been trying for several years to persuade Pretoria to discuss the problem with the BLS governments. Specifically, it has asked for the cost of raising the necessary funds has to be taken into account. The funds themselves are already justified by comparison with the alternative methods of provision, but there are additional costs involved in raising them: interest on loans, or administrative and incentive costs of raising taxation. These are normally insignificant for any given project, but may affect the overall amounts available for the health budget.

Where the methods of providing a given service use the same kinds of resources in different proportions, the decision-making can be simplified by means of Linear Programming, though health service choices cannot usually be presented in the simplified way required by this method.

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Financial statistics are not traditionally arranged on this basis but in categories such ... ', 'medicines', etc. A separation ... nt disease groups or age groups can...

The ... es is an art. Pole, an economist ... ites:

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SA-IRAN TRADE

rug 1/9/79

Something's stirring

Iran is in chaos, but several SA exporters are still doing business there. Timber poles and steel are among the SA-made items finding their way in, and the list is growing.

"Business can still be done, although one must disguise the source of origin completely," says Breyer Development MD John Bell, just back from Teheran. Adds another well-known trader: "We've got a man there, and he is being kept quite busy." Several other exporters confirm that they have had inquiries from Iranian buyers, especially of food products and building materials.

Most SA goods bound for Iran are either sent overland via Europe or transhipped in the Arabian Gulf ports of Kuwait and Dubai. At least one shipping line, however, is hoping to start a regular service to Iran from southern Africa soon.

Proof that SA-Iran ties have not been completely severed is the maintenance of an unofficial SA consulate in Teheran. The acting consul-general is John Sunde. Department of Foreign Affairs officials reckon that if this diplomatic contact can be continued until the end of this year, it is likely to be maintained for a considerable time therefter.

Meanwhile, the Credit Guarantee Insurance Corp reports that it has paid out very little so far to exporters who have suffered losses in Iran. "It takes a while to finalise claims, and there are some in the pipeline," says assistant GM Jim Easterbrook.

Programme ... sorting out fr... ... made on the basis c... economic, together with medical-technical criteria, and those in which the role of the public through political

(74) 9/9/79

US rebellion against foreign stake grows

By M SRODES

A GROWING concern among some US legislators and among an increasingly chauvinistic American public, is the amount of foreign investment in the US economy.

The popular notion that "foreigners" — particularly Arabs — are buying up the country has been fuelled by a number of TV programmes and newspaper articles that have concentrated on the increasing interest in investment here, and on the amount of US farmland under foreign ownership.

State legislatures are getting involved in the concern over foreign investment in US farmland.

The governments of Oklahoma, California, Texas and Maine are all considering legislation that would impose restrictions on foreign buying of land within their jurisdictions.

South Dakota recently passed a Bill limiting the foreign purchase of land to 160 acres.

Perhaps the most evident example of America's concern over what is, numerically, a fairly insignificant issue, comes from the rural state of Iowa.

In June the legislature there banned all new sales of land to non-resident foreigners.

The vote came after a two-year study revealing that foreigners owned only 15 000 acres of the state's 36-million acres of arable land.

In the wake of what is seen as a lessening of America's role as a world power since Vietnam, taken with a popular resentment towards dependence on foreign oil, US public opinion is beginning to be heard in Government circles — resulting in a number of official reports and proposed regulations that may affect the foreign investor.

These include:

- A widely-supported Bill introduced into both houses of Congress that would oblige foreign investors to pay capital gains tax if they sold US farmland.
- A Bill before the US Senate that would regulate the acquisition of farmland by foreign investors by making it a requirement that such investors first get a permit from the US Secretary of Agriculture.
- A report for Congress by the US controller general entitled "Foreign ownership of US farmland — much concern, little data."
- A report on the effect of Opec investment on the US economy, prepared by the US Treasury at the request of Congress.
- A report on the impact of foreign direct investment on US cities and regions by the US Department of Housing and Urban Development.
- A foreign portfolio investment survey, presently being prepared by a special office set up within the US Treasury.
- A Bill before the Senate that would discourage portfolio investment in the US by making foreign investors liable for various capital gains taxes (this Bill is considered unlikely to pass.)
- A number of Bills before Congress requiring more strenuous monitoring of foreign investment in all areas.

In fact, although there has been growing foreign investment in the US over the past few years in many areas, it has not been great enough to be termed a "flood tide", as one recent article named it.

Mid-year figures show foreign investors bought into 118 American firms in the first two quarters of this year. This compares to 95 transactions for the same period last year and 79 for the first half of 1977.

Although the actual amount of money invested directly in US industry from abroad has risen over the years, the rate of investment has maintained an almost constant increase of 10 to 11% over the previous year.

In 1977, for example, the amount invested was $1,8-billion up on that invested in 1976. The 1976 figure was $2,7-billion up on 1975.

In other words, although foreign investment has been growing, there seems no statistical reason why the Americans should have become so suddenly concerned.

Of all the areas of foreign investment, the one striking the most emotional chord is foreign buying of US farmland.

A report by the US Library of Congress bemoans the lack of hard data in this area.

But it comments that the trend reported to the public stems mainly from certain large acquisitions — for ex[...] acre cattle ranch in Louisiana by Italians; a Ger[...] 1 013 acres of Iowa farmland and a 5 200-acre [...] sold to a European holding company.

The report suggests, however, that the de[...] ownership of US farmland may have been exagg[...] purchases.

Taking certain counties in five agricultural s[...]ples, the US general accounting office found tha[...] Georgia, Kansas, Missouri and Oklahoma, onl[...] acreage was foreign owned.

Foreign buyers in US/Acquisit[...]

Purchaser	1977	1978
UK	39	62
Canada	45	49
West Germany	18	27
Switzerland	3	11
France	7	6

NB An acquisition is considered the purchase of 10% or more of [...]

Most active foreign sellers [...]

Seller	1978
UK	29
Canada	23
West Germany	7
France	
Spain	

Source W T Grimm & Co

Foreign direct investment i[...]

	1974	1975
Billions of dollars	25,1	27,7
Annual percent inc	21,8%	10,4%

Source US Library of Congress Report

Israeli-SA trade on the increase

Std 14/9/79

74

Own Correspondent

JERUSALEM — Trade between Israel and South Africa is still on the increase.

Five cargo vessels will be unloading here during September alone and there are now nine ships on the Durban-Eilat run compared with only four vessels just three years ago.

During the first five months of this year South Africa's exports to Israel jumped by 85 percent to a cif total of R48m, up from R26m in the same period last year.

The overall 1978 exports to Israel were R68m and officials expect the 1979 total to exceed R85m.

CATCHING

Although South African steel still remains the main item imported by the Israelis, paper and timber products are catching up. Chemicals and machinery are also making a dent on the Israeli import list.

It's not only in the raw and semi-finished products that the South Africans are competing. Two major South African companies, E L Bateman and Roberts Construction, have recently submitted tenders for a number of projects including the expansion of Israel's phosphate production and the planned coal offloading pier near the Israeli Hadera power station now under construction.

These projects will cost more than R85m.

Financial sources say in addition to the regular bilateral trade, the Israelis are also buying "substantial quantities" of Krugerrands. With the recently introduced financial reform, Israelis can now hold 3 000 dollars in coins at home and hold even more in their banks.

Israelis buy the Krugerrands via the European bullion markets but there are unconfirmed reports that leading Israeli banks are negotiating with the SA Chamber of Mines for direct distributorships.

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Financial statistics are not traditionally arranged on this basis but in categories such as 'salaries', 'transport', 'medicines', etc. A separation, e.g. between expenditure on different disease groups or age groups cannot be made.

The grouping of expenditure into programmes is an art. Pole, an economist in the U.K. Department of Health, writes:

> "Programme structure should, in my view, be mainly determined by the decisions to the taking of which one wishes it to contribute... One might suggest that where decisions are primarily of political or moral judgement - of determining basic ... activities to be compared to ...capped against ...estion of ...g therapy ...ivities to ...This distinc...der vintage - ...hrough that ...s, which attempts ...mposition of the ...sources from ...is, in a broad ...; the latter is ... hard and fast ...rs of values or ...int of view, the ...spital or in the question whe... community is a technical ... cheaper way to fulfil whatever are the society's requirements for the treatment of this group? But community care originally became fashionable as a good thing in itself. The practitioners are very apt to muddle the medical and economic arguments when it suits them, and the politicians and administrators equally so when it suits them, but the economist's concern is to keep them separate". 9

FOREIGN BORROWING FM 1/2/75

A jumbo loan?

(74)

London merchant bankers are abuzz this week with rumours that the SA government is about to tie up a multi-million Eurodollar loan. According to City reports, the government is in the market looking for $500m plus, and the loan will be privately placed by a syndicate of German, Swiss, French and UK banks. The average life of the loan is said to be four-and-a-half years, with a 1% spread over Libor.

However, a senior Treasury man tells the *FM* "this is the first I've heard of it," adding that the government has "a number of offers coming its way these days." Since the government currently commands a "strong position" in the Eurodollar market, he continues, "we are able to pick and choose.

"I will await with interest anything that might arise from this London suggestion."

Programme budgeting, then, entails the attempt at this separation, sorting out from the multiplicity of decisions those which can be made on the basis of administrative or economic, together with medical-technical criteria, and those in which the role of the public through political

EXPORT INCENTIVES

The long wait

Government has had the Reynders report on export incentives for almost eight months. Not a word has been heard about it.

A senior government official says that the Department of Finance is still waiting for a cost-benefit analysis by Pretoria University on the Reynders proposals.

Especially worrying to exporters is government's apparent reluctance to cough up the cash to help them. In the March budget, Finance Minister Horwood announced an increase in the export promotion budget from R92m to R120m.

But exporters are not impressed. David Lewis, vice-chairman of the Private Sector Export Advisory Committee, argued last month at Safto's export incentives seminar that this is not enough. And at the time of the budget, Safto's chief executive Wim Holtes asserted that the extra allocation would be largely offset by the loss to exporters of cheap forward exchange cover.

Lewis reckons that Pretoria is not giving sufficient priority to export perks — "I can't see more money going to export promotion." At the seminar Gerhard Croeser, deputy secretary of Finance, confirmed that more cash is unlikely. Holtes avers that "government is looking too much at the expense side and not enough at the spin-offs."

The new proposals are not likely to see the light of day for at least another year. In fact, Lewis cannot see them coming before Parliament before the 1982/3 budget. The competent body the report recommends to examine the practicality and implementation of the new proposals has not yet been set up. And, according to Hennie Reynders, this committee would need a year to complete its task. Another six months can be added to allow for consultations with the private sector.

Holtes says he is "much happier with the new approach" to export perks. He argues that the Van Huyssteen group, which discussed incentives in 1977, "made the mistake of making them discretionary and temporary."

Lewis, however, is less enthusiastic. The emphasis is almost entirely on manufactured exports, he argues. Trading houses, which account for 25% of total exports, excluding gold and diamonds, "have most certainly been overlooked." So have the insurance industry, tour operators, hotels, project developers and exporters of capital goods.

Government met with the PSEAC to discuss the reinstatement of the export packaging allowance. This was withdrawn without consulting the committee two years ago, apparently because of abuse. However, the PSEAC later found out that the real reason was administrative hassles. Government has saved about R90m since this allowance was dropped, and has not yet decided whether to reintroduce it. But Lewis says that Pretoria is giving exporters a sympathetic hearing.

X

The state of our exports

21/9

A message from Dr P J Kieser, general manager of Safto:

Dr P J Kieser of Safto.

Over the last 18 months South Africa's balance of trade has changed dramatically and a very healthy balance of payments situation has developed.

A closer look at the export figures will, however, immediately show that there should be no complacency or even a feeling of satisfaction other than that we are paying our way on our international trade accounts.

Our export income still comes largely from gold, diamonds, coal, iron ore and other minerals while exports from South African manufactured goods are still not playing the important role which they should. The "Made in South Africa" label is not yet really pulling its weight and manufacturers as a whole are actually letting the side down.

A large number of manufacturers have, however, proved that manufactured goods are, in general, competitive overseas and can be marketed successfully. South African pots and pans and motorcar exhaust systems are sold in the US, men's high quality fashionwear in London, electronic components, denim and pianos to Germany. In many instances South African manufacturers have some natural advantages over their foreign counterparts and if, under these circumstances, it is possible for foreigners to sell their goods here it ought to be possible for South African manufacturers to sell abroad.

In certain areas there has been a shift away from the traditional trading pattern and raw materials are now being beneficiated; for example ferro-chrome-alloys but this is still a small shift instead of the much needed swing towards exporting manufactured goods.

It is obvious to all that our greatest problem lies in the provision of jobs to thousands of new job seekers; it ought vious that the of manufactu rather th materials best possib to create ne

R150-m is this year's target for South African trade with Taiwan

74
SUNDAY EXPRESS
23/9/79

By VERA BELJAKOVA

TINY Taiwan, the island state known as the Republic of China, is merrily increasing its trade, especially with South Africa.

Two-way trade between the two countries stood at R120-million last year and, says Dr Pin-Kung Chiang, Taiwan's economic counsellor: "We expect 1979 will top R150-million.

"Last year we increased mutual trade from R85-million in 1977. In 1971 it was R9-million and 1975 it was R70-million."

This is indeed a vast increase over the last five years during which period closer economic and political ties were established between Taiwan and South Africa.

SA exported material worth R58-million to Taiwan in 1977 and R85-million last year, a 47% increase, and bought imports worth R25-million in 1977 and R36-million in 1978, an increase on 41%.

Partially to promote the thriving two-way trade, Taiwan increased its politic stakes in SA by opening an embassy in 1976. Prior to this a Consul-General saw to the import-exports until 1974 when Taiwan's first economic counsellor arrived.

"We need South Africa's raw materials such as iron ore, coal, asbestos and manganese. We are also dependent on agricultural products, such as maize. Our technology is highly developed but we lack raw resources for which we are dependent on SA.

"On the other hand, SA needs our technology, capital goods, particularly machine tools, electronic products and spare parts for assembly in SA.

"In this way our two countries complement each other rather than compete."

SA trade figures for 1978 for Taiwan were:

- Maize and other vegetables products: R52-million (61% of SA total export to Taiwan).
- Raw base metals: R21-million or 25% of SA total export to Taiwan.
- Mineral products: R5-million or 6% of SA total export to Taiwan.

Taiwan sold to SA in 1978:

- Machinery and electronic appliances for R9-million; textiles for R7-million, footwear for R6,5-million and reprocessed base metals for R2,4-million.

This constitues 25%, 20%, 18% and 7% respectively of Taiwan's total export to SA. Much of SA raw materials are processed in Taiwan from where it is re-exported around the world.

Taiwan's soaring trade figures with SA are explained by Dr Chiang: "We work very hard, we offer highly sophisticated goods at very economic prices.

"We are an industrious nation, proud of hard work — and hence our prices are right for the international market.

"Neither communist China's entry into the UN nor our diplomatic break last year with the USA has hampered our trade internationally.

"The US may not recognise us as a Republic, but they buy our goods."

This is borne out by Taiwan's international statistics. Exports stood at $12-billion and imports at $11-billion for 1978. Combined trade figure for 1979 is expected to be $30-billion — which is double the figure for 1976.

East is going West. . .

74 SUNDAY EXPRESS 23/9/79

AND now for the other China, the People's Republic on the communist mainland. They, too, are trading with South Africa, but due to ideological dangers prefer to keep a low profile.

Since their alienation with Russia, Red China has been shopping for new trading partners — especially in the light of their proposed Economic Miracle which is planned to surge ahead up to 1985.

Though the Reds do not trade directly with Pretoria, South Africa is China's second largest African market for indirect exports — next to Nigeria which took R11-million worth of exports last year.

Goods are channelled through Hong Kong and a myriad of middlemen teeming in the Eastern ports.

SA imported R4,8-million of Red goodies in 1978 compared with R4-million in 1977.

Now the Reds are eyeing the Oppenheimer diamonds. Recently they sent a 15-man delegation to Hong Kong's industrial diamond seminar, which triggered speculation that Peking is after glitter-rocks.

Not so much for decorating their Mao-suited women, as for industrial purposes. China stresses that it is interested in industrial diamonds as it has now launched its mammoth modernisation campaign.

"The use of industrial diamond tooling in most modern industries is often regarded as a key index to a country's industrial growth and technological sophistication," said a spokesman for the seminar, which was assisted by the De Beers Industrial Diamond Division.

Russia was first to point at Red China for fraternising with wicked SA. Moscow claims China buys its cotton, wool, copper, gold and diamonds from SA, and chrome and graphite from Rhodesia.

SA trade surplus is up to R1 425m

74 STAR 24/9/79

South Africa had a favourable trade balance of R1 425m in the first eight months of this year compared with R490,6m in the corresponding period last year.

This estimate is given in the preliminary statement of trade statistics released by the Department of Customs and Excise.

Imports from January to August 1979 totalled R4 632,4m compared with R4 072,3m in the corresponding period last year, while exports totalled R6 057,4m (R4 562,9m).

Figures relating to the physical movement of gold bullion, oil imports and imports of defence equipment are not included in the trade statistics.

AFRICA

Imports from Africa dropped from R164,4m to R157,9m while exports to African countries increased from R343,2m to R458,8m.

Imports from Europe increased from R2 436,6m to R2 760,4m and exports from R2 374,2m to R3 236,2m.

Imports from America increased from R730,3m to R926,0m and exports from R919,9m to R1 191,1m.

Imports from Asia increased from R684,5m to R736,9m and exports from R858,2m to R1 090,2m. — Sapa.

PURCHASING OFFICE

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second hand typewriter.

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FM 28/9/79

74

SA-FRANCE TRADE

Changing patterns

Last week a group of French dockers at Le Havre occupied the vessel *Pontchateau*. This was in protest against imports of coal in general, and South African coal in particular. The 267-metre bulk cargo ship carried 121 000 t of coal from Richards Bay. A trade union leader declared that it was a shame that the French government was closing pits all over the country, while more and more coal was being imported each year.

To some extent this is true. France, for the first time in history, last year imported more coal (23,8 Mt) than was extracted locally.

However, imports of SA coal, after having climbed from 5 Mt in 1977 to 7 Mt last year, have now levelled off; and, according to the French Importers' Association, it is planned that they should decline sharply after 1982. Official trade statistics for the first seven months of this year indicate that imports have actually come down slightly from 4,3 Mt in January-July of 1978 to 4,1 Mt.

However, perusal of the statistics produces some startling results. French-SA trade is booming this year in favour of SA, and could well reach 1 billion French francs. In 1976 the balance went in SA's favour for the first time, by 32,7m francs. It then increased to 658,5m francs last year, and at the end of the first seven months of 1979 already stood at 747,4m francs, a 77,9% improvement on last year's results over the same period.

After running ninth in 1970 in the French list of African suppliers, SA climbed to second place last year, and is at present in third place with 2 146m francs (to July).

As far as the French list of African clients is concerned, SA has dropped from third place in 1970 to sixth last year. The results for the first seven months of the present year show that the SA market is proving increasingly tough for French exporters, who have succeeded in selling only 1 399m francs worth of goods so far, a decline of 8,1% on last year's corresponding figures.

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(74) (3)fruit FM 5/10/79

FRUIT EXPORTS

Till the pips squeak

Dire warnings of a slump in the R200m-a-year apple industry take some swallowing as producers head for what looks like their best-ever crop. Growers are, however, far from jubilant despite the prospect of topping last-year's 9,5m export cartons by 10%. As shipping rates rise, the farmers get less from a mainly European market where an oversupply of local apples is already depressing international prices.

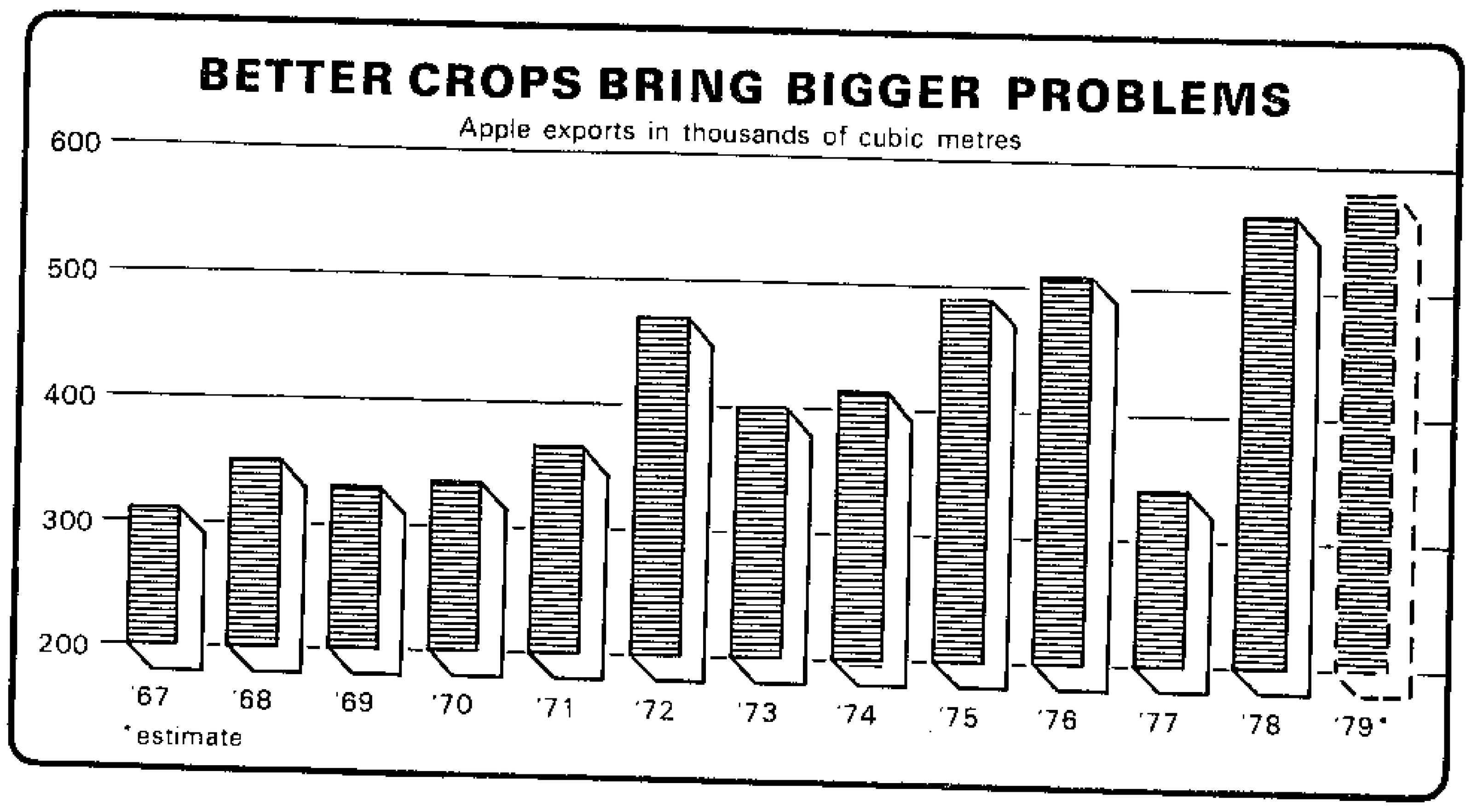
"If freight rates can't be controlled, there'll be no apples to export. By 1982 we'll be selling at a loss," says Apple Producers of Elgin Co-op chairman Guy Bradley.

"A R3 carton of apples already costs another R7,61 to get to market. The country is going to lose R100m a year in foreign exchange because shipping costs will kill us," says Apec general manager Robin McGregor.

After a 200-strong meeting at Grabouw recently, Deciduous Fruit Board (DFB) top officials should have the message — if they didn't know before. There is something going radically wrong if each year an industry expands production from which it earns progressively less.

In these circumstances, there is growing frustration among growers over having to hand over the foreign marketing of their produce to a quasi-government department.

Bradley . . . selling at a loss by 1982?



News that another SA-Europe freight rate rise of around 15% is on the cards (*FM* last week) only compounds their fears that local apples could lose substantial ground in traditional markets, notably the UK, to Australian and New Zealand suppliers while rapidly emerging Argentinian and Chilean growers clamour for a toe hold.

The trend is certainly ominous. Annual export of apples has, with odd exceptions, been steadily upwards *(see graph)* from 300 000 m^3 in 1967 to last year's record 560 000 m^3. Provisional estimates for this year's total exports indicate that even this will be topped by another 20 000 m^3. Each m^3 contains 350 kg.

With recent production costs being restrained, from an average R3,10 a carton in 1977 to R3,75 this year, growers should be optimistic. Instead, they find themselves fighting on two fronts. At home the cost of getting each 18-kg carton of apples to the market, including *inter alia* land transport, cooling, storage and inspection, has gone in two years from R5,65 to R7,61. In the same period the sea freight component of this total on the same carton has risen from R2,70 to R3,90.

To make matters worse, foreign buyers are paying *less*, down from R12,50 last year to R12 this year.

"The return on each carton is already marginal. Out of the R4,40 present return must be deducted R3,75 production costs. We just can't afford to pay more for freight with the European price dropping at the same time," says Bradley.

DFB chairman Alex van Niekerk confirms that producers are having a thin time. "We followed the European season when consumer resistance had already built up. With much slower buying we came in to the market also with poor-specification fruit and the price went down about 12%," he says.

Van Niekerk sees the key to the long-term lifting of apple exports as the elimination of poor specification (wrong type rather than bad fruit) shipments. A new five-year corporate marketing plan will project "what the various international markets want and the expected prices" so that growers will know which fruit to supply.

This throws the onus back on local growers to deliver the goods. But there is not much farmers can do about shipping rates. Van Niekerk promises that further attempts will be made to secure the best freight deals possible but declines to commit himself on keeping them at what seems to be the critical benchmark (though the DFB works in m^3) of R4 a carton for the sea leg.

Both the DFB and growers are, however, in the same boat when it comes to keeping up export volume at almost any price. About 50% of the SA annual crop goes overseas and there is no possibilty of the local market absorbing surpluses caused by export cutbacks.

McGregor points out that for every 12 cartons of *fresh* high-grade apples sold overseas the local market takes only two cartons with the residue, mainly lower-grade, going to processors of fruit drinks.

Circumstances appear to be forcing both DFB and growers closer together in a co-ordinated revamping operation to get the most appropriate apples from the orchard to foreign buyers as expeditiously and cheaply as possible. Both, as well as the country as a whole, have much to lose if their efforts do not fructify.

(74) 5/10/79

TABLE II

	WHIT
	Male
Rheumatic Heart Diseases (390-398)	115 1.2%
Hypertensive Diseases (400-404)	212 2.2%
Ischaemic Heart Diseases (410-414)	5737 58.8%
Cerebrovascular Diseases (430-438)	1587 16.3%
Total Circulatory Diseases (390-458)	9752 100%

Motor Vehicle Accide	287 42.4%	122 36.6%	28 26.9%	572 26.3%
Suicide (E950-E959,	104 15.4%	42 12.6%	13 12.5%	84 3.9%
Homicide (E960-E969	41 6.1%	41 12.3%	2 1.9%	680 31.3%
Total Accidents, Po (E800-E999)	677 100%	333 100%	104 100%	2175 100%

* E979 "Suicide ... motor vehicle exhaust gas" is a c
Africa which ... vision). See Ref. 13.

FOREIGN EXCHANGE (74)

More adjustments

FM 5/10/79

The announcement last week that the Reserve Bank is continuing its liberalisation of exchange rate management has introduced an element of uncertainty into the market that promises to make forex dealing more profitable for the banks, according to a forex dealer with a medium sized bank.

Others are not so sure. Says a dealer with one of the big three: "As far as we are concerned there has been no real change at all, there has merely been a reconformation of existing practice.".

The Reserve Bank is now quoting indication rates only, as opposed to its previous practice of quoting a fixed rate which was good for any size of transaction. The indication quote is only used for limited transactions and dealers changing larger amounts of money must phone Church Square for a rate.

The Reserve Bank has also begun sounding out the market to determine its own dealing policy. But so far, Church Square has not been active in the market.

Since the managed float policy was adopted (it has not yet been implemented), forex dealers have been cutting profit margins to the bone, to the extent where they were making only one or two pips on a deal. With transactions in many millions this would lead to reasonable profit levels, but the relatively small size of local transactions means that profit levels are, at best, meagre.

But the new Reserve Bank move necessitates some caution by dealers. With monitor rates reflecting only the last Church Square deal, dealers are forced to quote rates to customers without being quite so sure of the rate they will get from the Reserve Bank. Hence, claims one dealer, banks will have to quote wider margins to allow for variations on the last quoted deal, which in turn will lead to greater profitability.

The dealers' meeting called by Reserve Bank deputy-governor Dr Chris Stals last week was in the nature of a report-back meeting, market sources say. Discussions were generally on technicalities. Stals told dealers there would be a continued gradual implementation of the De Kock Commission's recommendations. In addition, Stals reported that Treasury is taking a close look at the present forward cover margin, and that it is being treated as a domestic financial matter.

Nearer the trend

The only significant change in the Reserve Bank's policy recently, according to a dealer with a smaller bank, is that it is now more inclined to set rates that "follow the market trend", whereas rates were previously set in a somewhat arbitrary fashion.

There does also seem to be more flexibility. For instance, last Friday Church Square adjusted upward the dollar/rand spot rate three times, and this pattern has continued since then, dealers report. But still the rand has only appreciated by 5% against the dollar since January 25.

In the past couple of weeks the forex market has been flooded with dollars and the rand/dollar rate firmed this week to 1.2105, up from 1.206 a week ago, as exporters (notably the Chamber of Mines) have sold dollars in anticipation of a further strengthening of the rand. Importers, meanwhile, have been reluctant to buy dollars forward for the same reason. The market has "basically been one-way" says one dealer, with the high gold price, and a weakening dollar all contributing to expectations of further upward adjustments in the rand/dollar rate.

Nevertheless, on balance, the foreign exchange market this week did appear to have moved a step closer to the implementation of a "managed float" as envisaged by the De Kock Commission.

NERALLY ACCEPTED ACCOUNTING PRACTICE

APPLIED EXAMPLES

X

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Mauritius claims SA has cut off her tea imports

14

S Times 7/10/79

Sunday Times Special Correspondent
Port Louis

MAURITIANS claim that South Africa has all but destroyed the island's tea industry by cutting off tea imports.

They believe it is for political reasons: That the South African Government has been angered by the anti-apartheid speeches of their representative at the United Nations, Mr Radeh Ramphal.

For six years South Africa imported the bulk of the Mauritian tea production of some 5 000 tons. Now no more Mauritian tea is going to South Africa.

A Mauritian mission will visit South Africa soon to try and sort out the problem which is vital to the island's languishing tea industry.

Instead of getting a good price from South Africa, Mauritius is having to sell its tea on the world market at considerable losses.

"Our exports to the London market do not cover the cost of production," an agricultural ministry official told me in Mauritius this week.

Most of the tea is grown by a government co-operative tea authority comprising some 1 500 smallholders.

An official close to the industry said: "At the end of the production season of 1978-9 it is very difficult even to forecast the future of the industry, let alone its level of productivity."

Cheaper

South Africa is the second biggest supplier of goods to Mauritius and the second biggest supplier of tourists.

Mauritius buys South African goods — and the variety is enormous — because they are not only good but cheaper because of the low freight rates compared with those from Europe.

A senior executive of a major tea importer told the Sunday Times that discussions were taking place between the South African and Mauritian governments on the question of tea imports.

He agreed that on a previous occasion — in 1973 — South Africa had officially stopped imports of Mauritian tea in reprisal for efforts by the Mauritian UN delegate to stop the then South African Foreign Minister, Dr Hilgard Muller, from addressing the United Nations General Assembly.

On that occasion the Mauritian Government gave an official explanation to South Africa that came closer to being an apology for their delegate's actions.

Tea imports from Mauritius were then resumed.

The executive could not comment on whether political motives played a part in the present non-buying of tea from Mauritius. He pointed out, however, that economic factors certainly did play a part.

Tea from other suppliers, notably Rhodesia and Sri Lanka, was of high quality and was particularly well priced, he said. In addition, South Africa's own tea production had increased in recent years.

The Minister of Foreign Affairs, Mr Pik Botha, was not available for comment.

STUFFED CABBAGE SALAD — May Bennett, Ridgeworth

1 fresh green medium size cabbage
onions
carrots
tomatoes
fresh pineapple
radishes

Cut the centre from the cabbage, leaving the outer leaves to form a bowl. Wash well. Chop onion. Peel and cube the carrots and pineapple. Cube tomatoes. Thinly slice some of the inner leaves of the cabbage leaving the stalks. Place the carrots, pineapple, tomatoes, sliced cabbage and the finely chopped onion in a bowl adding any juice from the tomatoes, pineapple and add salt and black pepper to taste. Toss well, then pile the salad into the cabbage "bowl". Garnish with radish roses and a small bowl of mayonnaise for those who like it. To make the radish roses, cut across the tops in a double cross, then put them in iced water until the radishes open up.

---oOo---

GERMAN POTATO SALAD — Ethne Beard, Port Elizabeth

boiled potatoes
cooked bacon
mayonnaise
chopped onion
salt and pepper

Cube the potatoes while still hot. Chop up the bacon, mix with the potatoes, onion and mayonnaise. Season with a little salt and pepper. Use hot or cold.

---oOo---

EGG SALAD — May Bennett, Ridgeworth

hard boiled eggs
salanaise
salt and pepper
paprika and parsley

Cut eggs in half and lay on a flat salad platter; cut side down. Pour over salanaise.

---oOo---

CHICKEN AND CUCUMBER SALAD — S. Drury, East London

1 cup cooked chicken, diced
4 T finely chopped walnuts
French dressing/mayonnaise
lettuce
1 cup cucumber, peeled and diced
1 cup cooked green peas

Marinade chicken, cucumber, nuts and peas with French dressing. Serve on lettuce with mayonnaise. Cover with greaseproof paper and refridgerate until ready for use.

French dressing:
Blend together 6 T salad oil and 2 T lemon juice.

---oOo---

SPRING GREEN SALAD — May Bennett, Ridgeworth

1 medium size lettuce
2 onions
parsley
1 cucumber
mint (fresh)
scallions

Wash and
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Exports to Germany suffer as 'inferiority complex' strikes

(74) 7/10/79 Sunday Tribune

By JACK BRICKHILL

THE TRADE imbalance between West Germany and South Africa continues despite the rising price of many mineral exports.

South Africa's main trading partner continues to increase its share of the market while South African exports, excluding Krugerrands, have actually dropped in the first six months of the year.

Merchandise exports, excluding gold, to Germany were worth R769 million in the first seven months of the year but this reflects a strong increase of nearly 50 percent in Krugerrand sales.

Herbert Weicke, deputy manager of the South African-German Chamber of Trade and Industry in Johannesburg, says if adjustments are made for dollar rates and inflation South African exports, which increased by seven percent compared with the same period of the previous year, show a decline in real terms.

Germany has managed to increase its trade with South Africa by nine percent to R820 million — 27 percent up on the same period last year. The biggest increase was in motor car parts which rose 26 percent to R236 million in the first half of this year.

Weicke blames the trade imbalance on the inferiority complex of South African manufacturers who are "scared of competition".

He says South Africans are not export-minded except where agricultural and mineral products are involved.

Language difficulties could be a factor inhibiting trade and South African factories are not geared to supply a large volume of goods which is often necessary in big markets like Germany. Weicke says this problem can be countered by selective marketing on a regional basis.

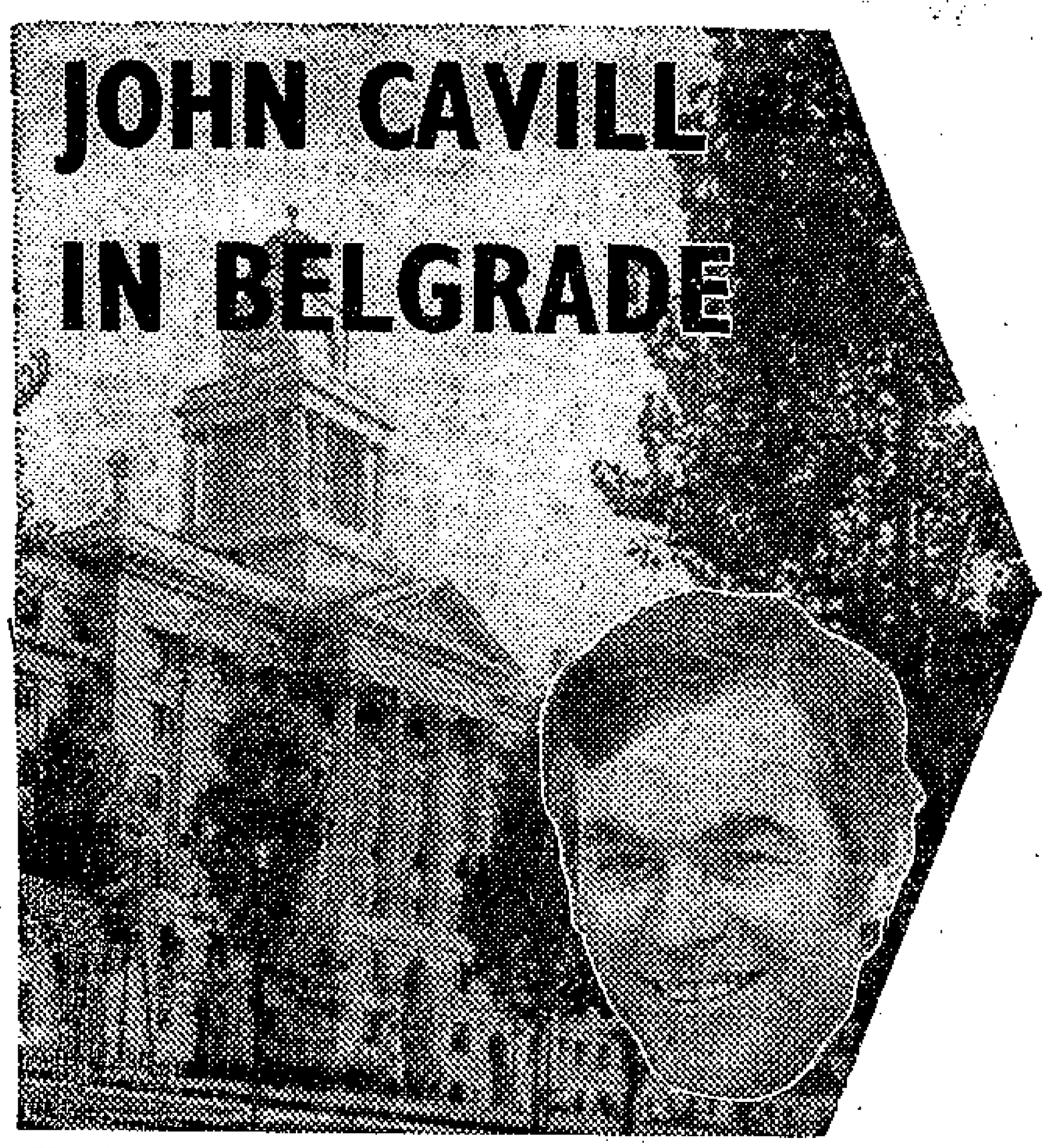
South Africans can match price for quality and there is no reason why they should not increase their trade, he says.

South Africa is Germany's most important customer in Africa but it is only the third largest exporter to Germany. In the first half of the year South Africa improved its global rating as an exporter to Germany from 19th to 20th and South Africa is Germany's 17th most important customer having improved from 21st.

South Africa's rate of export growth, excluding gold, is slowing down.

The slowing down in merchandies exports can be attributed to the switching or production to supply improved domestic demand.

The week the world watched gold and Tribune Finance experts were there



GOLD gate-crashed the International Monetary Fund annual meeting here this week with the subtlety of a bull elephant in full cry.

It burst through the thin screen of official indifference to this "symptom" of more serious economic problems — as expressed by IMF managing director Jacques de Larosiere and U.S. Treasury secretary William Miller — and refused to go away.

And while it was excluded from the main party by virtually all speakers in the great assembly hall of the Sava centre — apart from South Africa's Finance Minister Senator Owen Horwood — the uninvited guest noisily prowled the corridors and butted into briefing rooms.

With the price battering up to 437 dollars an ounce, it was, for once, not only South African reporters who were asking questions about gold at Press conferences.

Of course, the rampage in the bullion market was a symptom.

And a symptom of precisely the kind of fears generated by doom and gloom pictures painted by finance ministers at the IMF's most pessimistic session since the oil price explosion of 1973.

There was a weary feeling of "here we go again" into another period of economic stagnation, if not actual decline world-wide, and rising inflation.

In the words of De Lorasiere: "The world economy may be entering a very difficult phase for the next few years."

He called on governments to summon up their political courage to inflict a new round of economic and social hardship on their electorates.

Miller tried to inject some hope — there would still be positive growth in the main industrial economies as a group and "we are avoiding a drift into world recession."

So did Sir Geoffrey Howe, Britain's Chancellor of the Exchequer.

The prospect was disappointing, the difficulties great "but there are still reserves of strength and resillience in the world economy," he said.

These crumbs of comfort were clearly not enough. Nor was the "device" (according to the IMF) or "gimmick" (Wall Street Journal) of the substitution account, designed to mop up unwanted dollars without disrupting exchange rates.

US Congressmen at the IMF said there was "no way" they could see foreign holders of dollars being protected from the ravages of American inflation at a cost to their taxpayers — while the same taxpayers suffered falls in the purchasing power of their own dollars.

Thus the substitution account was given an inauspicious airing with more "ifs and buts" than proposals.

And just to chill the air a little more, the Saudi Arabian Finance Minister issued a warning about his country's policy of producing extra oil to help the world economy.

Saudi Arabia wanted to carry on, he said, "but we are finding it increasingly difficult to continue our policies under prevailing inabilities in exchange markets coupled with high levels of inflation in industrial countries."

Thus Senator Horwood's strong plea to the IMF (and American in particular) to make better use of gold, the one asset which demonstrably carried more confidence than paper money, sounded more enlightened than self-interested: not a return to a pure gold standard, but its incorporation in the desperately urgent thinking behind the efforts to secure currency stability.

Some form of gold participation in these efforts may be repugnant to the IMF and the Americans, but an enforced "oil standard" could prove intolerable.

Meanwhile, South Africa moves out of the decade of inflation and into the difficult 1980s better cushioned than it was in 1974-75 when international recession combined with a falling gold price to grind its growth down to zero.

An average of 300 dollars an ounce — which is not being counted on by the Minister of Finance — will give South Africa a current account surplus of R3 000 million this year.

Senator Horwood said he expected economic growth to reach four percent in early 1980 and he aimed for five percent.

But by keeping an iron-fisted grip on Government spending to stem inflation — already too high — the world effects of the international setback may be held at bay as long as the gold price continues to buoy up the balance of payments.

Tony Henfrey

The Chartist

What a week!

BULLION soared to a new bull market high of 437 dollars on Tuesday and promptly fell to 384 dollars by Thursday afternoon.

And, of course, the shares suffered in line, dropping from the top at 417,9 to 367,8 for a 12 percent decline in just two days.

Certain mining analysts are of the opinion that if gold should fall to 300 dollars, gold shares would still be attractive.

That may be so, but I am only concerned with the technicals, and in this regard the chart of the RDM gold index is interesting.

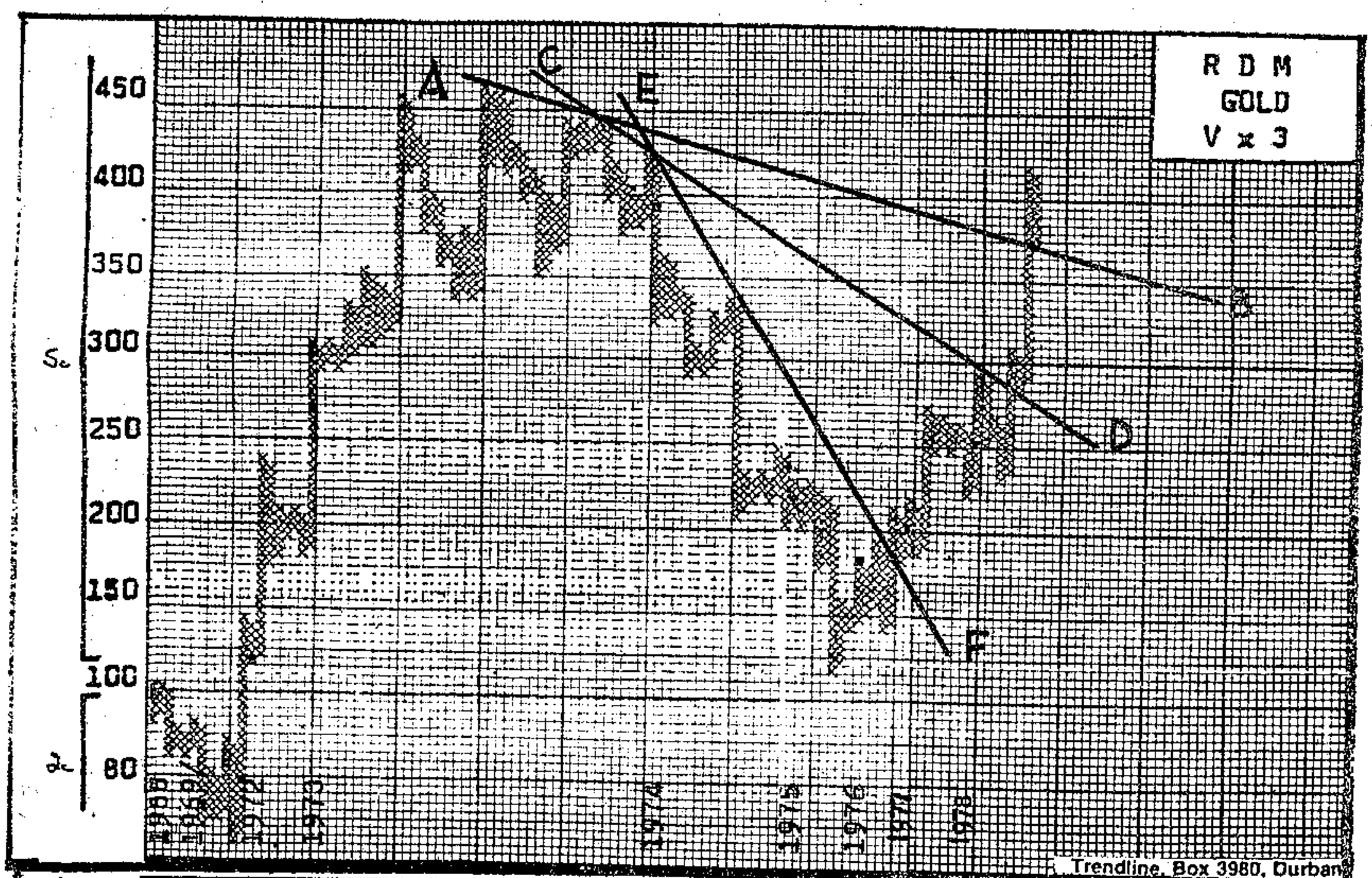
Notice how line EF was broken, followed by a pullback to find support from this line at 180. Then followed the break of line CD which resulted in a pullback to 285

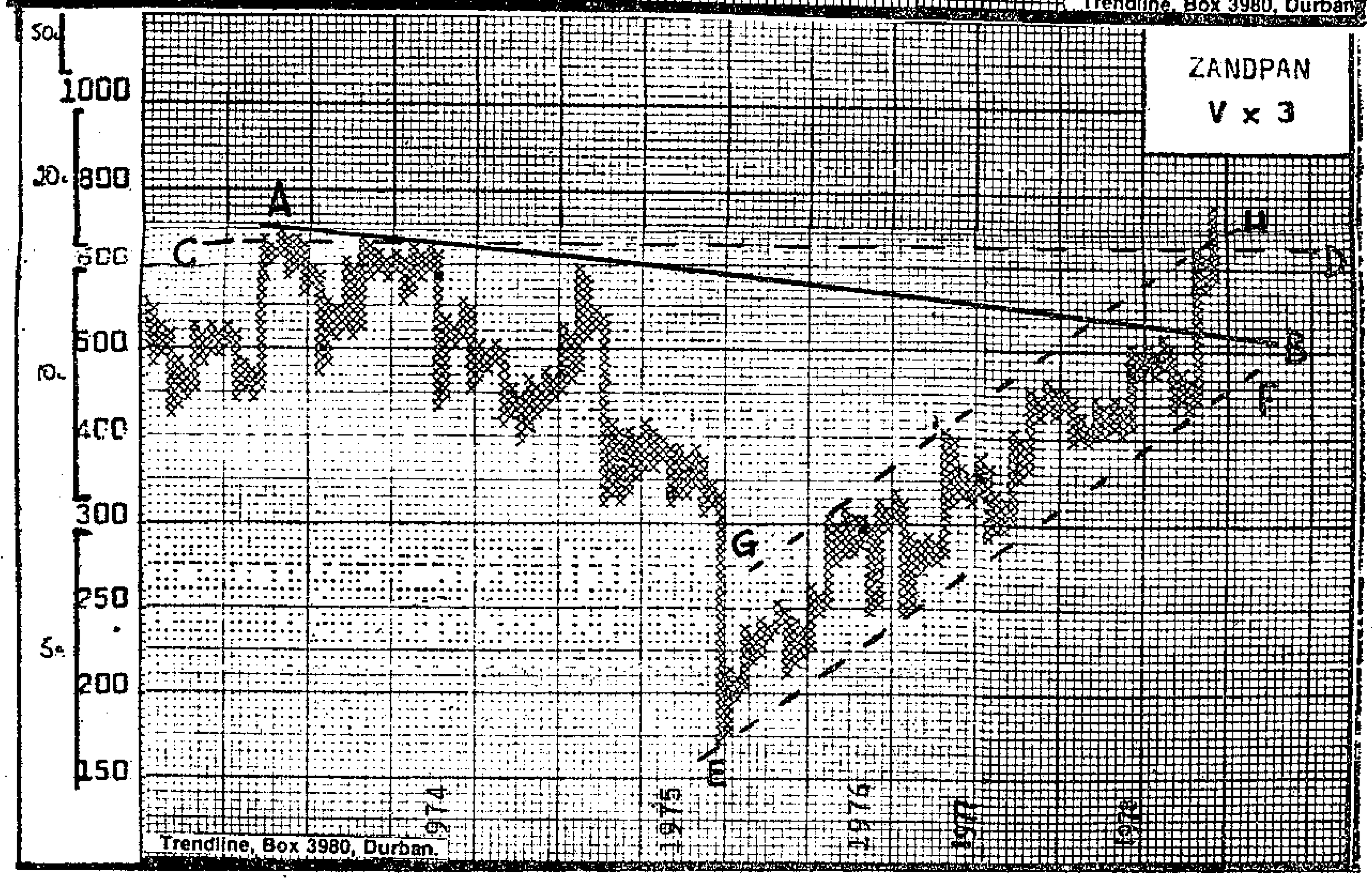
And more recently we saw line AB penetrated, and the question begging an answer is, will the current correction prove to be a pullback and consequently find support from line AB around 370?

I believe the answer should be, yes.

I have chosen to look at Zandpan which is now standing at 770. Some time back the shares broke up through the major barrier line AB, only to encounter resistance from the old 1974 tops around 640, marked by line CD.

Recent strength took the shares up through this area into new ground in bullish action. This augurs well for the shares once current weakness is behind.





And in New York, too

In America, they're still queueing but not for fuel—now it's all for gold

79 7/10/79 Sunday Tribune

A MODERN-DAY gold craze is sweeping the United States as growing numbers of jittery Americans grope for a way to beat inflation.

Every day, thousands of people are flocking to jewellery stores, coin shops and gold dealers to put their money into precious objects.

Take Tiffanys for example, the prestigious New York jeweller: The soaring cost of gold has pushed up the price of wedding bands to 61 dollars apiece from just over 35 dollars a year ago.

Likewise, the cost of gold fillings for teeth and some of the prices of certain electrical appliances are also climbing.

Only months ago, Americans waited in petrol queues because of shortages and distribution problems. Now they are queueing up to buy gold coins, bracelets and gold bullion in hopes of protecting their savings.

"This is by far the biggest gold rush since 1931," says Irven J. Brod, president of Empire Diamond Company, one of the largest gold dealers in New York.

Behind this fever is the dramatic rise in the price of gold since last December when an ounce of gold sold for about 195 dollars. This week the metal has been trading over 400 dollars.

"The recent rise in gold represents some panic buying," says Andre Sharon, director of international research for Drexel Burnham Lambert, a New York brokerage firm.

"People have little faith in government leadership and they are now finding that the return on gold has far exceeded the rate of inflation."

The hectic trading was aided this week by chaos in the currency markets and concern the U.S. Government could fail in taking any effective action to halt the fall of the dollar.

A new effort to strengthen the currency could break the back of a frenzied speculation but many analysts here question that a real effort will be made.

Meanwhile, precious metals and coins are becoming so popular that even young Americans are getting in on it.

"The teenagers are coming in asking to buy the expensive and popular Krugerrands," says Nicholas Deak, president of Deak-Perera in New York.

The gold fever is also having repercussions in Washington. The U.S. Government made an estimated 283 million dollars at its September auction by selling 750 000 ounces of gold.

Now there is talk the Treasury may soon increase the amount sold at these regular auctions as a means to support the dollar.

In Belgrade, where the International Monetary Fund met this week, Anthony Solomon, a high U.S. Treasury official, hinted that such a move could not be ruled out.

Argus Research Corporation believes the gold auctions might present a "golden chance" for policy makers to help regain confidence. Otherwise, it warns that increasing amounts of capital will flow into nonproductive investments such as gold

★ ★ ★

THE Stock Market zigzagged through a nervous week in active trading but resisted ceding any ground gained in previous weeks. Rumours of impending new dollar-support meausres aided the market although analysts questioned whether any such move would be effective.

Walter Pfaeffle

LAST WORDS FROM THE GOLD GURUS . . .

IF THE private investor has not thought about gold in the last few weeks, the chances are he never will.

The reasons for the recent rise have been well documented. The U.S. Treasury auction was the immediate cause, with rumours of strong central bank and Arab buying providing much of the longer term impetus.

The most pressing question, however, is simply where do we go from here? Most of those close to the market were predicting that the bubble would burst, a unanimity which Julian Baring of brokers James Capel described as "alarming".

"When everybody is thinking the same way, that's the time to watch out. They will invariably be wrong," he observes.

A quick poll of some well known gold watchers, meanwhile, confirms that the view from the top is by no means universally bearish. Harry Schultz, author of the International Harry Schultz Letter and the gold guru who charges clients 2 000 dollars an hour for his advice, feels "500 dollars is certainly on before Christmas." He believes investors can look forward to 600 dollars a few months later.

Schultz feels it is no longer possible to analyse future gold movements by reference to charts or fundamental ratios. The market, he says, is now being influenced by politics, rumour and the simple equations of supply and demand.

Justifying his bullish predictions Mr Schultz points out that there is now a severe shortage of physical metal at a time when banks and companies are gobbling up gold in unprecedented gulps.

Schultz, meanwhile, feels South African gold shares provide a particularly good opportunity for the private investor with Krugerrands an equally good bet.

Elliott Janeway, the political economist and president of the New York-based Janeway Publishing and Research Organisation, attributes the steady rise in the gold price and what he describes as a "once in a generation" surge to the "political ineptitude" of President Carter. Gold, he says, is firmly attached to a see-saw which has the dollar balancing precariously at the other end.

"The discovery that Carter is irretrievably politically bad but that he is going to be with us until January, 1981, has created panic," he states.

Dismissing market theories and quantitative analysis, Janeway says the calendar stands him in better stead than any charts.

"I am watching the White House and observing its backlash on the markets." The recent surge, he maintains, is by no means exhausted and 500 dollars he feels, is the next stop.

processes is essential; and the division will have to be more fine the more discriminating public decisions can be. [10]

The results of programme budgeting may be valuable in themselves, although the mere procedure does not necessarily ensure that better decisions will be made. Their potential is realised only if there follows an assessment of the value of expenditure in each programme.

2.2 Programme Evaluation

Methods of evaluation range from simple procedures for looking at costs, where the conclusions are left largely to intuition, to highly complicate processes which present more or less clear-cut solutions. For these more precise methods, most of the value judgements have to be made explicitly in advance. Some points on the spectrum between these two extremes are analysed below.

2.3 Looking at Expenditure

Basically, one is looking for inconsistencies. It was noted that a logical axiom, basic to economics, is that a rand should yield approximately the same value in whichever programme it is spent. If the net social benefit from the marginal expenditure on one programme much exceed that on another, one can do better by withdrawing funds from the second programme and increasing expenditure on the first. By simply looking at a breakdown of the budget between programmes, the amounts spent on each may be compared with our intuitive notions of how much 'ought' to be sper on these things. Our judgement will depend on what we consider the ben fits of expenditure under each programme to be, a process which cost-ben analysis seeks to formalise (see below). For example, if it can be show that expenditure on preventive medicine constitutes approximately 2% of a expenditure on health, [11] it may be felt that the benefits from this kind of provision warrant an increase in the share of the budget allocated to

Unfortunately, such intuitive processes can pick out only the grossest incongruities which are recognised by all, whatever criteria of 'value' are used. The optimum level of expenditure on a particular objective is, from the point of view of intuitive judgement, highly uncertain, because of the wide variation in benefits attributable to a particular type of spend-

ing. This is partly due to a deficiency in information on the results of the programmes which can be resolved by recourse to appropriate data. Nevertheless, there will also be differences of judgement which cannot be resolved without prior agreement on the relative valuation of different benefits which have to be fed into the analysis; and in the intuitive process, these two factors may not be differentiated.

RAND DAILY MAIL, Friday, October 12, 1979

Mrs Mvubelo urges US not to disinvest

74

NEW YORK. — A black South African labour leader has urged Americans to keep investing in South Africa, saying black workers would be the first to suffer if foreign companies withdrew.

"I know that Rome was not built in a day," Mrs Lucy Mvubelo told a New York audience on Wednesday, "but we have struggled for 55 years to achieve the opportunity we have today. Now do you want to starve us to death?"

Mrs Mvubelo, general secretary of the National Union of Clothing Workers, and a vice-president of the Trade Union Council of South Africa, addressed a meeting of the Council on Religious and Foreign Affairs.

She said the black labour movement in South Africa had won a signal victory last month when the Government agreed to recognise black unions.

Mrs Mvubelo said black workers still had many battles, including the fight for a minimum wage and the right to organise black miners, domestic workers and farm workers.

She said wages for blacks still fell far short of wages for whites in the same jobs.

But she pleaded for time to let the new labour laws work before foreigners recalled investments. She said multinational corporations in South Africa had done nothing for blacks before 1970 but since then, largely under pressure from blacks inside South Africa, such firms had made great progress.

She said these companies had set up training programmes, raised wages of blacks and promoted them to managerial positions, forcing similar concessions from the South African Government.

"How can I welcome something that is going to be detrimental to my people?" she answered to repeated questions on disinvestment.

But several members of the audience, including members of the US National Association for the Advancement of Coloured People, wondered how else foreigners could bring about an end to apartheid. They argued that foreign firms provided few jobs for blacks — one estimate was 70 000 in a nation of 22 million — but provided great amounts of capital to the country, allowing South Africa to perpetuate legal discrimination.

The critics added that many other labour leaders and exiled South Africans did support disinvestment and other tough measures, and they suggested that Mrs Mvubelo was in the minority.

Mrs Mvubelo said Americans concerned about aiding South African blacks should urge foreign companies to offer equal opportunities to black workers, to oppose discrimination and to recognise the still-segregated black unions. But she said withdrawing altogether would be counter-productive.

Mrs Mvubelo also said it was better that black unions should stay segregated for the time being. She said whites might overwhelm blacks and deny them opportunities if the unions were integrated immediately. — Sapa-AP.

TB	+++	+++	+++	++	54
Common cold*	++++	+	+	-	0
Yaws*	-	++	+++	++++	0

* Added to test scoring method

74

FM 12/10/79

EXPORTS

Atlantic crossing

Industrialists seeking new export markets should seriously consider the "exciting" new prospects in South America, says Gawie Yssel, MD of Tradinter, who has been the motivating force behind the year-old SA/South America Chamber of Economic Relations.

The Chamber has organised a trade mission to South America (concentrating on Argentina), which leaves on the October 17, and it hopes to stage an exhibition of SA goods in Buenos Aires next June.

Claims Yssel: "South America is a natural market for us, particularly as there are political problems in dealing with African countries." SA is closer to South American markets than the US, Europe and Japan, which means SA exporters gain the advantage of lower freight costs than those paid by many of their European competitors.

Brazil is the only major competitor that can beat SA on transport costs, but Yssel reckons Brazilian products do not match SA's for quality.

SA has been exporting to Argentina for some time with major items, including papermaking machinery (worth R6m last year), products of chemical and allied industries (R3m) and vehicles, aeroplanes and spare parts (R2m). Moreover, total exports to Argentina rose by 18% in 1978 to R15m, while imports jumped by a massive 100% to R9,8m.

Argentinian tourists to SA (464 in June this year, up from 274 in June 1978) have given a substantial boost to two-way trade. Reckons Yssel: "One Argentinian, for instance, went home with a complete stereo set in his baggage. The high inflation rate in Argentina (now down to 70% per annum!) means that tourists can pay for their SA trips by buying and reselling at home such items as diamonds.

The Argentinian government currently welcomes imports partly, it seems, because lower-priced imports are seen as an effective way of containing inflation. Points out Yssel: "Import duties were running at an average level of 95% before the demise of Peron. They are currently at around 35%, but with the high level of inflation SA goods are still competitive."

Paying for imports is apparently not a problem in Argentina. But the Department of Export Trade Promotion reckons the question of credit is of paramount importance. Importers generally favour a 180-day credit period (financed usually by letters of credit discounted by local banks) and financing costs can be built into this without affecting competitiveness.

the cost of raising the necessary funds has to be taken into a
The funds themselves are already justified by comparison with
native methods of provision, but there are additional costs in
raising them: interest on loans, or administrative and incent
of raising taxation. These are normally insignificant for an
project, but may affect the overall amounts available for the h
budget.

Where the methods of providing a given service use the same ki
sources in different proportions, the decision-making can be s
by means of Linear Programming, though health service choices c
usually be presented in the simplified way required by this met

2. CHOICE OF PROGRAMMES

So far, we have discussed methods of choosing means to obtain a
objective. But what tools are available to aid the choice of
ives themselves? Can anything be said on the question of the
to be given to particular diseases or age groups, whether to al
more to child welfare clinics or care of the aged?

Overall criteria are needed, and they have to be expressed in s
way that they can guide these detailed questions. Essentially
problem is not only to relate resources used to objectives ach
to relate the various objectives to each other.

There are various means of doing this; but all of them requir
expenditure be accounted for by the ends it is expected to achieve.

2.1 Programme Budgeting

Programme budgeting, also known as budgeting by objectives, involves the presentation of expenditure data according to the objectives to which it is directed. Thus, projects to combat TB would be grouped together, geriatric problems, sanitation programmes, etc.

This is necessary:

(a) to know the cost of pursuing each objective;

(b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;

GENERAL NEWS

SA fruit juice 'packed in Mozambique'

By STEPHEI WROTTESLEY

CAPE TOWN — South Africa is exporting pple juice to the Middle East — in tin cans marked in Arabic and labelled "packed in Mozambique".

This emerged when a number of the cas became available in a Cap Town cafe this week.

"They wer not meant for sale in South Africa," Mr A M Ballenden, of Appletiser Pure Fruit Juices Pty) Ltd, in Elgin, said.

A number f the cans were sold by a cit cafe, the Mini Snack Bar, inBarrack Street.

The Cape Tmes was told at the cafe that the 355g cans of fizzy apple juce had been obtained from Vynberg Produce Store (Pty) Ltd. "We haven't many cans lef. They are hopelessly underprced."

The cans wee on sale for 21c while a 340ml bottle of Appletiser cost 34c.

Mr Ivan Atlas, of Wynberg Produce, a branch of Metro Cash and Carry, told the Cape Times that the cans had been bought from Appletiser. The cans had also been packed by Appletiser.

He said everyone had "gone mad" over the low prices and then referred the Cape Times to Appletiser.

When first asked about the cans, Mr Ballenden said the cans "shouldn't be on sale in Cape Town".

"They were manufactured for our Middle East market and the cans are normally shipped by container."

Sometimes, too many cans were manufactured for the container and the surplus was sold off to "the Defence Force up in South West Africa at a special price".

He said the reason for the local sales was probably because "some smart aleck" had sold the cans on returning from the border.

He asked for no publicity as the matter was "classified". Asked if this was to do with the label on the can which read "packed in Mozambique", he said that this would be exposing "the fact we're using special documentation".

Later he contacted the Cape Times and said he had made inquiries into the sales. They were part of a 3 000 case sale to Metro Cash and Carry.

"They were sold on the strict understanding that they would not be sold in South Africa," Mr Ballenden said.

Contacted again, Mr Atlas said: "Where did they expect us to sell them — in Mozambique?"

"In practice, it is not an easy matter ... distinction between technical matters and matters of values or utilities in the health services. From one point of view, the question whether to treat schizophrenics in hospital or in the community is a technical one. Which is the cheaper way to fulfil whatever are the society's requirements for the treatment of this group? But community care originally became fashionable as a good thing in itself. The practitioners are very apt to muddle the medical and economic arguments when it suits them, and the politicians and administrators equally so when it suits them, but the economist's concern is to keep them separate". [9]

Programme budgeting, then, entails the attempt at this separation, sorting out from the multiplicity of decisions those which can be made on the basis of administrative or economic, together with medical-technical criteria, and those in which the role of the public through political

74 Sake-Rapport 14/10/79

Staalgroepe lyk al hoe beter

Deur BEN TEMKIN

DIE gesonde styging in Suid-Afrika se goud - en ander buitelandse reserwes tot meer as R3 400 miljoen in September vanjaar, toon 'n reuse-vermeerdering in die waarde van ons land se uitvoer.

Afgesien van goud, het die grootste groei in ons uitvoer in die minerale-sektor plaasgevind. En van besondere belang is die groei in uitvoer van veredelde minerale, met ferrolegerings aan die voorpunt.

In 1979 het die vraag na hierdie produkte besonder toegeneem. Dit is derhalwe interessant om na die aandelesektor van staal- en verwante bedrywighede op die Johannesburgse Effektebeurs te kyk. Hierdie sektor weerspieël gedeeltelik die verbetering in die mark van hierdie produkte.

Die veredeling van minerale is egter nie eie aan hierdie sektor nie. Assang en Afrox byvoorbeeld is ook aktief in hierdie soort prosesse bedrywig.

Onder die vyf genoteerde maatskappye in hierdie sektor, is **Highveld Staal** die grootste, en dit het baie deur die verbetering in die vraag na sy produkte — staal, vanadium en ferrolegerings — gebaat.

In die jaar geëindig 30 Junie, het Highveld se omset met 55 persent toegeneem; van R173 miljoen tot R268 miljoen. Die opbrengs op kapitaal het van 14,4 persent tot 19,7 persent verbeter, maar dit is nog laer as die 22,2 persent van 1976.

Bruto winste op verkope het gedaal van 19,6 persent tot 18,5 persent. Dit dui op 'n steeds hoogs mededingende mark, nieteenstaande die verbetering in die aanvraag. In 1976 was die bruto opbrengs 28,2 persent.

Aandeleverdienste het van 31,1c tot 40,2c gestyg en die dividend is met 25 persent vermeerder tot 20c vanaf 16c.

In die jaarverslag word melding gemaak van die geslaagde uitvoerbevordering. Na raming word omtrent 20 000 ton 'n maand uitgevoer. Rand Carbide se bydrae tot Highveld se verdienste was 11 persent in teenstelling met die verwagte 10 persent.

Dit dui op 'n verbeterde ferrolegeringsmark en die wêreldwye aanvraag na hierdie produkte. Veral ferrosilikoon se prys het goed vertoon.

Highveld het die installering van 'n negende preduksiebrandoond en 'n bykomstige suurstofaanleg ter waarde van R18,8 miljoen goedgekeur. Wanneer 'n tiende brandoond geïnstalleer word, kan die jaarlikse produksie 900 000 ton teen 1982 wees.

Die toekoms van dié maatskappy is rooskleurig, veral met die verbetering in die plaaslike mark. Sy huidige aandeelprys van 307c bied 'n dividendopbrengs van 6,9 persent. Dit lyk belowend in die huidige omstandighede.

Ook interessant is **Cullinan.** Hierdie maatskappy se hoofbedrywighede lê in vuurvaste-materiaal, nywerheids- en elektriese porselein, en mynbou- en gewone boumateriaal. Sy mynbouafdeling doen ook veredeling.

Die veredeling van andalusiet het vir die eerste keer wins getoon en wel in die tweede helfte van die jaar geëindig 30 Junie. 'n Kontrak vir die verskaffing van anode-oonde wat koolstaf bak aan Alusaf by Richardsbaai is geslaagd voltooi.

Sasol verskaf voldoende werk aan dié maatskappy, en optimisme oor die vooruitsigte word in die lae dividendopbrengs van 4,8 persent op 'n aandeelprys van 425c weerspieël. Die opbrengs op die kapitaal was 20,8 persent in vergelyking met die vorige jaar se 16 persent.

Die dividend was verhoog tot 21c vanaf 14c en hierdie jaar behoort aandeleverdienste op die groter kapitaal meer as 75c (in vergelyking met verlede jaar se 63,8 perwent) te wees. Die dividendtotaal behoort dan 25c of meer te wees.

Dunswart is oor sy ergste en die bedryfswins vir die ses maande tot 30 Junie het tot R3,2 miljoen vergeleke met R2,3 miljoen gestyg. Kapitaalverpligtinge vir die huidige jaar is R3 miljoen, en daar is 'n moontlikheid dat sy sponsysteraanleg uitgebou sal word.

Hierdie verbetering is grootliks toe te skryf aan die vermeerdering in sy uitvoer. Van 1978 se produksie is 30 persent uitgevoer. Omdat die plaaslike mark verbeter het, sal hierdie jaar se uitvoere egter tussen 10 en 12 persent van die produksie wees.

Beleggers verwag 'n jaarlikse dividenduitkering van 8c per aandeel, wat die aandele, op 'n prys van 130c, 'n toekomstige opbrengs van 6 persent gee. Die voorkeurregte verhandel teen 60c, wat ietwat optimisties skyn te wees.

Die vervaardiging van spesiale staal is 'n vername vorm van veredeling, en **Uniestaal** pluk nou die vrugte van sy besluit om hom op hierdie sektor toe te spits.

In die afgelope ses maande tot 30 Junie het sy omset met 41 persent verbeter; van R65 miljoen tot R92 miljoen en die aandeleverdienste het van 7,8c tot 10,9c gestyg. Die totale aandeleverdienste in die hele vorige jaar was maar 12c.

Die halfjaarlikse verslag maak melding van die toenemende aanvraag vir spesiale stale. Hierdie produkte is nie onderhewig aan prysbeheer nie. Die maatskappy se kapitaalprogram ir spesiale staal is byna afgehandel.

Aandeleverdienste vir die volle jaar word op 22c beraam. Uitvoermarkte word ondersoek en die huidige optimisme oor hierdie aandele kan geregverdig wees. Teen 80c bied hulle reeds 'n dividendopbrengs van 6,3 persent, en hulle kan moontlik op 'n te lae prys wees.

Die vyfde maatskappy is **Vereeniging Refractories** wat nie so direk by veredeling betrokke is nie. Sy grootste wins kom van vuurvaste materiaal, maar die maatskappy het darem in sy halfjaarlikse verslag bekend gemaak dat die staalnywerheid heelwat voorrade opbou.

In die ses maande tot 30 Junie het sy omset met 23,5 persent gestyg; van R29 miljoen tot R35,8 miljoen. Die voorbelaste wins was 70,2 persent hoër op R6,7 miljoen vanaf R3,9 miljoen.

Aandeleverdienste vir die huidige jaar kan moontlik meer as 132c wees en die dividenduitkering vir die jaar 44c of selfs meer. Die toekomstige dividendopbrengs op hierdie uitkering sal 6,9 persent wees, wat 'n aanduiding gee dat die aandeelprys nog kan styg.

Aandeel	Prys	Opbrengs op verdienste %	Opbrengs op dividende %	Styging oor afgelope jaar %
Cullinan	425	14,7	4,8	85,1
Dunswart	130	12,9		66,7
Dunswart-regte	60	13,1	6,5	130,8
Hiveld	307	20,1	6,9	49,8
Union Steel	80	15,7	6,3	90,5
Verref	640	14,4	5,2	45,4

Die tabel toon die genoemde aandele se huidige pryse, die verdienste- en dividendopbrengste, sowel as die prysbeweging oor die afgelope jaar. Uniestaal en Highveld lyk besonder belowend, en beleggers kan gerus verwag dat hulle in die volgende paar maande sal styg.

SA tourism bucks trend and grows

(74) S Times 14/10/79

By PENELOPE MORGAN

SOUTH AFRICA's R400-million-a-year foreign tourist industry has grown by a relatively large 11% this year.

This growth is exceptional in the light of reported continued declines in international tourism in 1978. In South Africa the increase of foreign tourists in 1978 over 1977 was about 9%.

According to a report by the Organisation for Economic Cooperation and Development, visits by foreign tourists in 1978 fell in terms of total overnight stays in member countries.

In Denmark they dropped by 1,2%; in Switzerland by 1,5%; in Norway by 3,7%; in Belgium by 7,8% and in Holland the decline was as much as 5,1%.

In 1978 foreign tourists brought South Africa R330-million in foreign exchange — in 1977 it was R278-million.

According to estimates of a large international hotel chain, foreign visitors spend 23% of their money on gifts, only 22% on hotels and another 22% on food and liquor.

Internal travel accounts for 12% of their expenditure and only 13% for entertainment.

The most numerous single group of foreign visitors to SA is from Argentina, whose numbers have increased in the first six months of this year by a colossal 57%. The increase in visitors from Australasia was 43% and from Asia 20%.

Argentinians also top the bill in per capita expenditure. They spend an average of R1 600 during the average 21-day stay.

Austrians and the Swiss spend around R850 a head. Israelis, Britons and Portuguese spend substantially less because they tend to spend some time with friends and relatives during their stay. Respectively their per capita expenditure is R565; R491 and R470.

GENERALLY ACCEPTED ACCOUNTING PRACTICE

APPLIED EXAMPLES

TAX

a Limited acquired an item of new plant for R60 000 May 19.6. Depreciation is provided at 12½% p.a. ight line. A 25% initial allowance is granted for purposes, wear and tear being 20% on the reducing nce. Tax rates were 40% in 19.6 and 42% in 19.7, taxable income amounted to R45 000 and R50 000 ectively, for the financial years ended 31.12.19.6 19.7

is the balance on deferred tax account in respect he plant at 31.12.19.7, assuming

a) deferral method

b) liability method?

how the tax charge will be disclosed in the me statement for the year ended 31 December 19.7, ming

a) deferral method

b) liability method

(assume there are no other items causing timing differences)

will the answer to 2. be affected by the existence an extraordinary gain on disposal of a division of the pany, amounting to R70 000, all of which was taxable, the 19.7 financial year?

does the answer to 3. change if the R70 000 is now a ole loss, which can be set off against the taxable from other sources of R50 000? Draw up the statement assuming the deferral method is used.

to Note 4, assume now that the company has a set before depreciation of R60 000 in 19.8.

the income statement for the 19.8 financial year

a) liability method

b) deferral method

Assume the tax rate remains 42%

BEN TEMKIN ON THE RISE IN GOLD AND FOREX RESERVES: AND A WORD OF PRAISE FOR EXPORTERS

THE RISE in South Africa's gold and foreign exchange reserves to more than R3 400 million, reflects more than anything else the continued outstanding performance of the Republic's exporters.

Foreign exchange holdings alone were up by R273 million to R670 million in a month in which capital outflows continued.

The value of the country's gold holding was R450 million better from R2 291 million to R2741 million reflecting the higher market related value of R285,20 against R237,97 in August.

It is clear from these figures non-gold exports must be improving notwithstanding dismal predictions and the possible world economic slowdown.

These exports are across a broad spectrum of the economy although minerals and agricultural products account for the larger portion. Platinum and diamonds, the former especially, are an important component of the improved export figures while base minerals have been benefiting from better world prices. The improvement in the copper market has been particularly notable.

There is some fear as the world economy tends to slow down commodity prices will tend to fall. But it should be remembered much of the stockpile overhanging the markets has been run down and current prices reflect demand far more accurately on a day-to-day basis than was the case a year ago.

Nor will speculators want to build up stocks in anticipation of an economic boom so the prices are likely to r[emain] more realistic and probably won't fall much — if at all — if the anticipated slowdown takes place.

This strong trading position implies South Africa could well be meeting its oil import payments out of non-gold exports so gold exports represent the bulk of the trade surplus.

This is indeed a healthy position to be in and one which accounts for the growing interest in rand investments from overseas.

The significance of this interest lies in its being able to generate medium-to-long-term capital flows towards South Africa. Such flows could become important if the outflow of short-term capital increases too rapidly.

The outflow capital results mainly from switching of trade finance from foreign to domestic sources. This is likely to be accentuated with the latest rise in the US discount rate, the effect of which will be to make money more costly both in the US and in Europe in the Eurodollar market.

In addition, money in the Euro-dollar market will not be so readily available following the US Federal Reserve board's increase in reserve requirements for banks. The eight percent requirement will apply to the Euromarkets as well as to the United States.

The capital outflow will, therefore, be encouraged by foreign banks so that they will have more money available for favoured customers. This does not contradict the view that more investment capital could flow to South Africa. Investment capital will not necessarily be in the form of bank finance. In fact, the major interest in South Africa is entrepreneurial and there is a strong likelihood of increasing direct investment rather than loans.

Exactly which sector will attract this direct investment is not all

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STUFFED

1 fresh
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double cross, then put them in
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---oOo---

Ethne Beard, Port Elizabeth

GERMAN

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cooked
mayonn

chopped onion
salt and pepper

Cube t
with t
salt a

...t. Chop up the bacon, mix
...onnaise. Season with a little
...d.

May Bennett, Ridgeworth

EGG SAL

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salanai

...alt and pepper
paprika and parsley

Cut egg
down.

...at salad platter; cut side

CHICKEN

S. Drury, East London

1 cup coc
4 T finel
French dr
lettuce

...cup cucumber, peeled and diced
...cup cooked green peas

Marinade
Serve on
and refri

...and peas with French dressing.
Cover with greaseproof paper
...use.

French d
Blend tog

...2 T lemon juice.

---oOo---

CURRIED GREEN BEAN SALAD — Mrs Futter, East London

2 lbs sliced green beans
2 chopped onions
1 d salt, level
2 cups water

Boil the beans (sliced) with salt and onions till cooked, then pour off the water.

Sauce:
1 1/2 cups sugar
1 d curry powder
1 heaped T flour
1/2 bottle vinegar

Mix the curry powder, flour with a little water. Mix well, so that no lumps form, and then add the sugar and vinegar, boil up and stir all the time, then add the cooked beans and onions, bring to boil again. Bottle.

---oOo---

APPLE TUNA TOSS SALAD

1 medium head lettuce, torn in bite-size pieces (4 cups)
2 cups diced apple
1 11 oz can (1 1/3 cups) mandarin orange sections, drained
1 6 1/2 or 7 oz can tuna, drained and broken in large chunks
1/3 cup coarsely chopped walnuts
1/2 cup mayonnaise or salad dressing
2 t soya sauce
1 t lemon juice

In a large salad bowl, combine lettuce, apple, orange sections, tuna and nuts; toss together. Combine mayonnaise, soya sauce and lemon juice; mix well. To serve, add dressing to salad; toss gently. Makes 4 - 6 servings.

---oOo---

F.M. 19/10/79

74

SA/TAIWAN TRADE

Taiwan tie-up

Two-way trade between SA and Taiwan, worth around R180m this year, will receive another fillip in the near future with the formation of a SA/Taiwan Chamber of Commerce.

The latest moves follow the goodwill visit to SA last week of Dr Chen-Fu Koo, chairman of the National Chinese Association of Commerce and Industry. Koo met representatives of Assocom, and the new Chamber will be set up after Assocom's Bloemfontein conference this week.

The aim of the Chamber will be to promote two-way trade between the two countries, whose main export and import requirements are largely complementary. Also, he says, Safto is to organise a group of SA businessmen to attend a seminar in Taipei in March next year.

Koo reckons future SA exports to Taiwan will follow the present lines, mainly primary products, as Taiwan heads towards more capital-intensive industry. SA last year sold R21m of raw base metals to Taiwan, and has a long term contract to supply up to 600 000 t of maize a year. This year, SA's poor crop will cut the cargo down to some 300 000 t.

SA's imports from Taiwan consist mainly of machinery and electronic equipment, as well as reprocessed base metals.

Koo reckons that SA's 7,5% import surcharge makes a big difference to Taiwan's exports to SA, but is optimistic that it will soon be removed. At the same time, he says, talks have been held on the easing of tariffs on particular goods, which are holding back trade. He cites the duty on machine tools, for instance, which has risen from 5% a few years ago to over 30% today.

F.M. ~~19/10/79~~ 74

FRUIT CANNING 19/10/79 ~~186~~

Export headaches

High subsidies to fruit canners in the EEC are causing concern among local producers, and government may soon be asked to step in.

Not only is there a tariff barrier of around 20% on canned fruit entering the EEC, complains canned fruit Export Board manager Noel Lawson, but European producers, including Greece and Italy, are being paid back up to 60% of the selling price of their goods as a production incentive.

"As a result," says Lawson, "SA is subsidising its own competitors, and the situation is likely to worsen once Greece joins the EEC on a full-time basis."

The problem is becoming more serious as European farmers plant more fruit trees, while fruit is being diverted from the fresh fruit market and into canning. This, says Lawson, means that the Mediterranean countries could soon be supplying the EEC's entire demand on a totally uneconomic basis.

Apart from the structural damage this would cause to the SA industry, European producers are not meeting the quality standards of SA and Australia, and the image of the product in the market is suffering.

Nevertheless, SA has so far been able to maintain its market share, although demand has shrunk by almost 20% over the past four years or so, says Lawson. To protect this position, he adds, the Board is to approach Commerce Secretary Tjaart van der Walt in the hope that representations can be made on a government-to-government level.

"Some of the EEC producers' actions must be, at least, against the spirit of GATT," claims Lawson, "and we want to clarify their intentions — whether they intend to grab 100% of the market on a subsidised basis. The damage that would result in the Western Cape if this is the case would be enormous," he adds.

F.M 19/10/79

CONTROL BOARDS ~~Control boards~~

Forex fruit

~~Fruit~~ 74

SA's 22 control boards manage vast millions on behalf of their shareholder farmers. But they are a long way from being regarded as sophisticated financial institutions or money market players.

An exception is the Deciduous Fruit Board. Not only has it demonstrated it is one of the country's more efficient control boards by successfully exporting R200m worth of fruit but, this year, it also earned a sort of "super profit" on purely financial transactions.

During 1979 the board's financial team of Wilton Eaton, assistant GM for finance, and chief accountant Barend Kritzinger, introduced an aggressive policy designed to make greater use of the millions the board has lying around in foreign markets from time to time. "We decided that the financial traditions of the board needed revitalising," says Eaton, "and, with the full support of the board, we reorganised our entire outlook."

The first tradition to be jettisoned was the almost automatic renewal of the board's insurances, the premiums for which amounted to R1,4m in 1978. Its insurance is divided into three sections: marine, credit guarantees covering political and commercial risks, and a loss of revenue policy which insures against any catastrophe.

Big premium saving

In what Eaton describes as a "change in insurance philosophy," the board decided to accept the first R250 000 aggregate loss, and the resulting saving in premium was R405 000. "We had a few claims," admits Eaton, "but nothing like in the past. Because we knew we were carrying the first loss, everyone was a little more careful. But our savings are going to be about R300 000 net."

For short-term finance, the board has in the past, like other control boards, borrowed from the Land Bank. Explains Eaton: "Land Bank money would have cost us 8,5% so we asked for, and received, ministerial approval to approach the open market and we invited five banks to tender." For the first time in the DFB's history, therefore, two banks were used for the provision of short-term finance. A total of R40,2m was borrowed at an average rate of 6,3%. Had the board borrowed at Land Bank rates, the interest bill would have been R50 000 more.

With short-term borrowings secured, Eaton and Kritzinger applied the same competitive principles to their foreign banking policy and to the flood of money resulting from sales.

To gear themselves for this market, they introduced changes to their communications network round the world markets. This included enlarging their telex centre, while actual fruit marketing instructions were relayed via their computer hook-up.

The board trained two of its internal accountants in exchange methods and set about playing the world money markets. Says Eaton: "We used 14 banks in all, buying foreign currencies wherever it suited us. When we had a million or two available, we got onto the telex and asked for quotes in particular currencies. It was like a miniature money dealer's control room." What surprised the DFB team was that most of the time it received better quotes from SA banks. During this short period — barely five months — the board bought and sold R90,4m in foreign currency and showed a net profit on its forex dealings of over R60 000.

By anticipating the rand's appreciation against the US dollar, the DFB claims it made another R50 000. And, by selling forward sterling for dollars earlier in the year when the pound was taking a battering, it made another R40 000 once sterling recovered. Although the final figure is not available, Eaton estimates that the board will have made a super profit of almost R250 000 on financial dealings.

Out of the board's R200m sales, no less than R110m is earmarked for freight (which alone accounts for a staggering R50m), distribution and handling costs. The balance is repatriated to the farmers.

Concludes Eaton: "This is the first year we have played the world's forex markets and we have learnt a lot by our experience which has been a good one. We have relied heavily on financial experts to advise us and the success we have had this year has encouraged us to repeat the exercise in 1980."

... of raising the necessary funds has to be taken into account.

RDM 14/10/79

74

Japan is fourth on SA's trading list

TOKYO. — Desite its signature to the 1968 United Nations resolution banning trade with South Africa, Japan has risen to become South Africa's fourth largest trading partner.

Japan's Trade Ministry figures show Japanese trade with South Africa has doubled in the last five years and passed the R1.600-million mark in 1978, putting Japan right behind the United States, Britain and West Germany.

The head of Japan's Anti-apartheid Committee, Mr Tadahiro Ogawa, claims Japanese companies have skirted the embargo on direct investment by setting up dummy corporations in other countries, which then invest parent company funds in South Africa.

There are about 50 manufacturing plants in South Africa which are wholly-owned by South Africans and import Japanese parts for local assembly.

In exchange for the manufactured goods, Japan obtains foodstuffs and a variety of much-needed raw materials, such as chrome, platinum, molybdenum, coal, iron ore and uranium.

Japanese Government officials concede their position on South Africa is ambiguous, but say it reflects the hard reality that resource-poor Japan is dependent on raw materials from abroad.

"In the end we have no choice but to buy from South Africa," said Mr Shoichi Monma, a Trade Ministry official.

He conceded that loans from the semi-public Japan Export-Import Bank were being used to offer credit to South African buyers.

Mr Monma said his government had tried to discourage major trade dealings, but was almost helpless to counter the lending practice.

South African officials, too, put the relationship in a practical context. "Countries trade not because they love each other, but because it makes good economic sense," said Mr J S F Botha, South African Consul-General in Tokyo.

There are about 90 Japanese companies with business connections in South Africa.

Among major private sector ties, Japan Steel has offered technological advice to Iscor; Hitachi sold 50 locomotives to the South African Railways and Nippon Electric Company is aiding in the construction of satellite equipment.

Pernaps typical of the attitude that Japanese business takes toward South African investment is that of the Toyota company, which opened in South Africa in 1962, and produces 35 000 vehicles a year with 2 800 employees.

The plant is 100% locally owned. The parent firm takes a strict "no touch" policy toward employment paractices and segregation of races, said a Toyota spokesman, who asked not be identified.

"We are not in a position to comment on the practice of apartheid. We respect local customs," he said. — Sapa-AP.

can be compared by cost-effectiveness analysis;

(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford - so many geriatric day care centres, so many child welfare clinics, etc.

Financial statistics are not traditionally arranged on this basis but in categories such as 'salaries', 'transport', 'medicines', etc. A separation, e.g. between expenditure on different disease groups or age groups cannot be made.

The grouping of expenditure into programmes is an art. Pole, an economist in the U.K. Department of Health, writes:

> "Programme structure should, in my view, be mainly determined by the decisions to the taking of which one wishes it to contribute... One might suggest that where decisions are primarily a matter of political or moral judgement - of determining basic priorities - one would want the activities to be compared to reside in different programmes - the mentally handicapped against the alcoholics; but where it is a more technical question of how particular objectives can best be achieved - drug therapy against behavioural therapy - one would want the activities to be compared to be within a particular programme. This distinction ties up with an economic jargon of slightly older vintage - that of cost-benefit and cost-effectiveness; and through that to the main stream of neoclassical welfare economics, which attempts to make a distinction between the choice of the composition of the basket of outputs and the choice of the set of resources from which each output is to be produced. The former is, in a broad sense, a question of tastes, values, or utilities; the latter is a question of techniques".

He adds:

> "In practice, it is not an easy matter to make a hard and fast distinction between technical matters and matters of values or utilities in the health services. From one point of view, the question whether to treat schizophrenics in hospital or in the community is a technical one. Which is the cheaper way to fulfil whatever are the society's requirements for the treatment of this group? But community care originally became fashionable as a good thing in itself. The practitioners are very apt to muddle the medical and economic arguments when it suits them, and the politicians and administrators equally so when it suits them, but the economist's concern is to keep them separate". 9

Programme budgeting, then, entails the attempt at this separation, sorting out from the multiplicity of decisions those which can be made on the basis of administrative or economic, together with medical-technical criteria, and those in which the role of the public through political

(74) 21/10/79

Major pitfalls for the unwary seller to US

(74)

By VERA BELJAKOVA

MAJOR pitfalls await unwary South African exporters to the US, who have not educated themselves with the latest US import requirements.

Exporters whose products do not conform with stringent US consumer laws relating to US imports can find themselves stripped of their US assets.

An American court, finding a SA product at fault, can impound all unsold goods of the SA manufacturer, including his new shipment of products.

The court can also freeze the SA manufacturer's bank accounts and money transfers, as well as close his US office, if he has one.

Should an executive of the "guilty" manufacturer arrive in the US, he too, can be imprisoned.

Exporters should beware, therefore, of unresearched selling to the US.

An insurance analysis was recently undertaken by SA insurance brokers, J H Minet, for a client who annually exports goods worth R5-million to America.

Minets contacted its US associates for a report on current US court rulings regarding consumers versus manufacturers.

Unfortunately, not all SA exporters are fully aware of the potential liabilities they face — for defective goods or service.

Even if the SA product has the seal of approval by the South African Bureau of Standards, this does not render him immune from US consumer laws.

For example, an eccentric American woman successfully sued an oven manufacturer for the roasting to death of her poodle which she put to dry inside her micro-oven.

She sued the company on false description of the oven's nature.

Outwards

Presumably, she did not realise that micro-ovens heat an object (placed inside the oven) from the inside outwards, as opposed to the conventional ovens which heat/warm/cook from the outside inwards.

Another manufacturer was recently held liable for damages that occurred when one of its vacuum cleaners was plugged into a 220-volt circuit and blew up.

The label, said the manufacturer, stated clearly that the machine should be plugged into a 150-volt outlet.

But the courts declared him guilty because he failed to warn customers that plugging it into anything stronger would lead to disaster.

Uncomfortable, too, is the law of some American states which rules that the injured party has up to seven years, from the date of accident, to institute legal action.

This often puts pressure on the manufacturer, because the offending product is often no longer available for testing for any alleged defect.

American courts now hold that a manufacturer must do more than just exercise reasonable care in designing, manufacturing and packaging his products.

He must adequately warn consumers of all possible dangers which may not be obvious — or even obscure.

The warning must not only warn the buyer, but be displayed in such a way that it is equally obvious to anyone who may use the product or come in contact with it.

There is also the problem of warranty. It is not enough that negligence cannot be placed at the feet of manufacturers or sellers.

By merely offering the product on sale in the US, the manufacturer, his sellers and agents, are held to warrant that his item is suitable for its purpose.

The case gets particularly tricky for food manufacturers. American courts often apply an absolute or strict liability rule, which leaves the onus on the manufacturer to prove his innocence.

For this reason premiums for insurance on exports to the US are much higher than to almost any other part of the world.

This also explains why US sales agencies — retail or wholesale — require evidence of products liability insurance before they agree to sell any imported consumer product.

Coverage

Not surprisingly, US agencies prefer that the coverage is obtained from a licensed US insurer.

Some agencies also require vendors' coverage where they are named as additional insurers under the manufacturer's liability policy.

Liability laws governing interpretations of products description, as well as statutory and common laws have changed greatly in the US over the years.

The emergent power of consumer protection groups has created a whole new concept of consumer rights, climate of opinion on manufacturers' descriptions, and laws relating to product liabilities.

The consumers increased awareness about product safety — and liability — has brought many lawsuits and legal interpretations in its wake as well as having destroyed many old and tested legal defences.

deductible loss, which can be set off ag...
income from other sources of R50 000? Dr...
income statement assuming the deferral met...

5. Further to Note 4, assume now that the com... profit before depreciation of R60 000 in 1...

   Draw up the income statement for the 19.8...
   under a) liability method

   b) deferral method

   Assume the tax rate remains 42%

is consistently worse than that of the whites. The 'coloureds' have higher mortality rates for all the major causes of death apart from cardiovascular diseases and neoplastic diseases in men over 65 years of age, neoplastic diseases in women in this group, and cardiovascular disease in men 45-64 years of age during 1960 and 1970. Clearly the rate of 5/1 000 which has been chosen is entirely arbitrary but a similar pattern of morta... emerges if lower or higher levels are selected.

Two aspects of these age-cause specific mortality rates require
Firstly, whilst being affected by the incidence of the diseases
these rates are also influenced by their fatality rates, for ex
decrease in the mortality related to Tuberculosis will not only
by a decreasing incidence of this disease but also by improved
primary, secondary and tertiary levels of intervention which wi
ly decrease the fatality rate and, therefore, the associated mo

Secondly, it should be appreciated that although the calculatio
important for comparative purposes since they take into conside
underlying population, for the providers of health care the act
are also of importance. This is particularly true for those gr
contribute a comparatively large proportion to the total populat
example 'coloured' children 0-4 years old. The different demog
files of the two communities for 1951 are presented in Fig. I,
vides an indication of the age distribution of whites and 'colou
The changes in this distribution which occurred between 1941 and
for the purposes of the present study, of relative unimportance.

The expectations of life for 'coloureds' and whites are present
Although data has been published for Africans[5], this is specula
not considered to be of sufficient reliability to warrant inclu
different expectations of life have been included: (1) e_o - th
of life at birth, and (2) e_{45} - the expectation of life at 45 y
Characteristically women have a better expectation of life than
Fig. 6 indicates that this is so for both whites and 'coloureds
so marked is this difference that at e_{45} 'coloured' females ha
expectation of life than white males. What is perhaps of some
that the gap between the expectation of life for males and fema
ing. This trend is apparent in both the whites and the 'coloured' communities, although it is particularly marked in the latter for whom Male:Female deficit of 1,0 years in 1941 at e_o has become 6,9 years in 1970. For whites a deficit of 3,7 years in 1929 has increased to 7,0 years in 1970.

Both white and 'coloured' females have shown an increasing life expectancy at the age of 45, and although this has been small, it contrasts with the downward trend of both white and 'coloured' males.

Although it is apparent that the Expectation of Life at birth for the

SA balance of trade R247m plus

XX

By HOWARD PREECE
Financial Editor

SOUTH Africa had a balance of trade surplus of exports over imports of R247-million last month, according to Customs and Excise.

Exports were R798-million and imports R551-million.

These figures exclude gold sales (except Krugerrands) and imports of oil and military equipment.

The Customs trade balance is provisional and imprecise but it confirms the remarkable strength of the balance of payments.

It looks as though the forcast of a full official current account surplus this year of around R3 000-million is well on target.

That forecast was given in London in July this year by Senator Owen Horwood, the Minister of Finance.

He also suggested then — and other South African financial leaders have later repeated — that this country was even in surplus without gold.

It seems, however, as though there would have been a deficit with gold excluded.

Not that that is any cause for concern.

Indeed it could be argued that higher imports would simply add desirable weight to the other evidence of a growing upturn in the economy.

The September export figure of R798-million was down on the August record level of R869-million.

This reflected a small drop in merchandise exports and a fall in Krugerrand proceeds although the higher gold price would partly have compensated for the fewer coins sold.

Imports were down from R642-million in August to R551-million last month.

That leaves a surplus of R247-million compared with the August level of R227-million.

It appears, however, as though South Africa's average monthly bill for oil and military equipment is running at about R260-million.

Also, Krugerrand sales must be taken out of the Customs export figures.

Just over 400 000 coins were exported last month at a price of around R300 each.

So some R120-million must be lopped off the Customs figure to exclude gold.

Thus (subject to all the general vagaries of Customs figures) it seems that the trade account was in deficit last month of around R135-million, excluding gold.

In addition the overall current account of the balance of payments would have been further weakened by a shortfall of perhaps R165-million on "invisibles" and transfer items.

The current account could, therefore, have been in the red in the region of R300-million in September without.

But gold would have brought in at least R600-million.

The current overall surplus must have been R300-million or so in the black.

Add that kind of monthly performance to the official surplus of R1 568-million in the first half of this year and it is easy to see why Senator Horwood can forecast a 1979 current account balance of payments surplus of R3 000-million.

According to Customs, imports in the first nine months of this year were R5 181-million (1978 equivalent R4 566-million) while exports were R6 858-million (R5 177-million).

RDM 23/10/79

Death; Life Tables for National Populations, Seminar Press, New York

9. Sadie, J.H. (1970) : S. Afr. J. Economics, 38, 1.

10. Doll, R. (1976) : Monitoring of Government Statistics, in Seminars in Community Medicine, Volume 2. ibid.

PURCHAS

New organisation to boost British exports to Africa

Star 24/10/78

A trade group called the Britain-Africa Trade Organisation (BATO) has been established in Glasgow to promote British exports to Africa.

The main purpose of BATO is to help Britain improve its share of the African export market against such new competing nations as West Germany, Japan "and the encroaching Eastern bloc," Mr Kofi Asiedu, the organisation's general director said.

A native of Ghana, Mr Asiedu said the organisation was set up by some 40 Africans who had studied in Glasgow and who were resident there.

It announced details of the first stage of its Buy British campaign on October 11 at a ceremony launched by Mr David Hodge, the Lord Provost of Glasgow, and Mr Teddy Taylor, a BATO patron and former Conservative MP for Cathcart.

At the outset, it will act as an information centre for both British and African export-import interests. It planned to further its trade efforts in the new year through the appointment of promotional representatives in the various African countries.

For organisational purposes, it will divide Africa into three regions — north and north-east, West Africa and east, central and southern Africa.

● Ocean Inchcape has been awarded a £1m three-year service contract to provide marine services for Petrangol of Angola.

The contract involves provision of a range of marine, supervisory and maintenance services in support of tanker loading operations at the Quinfuquena terminal on the Congo river.

The company is already carrying out similar contracts for the Nigerian National Petroleum Corporation, and for Shell in Nigeria. — London Financial Times News Service.

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FOREIGN EXCHANGE

Dollars dumped

FM 26/10/79

Last week's intervention in the foreign exchange market by the Reserve Bank was not handled well, according to one banker.

Church Square apparently offered parcels of $1m to several banks and a total of between $10m and $15m was taken up.

Dealers were caught unawares by the move and, reckons the banker, they panicked and overreacted. Church Square is likely to adopt a much quieter approach next time, he reckons. One bank has suggested to the Reserve Bank that future foreign currency sales be channelled through one bank only, on a rotating basis. This would mitigate against an overreaction in the market as that bank would then resell the dollars to other banks as they were required. Last week, all those banks that bought dollars from Church Square were trying to unload them on the market at the same time, resulting in some hectic trading.

Nonetheless, most bankers see last week's intervention as a step in the right direction. Says Standard's Manfred Schutte: "We welcome it as a most desireable step. It is what we think De Kok had in mind."

And, though dealers see last Tuesday's selling as a test case, they expect Church Square to intervene on a regular basis.

An important side-effect of frequent official intervention is likely to be wider spreads between buying and selling rates, and thus more profit. The spread has not widened since the intervention and remains around 10 to 11 points for most deals, though inter-bank trading is on finer margins and small transactions slightly wider.

But things will get better for the dealers. Says Barclays' Gerry Christie: "Once Church Square intervenes on a regular basis, causing increased uncertainty about rates, margins will widen." Schutte agrees, adding that "margins will further widen once the Reserve Bank stops quoting indication rates and uses only market intervention to influence rates." Then, in effect, there will be no "back-stop" rate.

Despite last week's excitement, there is still some way to go to a managed float, and one wonders whether official market intervention makes much sense while Church Square still quotes indication rates. Unless, that is, the Reserve Bank is accelerating the pace of movement towards the goal set by De Kok.

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is 152.

- districts in which the ratio of African men to African women is less than 1,12

districts with a median mortality

Also, urban African deaths are estimated to be underenumerated by about 10%.[6] Adjusting the median mortality ratio for the balanced population districts for this underenumeration leads to a median mortality ratio of 247 which is now quite close to the figure of 269 for coloured people. On this basis it can be suggested that the incidence of mortality among *settled* urban Africans and coloured people is of the same order.

3. MORTALITY RATIOS AND SOCIOECONOMIC INDICATORS IN METROPOLITAN AREAS

It is possible to calculate, for Whites, coloured people and Asians, three indicators for each race group in each district. These are:

- median family income. This is divided by average family size to give an indication of income per capita. True income per capita would be found by dividing *mean* family income by family size, but means are not supplied in the relevant Population Census Report. Denote this by variable INC.
- percentage of people of 5 and over with no schooling (EDUC)
- average number of people per living room (HDENS)[7]

For Africans, only EDUC may be calculated from the information available. In addition, persons in identified employment as a percentage of total people (EMP) may be calculated.

FOREIGN RESERVES (24)

Enough cash? FM 26/10/79

Sharp fluctuations in Church Square's foreign exchange holdings have occurred during the past year. After climbing by more than R200m in the first two months of the year, reserves then plummeted by R280m between May and July. In September they shot up to their highest level — R557m — since April 1975. If highly liquid bills and investments are included, the foreign reserves rose to nearly R670m.

The authorities, however, are not attaching much importance to the level of cash reserves nor to the fluctuations. Currently, gold is as good as cash. Even if the Reserve Bank is forced to add to its cash holdings, it could opt for a gold swop rather than sell on the market.

But, asserts Volkskas's Adam Jacobs: "The cash is important from a confidence point of view." Nonetheless, reckons Nedbank's Rudolf Gouws: "A lot of things would have to go wrong before this becomes a problem."

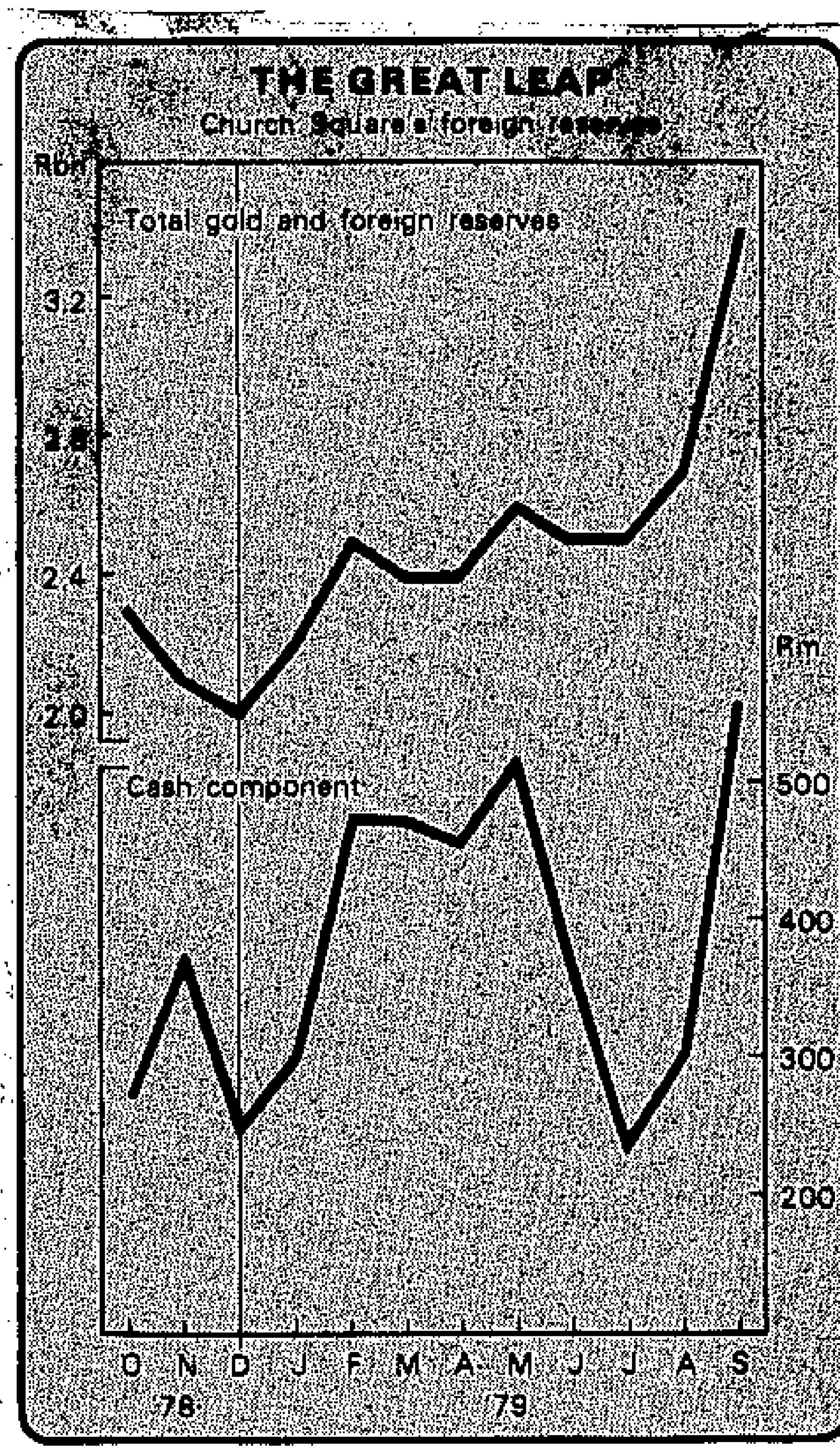
The managed float of the rand should take some pressure off the reserves, say experts. Under a fixed exchange rate system, the Reserve Bank had to hold large foreign reserves to ensure the rate was maintained. However, points out Gouws: "We won't have a complete float and, therefore, cash reserves are still important."

A better indicator of SA's ability to fulfil its foreign commitments is the level of the net foreign reserves — that is, gross gold and foreign reserves less SA's short-term foreign liabilities. In the past two years net reserves have risen sharply. In June they amounted to almost R1,5 billion, against a negative R1 billion at the end of 1977. And the net reserves are still rising, by R143m in August and R283m in September.

Most experts reckon that the actual cash content of foreign reserves will continue climbing in the "forseeable future." The Reserve Bank has repaid all its official short-term loans. Public corporations have repaid most of their foreign debt maturing this year. The impact of trade finance switching on the reserves is probably much smaller now than was the case at the beginning of the year.

With these three items largely out of the way, and exports remaining strong (except for the seasonal dip anticipated at the end of the year), the build-up in the foreign exchange holdings could continue into early 1980.

Climbing imports and anticipated slower growth in exports during most of next year could put the cash reserves under considerable pressure in the second half of 1980. Obviously, this will depend crucially on the gold price and whether overseas rates will soften enough to eliminate the gap between local and foreign rates and so induce SA traders to switch back to offshore credit.



25–44	1,18	0,30	1,43	0,37	3,32	0,70	1,22	0,26
45–64	1,25	0,42	1,55	0,40	2,89	0,76	1,10	0,31
65+	1,26	0,71	1,34	0,91	2,19	0,90	1,02	0,53
ALL	0,95	0,33	0,95	0,29	1,91	0,56	0,89	0,20
NO.	1973	677	333	104	2175	652	1868	324

ALL CAUSES

	W M	F	M	F	M	F	M	F
0–1	21,76	16,18	40,44	27,11	133,70	119,02	91,30	88,18
1–4	1,17	0,94	2,42	2,39	17,22	16,21	10,23	9,93
5–24	1,05	0,46	1,31	0,74	2,26	1,25	1.64	1,12
25–44	3,02	1,47	4,33	2,48	8,80	4,96	4,78	3,70
45–64	17,46	9,49	26,27	18,72	24,27	17,87	18,06	15,57
65+	73,62	54,55	92,20	82,93	96,90	71,79	53,38	45,89
ALL	9,44	7,40	8,03	5,51	14,62	11,00	8,77	8,13
NO.	19600	15374	2828	1967	16632	12847	18348	13062

XVI

A mixed blessing

74, TC 26/10/79

The peripatetic businessman who can't get a seat on a plane in a hurry, or finds his favourite hotel filled with Argentinians, may derive scant comfort from the forecast that tourism is likely to earn the country R400m in foreign exchange this year.

For tourism, on the upswing again after three lean years, is decidedly a mixed blessing — unless you happen to be in the tourist-fleecing business.

Pushing up prices for gullible foreigners, especially if their command of the local language is weak, is an old trick of the trade. It may not yet be happening on a large scale here, but it won't take long, especially as almost every other country in the Western world has a higher cost structure than ours.

Our prices are low — ridiculously so for Europeans and South Americans — and a hotel could double the price of a whisky and soda without evoking so much as a raised eyebrow from a foreigner.

While it's not unknown in some Latin countries to employ an unofficial higher scale of charges for foreigners, one can hardly advocate such a policy here. The result is that we all suffer from higher prices.

The increased incidence of petty theft being attributed to the influx of Argentinians can't do much to keep hotel charges down either, though travel agents insist the resultant additional cost is not passed on indiscriminately.

What happens, apparently, is that hoteliers give discounts of up to a third for group bookings. When they hear that a group will be coming from Argentina, they simply reduce their discount.

Travel may broaden the mind, but it is also notorious for bringing out the worst in people. When a country is invaded on a large scale by arrogant, demanding, strident tourists, that section of its inhabitants dealing with them on a day-to-day basis tends to become equally surly or bellicose (as visitors to France or Spain will testify).

Once again, we all suffer from the rudeness thus engendered in beach vendors and hotel staff.

What can be done about it? Not much,

unless one advocates control of the right of the individual entrepreneur to find business where he may, and that's not part of the *FM's* philosophy. The current boom in tourism (the number of visitors rose 11% last year plus another 10,8% in the first half of this year over the first half of 1978) is in considerable measure the result of private initiative.

Since the Soweto riots knocked the tourist trade on the head, travel agents have increased their promotional effort and expenditure to bring the tourists back.

"A lot of promotion is done with brochures," says Eberhard Gennrich, vice-president of the Association of SA Travel Agents (Asata). "But, since Soweto, we have had to make a lot more personal visits. Foreign travel agents who handle the SA trade want to meet us and hear directly from us that it is safe to visit SA."

The boom is also, of course, a response to economic factors. The Argentinians have discovered how cheap SA is. The Americans are discovering how expensive Europe is. All round, there's been a slight rebound from the depths of the 1974 recession.

One can't blame government for over-promoting the country. Satour's budget is R6,1m this year, of which half goes to promotional activities and advertising, and the rest on salaries and fixed administrative costs. The budget tends to rise only slowly — this year it's up 7%.

Our tourist trade is still below the level experienced in 1975, when we had 730 000 visitors. The number fell to 589 000 in 1977, then rose to 642 000 last year. In the first half of 1979, we had 326 000, 32 000 more than first-half 1978's 294 000.

The biggest percentage increase has been of Argentinians, whose numbers

more than doubled to 14 000 last year and topped 13 600 in the first half of 1979. They comprise only a tiny fraction (4%) of the total, but a sizeable slice of this year's increase (17%). In terms of absolute numbers, the big jump has been from Europe, up by nearly 20 000 to 117 000.

Australian numbers rose by 49%, but on a small base, to 7 500. And, surprisingly, there was quite a big increase in visitors from Africa other than Rhodesia. Rhodesian visitors rose from 80 000 to only 81 000, and those from Africa as a whole from 141 000 to 147 000.

Though SA coped in 1975, travel agents are worried that present facilities are inadequate. They've been hit where it hurts most — in the pocket — and tales are legion of how they have had to turn down tour groups because they could not get hotel bookings.

There are, says Gennrich, too few good hotels, too few tourist coaches, too few airline seats and railway beds, and too few good tour guides.

The problem tends to be concentrated in certain areas and, naturally enough, certain seasons. Hotel statistics, for example, show that room occupancy in Cape Town rose 12% in August on the previous August and, on the Reef, by 15%, but only 3% in the country as a whole. The Natal coast dropped 14%. Also, better quality hotels are benefiting more: tourists go for three-star establishments or better.

Is the answer to build more hotels? It's not that easy. Lead times are long, and both political and economic factors make tourist growth unpredictable.

"Another Soweto, and it could all disappear," says Asata president Hessel von Geusau. "An adjustment in the Argentine exchange rate could eliminate the price advantage we enjoy."

What's really needed, Asata believes, is to iron out the peaks and valleys in the trade, and this means selling the joys of SA in winter. At present, SA is promoted as a great place to go during (the northern) winter, which means there's a heavy influx of foreigners at the very time when the locals are also flocking to Durban and Cape Town in droves — our summer.

In the end, do the advantages of tourism outweigh the disadvantages? The trade is still small potatoes here, accounting for less than 1% of GDP. In Britain, tourism accounts for nearly 2% and, in Kenya, nearly 4%. Spain gets 34m visitors a year, almost one for every head of population.

Early in the 1970s, Satour was projecting 1m visitors a year by 1980. Soweto killed that hope, and now the 1m projection stands for 1985.

We're still a long way from the Spanish or Kenyan situation. But there are those who say we shouldn't be heading there at all.

Black union leader beat drum for SA investment

Star 29/10/79

747

By Sieg Hannig,
Labour Reporter

South Africa's best-known black labour leader, Mrs Lucy Mvubelo, jetted into Jan Smuts Airport at the weekend with invitations from top labour organisations in the United States as proof of the success of her month-long anti-boycott tour of America.

Her trip was "very successful" — more so than her 1971 visit during which she persuaded American companies successfully to provide equal employment conditions in their South African subsidiaries, she said at a Press conference.

Mrs Mvubelo met a wide range of American opinion-formers during her visit which was sponsored by the South African foundation, of which she is a trustee.

Among others she met Mr Lane Kirkland, the man expected to succeed Mr George Meany as President of the AFL-CIO, America's big umbrella labour organisation, at the organisation's annual congress next month.

POWERFUL

She said she had been invited to address this powerful body during the congress but was not sure whether her South African commitments permitted this.

She got a similar invitation from the large United Automobile Workers' Union for that union's convention next year.

Although she encountered much cynicism about changes in South Africa and strong support for disinvestment among students and exiles, she found organisations such as big banks unaffected by this.

Mrs Mvubelo added there was no need for any foreign pressure to hasten change in South Africa.

The Prime Minister, Mr P W Botha had done much unexpectedly — enough to jeopardise his re-election, she said.

"I still expect another miracle," said Mrs Mvubelo. She expected that urban blacks would get the franchise within her lifetime, she said, pointing out that she was getting old.

Although she faced a "bitter attack" from a South African exile, Mr Denis Brutus, now a lecturer at a Chicago university, many students continued to question her after Mr Brutus had left the meeting, she said.

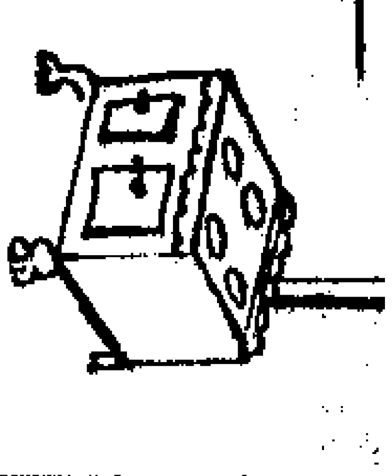
On the whole she found that her many audiences listened attentively to what she had to say—that continued investment in South Africa was essential to create work for the unemployed.

ONION RINGS — May Bennett, Ridgaworth

Peel and slice large onions, and separate the rings. Heat a pan; add oil. Dip the rings in milk and then coat with flour, and fry till brown in the hot oil. Drain the oil off on a paper towel, and season with salt and pepper.

---oOo---

1820 and All That!



FRENCH PANCAKES - 1902

2 eggs
2 ozs butter
2 ozs sifted flour
2 ozs flour
1/2 pt of new milk

Beat eggs thoroughly, add butter and beat to a cream, stir in sugar and flour, and when well mixed add the milk. Beat well for a couple of minutes. Pour on to buttered plates and bake in a quick oven for 20 minutes. Serve with a cut of lemon and sifted sugar, or pile on a hot plate, with a layer of preserve or marmalade between them. Time, 26 minutes, average cost, 6 d, seasonable at any time.

---oOo---

SPATCHCOCK - 1900

1 young fowl
brown bread crumbs
herbs
parsley
onion

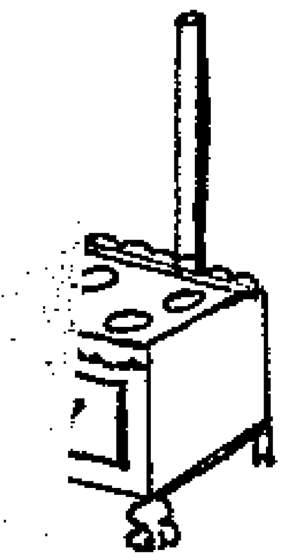
Cut the fowl through the back bone, and open out flat. Brush with [illegible] ter. Sprinkle with salt and pepper, chopped onion and [illegible] sides. Sprinkle with mixed herbs. Grill [illegible] and continue cooking

---oOo---

MUTTON, ROAST SHOULDER OF 1900

shoulder of mutton
dripping
salt
flour

Put the joint to a bright clear fire, flour well. Baste contin-



morning at 10.30 am, will friends kindly assemble at the chapel for the service as the cremation will take place privately. No flowers by request. Suggest donations to Bill Buchanan Park Nursing Home, Goodwin-dr, Durban. DOVES AND ADLAM REID (PTY) LTD, 20 Fynn-st, Durban. Tel 31-6082.

FISCHER

The cremation service for Robert (Bobby), late of Jhbg and Vienna, will take place at Hobkirk Doves West Chapel, 10 Jorissen-st, Braamfontein on Thurs afternoon Nov 1 1979 at 3 pm, prior to a cremation which will be private. No flowers by request, suggest donations to St Giles, PO Box 9625, Jhbg 2000. HOBKIRK DOVES. Tel 39-5967.

GORMLEY

The cremation service for Michael, late of Hope-ave, Brakpan, will take place on Thursday, Nov 1 at 12.30 from the St Peters Anglican Church,

l plea by black businessman

Since 1976 there had been visible and heartening changes in Government policy on black participation in South Africa's economy, he said. As a result both the earning and spending power of the black would no doubt accelerate.

But it was of paramount importance that blacks should become part of the expanding market not only as consumers and workers but as producers and suppliers to the market.

The assistance of foreign leaders and businessmen would be welcomed by black businessmen in some important areas, especially in the field of training, an area in which British companies in both South Africa and Britain could play an important role.

Black companies were often denied support by white companies which were financially and technically best able to assist them, he said. The trading environment in the black townships left a lot to be desired.

"Foreign business leaders can therefore do much more to support a programme of direct financial aid in South Africa," Mr Motsuenyane said.

"They can do this by promoting joint ventures with small black industrialists, by acting as consultants to the emerging black company and by integrating company boards and managements.

To cope with this number about 1 500 jobs a day would have to be created.

SPATCHCOCK - 1900

1 young foul	parsley
brown bread crumbs	onion
herbs	

Cut the fowl through the back bone, and open out flat. Brush with melted butter. Sprinkle with salt and pepper, chopped onion and chopped parsley on both sides. Sprinkle with mixed herbs. Grill till 1/2 done, then cover with breadcrumbs and continue cooking till well done. Serve with a sharp sauce.

---oOo---

PLUM PUDDING

May Bennett, Ridgeworth

2 cups flour	1 small cup chopped raisins
1 t baking powder	1/2 grated beef suet
1 large cup brown sugar	1/2 pt milk
1 cup currants	1/2 t salt
3 beaten eggs	a little mixed peel finely cut
1/4 t ground spice	

Mix all ingredients together well. Tie in a pudding cloth, and boil for three hours. Serve with hot nutmeg sauce. This recipe was used for Christmas dinner in 1916 by my mother and gran, who says "we used 1 cup of flour and 1 cup of stale breadcrumbs instead of 2 cups of flour. Very successful".

---oOo---

MUTTON, ROAST SHOULDER OF 1900

shoulder of mutton	salt
dripping	flour

Put the joint to a bright clear fire, floured well. Baste contin-

EXCHANGE CONTROL

The law's long arm

Unless it has been declared to the authorities, to have a foreign bank account is a contravention of exchange control regulations.

Five local businessmen were convicted in the Johannesburg Regional Court on Monday on charges relating to foreign bank accounts. Fines ranged from R20 000 to R5 000 for holding a total of R78 000 in a Swiss bank.

The men were all involved in helping the Finnish television firm, Salora, to import TV sets into SA. They formed a consortium as long ago as October 1975 to assist in importing parts to Swaziland for local assembly.

A Reserve Bank spokesman explains that foreign bank accounts are illegal unless the funds have been inherited or were held by immigrants before their arrival in SA and have been declared to the Treasury.

Two of the men, Lafras van Rensburg and Peter Hatz, are partners in the stockbroking firm P L J van Rensburg, George Huysamer and Partners. The others convicted were businessman Jacobus Naude, Armscor employee Andre de Wet, and bank employee Jurie Bester. The two last-named were formerly with the brokers.

A JSE spokesman reports that "the Exchange committee has noted the offences, and will consider what action to take in due course."

SASOL SURVEY

The first major State-owned company in which the public has been allowed to buy a stake is Sasol. The recent public share issue, 30 times over-subscribed, created unprecedented interest in SA and abroad.

Next year, Sasol 2 comes on stream, and within a few years Sasol 1, 2 and 3 will be supplying a major share of the country's motor fuel needs — from coal.

All this, and more, will be analysed in depth in a *Special Survey* on Sasol — the most comprehensive yet published — in the *FM* next week.

...dator or liquidators, direct him or them to convene ...a paragraph (*a*) or (*b*),

... or person for appointment as liquidator to fill the ...is of the opinion that the remaining liquidator or ...winding-up, he may dispense with the appointment ...nay direct the remaining liquidator or liquidators

... relating to the convening and conduct of the said ...ntment of a liquidator shall apply to the filling of

...section (1), if for any reason a vacancy is not filled ...may appoint any person as provisional liquidator

...n of liquidator.—(1) At the request of a liquidator ...imself from the Republic upon such conditions as

... the Master may relieve him of his office or direct ... the Master may think fit.

...itted to absent himself from the Republic or who ... so resigns therefrom, shall give notice thereof in

...er and by the Court.—(1) The Master may remove ...d—

...for nomination or appointment as liquidator or ... or that ...uidator ...ney, to ...eting of ... is the ...ority or

... him by ...issioner

... ally or ...tor; or

(*d*) that the majority (reckoned... ...itled to vote at a meeting of creditor... ...inding-up, a majority of the membe... ...ding-up of a company limited by gu... ...ies, has requested him in writing to do so; or

(*e*) that in his opinion the liquidator is no longer suitable to be the liquidator of the company concerned.

(2) The Court may, on application by the Master or any interested person, remove a liquidator from office if the Master fails to do so in any of the circumstances mentioned in subsection (1) or for any other good cause.

380. Notice of removal of liquidator.—The Master shall give notice in the *Gazette* of the removal of any liquidator.

FM

EXCHANGE CONTROL

FM 9/11/79

The law's long arm

Unless it has been declared to the authorities, to have a foreign bank account is a contravention of exchange control regulations.

Five local businessmen were convicted in the Johannesburg Regional Court on Monday on charges relating to foreign bank accounts. Fines ranged from R20 000 to R5 000 for holding a total of R76 000 in a Swiss bank.

The men were all involved in helping the Finnish television firm, Salora, to import TV sets into SA. They formed a consortium as long ago as October 1975 to assist in importing parts to Swaziland for local assembly.

A Reserve Bank spokesman explains that foreign bank accounts are illegal unless the funds have been inherited or were held by immigrants before their arrival in SA and have been declared to

EXPORTS

74

Aid wanted

FM 9/11/79

SA exports have — along with gold — been booming over the past 12 months. They have helped pull the economy out of recession. But, says SA Foreign Trade Association (Safto) chairman Charles Skeen: "Now there is a danger that, having achieved this, the export sector will again be merely kept on ice until the next rescue bid is necessary."

In Safto's annual report, Skeen welcomes the move to a freer exchange rate for the rand, but warns that its likely further appreciation against the dollar will damage exports. The stronger the rand, the more difficult it will be to achieve a structural shift in SA's exports away from dependence on gold. The problem is exacerbated by poor economic prospects in the rest of the world, giving cause for concern for exports in the medium to long-term.

A further factor likely adversely to affect exports is the upturn in the SA economy. Says Skeen: "This may blunt the aggressiveness with which foreign business is currently pursued by many industries which are traditionally orientated towards the home market."

To offset these debilitating factors, and expand employment opportunities, Skeen calls for an "early introduction of additional export incentives."

Safto reckons outstanding export successes have been achieved through the marketing and thus marketing-orientated incentives should be maintained in any package of export assistance, "certainly as the cost to the Treasury has been so modest in relation to the overall results."

But, bemoans Skeen: "Far from giving evidence of further practical support for the export community, the authorities, albiet unintentionally, have appeared to allow export stimulation to slide from their list of priorities."

The *FM* learns that the long-awaited cost-benefit analysis on export incentives (written by a Pretoria University team headed by FCI director Dr Johan van Zyl) was delivered to the Department of Trade, Industries and Consumer Affairs about three weeks ago. Government has consistently stated that no action would be considered until it had been studied.

Meanwhile, Safto had something of a mixed year. It gained a record 203 new members (total 926) and total consolidated revenue in the 1978/79 financial year jumped 16% to R869 000. Nonetheless, Safto lost R64 000 during the year.

Only a small proportion of Safto's activities are "visible" or "revenue earning". It seems that the management is increasingly becoming involved in non-revenue earning activities "at individual level" which later prove to be of value to the export sector.

To overcome the money problem Safto has embarked on a "financial restructuring", which presumably means it is pushing up membership fees.

Compared to the existence of hospitals alone, however, the DHO marks an enormous improvement, though Smith points out that there is still much to be done by integrating preventive and promotive with curative care and in better health- and community-orientation of their administration.

Ross, Maswego and Moja (Ch.17) report singular success in the narrower field of obstetric care achieved at clinics in the Durban area. Clinics were already providing obstetric care to Africans in 1974 but the perinatal mortality rate was high (67 per 1000) and referral criteria poor. A programme was begun, consisting of:

(i) postgraduate midwifery training, with refresher courses at the base hospital and inservice training in clinics (of which feedback on midwives' referrals was an important component);
(ii) ... referral criteria;
(iii) ...sis of health education, and
(iv) ...hich the midwives were involved, to determine the ...he high perinatal mortality rate.

In add... ...ing and child health programmes were under way. As a r... ...rtality has fallen from 67 to 56 per 1000, and in clinic... 9,6 to 8 per 1000. Antenatal attendances increased marked... of deliveries taking place in clinics has more than double... ...ies have decreased. There was an increase in the rate c... ...s and fewer ruptured uteri. Costs of a delivery, both t... ...o the state, were considerably lower at clinics.

In con... ...r on the management of chronic disease shows how unsuit... . is for management of a condition which requires contin... ...lable care.

Easy availability of medical care was not the only criterion. Respondents were keenly concerned with the quality of medical attention, including the attitude of doctors and tolerance of late payment, as well as the perceived effectiveness of their treatment. Patients were slow to blame a doctor for faulty advice. All informants found the costs of medicare a real problem, often prohibiting a further search for relief when initial treatment proved unsuccessful. Most informants saw no conflict between biochemical and spiritual healing and resorted freely to both. Tolerance of physical and mental illness is reflected in Whisson's comment: 'Like other sickness and death itself, mental sickness lies within the parameters of normality'.

3.4 RURAL SERVICES

Two of the papers discussed health services in 'White' farming areas (Westcott, Ch.12, and Scott, *58), while those of Pugh (*48), Kok (*25), Selvan, Engelbrecht and Fincham (*67) relate to health services in Black rural areas; the papers of Burney (*56) and Frankish (Vol.2) are also relevant to this issue. While similar problems of accessibility of health services are encountered in both types of areas, White farms are large and the area tends to be sparsely populated, while the reserves suffer from over-population and a degree of poverty resulting from the splitting of families which is less often encountered on White farms. While some form of mobile service is perhaps essential in the former areas, the dense settlements in the latter can be served by fixed health facilities

Britain's hard Africa choice

WASHINGTON — Both the British Labour and Conservative parties appeared to be on the threshold of new Africa policy directions — policy directions which posed hard choices between black Africa and South Africa.

This statement was made in evidence to the House Africa Subcommittee yesterday by Professor Patrick O'Meara, director of the African Studies Programme at Indiana University, the author of several books on Rhodesia and Southern Africa and an expert on British interests in Africa.

Professor O'Meara was giving evidence as part of a series of subcommittee hearings to establish an "overview" of United States interest in Africa. Yesterday the sub-committee heard evidence on the interests of the major colonial powers, Britain, France and Portugal.

The professor told the sub-committee that, until the 1960s, the major part of Britain's trade was with South Africa and a substantial portion of its investment was in Southern Africa. The vital Cape sea route, the strategic importance of South Africa's minerals as well as "kith and kin" arguments were interconnected with trade and investment.

While the strategic importance of the Cape and the significance of South African minerals were still emphasised, both Britain and the United States now had a new set of priorities.

The production of oil by Nigeria, which started in 1958 had changed the overall trading pattern, with Nigeria now the tenth largest oil producer in the world. Its extensive spending had led to it becoming Britain's ninth largest market — and the largest British market in Africa.

"Popular support for policy has always been strongest when British economic interests have been threatened.

"In simple terms, trade and oil thus will lead to a fundamental reordering of Britain's Africa policy."

Referring to remarks made by the new British Ambassador to South Africa, Mr J G H Leahy, in a recent address to the Johannesburg Chamber of Commerce, Professor O'Meara said the British Government now seemed at least willing to consider the possibility of sanctions against South Africa.

He concluded: "Britain will have to make hard choices in the future between black Africa and South Africa and both the Labour and Conservative Parties appear on the threshold of new policy directions in this regard."

AURSEN BROTHERS

All locked up

(74)

F M 30/11/79

...illful exploitation of a well-...nown US brand name has, in ...ss than two years, gained 9% ... an international market for ... small Rosslyn engineering ...rm.

Laursen Brothers now sup-...ements its business as a sup-...ier to the local motor, min-...g and building trades by sell-...g shipping container locking gear worldwide against well-established competitors in the US, UK, Korea, Taiwan and Japan.

"We knew that the local market would hardly be worth the investment, but we took the risk and tooled up to supply it in anticipation of our export drive," says MD and main shareholder, Jorn Laursen.

Laursen based his hopes of getting into the international market on the fact that he had managed to land the licence to manufacture the US Miner locking gear — one of the best-known names in the business.

First local customer for container gear was Safmarine, followed by the SAR. First overseas customer was in Denmark, where Laursen, a Dane, has connections. But the big breakthrough was soon after, in Taiwan, where the market, as well as the competition, is big.

"Our sales effort is directed not only at container manufacturers but also the shipping lines who buy these containers," he says. "We have persuaded a number of US, Japanese and European shipping lines to specify Miner locking gear on their containers. After that, it is a question of getting in to make the sale to the manufacturer before the US parent company, Miner, or their other licensee in the UK."

In the short space of two years, Laursen Brothers now outsells the parent company.

But, in the beginning, selling was tough. Says Laursen, "People in the far East were at first very suspicious of us, because they do not see SA as a technically developed country. They could not believe that we were offering a deal better than they could get from their own country. But once we had made an initial breakthrough and actually delivered the goods, our credibility improved.

"Our prices are on a par with the competition, but we score because we try harder," says Laursen. "We invite potential customers to visit our factory and see for themselves what we can do. We don't make rash promises on delivery times, and we instantly attend to any complaints."

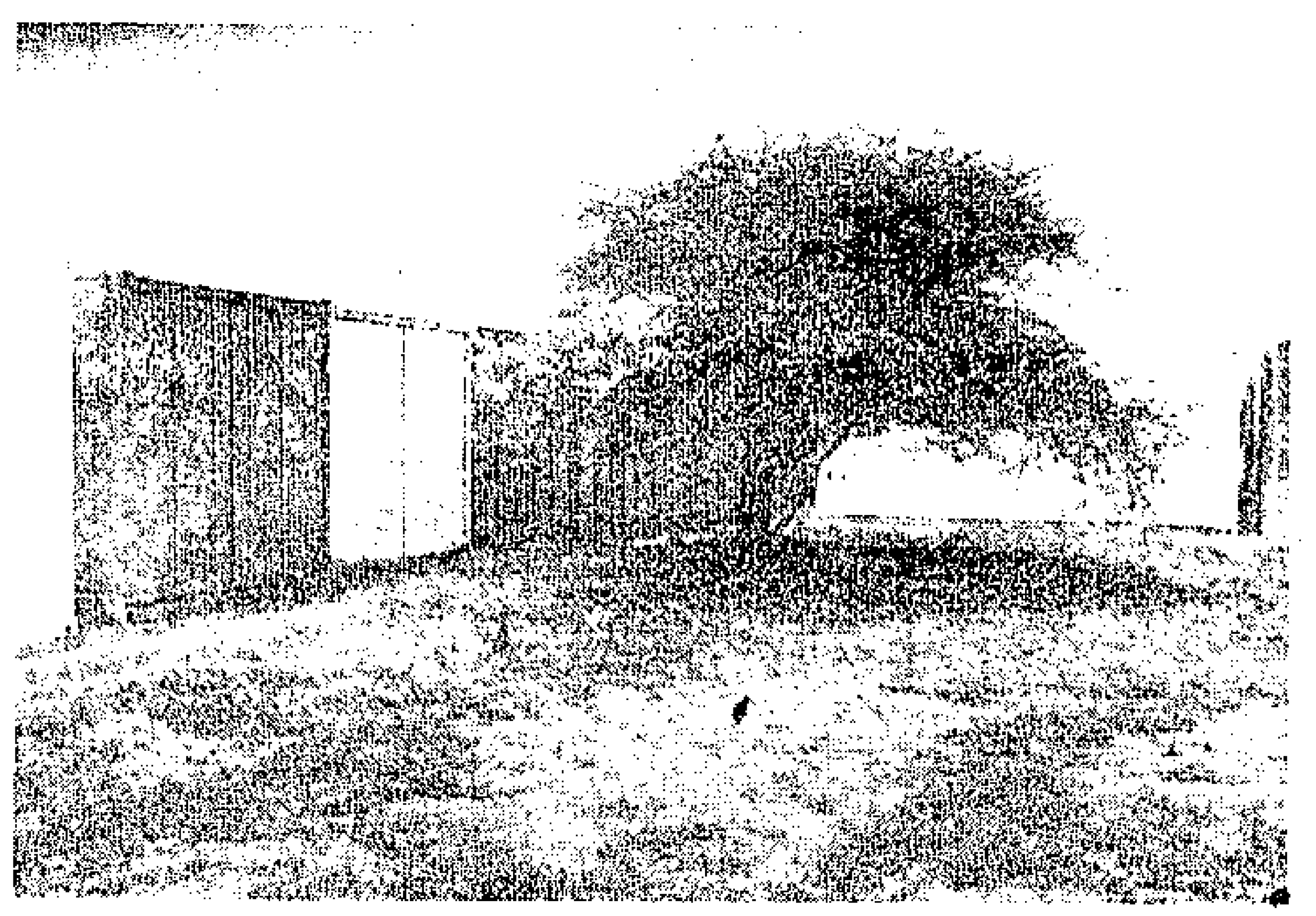
Laursen admits that his export efforts were spurred on by the disappointing performance of the local container market where movements of deepsea containers through SA ports last year were just over half the original estimates. He puts this down to slow trade and lack of "container consciousness" among SA businessmen. This helped to push Laursen Brothers' export sales from 1% of total turnover in 1977 to 32,5% this year.

There is an annual demand for between 350 000 and 400 000 sets of container locking gear, which the *FM* values at around R50m. Laursen is aiming for 15% of it in two years time, and also has new products in the pipeline, which could make "substantial contributions to future export sales."

Laursen has a cosmopolitan attitude towards his business and clearly aims for growth through further exports. And although the local container market is now set to take off, he still predicts an ever-increasing proportion of his company sales in foreign markets.

The company employs less than 200 people, most of whom live within 10 km in neighbouring BophuthaTswana. "We are already working double shifts and will soon have to add more plant," says Laursen.

Laursen . . . we score because we try harder



Containers . . . aiming for 15% of the market

(2) The auditor of any external company may at any time resign as ... provisions of section 280 shall *mutatis mutandis* apply with reference to such resignation.

Registrar to call for particulars.—(1) The provisions of sections 211, 215 and 216 shall *mutatis mutandis* apply to a director, local manager and local secretary of an external company: Provided that where a director is not resident in the Republic—

(c) the number of
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74

EXPORT AWARDS SURVEY

Export surge continues

The extraordinary surge in exports, which began in 1976 and saw merchandise exports top imports in 1977, is continuing unabated. In the first nine months of 1979, the value of exports leaped 32,5%, while imports rose a mere 13,5% — hardly a real increase at all.

The market which has shown the biggest growth has been Europe (up 38% and now taking more than half of SA's merchandise exports). Sales to America and Africa both grew by 30%. As this was below the overall rate of growth, these markets took a smaller share of the total this year than they did in 1978.

Precious stones, precious metals and coins, the biggest export category, increased by 43% to R1 911m, largely thanks to booming sales of Krugerrands. Switzerland has become a major buyer of Krugerrands (and to a lesser extent diamonds) and consequently is SA's biggest export customer this year.

Exports of base metals rose 36% to R1 245m, and of mineral products by 29% to R958m.

Steel exports have shown impressive successes in a world where demand has not been growing strongly. Main reason for this is that production is tending to shift from the industrialised West to lesser developed and communist nations.

SA has been able to benefit from this situation by offering a competitively priced product. Much the same has happened in ferro-alloys and fertilizer.

Energy

We are also now a major and still-growing exporter of energy in the form of coal and uranium.

Unfortunately, too few companies are coming forward to take a bow for good export performance — perhaps because most have learned that SA benefits from a low profile in world markets.

Last year, only 72 companies sent in application forms for the State Award for Export Achievement, and this year there were 80. The scheme was introduced in 1975 as SA's answer to the British Queen's Award to Industry, with somewhat similar criteria.

Awards are made in four categories — manufacturing, primary products, services and overall winner. This year, there was no entry in the services industry which was considered worthy of an award.

The sort of achievements which would qualify a company for the award include the export of a substantial proportion of its output, a big increase in exports, a high percentage of local value added in the export product, and a breakthrough in a new or difficult export market.

This year's overall winner, the Pretoria engineering components manufacturer Laursen Brothers, has cornered nearly 10% of the world market for shipping container locking gear, pushing exports from 1% of its turnover to 32%.

Manufacturing

Smithchem of Durban, winner in the manufacturing sector, built the first furfural plant in the world to operate continuously on bagasse (sugar cane waste), and exports 90% of its production. Earnings last year were nearly R500 000.

In the primary sector, Kareedouw Creosote Works, of Kareedouw in the Cape, pushed exports up to R1m last year — 37% of its gross sales revenue. KCW, a subsidiary of Murray & Roberts, produces creosoted gumpoles.

any person charged under this subsection.

(3) Where a take-over statement by the offeror or the take-over statement by the directors of the offeree company contains a statement which is untrue, the offeror and every director and officer of an offeror which is a company, and every director of the offeree company respectively, shall be liable to pay compensation to all persons who have accepted the take-over offer concerned for the loss or damage they may have sustained by reason of such untrue statement, and the provisions of section 160 as to the liability for untrue statements in a prospectus shall *mutatis mutandis* apply to any liability provided for in this subsection, the reference therein to a prospectus to be taken as a reference to a take-over statement by the offeror or the take-over statement by the directors of the offeree company, the reference therein to persons who have acquired, subscribed for or purchased shares, to be taken as a reference to persons who have accepted the take-over offer, and the reference therein to the allotment or sale of shares, to be taken as a reference to the acceptance of the take-over offer.

FM 30/11/79

CHARCOAL AND GLASS

(74)

Johannesburg Chamber of Commerce plans another official trade mission to Britain in 1980 following the success of its 1979 mission.

JCC was this year the first chamber in SA to obtain official backing for a mission, to the extent that the government meets 50% of the basic cost. Airfare and hotel accommodation will cost R2 800 per delegate next year. Considering the rest of the cost can be written off against tax according to a formula, that's pretty good value for any company looking for export markets.

In return for its investment and services, which include preparation of market surveys, however, the government insists on vetting all participants. It is a condition that the company represented is a registered exporter.

Among the results of the 1979 mission were an order negotiated by Charles Hartley (Pty) for ice-making equipment, inquiries for 12 000 t of charcoal from Coal Cartage, and a trial shipment of crystal glass by an agent, Charles van Herzeele.

FRUIT EXPORTS FM 30/11/79 74

Better pickings?

After a depressed 1979, SA fruit exporters should do better in Europe next year. In particular, apple producers will benefit from poor quality in the European crop, even though this year's crop is 3% bigger than last year's.

Deciduous Fruit Board (DFB) feedback suggests traditional UK and Continental outlets will absorb 8,8m cartons despite local producer protests. This is 1m cartons up on 1979 but still 300 000 cartons short of 1978's 9,1m. There also seems to be a lot of scope for shipment of another 1m cartons split equally between North America and the Middle East.

Chile's refusal to implement voluntary restrictions on shipments to Europe must also help SA growers as the Latin American producer has been banned from landing apples in Common Market countries between March and mid-August.

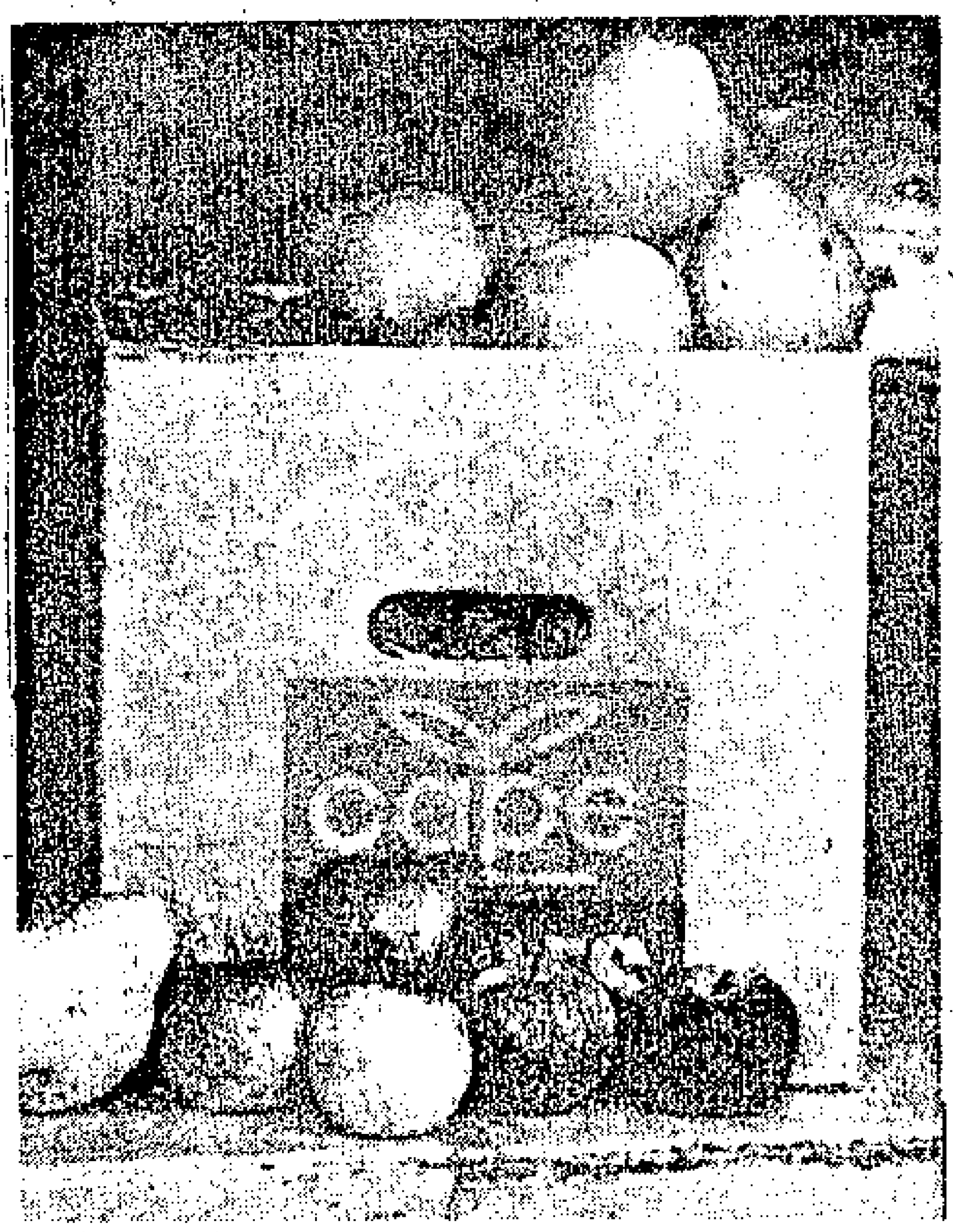
The bugbear for local producers remains rising sea freight rates which are likely to take the cream off much of the extra export effort by SA growers. European prices for apples are either falling or not rising sufficiently to offset shipping charges, so a strong distinction must be made between volume sold and cash return per carton.

The bulk of SA's crop should start to arrive just as the northern hemisphere cold storage supplies start running out in March and April.

One of the problems encountered by SA exporters to Europe this year was a large (980 000 t) carry-over of poor quality northern apples. European farmers agitated for the imposition of quotas, demanding that anticipated southern offerings of 370 000 t be cut to 230 000 t.

The European Commission suggested a compromise at 280 000 t, but the final figure agreed to was 313 000 t of which 123 000 t was awarded to SA.

The DFB does not expect quotas or voluntary restraints on offerings next year but the European apple market is highly inelastic. Small changes in the volume of fruit on offer have a marked effect on price. For example, the Eurocrop is about 350m cartons. If there is a 1% carry-over into the southern export season the additional 3,5m cartons are equal to 5% of total southern exports.



Cape fruit . . . juicier sales in 1980

As a result, payments to growers could suffer by 70c-80c per carton. Something like that happened this year: 7,8m cartons sold at an average R9,82 cif, yielding a gross R77m. Last year 9,1m cartons sold for R10,50 cif, realising a gross R96m.

SA table grape exporters command something like a licence to print money in Euromarkets. Sales in 1980 are unlikely to match this year's 6,7m cartons (4,6m last year) but prices could go 12%-15% higher. Gross yield this year was R44,4m (R30,9m) on an average cif price of R6,62 per carton (R6,74).

SA grapes dominate Euromarkets and demand is rising despite an 18% EEC duty, the purpose of which is obscure since the fruit is offered in the northern off-season. The effect of the duty is to needlessly raise prices to the consumer.

Like applegrowers, who will increasingly have to watch competitive offerings from Chile and Argentina to maintain their dominant (40%-50%) position in Europe, pear exporters will have to keep an eye on South America.

In 1979 SA exported 2,46m cartons (12% up) and realised a gross R23,5m. At the same time, the South Americans weighed in with 2m cartons. Prospects in 1980 for SA are clouded by the likelihood of tough competition (backed by EEC protection) from cold-stored long-lasting British pears in the early part of the 1980 season. Prices will suffer.

5t

KAREEDOUW CREOSOTE WORKS

Up the pole — and down

FM 30/11/79

The case of Murray & Roberts subsidiary Kareedouw Creosote Works Pty is a classic illustration of how badly things can go wrong in a market dominated by one major buyer.

In fact, Kareedouw Creosote, winner of this year's State Award for Exports (primary section) would probably never have got into exports were it not for an amazing lapse of concentration at Escom, the monopsonistic buyer in this case.

Until 1976, Escom accounted for 90% of KCW's output of 40 000 m³-50 000 m³ of creosoted pine poles. GPO took the lion's share of the remaining 10%. In both cases, the poles are used for overhead transmission lines, mainly in rural areas.

Expansion

Around this time, KCW balanced Escom's projected expansion programme against orders and calculated that, on average, the corporation's buying department had overstocked poles 5,7 *years*. The extent of over-ordering ranged from 34 years to 80 years for the various sizes of transmission line poles.

Faced with imminent collapse, company executives undertook a series of 30 foreign trips in search of new customers. The resulting success story is the subject of this year's export award.

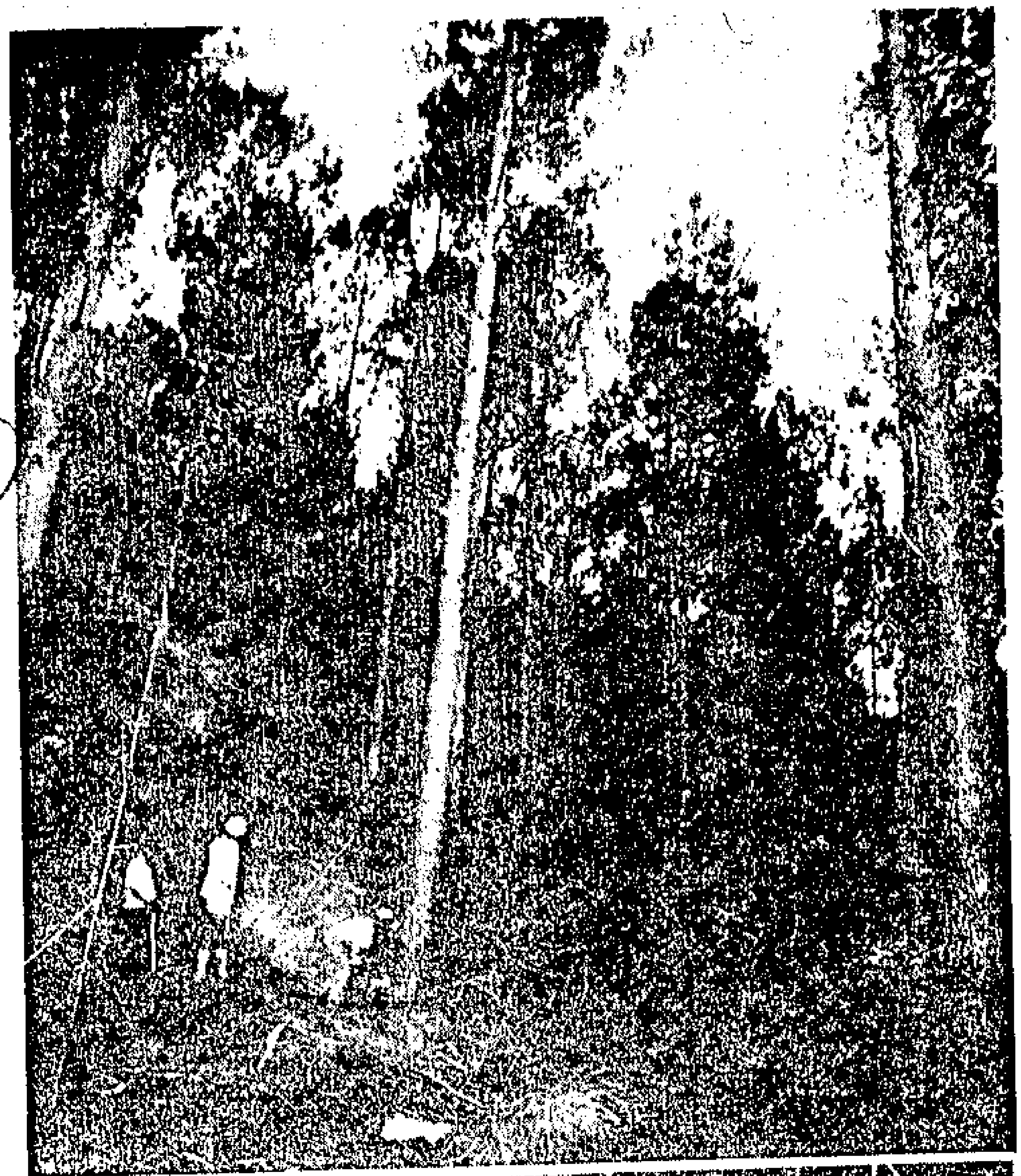
Last year, KCW recorded export sales of R1m, equal to 37% of gross sales revenue. This year the company is assured of R1,4m (70% of gross revenue from sales) and, next year, given a return to stability in fast-growing Middle East markets, exports will go to about R3,6m or 87% of total company sales.

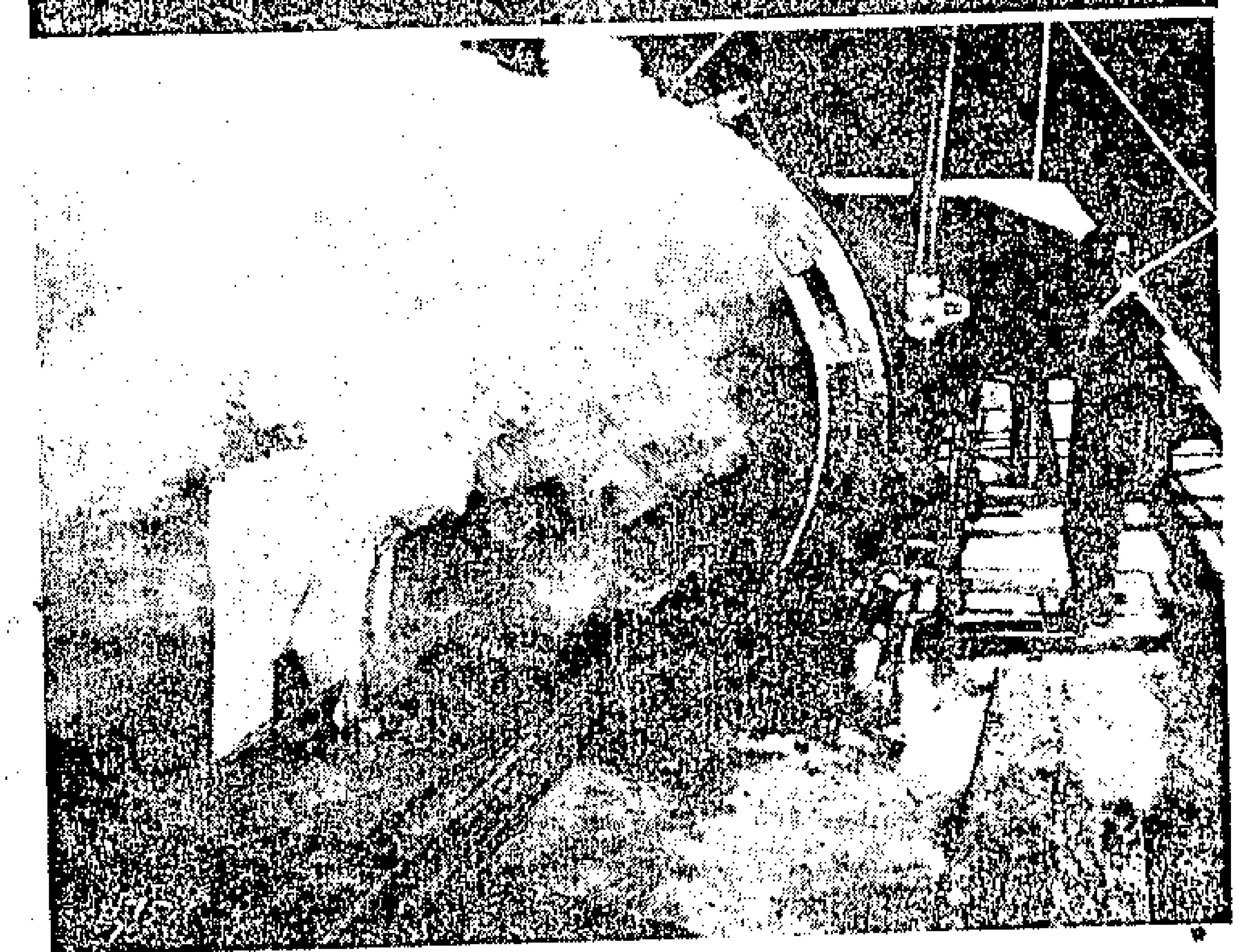
In the case of one major Middle East contract, KCW tendered, came in lowest, and got the award. But, when it was discovered that the winner was an SA company, KCW saw it cancelled.

With commendable tenacity; KCW submitted tenders when the contract was reopened and, sure enough, came first again. The award has been confirmed and the contract is currently being executed following payment on a New York bank.

Meanwhile director Brian Bolton and GM Dawie Lombard have been diversifying into fresh markets: Italy, Greece, France, Israel, Mauritius and Germany. In addition to lucrative orders from Middle East countries, which the company insists should not be named, substantial contracts have been won in black African countries which, likewise, the company is nervous about identifying.

Foreign recognition has been won not only on account of KCW's keen bidding, but also because of the eminent suitability of the product for transmission line carriage. KCW's sources of *pinus pinaster*, *pinus canariensis* and *pinus rodiata* on the wind-swept slopes of the Tsitsikama mountains, about 150 km from PE at the north-





eastern exit of the rich apple-growing region of the Langkloof Valley, are internationally accepted as a superior timber for transmission line purposes to the slower-growing US and European pines and redwoods.

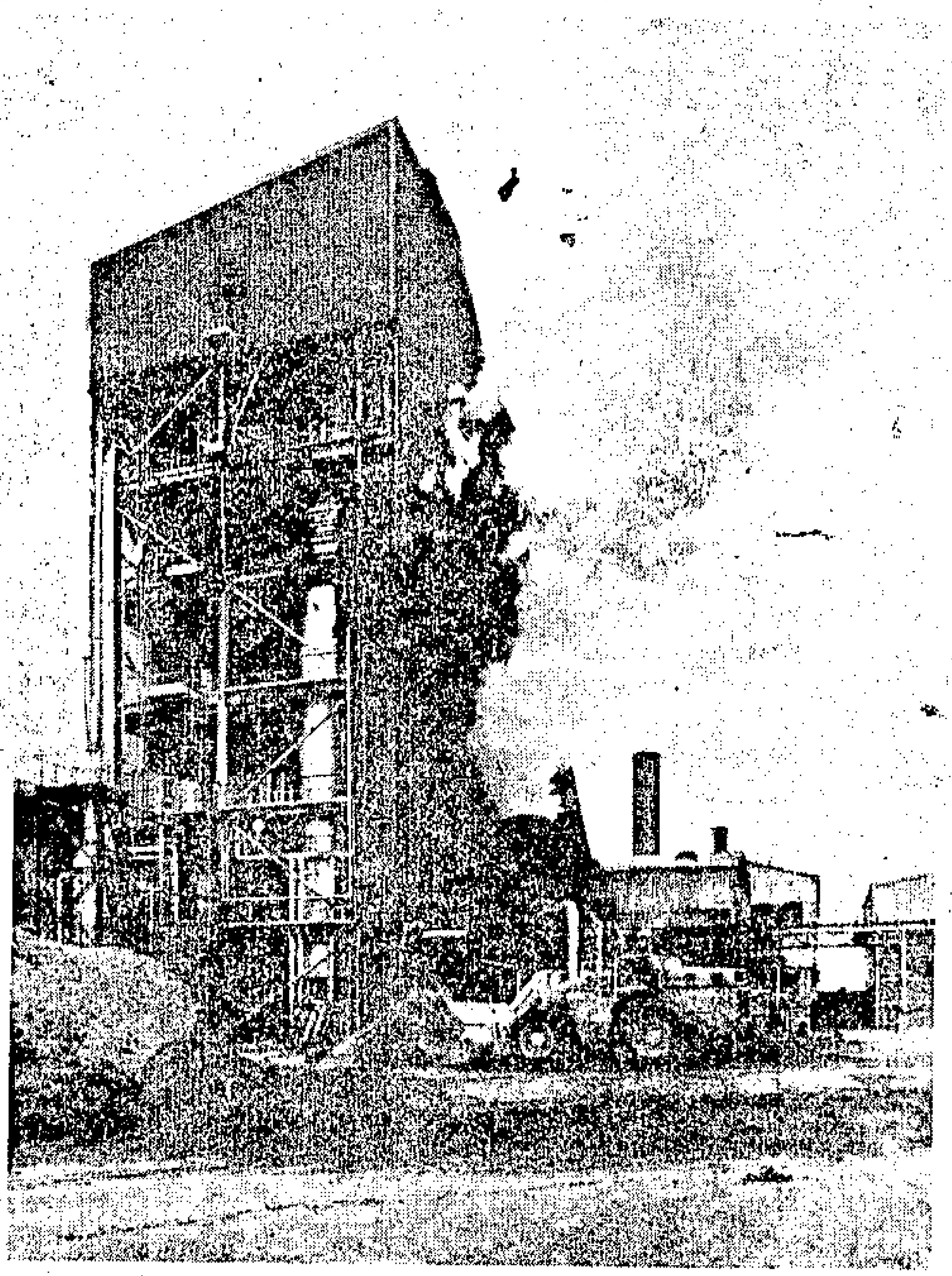
Creosote penetration is much greater on SA pine, a crucial factor when the poles are used in hot dry climate, and they are also a good deal stronger. SABS guarantees them for 40 years.

Transmission poles are usually between 9,3 m and 18,6 m long, the latter taking about 40 years to grow. Most of the poles are cut down in the Tsitsikama mountain forest reserves which stretch some 300 km from George to near Jeffrey's Bay.

Born to export

74

FM 30/11/79



Smithchem . . . getting into as many markets as possible

Smithchem was born to export because it couldn't have lived on the local market alone. This wholly-owned subsidiary of C G Smith Sugar uses bagasse, the fibre left over after sugar cane is crushed, to make furfural. It is used mainly in the processing of lubricating oils and as a base for furfuryl alcohol, important to the foundry resin industry.

It started production in 1974 with 130 t of furfural and now produces more than 4 000 t a year of which 90% is exported. Earnings last financial year were R397 000. A R2,75m furfuryl alcohol plant is expected to come on stream in May and not only will this generate export earnings but it could replace current imports of about R550 000 a year.

This year the company has started making another bagasse derivative, diacetyl, used as a flavour carrier in foodstuffs. Almost the entire output will be exported.

Smithchem has travelled a hard road to success. There were endless teething troubles with the original plant from Finland. Then last year it lost its entire market in Europe and Australia to freebooting communist Chinese producers out to earn foreign exchange at any cost. With considerable effort it was able to re-establish itself in Britain and the US.

"We have tried to get into as many markets as possible," says MD Ian Mackenzie, "to spread the risks, but it is a very thin market with not many producers and not many customers either."

Low cost

He adds: "Our real strength is that we are a low-cost producer. I believe that plants in Spain and the Philippines have had to close over the past few months because of losses. Our biggest threat is freight rates and the only counter is to ship in bigger quantities.

"The bulk shippers were tremendously helpful when we started off, and so were the local and overseas trading houses, who helped us find our feet," he says.

Mackenzie believes that, to succeed in such a market, it is important to build up credibility and good personal relationships. "One has also got to offer the full range of services offered by competitors."

Exports this year are expected to be R2,5m.

FRUIT EXPORTS FM 30/11/79 (74)

Better pickings? (3)

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(Fruit)

74.

FOREIGN TRADE FM 30/11/79 (762)

Trying to tai it up

The Republic of China (Taiwan) has launched an extensive programme to boost its R120m trading link with SA. The drive has been prompted by the unbalanced exchange of products — SA exports to Taiwan were worth R84m and imports amounted to only R35m last year.

Says Dr Chiang Pin-Kung, economic councillor in Johannesburg: "We've set a target of R150m this year. Fortunately our economics complement one another — SA can provide us with the raw materials we lack and we can provide the high quality technology and capital intensive products SA needs."

Chiang says Taiwan's economy has grown phenomenally during the last five years. "We can now extend our trading links and offer more to our trading partners." Two way trade figures between the Republic and SA increased by 45% in 1978. Taiwan has doubled its total export figure since 1974 from R4,660m to R10,485m in 1979 while its exports to the USA, its largest trading partner, increased by 39% last year.

Although SA accounts for only 1,3% of Taiwan's total imports, Chiang emphasises that SA can provide vital agricultural resources — its agricultural sector contributed only 12% to its net domestic product this year — as well as metals and minerals. Last year Taiwan imported metals and minerals worth R26,6m from SA.

Taiwan's bid to improve trade links with SA coincides with the department of Commerce and Industry's announcement that the government is to improve SA's foreign trade relations. A spokesman for the department said it was very satisfied with existing trade relations with Taiwan. "We held talks on a ministerial level for the first time this year. We will meeting annually to iron out any problems and expand our cooperation with them."

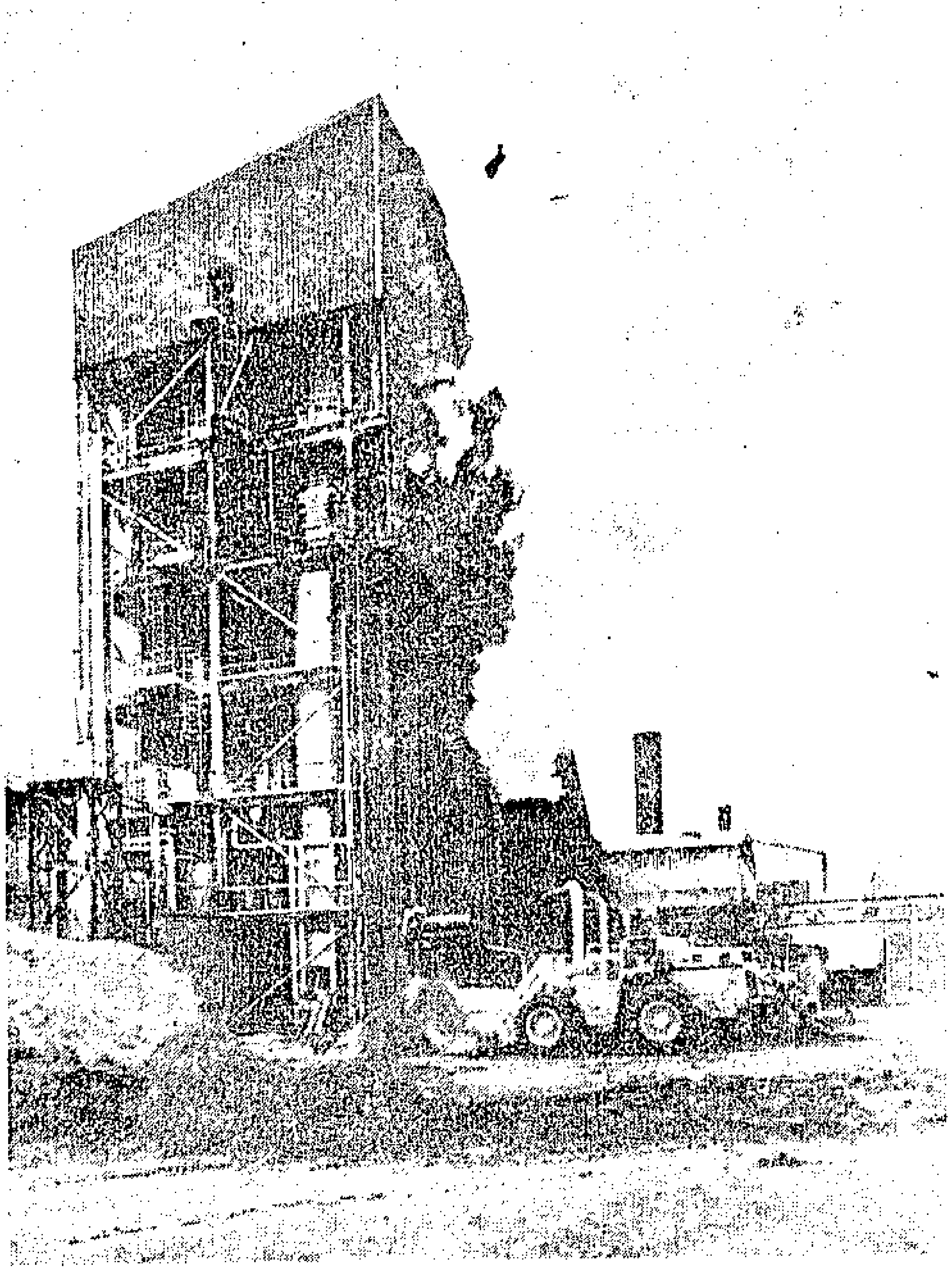
Chiang emphasises that Taiwan's bid does not only involve trade links with SA. "We are hoping to be able to co-operate in all aspects of the economy." Other fields of co-operation being considered are aviation, communication networks, telex, telephone lines and technical expertise.

There is a possibility that Assocom will negotiate the creation of a Sino/SA Chamber of Commerce to facilitate the growing economic relations between the two countries. Chiang is hopeful this will crystallise by the end of the year.

74

SMITHCHEM

Born to export



Smithchem . . . getting into as many markets as possible

Smithchem was born to export because it couldn't have lived on the local market alone. This wholly-owned subsidiary of C G Smith Sugar uses bagasse, the fibre left over after sugar cane is crushed, to make furfural. It is used mainly in the processing of lubricating oils and as a base for furfuryl alcohol, important to the foundry resin industry.

It started production in 1974 with 130 t of furfural and now produces more than 4 000 t a year of which 90% is exported. Earnings last financial year were R397 000. A R2,75m furfuryl alcohol plant is expected to come on stream in May and not only will this generate export earnings but it could replace current imports of about R550 000 a year.

This year the company has started making another bagasse derivative, diacetyl, used as a flavour carrier in foodstuffs. Almost the entire output will be exported.

Smithchem has travelled a hard road to success. There were endless teething troubles with the original plant from Finland. Then last year it lost its entire market in Europe and Australia to freebooting communist Chinese producers out to earn foreign exchange at any cost. With considerable effort it was able to re-establish itself in Britain and the US.

"We have tried to get into as many markets as possible," says MD Ian Mackenzie, "to spread the risks, but it is a very thin market with not many producers and not many customers either."

Low cost

He adds: "Our real strength is that we are a low-cost producer. I believe that plants in Spain and the Philippines have had to close over the past few months because of losses. Our biggest threat is freight rates and the only counter is to ship in bigger quantities.

"The bulk shippers were tremendously helpful when we started off, and so were the local and overseas trading houses, who helped us find our feet," he says.

Mackenzie believes that, to succeed in such a market, it is important to build up credibility and good personal relationships. "One has also got to offer the full range of services offered by competitors."

Exports this year are expected to be R2,5m.

Strongest competitor is the US which has about 65% of the world market for furfural and probably 80% for furfuryl alcohol.

Smithchem may not be able to slay the giant but it is certainly out to see Goliath ends up with a severe headache.

Financial Mail November 30 1979

(3) Every external company shall ... year lodge with the Registrar, under cover of the prescribed form, a copy ... financial statements together with the report of the auditor of the company, in respect of its financial position, trade and business in ...

(4) The provisions of sections 281, ... remuneration of auditors and of Chapter X... panies shall apply *mutatis mutandis* to the ... section (3) of this section in respect of every ...

(5) Every external company shall within six months after the end of its financial year, lodge with the Registrar a certified copy of its latest complete annual financial statements as prepared under the requirements of the foreign jurisdiction in which it was incorporated and, if such statements are in a foreign language, a certified translation thereof in one of the official languages of the Republic.

(6) The Minister, when he considers it to be in the public interest, may exempt an external company from all or any of the obligations imposed by this section and may also do so on application by such external company on the ground that the required disclosure of information or of any particular information will be harmful to the company or will be impracticable or will be of no real benefit to the members of the company in the Republic in view of the insignificant amounts involved: Provided that such application shall be renewed every two years.

330. External companies to lodge annual return.—(1) Every external company shall not later than one month after the end of its financial year lodge with the Registrar a return in the prescribed form, specifying the particulars prescribed by the Minister by regulation, in regard to the company, as at the date of the end of its financial year.

[Sub-s. (1) substituted by s. 23 (1) of Act No. 59 of 1978.]

Top mine officials give West a warning

NEW YORK. — South Africa's top mining officials yesterday warned their Western trading partners that supplies of scarce and defence-related metals produced in South Africa would be available to them, but that they should give some support to the Republic.

The warning was issued during a news conference by Dr Dirk Neethling, director of the South African Minerals Bureau, and the Minister of Mines, Mr F W de Klerk.

Both men said Western countries were so dependant on imports of South African chrome, vanadium, platinum and other metals used in military equipment that an interruption of supplies would endanger the defence of the United States and Europe.

South Africa would never impose a metals embargo as a foreign policy weapon, they said, but asserted that an unfriendly government in South Africa could cause havoc in some metals markets.

South African officials have expressed similar warnings to President Jimmy Carter's administration, which has shown an interest in strengthening relations with some of South Africa's enemies in black Africa.

"You need us, we need you," Dr Neethling said. "You people have to make up your mind about what you're going to do."

Dr Neethling said that in 1977 South Africa held 89% of the West's reserves of platinum, 84% of its chrome, 93% of its manganese and 90% of its vanadium.

Many of these metals are used to build the frames ... com- ... air- ... ing ... ted ... ith ... d- ... to ... s, ... g ... a

Aspects of Developing Capitalism. (August 22 - August 30)

...thods of production involved changes not only in economic ... but also in political and legal ones. New financial ... to be devised to deal with the greatly increased volume ... sses struggled for larger shares of the increased wealth.

...ures: (1) Changes in methods of agriculture (2) Legal changes resulting from these agricultural changes ...ts in money and banking (4) The growth of trade unions.

...e 20th Century: Capitalism on the Defensive?
(September 4 - September 27)

...r ended an era of generally confident progress in the ...n an era of upheaval: the Russian socialist challenge ... the question of reparations; the financial troubles ...s; the "great depression" of the thirties. At this ...d that unemployment was the great economic problem. ...ggested a solution to this problem. The solution was ... after 1945, with considerable success. Meanwhile, new ...e appearing, so that to-day economists are expected to ...utions" to the "problems" of pollution, destruction of ...t, and world-wide economic "inequality".

...ures: (1) The 1914-18 war (2) The Russian revolution ...s (4) The gold standard (5) The depression of the 30's ...ery, and the E.E.C. (7) The third world (8) Some current

S. Times 2/12/79 (74)

Big money queues up for South Africa

By STEPHEN ORPEN

WITH money running out of its ears, South Africa is playing hard to get among a host of overseas banks eager to extend loans to both Pretoria and the public and private sectors.

The reason is simple. This country has virtually never enjoyed a higher credit rating in the international banking community. And yet — precisely because it is so well off — it can afford to do without almost any overseas help.

Senior men at the Reserve Bank and at the Ministry of Finance, as well as with overseas banks, told me this week that they had not experienced such interest in lending to the country for many years, and that applications for the entry of funds for fixed investment in industrial expansion was also accelerating.

The trend had been encouraged both by new political initiatives, from the Prime Minister's office downwards, seen as enlightened by Western governments and the overseas business community, and by the introduction of the financial rand (see Page 9).

It was particularly gratifying as a confidence booster at a time when a few critics were still insisting that the long-term capital account was a headache.

These critics have made a meal of the fact that, up to the end of 1982, maturing long-term public sector loans — which have helped secure the huge expansion of infrastructure which has made possible South Africa's export boom and her drive for energy self-sufficiency — will amount to almost R1 000-million a year.

The critics have maintained that "not much more than half" this amount could be rolled over or refinanced.

Not so, according to the experts. Provided current conditions are maintained or improved (which is admittedly not certain) there will be no trouble paying off all that is owed — and borrowing more even if the owings are not paid off rapidly.

The staggering improvement in South Africa's position can be guaged from the fact in 1976 foreign liabilities, mainly short-term, owed by the central government and banking sector totalled some R2 100-million.

Today, only some R250-million is owing which cannot quickly be paid off.

This consists primarily of borrowings by Pretoria from the International Monetary Fund through finance and credit facilities.

This happy state of affairs has arisen mainly because of the take-off in the gold price and in the surplus on the trade account of the balance of payments, which has allowed Government to sustain a high rate of repayment to foreign creditors.

In 1978, net repayments of liabilities related to the reserves reached R437-million — almost double 1977's R221-million.

In the first quarter of this year some R101-million was repaid and some R34-million in the second quarter.

There has been a steady capital outflow — some R1 300-million just from the private sector in the first half of the year. And "this outflow may even have increased in the third quarter," according to the Reserve Bank.

But this is a healthy rather than dangerous sign. It results almost entirely from the fact that interest rates are so low in South Africa, whereas they are high overseas.

This encourages traders to borrow domestic money to finance their business overseas, and helps mop up the excess liquidity in the economy.

If domestic interest rates should rise — as they will do once boom conditions are underway — while overseas rates decline, the capital outflow will decline sharply and even reverse.

This will help balance any decline in the surplus on the current account of the balance of payments should imports surge, which is also likely in boom conditions.

The enthusiasm of overseas banks to lend to South Africa results not only from their highly favourable assessment of the health of the country's national accounts — its balance sheet and profit and loss.

It also reflects the fact that these banks have already fulfilled their lending quotas to countries like Canada and Australia, and have more money looking for a safe home.

From London, NEIL BEHRMANN reports that the vast improvement in South Africa's economic outlook, and more re-

● To Back Page

Big money queues up

● From Page 1

laxed political stance, has improved the country's borrowing capability very significantly.

Talking to men like Hill Samuel's chairman, Sir Robert Clark, he was told that "South African borrowers are finding it much easier to raise money abroad.

"The spread — the margin which countries pay over basic interest charges — has narrowed considerably from 1,75% in 1977 to, in some cases, less than 1%.

Sir Robert feels that, in all, this means that international lenders are looking at South Africa as a lower risk proposition than at any time for many years.

However, banks are still raising money through "private placements" out of wariness of pressures from anti-apartheid groups.

Behrmann reports that "in recent interviews with Swiss bankers, they confirmed that it was much easier now to raise funds for South Africa."

In that country, however, bankers are having problems with the authorities, who have placed a special ceiling on loans to South Africa each year.

The banks themselves limit loans to any one country to unspecified percentages. This diversification is intended to limit their overall risk.

But the Swiss Government has a special ceiling for South Africa as a result of United Nations pressure.

It is ironic, the Europeans stress, that a few years ago, when South Africa was scratching around for money, there were few who had the foresight to lend at attractive rates.

...ar diseases are consistently responsible ...
small proportion of the overall mortality of the 'coloureds', Table I

the age of 65 years have shown a rising trend, it is of some concern that
the mortality rates have also increased between 1960 and 1970 for 'coloureds'

mortality rates of whites and
onstant for persons between the ages
ess than 5 years of age, the gap
ing. In 1941, white children under
mortality of 'coloured' children;

Sluggish SA imports spell danger

RDM 3/12/79 74

By HOWARD PREECE
Financial Editor

A CURIOUS puzzle is posed by South Africa's import bill for 1979 — it does not look high enough.

If the preliminary and provisional figures are a reliable guide to the outturn for this year — there is always an if with most South African financial statistics — imports will fall well short of the original official estimates.

There are various possible reasons for this.

But one of them is obviously a sluggish replacing and increasing of capital and intermediate equipment by the private sector in spite of a highly welcome upturn in fixed investment in the third quarter of this year.

The risk here — and the figures and background are too sketchy at this stage to be certain — is that the economy could run into severe supply bottlenecks if it does move to the 5% growth rate Senator Horwood, the Minister of Finance, thinks achievable next year.

In April this year, Dr J H de Loor, the Secretary for Finance, told me that the Government financial planners were anticipating a 25% rise in rand terms in the 1979 import bill.

It was assumed that about 19,5% of that would be accounted for by price increases — above all for oil — and that the balance would be the real volume rise.

Imports totalled R8 069-million, so the level this year should have exceeded R10 000-million.

But that looks highly unlikely on present evidence.

In the first half of 1979 the official import figures from the Reserve Bank were R4 189-million, just over 9% up on the 1978 level of R3 840-million.

According to the admittedly erratic figures from Customs and Excise import for the 10 months to October — excluding oil and military equipment — were R5 804-million compared with R5 230-million in the 1978 period.

That is a rise of only about 11%.

Clearly the huge rise in oil prices would have given a substantial boost to that figure.

Even so, and allowing for a big rise in imports for seasonal and growth reasons in the second half of this year, it looks now as if there is no way they will show a 25% rise in 1979.

Economist Mr Rudolf Gous of Nedbank has calculated an increase of 22% to R9 800-million.

Mr [illegible] mist of Barclays National Bank, says the increase in imports for 1979 will be nowhere near 25% and suggests the total might not reach R9 000-million.

Various reasons for the import shortfall can be offered:

- Economic growth this year has fallen short of the 4% target (we shall, in fact, probably get about 3,5%).
- There has been a rise in "import substitution" — South African firms, looking for growth in a recession period, have been able to capture some domestic markets previously held by overseas suppliers.

This view is held by the Federated Chamber of Industries.

- In tandem with the above, some equipment traditionally imported has had to be made in South Africa because of boycott threats. Defence equipment is an obvious example.
- The private sector has been continuing to use up spare capacity rather than import as much new capital equipment as was officially expected.

If this factor is a consequential reason for the import shortfall it will surely add to supply bottlenecks next year.

And there are already fears of the familiar shortage of skilled labour.

NUCLEAR CARTEL F.M. 7/12/79

Justice blocked (74)

A US Justice Department staff recommendation that felony indictments be brought against Nuclear Fuels Corporation of South Africa, the Rio Tinto Zinc combine and other international uranium producers apparently was rejected last year because of objections from Carter administration diplomatic officials and the Canadian government.

Agency documents published this week indicate the probe into the alleged price fixing activities of the cartel ended when Gulf Oil pleaded no contest to a minor misdemeanor charge and paid a $40 000 fine.

The decision in no way affects a dozen or so still-pending civil damage suits against alleged cartel member companies that involve billions of dollars in potential penalties. Westinghouse Corporation has sought relief from more than 20 nuclear fuel delivery contracts with various electric utilities, claiming that cartel price policies starting in 1972 illegally boosted fuel costs and could lead to devastating penalties if upheld.

According to documents published in the *New York Times*, Justice staff attorneys cited Gulf, its wholly owned Canadian subsidiary, its Canadian branch, its US subsidiary, the Nuclear Fuels Corp of SA, Uranex of France, Eldorado Nuclear, a company owned by the Canadian government and Uranerz Canada, a German concern, along with 13 other corporations which were to be named co-conspirators.

But on March 21 1978, senior Justice Department officials decided to drop the indictments because of intense objections from the State Department and, tacitly, from the White House. Part of the record shows that President Jimmy Carter held private discussions on two occasions with then Canadian Prime Minister Pierre Trudeau on Canada's objections to the cartel suits.

Both the governments of Canada and Australia have enacted laws to prohibit documents on the cartel's activity in those countries from being turned over to American investigators.

F.M. 7/12/79

74

WINE INDUSTRY

Swimming in it

KWV's plans to try to dispose of a major portion of its 200m litre surplus of distilling wine on the international commodity alcohol market have suffered a sharp reversal. But it may be possible to retrieve the situation by intensified sales efforts in European potable alcohol markets.

Amid strict security, KWV recently secured brandy spirit export contracts in Europe worth about R2,5m, but it will not disclose the volume of spirit involved. Informed estimates indicate, however, that despite the European contracts, close to 200m ℓ of distilling wine will have to be disposed of in the next three months before the 1980 grape crop is pressed.

The possibility that this large quantity of wine could be disposed of in Europe in the form of industrial alcohol (ethanol) has received a sharp setback with the news that the European Economic Commission plans to amend EEC alcohol regulations which presently permit large-scale "dumping" of agricultural alcohol on Europe's synthetic alcohol market.

Wine lake

Faced with yet another huge wine lake, the European Commission proposes to enlarge the so-called reserved sector of the Euro-alcohol market from 4,4m hectolitres to about 5,6m hℓ. The reserved sector of the market, which competes with synthetic alcohols produced by chemical industrial companies from refinery run-off material, comprises fermentation alcohol (or farm alcohol) derived from wine, sugar beet, potatoes and fruit.

The reserved sector is to be enlarged in order to accommodate part of an expected heavy surplus of wine in Europe this year, one of the biggest crops in 20 years.

A measure of the commission's alarm about the wine lake (the extent of which has not yet been finally calculated) is that the additional litreage of 1,25m hℓ will be sold on the free alcohol market in competition with synthetic alcohol. In order to "compete", the commission will have to subsidise farm alcohol to a huge extent.

On the reserved market, fermentation alcohol sells at about R2 125 a ton and is used for the manufacture of gin, cosmetics, vinegar and so on. On the "open" industrial market, the current price of alcohol is about R600 a ton. Given that 1,25m hℓ converts to about 100 000 t, it means that the farm alcohol producers

P.T.O.

Door opened to Rolls imports—at R100 000

Argus 7/12/79

(74)

THE blanket ban on the import of Rolls-Royce and other high-price cars has ended with the relaxation of import quota control announced by the Minister of Industrial, Trade and Consumer Affairs, Dr S W van der Merwe.

Mr Brian Porter, managing director of Robbs, the agents, said: 'We have already received one order for a Rolls and we expect several more, particularly if the gold price stays high and the stock market boom continues.'

'This gives the person who is prepared to pay the opportunity to get what he wants, particularly if the number of local car manufacturers are reduced and the variety of different makes becomes fewer.'

Italian sports cars and American prestige cars may also be imported for the first time for more than six years.

But motorists must apply for an import permit before they can get one of these cars. And the cheapest Rolls will set them back about R100 000.

Commenting on the easing of import control, Dr van der Merwe said: "The quantitive restriction inherent in a quota system is not internationally acceptable.

'We are entitled to protect out local industry but we cannot put quantitive restrictions on the imports of our trading partners.'

The freeing of new car imports would not be allowed to undermine the markets of local manufacturers or the local content principle.

'But there are cars that are simply not available here and which people want to buy,' said Dr van der Merwe.

There will be a substantial reduction in the number of goods for which specific imports permits are needed.

Four categories of quota restrictions will be reduced to three. Cars, alcoholic beverages and confectionery are among items to be freed of the import quota system.

A spokesman for Cape Town Chamber of Commerce welcomed the relaxation of import control on consumer goods. The real benefits, however, would depend on how liberal the authorities were in granting permits, he said.

Whisky imports will be little affected, said a spokesman for the Whisky Importers' Association.

Price-cutting is taking place all over the market so there must be enough whisky in the country.'

74

Argus 8/12/79

SA's surplus backs outflow of capital

—DE KOCK

SOUTH AFRICA has been using its substantial current account surplus to finance the outflow of capital rather than to boost the domestic upswing, says Dr Gerhard de Kock, special economic adviser to the Minister of Finance.

The surplus was R465-million in 1977, R1 454-million in 1978 and could amount to as much as R3 000-million this year.

Writing in the latest issue of the South African Banker, he says for South Africa to behave like a capital exporting country in this fashion is clearly abnormal.

South Africa is not Switzerland or West Germany. It is a country which has rich natural resources and an enormous growth potential.

NET INFLOW

Over the medium term it therefore remains the ideal situation for South Africa to combine a moderate current account deficit with a net inflow of foreign capital for productive investment.

This is the way in which the optimal growth rate can be attained and the most employment opportunities created.

The persistent large outflow of foreign capital amounted to R2 861-million in the two-and-a-half years to June 1979.

The outflow was partly related to political uncertainties in Southern Africa and also to the 'switching' by local importers from foreign to domestic sources of finance due to the sharp decline in local interest rates.

ABNORMALITY

The remarkable easing of the money and capital markets was another major abnormality of the South African economic situation in recent years.

Local interest rates have clearly moved against the world trend.

This situation becomes all the more remarkable if it is taken into account that with an inflation rate of about 14 percent a year, virtually all interest rates and dividend yields in South Africa are at present negative in real terms.

As the broadly defined money supply increased by only seven percent in the year to June, it confirms that South Africa is not suffering from 'too much money chasing too few good.'

In the money and capital markets South Africa has a situation of 'too much money chasing too little scrip.'

The abnormalities are linked to the low growth rate of recent years and will tend to disappear as the growth rate increases.

The essence of the matter is that the abnormalities reveal the underlying strength and soundness of the South African economy and the extent to which it is poised to expand much faster, he says.

● South Africa's total gold and foreign assets dropped by R44.4-million last month to R3 482,9-million, the Reserve Bank reports.

The gold holding rose by R185,2-million to R3 045,1-million.

Gold reserves were valued at R301.94 an ounce compared with the valuation price of R283,33 in October.

K.W.V., PAARL, TELLS US

That skilfully chosen wine turns a meal into a banquet. Taken regularly in moderation, as it should be, wine is everywhere considered a most pleasurable aid to health. It brings good digestion, good humour, and an air of gracious living.

... wines well so that they blend with each

wine is harmony, ...
the Connoisseur in a glass of brilliant wine

André L. Simon.

GARLIC. A "clove" is a small section of the bulb, is used crushed between foil, and rubbed round a salad bowl, to give the salad a tang. Juice used to flavour stews and sauces and with seafood. Mixed with butter for savoury bread.

ALLSPICE. Not to be confused with Mixed spice, which is a mixture of spice and mostly used in cakes, biscuits, because it resembled the aroma of mixed sp[illegible] preserves, meat dishes and seasonings.

PEPPERCORNS. Used in pickles, and for bo[illegible] beef and pork.

BOUQUET GARNI. This is a "Faggot of Savo... tied together. Usually parsley, bay leaf ... before serving.

---oOo---

RAND DAILY MAIL, Monday, December 10, 1979

There's lots of room still for State enterprise

(1) 77.
(2) ~~250~~
(3) 74

South Africa is reaping the benefit of heavy State expenditure in the mid-70s. There is a danger that in the scramble to give more scope to private enterprise the need for public spending on preparing the ground will be overlooked.

By HAROLD FRIDJHON

IN THIS heady, euphoric atmosphere of up the free enterprise system, slash all Government spending and keep the State's fingers out of the capital pot, there is a grave danger of the mood being overplayed.

In many sectors of the economy the less State interference in the private sector the better. And Dr S W van der Merwe's easing of the import control restrictions is a big step in the right direction.

From a balance of payments point of view there was neither rhyme nor reason why import control should have been persisted with for the past year or more. If South African industries needed to be protected the correct course was to raise tariff barriers of the right kind, Gatt permitting.

But protection by import control is immoral and inequitable, quite apart from the enormity of delegating to public servants who have no idea of trade and commerce is all about, the right to decide who should import specific goods and who should not. It was a system which lent itself to abuse — and at times during its long history, import control was abused.

People who import goods should be at risk, the normal business risk; they should not be protected by arbitrary decisions on the issuing of permits.

Hopefully — if the gold price holds and our other merchandise exports continue to flourish — we have seen, or we are seeing, the end of import control and with it the return of free trade in business. And if someone overimports he has to answer to himself for his folly.

But in the rush to "dank die Minister", for heaven's sake let us not discourage capital expenditure by the State. We need it. The right sort of spending, of course. Not palatial town halls, or white elephant opera houses. These we can do well without, even if their loss diminishes the status of the city, town or dorp concerned.

What is needed is real honest-to-goodness infrastructural capital expenditure so that the soil is prepared for the private sector to do the ploughing, the fertilising and the seed-sowing for the industrial crops of the future.

I would like the Railways, for instance, be given the capital to develop more mineral lines and more port facilities for the export of our primary products.

Why stop at 44-million tons of coal for the export markets? In the mid-80s the world demand for steam coal will burgeon and South Africa should be right out there in the market place offering this product. Colliery owners can find tha capital and can develop their facilities, but they are entirely dependent on the State to have laid the foundations in the first place.

And it's not just a question of coal; this applies with equal emphasis to all mineral and agricultural exports.

Then, if the rural and homeland areas are to be developed and opened up as they should be, again, the soil must be prepared by the laying down of roads and the provision of power — not that Escom is laggardly. On the contrary, of all the State and quasi-State bodies, Escom is the most forward looking. It plans well ahead which is what other State departments should do.

As Mr Mike Rosholt, chairman of Barlows, said in his recent annual statement: "The public sector must continue to lead in investing in labour-intensive projects, such as urban housing, infrastructual development and agricultural schemes in the rural areas. For its part private enterprise can assist by providing finance and marketing experience."

The national accounts show that the big jump in State spending on fixed investment, particularly in 1975 and 1976, prepared the ground for the prosperity which we are just beginning to enjoy.

In the succeeding years there has been a levelling off of expenditure which really means a physical decline in the provision of resources because of the effects of inflation.

When Senator Horwood frames his Budget he should certainly use his scalpel on some of the wasteful current expenditure in many departments, but when it comes to capital expenditure, I say more, not less, money for development is needed. While the balance of payments can stand the strain, let him spend on capital necessities. If needs be, let's borrow while our credit is good.

This will lead to more employment, bigger demand and faster growth which has to be South Africa's watchword.

DISCUSSION

The crude death rates and the standardised mortality rates for whites, Asians and 'coloureds' and urban Africans are presented in Fig. 1. The interpretation of these figures is confounded by the differences in the underlying structure of the population. The population pyramids of the various groups were pictured in Part I with the ...

... among Africans.

An increase in infant mortality was observed with decreasing urbanisation, the figure for the completely rural areas being of the same magnitude as those parts of the world devoid of medical services. Fig. 4 summarises the age specific mortality rates of

... the seventeen major divisions of the eighth revision of the ...nal Classification of Diseases (ICD).

...s of Causes of Death.

...tality Rates.

...n of Life. Calculated for 1970, the last census year.

...Mortality Risks.[8] This is the mortality experience of a ... under the hypothetical conditions which would exist if a ... cause of death were eliminated. It gives an indication ...itive effect of that cause on the expectation of life.

... of rates involves a knowledge of the base population age ...tion. No official estimates of this are available for ...ears. For whites, Asians and 'coloureds, the 1970 population ...ected forward using the age specific survival rates from ... into account the actual births and deaths in the 0-4 age ...ce was made for migration.

... different procedure was adopted as a population figure for ... country was required. The 1970 age distribution[10] by ...rict was used, the numbers being adjusted by the 1974 gross population estimates by economic region.[11]

rural areas or cause of deaths' according to the Bantu Reference Bureau (Personal Communication). At least 50 000 deaths among Africans were not registered. These occur mainly in the rural areas. It is estimated that about 10% of the deaths in the main urban districts are not registered for Africans.

Maize . . . the crop that holds the future to Southern African ties

SOUTH Africa's ability to export food, and agricultural and other technology is the foundation on which the Prime Minister could build his constellation of Southern African states.

In most African countries food production is shrinking, while populations continue to rise, necessitating the importation of bigger and bigger quantities of food to relieve the constant threat of hunger and famine.

And the strategists say no-one should underestimate the power of mealie diplomacy.

Marxist-dominated African states get little from Russia outside of the raw materials for unrest and revolution. In most years, Russia is unable to feed its own population, and has to import massive quantities of grain from the United States, Canada, and wherever else it is available.

In Southern Africa, it is only South Africa and Rhodesia at this stage in history which have the ability to produce food surplus to their own needs.

This is a powerful strategic weapon but care, the experts warn, must be taken to ensure that it is not used in such a way that this country could be accused of attempting to drive sattelite states into economic bondage.

South Africa makes regular maize exports to the BLS countries — Botswana, Lesotho and Swaziland — at local prices, and consumers in these countries enjoy the same subsidies as South Africans.

This year, after hush-hush, discreet negotiations, South Africa agreed to supply 200 000 tons of maize to Zambia.

South African maize also finds its way to Zaire to supplement pathetically inadequate local production.

But it is not only food that this country is sending to the African states. The most recent trade figures illustrate remarkable increases in total value of exports to the African continent.

No breakdown is available of the overall figure — it would embarrass some states if the extent of their trade with this country was known — but in the first ten months of this year, exports to the rest of the continent increased by more than 30% to R597,5-million, compared with the January-October period the year before.

The Minister of Agriculture, Mr Hendrik Schoeman, stresses that in the Southern African survival struggle, food is as important as guns. This is why prices must be set at a level where farmers will be encouraged to expand production.

Mr Schoeman says: "Full grain silos will mean we can talk and negotiate from a position of strength. With rising populations all around us, more and more black states will depend to some extent on this country for basic foods.

"It is strongly in our interests that we should be able to meet the demand."

High levels of food production will be a key factor in lengthening the odds against instability, and encouraging greater co-operation — providing there are parallel political developments — in Southern Africa.

Maize: the staff of peace

RDM

12/12/79

~~3 MAIZE~~

74

South Africa's power to forge links of peaceful understanding along the lines of the Prime Minister, Mr P W Botha's constellation of states ideal is, according to experts, granular rather than nuclear. GERALD REILLY of the "Mail's" Pretoria Bureau reports

Stressing the growing importance of the agricultural industry in total survival, Mr Schoeman says people would rather have food than guns.

"When you get down to basics, full bellies are more important than full ammunition pouches."

The area planted under maize in "white" South Africa over the past ten years has been stable at about 4,5-million hectares.

The Department of Agriculture and other farming authorities believe, however, there is little scope for horizontal expansion.

Perhaps the area could be stretched to 5-million hectares, but this would be the ceiling.

So hope for the continued expansion of production rests entirely on high yielding cultivars, and constantly improving cultivation techniques.

And bigger crops are being produced year after year because seed quality is constantly improving, and more enlightened farming methods are being used.

The economist of the South African Mealie Specialist Organisation, Mr F B Tomlinson, says between 1970 and 1973, yields increased by just over 30% when compared with the previous eight years.

South Africa's biggest maize crop — the size is obviously dictated by weather conditions — was 11,1-million tons in 1974.

This, with local consumption taking up 6,5-million tons, left a substantial nearly 5-million tons for export.

However, Mr Tomlinson says that trend lines indicate that a "normal" maize crop is about 9,5-million tons under current conditions.

He stresses the increase in maize production is far greater than the population increase, which is estimated to be about two and a half per cent a year.

Current trends also indicate the per capita consumer demand for maize is steadily declining as living standards of the lower income groups — they are the big maize consumers — rise, as they clearly are in the urban areas, the move is towards more "luxury" foods — bread, rice, potatoes and animal products.

Mr Tomlinson says it is virtually impossible with a product like maize, where the size of the crop is dependent on so many variables to extend the trend lines beyond ten years.

"But up to that point at least, South Africa will be in a position to export maize, and possibly in quantities greater than are available at present."

However, technology developments during the next few years, including seed with even higher yield and drought resisting qualities, should ensure South Africa's ability to continue to grow exportable surpluses of maize.

The former head of the Institute for Strategic Studies at the University of Pretoria, Professor Mike Louw, says food and other assistance to Southern African states should form the core of the Prime Minister's constellation policy.

"There should be a leverage built into this policy which would make these nations want to co-operate with South Africa, if only for the material advantages."

He believes the Government should make widely known its complete willingness, not only to relieve hunger, but to provide technical aid in food production and other fields.

South Africa will have to start from scratch. It has never been in the aid-giving business on a large scale. What is needed is a body like Britain's Ministery for Overseas Development.

This could be an advisory council representative of the relevant State departments headed by an executive director, with a full-time secretariat to administer a sub-continental assistance policy. This would give a credibility to the constellation exercise.

South Africa is in a position, Professor Louw says, not only to export food to Southern African states unable to produce enough food for their own needs, but to supply, better than any European power, the technical know-how, for instance, to combat devastating animal diseases like foot and mouth and Ngana.

The brown locust is again menacing parts of Central Africa.

South Africa has a vast experience in combating locust plagues, and it is in areas like this where the country can provide a know-how and expertise which no European country can match.

Professor Louw says that strategically, it is vitally important that South Africa should demonstrate its ability and readiness not only to relieve hunger and starvation in the proposed constellation area, but that it was doing this in a spirit of co-operation, and not to create a degrading and slavish dependency on South African aid.

The senior lecturer in strategic studies at the University of South Africa, Mr Deon Fourie, says in the long term if South African aid is coupled with political change — as seemed to be envisaged — an economic interdependence will develop which could make the constellation concept work.

In this way common interests which could lead directly to a common concern in maintaining peace and stability, could be forged.

And South Africa is already playing an important role economically in Southern Africa.

Zambia, for instance, Professor Fourie says, is dependent on South Africa for mining equipment. Zambia looked to other supplies, like West Germany, but supplies from these areas were found to be prohibitively expensive.

[illegible] South Africa is more easily available and cheaper for maintenance and installation work.

But the most pressing need in Southern and parts of Central Africa is, and will remain till the end of the century and beyond, food.

The skill and discretion with which South Africa uses this powerful strategic weapon could shape the pattern of relationships in Southern Africa for the next generation.

Exports head for record R8,800m

RDM 13/12/79

(74)

By HOWARD PREECE
Financial Editor

NON-GOLD exports soared to a quarterly record of R2 567-million in the July-September period this year.

This continues a remarkable pattern of export growth in recent years which has tended to be overshadowed by the more spectacular but more irregular gold boom.

The South African Foreign Trade Organisation — Safto — forecasts that exports this year will be slightly more than R8 800-million.

That would be an increase of about 19% on the 1978 level of R7 412-million.

Although this rise in value terms will be mostly explained by the general world inflation South African exports have been definitely growing in volume as well.

In its Quarterly Bulletin published this week the Reserve Bank comments: "Merchandise exports, at a seasonally adjusted annual rate, increased from R7 770-million to R9 480-million in the third quarter.

"This increase reflected volume as well as price rises.

"Increases occurred mostly in metal and mineral exports, especially of diamonds, uranium, platinum, iron ore and coal.

"Exports of agricultural products, however, declined slightly during this period."

After the hefty rand devaluation in September 1975, heavy official emphasis was consistently placed on the need for an export-led economic recovery and higher growth.

Exports have in fact lived up handsomely to hopes.

In 1975 exports totalled R3 653-million.

This means that a level of around R8 800-million this year will reflect a rise of 140% in four years.

Net gold output at the end of 1975 was R2 540-million.

Senator Horwood, the Minister of Finance, has forecast that it will total around R5 800-million this year. That would be a rise of 128%.

So exports have actually risen both faster and by a larger absolute amount than gold since 1975. But this outstanding performance — by both exports and gold — has taken a long time to get the economy on an adequate growth footing again.

The official stance is now that domestic consumption must play a key role in sustaining and improving the growth momentum.

A vital need is still seen for exports, however.

The Prime Minister, Mr P W Botha, said this week that his Economic Advisory Council hoped that "room would be found as soon as possible in the State's finances for an improved export promotion programme".

But, as Harold Fridjhon urged in Business Mail, long-term export growth will depend particularly on providing sufficient infrastructure, above all in transport and harbour facilities.

Exports today are benefiting greatly from Richards Bay and other developments of the early and mid-1970s.

Dr P J Kieser, the managing director of Safto, says Richards Bay is now showing huge national dividends.

He cautions, however, that South Africa will battle to get even a 10% export growth in 1980 — which would be a virtual standstill in volume terms.

Dr Kieser suggests that factors acting against export growth next year are:

- The general world oil-induced economic slowdown or standstill.
- Firming of the rand because of the gold boom.
- A switching away from exports to a growing home market by some South African sellers.

"That is a danger we must especially guard against," says Dr Kieser.

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SUGAR

Constructive threat?

The SA Sugar Association issued a most astonishing threat last week that if Canada persisted in its intention to abolish preference on SA sugar it would think twice "when evaluating the disposal priorities for its exports to the world market."

Chairman Ian Smeaton tells the *FM* it was intended as a "warning shot" before this week's meeting of the Canadian cabinet to ratify termination of the Ottawa agreement under which SA enjoys a preference of about $22 Canadian per ton.

"With preference it's one of our best paying markets, but without, it's way down the list," says Smeaton. "In the past we've had requests from other countries for sugar which we have been unable to meet because of our commitments to existing customers, but if the position alters we shall have to reconsider."

Last season Canada was SA's second largest export customer after Japan and took 251 218 t. "Their refineries," says Smeaton "were built up on the basis of quality sugar and their only other possible supplier of the quality required would be Australia which is subject to quotas like all exporters." To that extent the sugar association's threat was designed to help Canadian importers bring pressure on the Canadian Government to change its mind.

A possible complication of SA withdrawal is that sugar is supplied under contracts. One expires next year and another at the end of 1981. Smeaton believes a change of circumstances of the kind now contemplated would absolve SA from its contractual obligations, but adds: "We shall see it through this year and talk to the refiners about what happens next." The Canadian cabinet was due to consider the matter on Tuesday this week.

	W M	W F	A M	A F	C M	C F	B M	B F
0–1	0,51	0,54	2,10	1,24	7,00	6,86	19,69	19,83
1–4	0,04	0,04	0,21	0,35	0,75	0,77	2,58	2,48
5–24	0,01	0,01	0,09	0,06	0,08	0,03	0,21	0,23
[illegible]	[illegible]	0,05	0,28	0,17	0,42	0,31	0,72	0,78

	M	F	M	F	M	F	M	F
0–1	0,85	0,69	0,70	0,31	1,18	1,24	0,32	0,19
1–4	0,49	0,21	0,31	0,27	0,63	0,61	0,21	0,20
5–24	0,71	0,22	0,68	0,20	1,40	0,38	0,68	0,12
25–44	1,18	0,30	1,43	0,37	3,32	0,70	1,22	0,26
45–64	1,25	0,42	1,55	0,40	2,89	0,76	1,10	0,31
65+	1,26	0,71	1,34	0,91	2,19	0,90	1,02	0,53
ALL	0,95	0,33	0,95	0,29	1,91	0,56	0,89	0,20
NO.	1973	677	333	104	2175	652	1868	324

ALL CAUSES

	W M	W F	A M	A F	C M	C F	B M
0–1	21,76	16,18	40,44	27,11	133,70	119,02	91,30
1–4	1,17	0,94	2,42	2,39	17,22	16,21	10,23
5–24	1,05	0,46	1,31	0,74	2,26	1,25	1,6
25–44	3,02	1,47	4,33	2,48	8,80	4,96	4,7
45–64	17,46	9,49	26,27	18,72	24,27	17,87	18,
65+	73,62	54,55	92,20	82,93	96,90	71,79	53,
ALL	9,44	7,40	8,03	5,51	14,62	11,00	8,
NO.	19600	15374	2828	1967	16632	12847	18

SA/BELGIAN TRADE FM 14/12/79

Problems galore 74

Trade between SA and Belgium is being hampered by the anti-SA attitude of the Belgian government, claims Henri Fauchet, executive vice-president of the Belgian-SA Chamber of Commerce.

Fauchet says that while Belgian businessmen "are very keen" to deal with SA

(especially since the introduction of the financial rand), Belgian representatives have been advised not to encourage trade with SA. He claims that these directives are the result of trade union pressure in Belgium.

"This attitude," he adds, "is reflected in the Belgian government's relationship with the Belgian-SA Chamber of Commerce." The previous Consul-General was "the moving force in the establishment of the Chamber." However, soon after its establishment, his participation was stopped on instructions of the Belgian government. "The present situation is that the Chamber receives no financial assistance from the Belgian government," he complains.

Dick Hauman, the Chamber's president, sees the situation as "totally anomalous." Belgian trade consuls are stationed in all the major centres of SA, but there is no active encouragement of trade, he says.

Dennis Banneel, the Belgian Consul-General, denies that the Embassy is antagonistic towards the Chamber. He claims that "we do not need the Chamber as we have our own people to promote trade," adding that, since these people have no vested interests, "we feel this is a far better policy and it is for this reason that we do not recognise the Chamber."

Moreover, he affirms, while the Belgian government has reservations about SA's political structure, there is no embargo other than on the sale of arms.

Exports from SA to Belgium for the period January-July 1979 were R192,6m, mostly mineral products, vegetable products and precious metals. This represents an increase over the same period in 1978 of 30%. Imports were R69,3m, the most significant being chemicals and capital equipment, or 13% higher.

Exports to Belgium were R148m for the period January to July 1978, an increase of 38% on figures for the same period of the previous year.

Imports for the same period increased to R61m in 1978, a rise of 5%.

(74)

IMPORT CONTROLS fm 14/12/79

Looking for a deficit

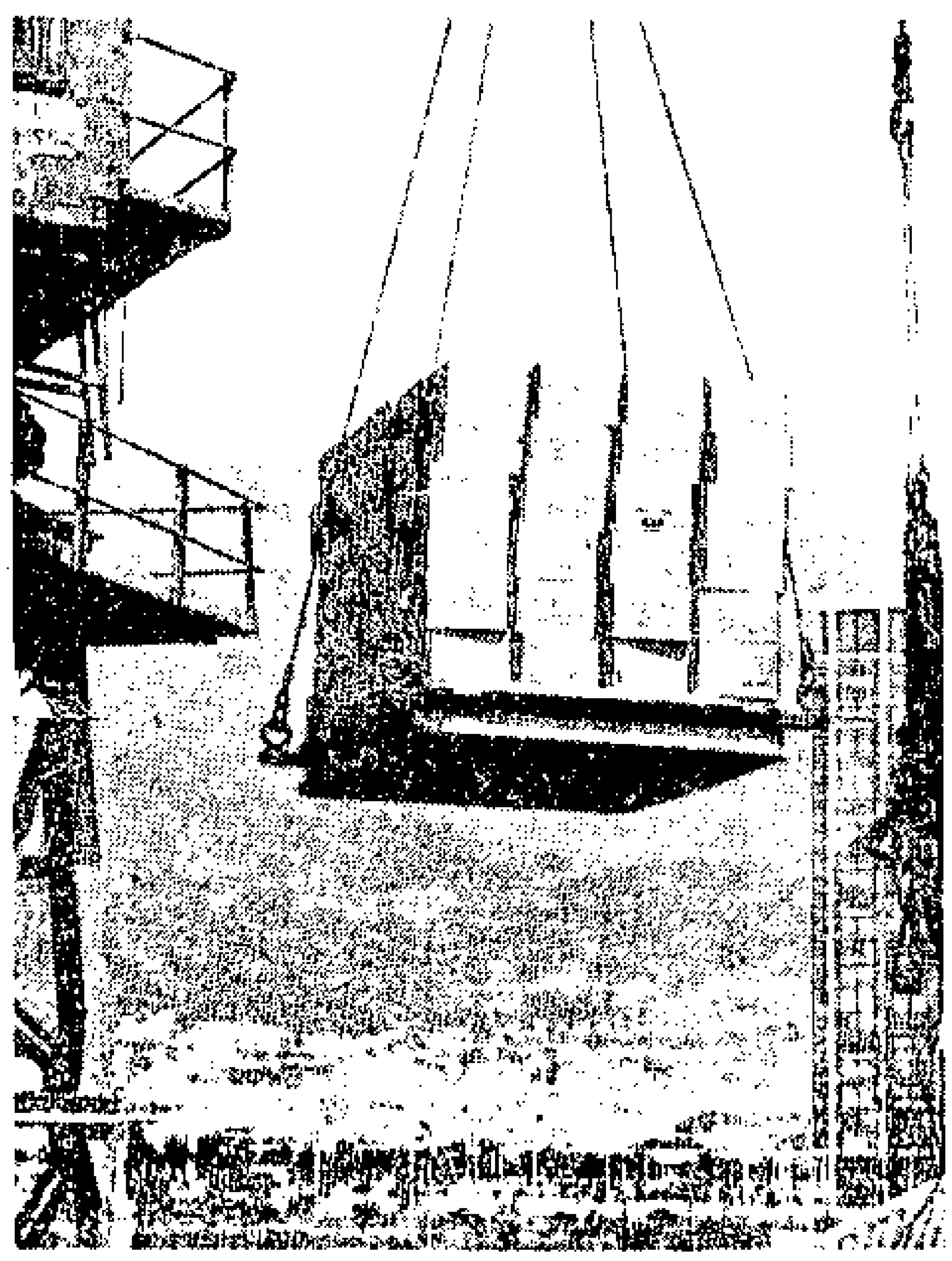
Government has finally rid itself of the remains of the import quota system, but it does not mean that South Africans will have completely unrestricted access to foreign goods.

The system in operation up until now was "one of the worst things government could have introduced," admits a senior government official, as it has frequently protected inefficient industries and encouraged the production of sub-standard goods.

Its removal will tend to ensure that SA manufacturers stay on their toes, and that production standards are maintained, while earlier demand inflation caused by largely restricting the market to SA goods will be less likely to recur.

Hopes are high in government circles that the reduction of constraints will boost the upsurge in private investment expenditure which is now just beginning. "With luck," says one official, "we will have a trade deficit by the end of next year which will be funded with foreign capital — then we'll really be on the way."

It is clear the trade quotas were removed as a result of the continuing strength of exports, although government is also known to be disappointed over import performance this year. The authorities expected import growth of up to 20%, but the rise so far this year is only



Imports to SA . . . constraints reduced

was obviously to the detriment of unknown new entrants to the trade, who may have been just as worthy," he adds.

The actual effect of the removal of the quota system is difficult to quantify at present, government spokesmen say, because of the dominance of gold earnings in the trade surplus.

The narrowing of the record R3 billion annualised surplus in which SA is wallowing at present will require a hike of up to 30% in imports next year, if the gold price maintains present levels. Likewise, if the gold price drops by around $100/oz at the beginning of 1980, and stays at that level, SA *might* move into deficit.

On the other hand, if the gold price moves higher — then the trade surplus may continue to rise, even with rising imports.

Wilker points out that although permits will now be granted on a "full reasonable requirements" basis, there will still be considerable latitude in official interpretation of those requirements, which will allow protection of local industry. A hard core of infant and strategic manufacturers will presumably still receive some protection.

Textiles would probably fall in to this hard core, while motor cars have also been placed in the category of "full reasonable requirements." There is, however, no clash between this classification and the local content programme, claims Wilker.

"The strings attached to local producers in terms of phase five, relating to after-sales service, reduced number of models and guaranteed spares for a certain length of time, will also apply to cars brought in under the new import permit system."

At the same time, he says, there will be an effective 100% to 110% duty on new cars, and the combination of these factors should be sufficient to deter importers from abusing the new programme.

The textile industry also presents a good case for protection, industrialists claim. Apart from obvious competition from Taiwan, some argue that the current US policy is making oil-based materials from the States particularly cheap. Although the effects of this are so far only being felt in Europe, SA is bound to be next in line.

FCI executive director Johan van Zyl says there has always been a standing arrangement that any industry which is poorly protected may apply for tariff cover — which is a more appropriate instrument than import quotas in any case. Tariffs, reckons Van Zyl, are usually more carefully thought through by the authorities before they are implemented and sectional influence is minimised.

Van Zyl notes that the easing in import controls started as far back as 1973, when the General Agreement on Tariffs and Trade (GATT) began to pressure SA to remove the quota system. At that time, he says, the then Minister of Commerce, Chris Heunis, asked the private sector to apply instead for tariff protection.

There are other methods of protecting local industry which may be more acceptable to the GATT. Firstly, selective tariffs may be introduced, although tariff "bindings" usually mean that levies on other imports have to be eased to compensate trading partners.

Secondly, the exchange rate can be adjusted downward to discourage importers. Government sources point out that this would be against the advice of the De Kock Commission report, although it will obviously be an important part of the trade finance package.

The import surcharge is also due to come under the microscope soon. And an International Monetary Fund team is due for its annual visit in the early months of next year. Although government is unlikely to discuss budget details with the IMF before the end of March, it is becoming increasingly likely that the remaining 7.5% surcharge — still classified by

Mortality rates greater than 5/1 000 appear in italics in Table I. For all of these major causes of mortality, the Asian and 'coloured' mortality rates exceed those of the whites.

However, in this context, what requires emphasis is that by using the major disease classification a certain amount of detail is lost. For example, despite the fact that the overall rates for diseases of the circulatory system are comparable for whites, Asians and 'coloureds', within this broad category the mortality rates for specific diseases vary markedly.

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ase is the major Circulatory Disease in the white and
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cidents, Poisoning and Violence category is examined
otor vehicle accidents are the major cause of mortal-
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Fig. 7 summarises the percentage improvement in the expectation of life at birth subsequent to the total elimination of the mortality associated

F.M. 14/12/79 (74)

FM 14/12/79

FOREIGN TRADE

Pulling finger

With its share of SA's total foreign trade declining sharply in the last three years, Britain plans to step up the number of its trade missions next year to 16. This year there were 14 and last year 13.

The 1980 programme comprises visits by chambers of commerce, regional bodies and industrial associations.

In 1977, Britain was way out in front as SA's biggest trading partner, accounting for 19,7% of bilateral trade. Last year, with 16,7%, it slipped behind the US (17,3%) and in the first half of 1979, while clinging to second place, it continued to lose penetration and scored 13,4%. West Germany had 13,2%.

However, this is in large measure due to the diversion of diamond shipments from Britain to Switzerland, which has helped push Switzerland to the top of the league of SA's foreign customers and relegate Britain to third.

British exports to this country have been rising steadily in the last three years, with the results that the balance of trade between the two countries has swung in Britain's favour this year.

British figures show that in the first 10 months of the year, SA exports to Britain were worth R760m, and imports R1 031m.

the South African population from all causes of death. The proportional contribution of the seventeen major disease categories of the International Classification of Disease (8th revision) to the overall mortality of the various communities is summarised in Fig. 5. The whites show a typical 'developed' country spectrum of mortality with Infectious and Parasitic Diseases being of minor importance (2,0%) and Neoplasms (15,6%) and Diseases of the Circulatory system (50,5%) being of major importance. For urban Africans and 'coloureds', Infectious and Parasitic Diseases make an important contribution to the overall mortality (19,5% and 23,3% respectively), with diseases of the respiratory system and certain causes of perinatal mortality also being of importance. Within the category of Infectious and Parasitic Diseases, diarrhoeal diseases and tuberculosis are the most important causes of mortality. The 'coloureds' experience an interesting combination of 'developed' and 'underdeveloped' mortality with a high death rate from enteritis and diarrhoeal diseases in the young and circulatory diseases in later life. What is also of interest is the relatively large number of symptoms and ill-defined conditions, particularly in the African community (22,5%). This provides some indication of the provision and utilisation of medical services to Africans in the urban areas. In general, the Asians have a spectrum of mortality intermediate between the whites on the one hand and the 'coloureds' and Africans, on the other.

Clearly, the presentation of the cause specific mortality data as proportional mortalities conceals a certain amount of information. Table I provides a more detailed analysis of these data in the form of cause specific mortality rates for defined age groups by sex, in the white, Asian and 'coloured' communities.

If the mortality rates (Table I) are compared with the proportional mortalities for the seventeen major disease categories (Fig. 5), it will be noted that despite the relatively minor proportional contribution made by circulatory diseases in the 'coloured' community, the actual rates for these diseases are higher than those of the whites. The reason for this apparent inconsistency is that the mortality rates for Infectious and Parasitic Diseases are so high that they effectively swamp the proportional mortality of the Circulatory Diseases in the 'coloured' community. In the white community, the mortality rates for most causes of death are so low, the importance of the Circulatory diseases become disproportionately exaggerated.

US trade with SA climbing in spite of campaign

Argus 19/12/79

280-74

Argus Bureau

WASHINGTON. — In spite of the campaign against increased economic links with South Africa, American trade with and investment in South Africa is climbing.

This is clear from the latest statistics prepared by the United States Department of Commerce for the House of Representatives' sub-committee on Africa.

The sub-committee asked for wide-ranging statistics on United States trade with Africa in general and with South Africa in particular — partly because of the sub-committee's need for overall African trade statistics and partly to provide a basis for a thorough examination next year of American relationships with South Africa.

THE BIGGEST

South Africa has by far the biggest United States investment in Sub-Saharan Africa: R1 522-million in 1978, R1 417-million in 1977, R1 344-million in 1975 and R1 243-million in 1974.

The next highest is Nigeria with R325-million in 1978 (down from a peak of R454-million in 1975) followed by Liberia with R290-million and Zambia with R180-million (in 1977).

Total United States investment in Africa by the end of 1978 was R4 590-million — only a small proportion of the United States direct foreign investment of R142 800-million.

United States imports from South Africa increased from R1 070-million in 1977 to R1 920-million in 1978 and to R1 445-million for the first eight months of 1979.

However, South Africa was only third in terms of US imports from Africa.

Imports from Nigeria ran at R5 230-million in 1977, R4 000-million in 1978 and R4 008-million in the first eight months of the year.

Imports from Algeria ran at R2 780-million for 1977, R2 960-million in 1978 and R2 450-million for the first eight months of 1979.

STILL LEADS

As a market for United States goods, South Africa still led the African field, importing from the United States goods worth R896-million in 1977, R918-million in 1978 and R734-million in the first eight months of 1979.

Nigeria imported R814-million in 1977, R837-million in 1978 and R306-million during the first eight months of 1979.

Algeria imported R413-million in 1977, R204-million in 1978 and R447-million in the first eight months of 1979.

K.W.V., PAARL, TELLS US

That skilfully chosen wine turns a meal into a banquet. Taken regularly in moderation, as it should be, wine is everywhere considered a most pleasurable aid to health. It brings good digestion, good humour, and an air of gracious living.

Learn to choose wines well, so that they blend with each occasion, every course. Learn to add the zest of wine to your cooking. It tickles up the delicate flavour of almost any dish.

two before cooking. Always warm before adding to hot food. Curry tends to kill any table wine; but a sweet muscatel wine can be sipped with it. Do not blunt your palate before meals by taking spirits.

Preserve left-over wine in a bottle with a thin film of fresh oil and use for cooking.

To remove ring stains left on polished wood by bottles and glasses, rub well with a damp cloth dipped in cigarette ash and oil. Then repolish.

Rinse glassware in warm water with a little ammonia added to it. This will make the glass sparkling bright.

Wine is Harmony. What melody there is for the Connoisseur in a glass of brilliant wine.

André L. Simon.

GARLIC. A "clove" is a small section of the bulb, is used crushed between foil, and rubbed round a salad bowl, to give the salad a tang. Juice used to flavour stews and sauces and with seafood. Mixed with butter for savoury bread.

ALLSPICE. Not to be confused with Mixed spice, which is a mixture of spice and mostly used in cakes, biscuits, etc. Allspice is so named because it resembled the aroma of mixed spice. It is used ground in preserves, meat dishes and seasonings.

(a) Neglect of preventive medicine by most practitioners and inadequate budgetary ... Savage also notes the excessive expenditure

Terrorists kill two

UMTALI. — Two white men, believed to have been the last white residents of Imbeza Valley north of Umtali, were murdered by terrorists on Tuesday night.

Their names have been withheld by military authorities until their next of kin are informed. According to sources in the area, the two men were first abducted and then shot.

Their bodies were found in the gardens of La Rochelle, a tourist site.

The valley was a bustling forestry community until recent years, when Patriotic Front guerrillas began infiltrating the area. — Sapa.

SA maize will bridge Zambia's hunger gap

(14) RDM 20/12/79 (310)

LUSAKA. — The first shipment of maize through Rhodesia to Zambia since Britain lifted a six-week-old ban on such traffic on Monday would cross the Victoria Falls bridge at dawn today, Railway officials said yesterday.

The officials said eight wagons carrying 480 tons of maize arrived late yesterday, but could not be shunted across the Zambesi before nightfall.

A further 12 wagons were also on their way and would arrive in time to also cross the bridge today.

Most of the maize comes from South Africa and is carried on South African trains pulled by steam locomotives.

Bishop Abel Muzorewa's government banned the movement of maize — Zambia's staple food — across the bridge on November 5 as a means of pressurising President Kenneth Kaunda into curbing Patriotic Front guerrilla activity.

About 200 000 tons of maize is needed by Zambia during the next three months to stave off possible famine.

Despite the ban on maize, traffic in other goods — including wheat, soya beans and coal — has been moving northwards normally.

Railway officials said several trainloads of maize heading for Zaire had also crossed the bridge in the last six weeks.

The arched, iron girder bridge just below the massive Victoria Falls is Zambia's only link with the outside world after Rhodesian forces destroyed bridges on other rail and road links in raids last month and early this month. — Sapa-Reuter.

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...s a mirror of the maldis-
...e need for doctors to become
...ts of apartheid in order to

Other contributors (e.g. Adler, Vol.2) would regard the nature of the economic system, rather than the legal structure of apartheid as the root cause of the 'Inverse Care Law', as it is apparent to some degree throughou the third world and in most 'western' societies. Both Adler and Savage, although not denying the need for medical reforms, regard these as inseparable from changes in the wider social structure if they are to be effective.

2.2 Public or Private : The Options

The debate on what has come to be called 'socialised medicine' concerns which method of health care provision is most *efficient* and which best satisfies the condition of *equity*. Efficiency, in the economic sense, is taken to mean that there can be no change which will make one person better off without making another worse off. If one can, by reorganisatio get something more without extra cost, without making anyone worse off, the existing situation is not efficient.

In fact, only the provision of medical care is in dispute, rather than all measures which promote health, most of which, as we have seen, concern the entire structure of the economy and society. The arguments therefore apply only to the relatively narrow, but nevertheless highly charged field of medical care. It has conventionally been accepted by the majority of those who can afford it that some basic public provision should be made for the indigent. The rising cost of medical care, particularly in the United States and some European countries, has forced a reassessment of this position by health economists of all persuasions.

The free market position is argued by Rees (*27): If a good or service can be bought and sold between individuals, and all relevant costs and benefits are taken into account in the market transactions without spilling over to outsiders (excludability), and there are no economies of scale,[6] then individual preferences as expressed through their purchasing power can be met efficiently when the good is distributed through a free market so that neither can alter the price on their own, and no combination of buyers or sellers exists that can influence the price to their own advantage. In addition, there must be no information constraints on buyers and sellers. If these conditions are fulfilled, private provision will be efficient, although the possibility of efficient allocation may also exist under other conditions. The advantage of a private market are generally taken to be the minimal need for information transmission before an efficient distribution can be reached.

American trade with SA is escalating

WASHINGTON. — Despite the campaign against increased economic links with South Africa, United States trade with and investment in South Africa is climbing.

This is clear from the latest statistics prepared by the United States Department of Commerce for the House of Representatives Sub-Committee on Africa.

ASKED

The Sub-Committee asked for wide-ranging statistics on United States trade with Africa in general and with South Africa in particular — partly because of the sub-committee's need for overall African trade statistics and partly to provide a basis for a thorough examination next year of the United States relationships with South Africa.

F.M. 28/12/79

EXCHANGE CONTROL

74

Easier on foreign companies

The effect of the Reserve Bank's recent circular to banks relaxing certain local borrowing restrictions on foreign companies could lead to some R200m in offshore trade finance being switched to local sources.

Bankers doubt that the amount that can still be switched back to SA is much higher than this, simply because the relatively expensive borrowing costs overseas have meant that most SA banks only have small outstanding foreign debts on their books.

The Bank has advised banks that bills and promissory notes directly related to current trade transactions between SA companies and foreign concerns could be discounted in local financial markets and that these discounts will be exempted from Exchange Control regulations — specifically clause 3(i)f, 1 and 3.

The relaxation on borrowing restrictions applies particularly to what are known as 3(i)f companies — namely part or wholly foreign-owned companies — which up till now have been restricted on how much they could borrow locally. If 25% or more of a South African concern's voting securities, capital or earnings is held or controlled by non-residents, its maximum borrowing level on the local markets is determined by the following formula:

$$\text{25\% of total effective capital} \times \frac{\text{SA participation}}{\text{Non-resident participation}}$$

Bankers report that the new regulation has already resulted in large scale switching out of overdraft financing into promissory notes. This is not surprising in view of the fact that the prime overdraft rate is currently 9,5%, while the cost of a three-month promissory note is only about 5,3% — roughly the same as the all-in charge on a 90-day Bankers acceptance facility.

According to bankers the Reserve Bank's reasons for deciding to relax the regulation at this stage is primarily motivated by the current high liquidity levels in the banking sector which have forced down domestic interest rates. The Bank apparently sees no reason why foreign companies here should not also benefit from lower borrowing costs.

The Bank stipulated three conditions for the new dispensation:

- one of the parties to the bill must be an SA resident and the other non-resident or a local bank acting on behalf of the foreign concern;
- bills may only be discounted within 30 days of the arrival of the goods in SA or the dispatch of goods from SA;
- any other form of rand financing to foreign-controlled companies can ony be accorded within limits authorised by Exchange Control.

The relaxation is a move towards easing exchange controls as recommended by the De Kock Commission earlier this year and should help to encourage investment interest in this country.

The wonder is, with the trade surplus already well above record levels, that the authorities have waited so long before making a concession like this one.

Business Mercury

Exporters look to Americas

13/3/74

(74)

Financial Editor

CENTRAL and South America have become a happy hunting ground for South African exporters in spite of trade boycotts, currency upheavals and the fuel crisis.

This is the view of Mr. Malcolm Bradbury and Mr. Richard Kern-Martin, members of Safmex (Pty.) Ltd., the consulting subsidiary of the South African Foreign Trade Organisation.

They are in Durban to address a seminar today on these trading areas in which they represent South African exporters for the bulk of the year.

They said yesterday that there were regular shipping routes to Latin America and freight rates were competitive.

Mr. R. Kern-Martin

"The vessels do not go through the Panama Canal so South African exporters are in the dollar seats.

"Brazil has shut its frontiers to imports because of balance of trade problems caused by the oil crisis but other countries have realised that the only way to beat inflation is to return to the liberal idea of the free trade and to lower import duties.

"Chile now imports anything. By June, this year, import duties will be down to 10 percent, right across the board."

However, Mr. Kern-Martin warned that there are 26 different kinds of people in South America and business has to be done on a "very personal" basis.

"If you want to do business there carry out some desk research first. It is no good trying to sell teapots in Ecuador because they drink coffee there.

"Do not hop on an aircraft and go. Find out if your goods are acceptable first."

Mr. Kern-Martin added that for the first time ships were not returning empty from South America. Since the shortage of fish in South African waters, frozen fish had been imported from Peru and Chile. In addition, coffee would be imported from Colombia.

Today's seminar will be held at the Royal Hotel, commencing at 8.30 a.m.

(74) FM 12/1/79

EXPORT INCENTIVES

Something for everyone

The revamping of export incentives is one step nearer with the completion of a report by a 10-man technical committee chaired by FCI director Hennie Reynders. The committee, whose report is now with the Department of Commerce, has proposed several changes to the controversial scheme suggested in late 1977 by a study group headed by MIF director Jannie van Huyssteen (*FM* Jan 27 1978).

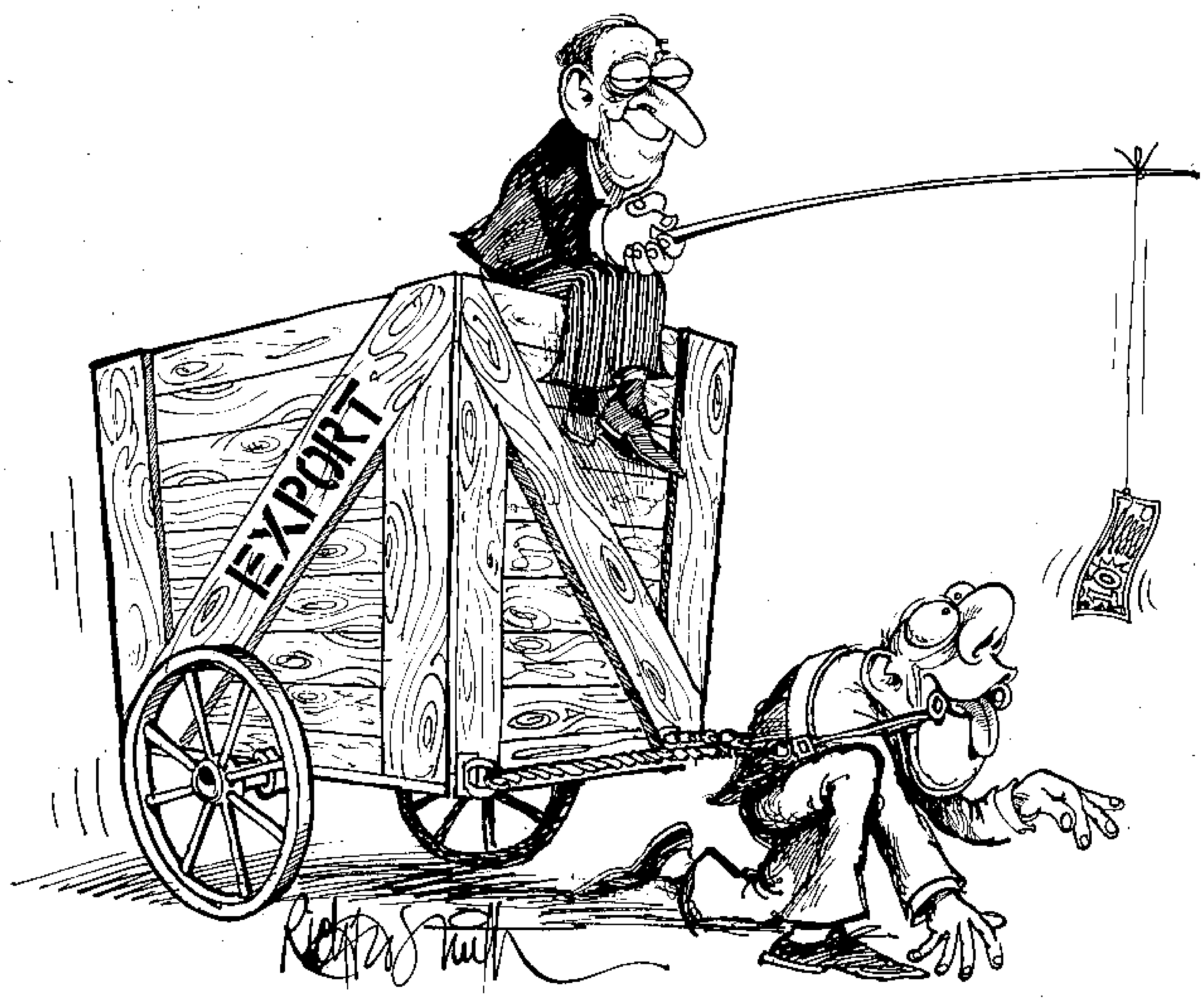
To the three categories of handout recommended by the Van Huyssteen group, the Reynders committee has added a fourth, mainly to cover export marketing expenses. The four categories now envisaged are:

- Category A: Automatic compensation to exporters who have to pay more than "competitive world prices" for their raw materials. The idea is to give SA exporters the same competitive edge as those in other countries.

This will probably be done by repaying import duties on raw materials and components eventually destined for export. If these inputs are bought locally, exporters could claim the equivalent of existing import duties.

- Category B: A fixed percentage of the value added by exporters to the cost of their raw materials. Though the Van Huyssteen group suggested this should be pegged at 10%, the Reynders report reckons preliminary estimates indicate 15%-20%. It adds, however, that fixing a precise figure "would involve a substantial amount of basic research."
- Category C: Discretionary assistance for special cases. This includes subsidies on transport costs, trade missions, trade fairs, primary market research, and electricity used by mineral processors. The Van Huyssteen committee proposed that the level of assistance be determined by a new, permanent committee, on which both the civil service and private enterprise would be represented. This body would also review other facets of the incentive scheme, and would advise on annual budget allocations.
- Category D: Automatic assistance for export marketing expenses, the level to be determined by the new supervisory committee.

The beauty of the proposed scheme is the degree of certainty and simplicity it gives exporters compared with the present, largely ad hoc, system. At the same time it provides for special deserving cases. Implementation of the Reynders proposals, however, is likely to cost considerably more than the R115m disbursed in 1976/77, and could result in the average level of assistance on exports rising above that year's 3,5%.



But there are problems. Besides some technical difficulties in calculating value-added and true world prices for raw materials covered by Category A, the proposals in their present form would be of little benefit to trading houses and other service industries, such as tour operators and engineering consultants. Some industries, like fruit canners, would also be affected by the complicated pro-

TRADE FINANCE

Coming home

(248) FM 12/1/79

The sharp fall in the Reserve Bank's foreign exchange holdings last month was probably partly due to an acceleration in the switching of trade finance from foreign to local sources.

One merchant banker estimates that in the past year up to R1 billion worth of imports and exports previously financed abroad have been switched to local banks. Standard Merchant Bank reckons its foreign trade financing facilities may be down to half last June's levels within a month or so, compared to the present 75%.

Most other bankers, however, say it is hard to quantify the extent of the switching. For instance, many companies moving back into the domestic market away from high foreign rates are finding local firms willing to lend their surplus cash at sub-prime rates.

The degree of switching is limited by local borrowing restrictions on foreign controlled companies, many of which are among SA's biggest importers and exporters.

For those able to borrow locally, there seems little sense in doing otherwise. The cost of acceptance credits abroad (including commissions and forward cover) is currently at least 13% a year, some 3% higher than the all-in cost of local acceptances.

The gap is unlikely to narrow much for most of this year; though local interest rates will probably harden slightly over the next few months, fears for the US dollar should keep US rates up.

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3. Ouderdo

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(b) Jaar

onbetaal

11. Kontantloon (weekliks)

12. Ander betaling (weekliks)

(a) Vleis: hoeveelheid

prys (as nie gratis verskaf word nie)

waarde aan boer

waarde aan werker

NO FREE LUNCHES

Those who think import substitution is the answer to many of our economic woes should read the report of the technical committee on export incentives. It may change their minds.

"It has come to be realised," says the report, "that one of the main drawbacks of an import substitution industrial strategy is a failure to encourage exports of manufactures." According to the committee, the rationale for the proposed new system of export incentives "is to compensate the export sector for the cost-increasing effects introduced by SA's policy of protecting domestic industry for import substitution purposes."

In the past, government policy has had an "anti-export bias," which affects "all exportable products that are protected in the domestic market."

Though the help given to exporters since the Reynders Commission reported in 1972 has improved the balance, the committee notes that "the overall incentive structure is at the present time still skewly distributed in favour of import replacement."

Chances are that, without bigger handouts from the state, current moves to mollycoddle local industry will further dent the competitiveness in foreign markets of many exporters of manufactured goods.

Financial Mail January 12 1979

EXCHANGE CONTROL

FM 16/11/79

A Royal rumpus

The Reserve Bank has frozen R4,8m worth of Escom stock registered in the name of Panama-based Royal Holdings — a company for which Info tycoons David Abramson and Stuart Pegg act as agents. According to Pegg, interviewed by telephone in London, the Bank's action will explode into massive international litigation.

The original stock was bought with securities rands (SRs) in April 1977 by Frank Banks, a non-resident who, with Pegg, Abramson and fellow-Briton Peter Berry, acts as an agent for Royal. Within a year the stock was sold by Banks to Royal at an address in Panama. Negotiations were handled by Trust Accepting Bank.

Since Pegg avers the company was planning on long-term investment in SA to the tune of R100m, Royal would presumably have kept the stock until maturity in 1982. Should Royal have reinvested the interest in SA (as it is now compelled to do) it would have wound up with R8,5m after five years, for an initial cost of the equivalent of R2,9m (R4,8m less the securities rand discount of 40%). The full amount could normally be taken out of the country on maturity.

Transfer of the Escom certificates now requires the prior written sanction of the Reserve Bank and any interest earned may be paid only to the credit of a blocked account. Repayment on maturity may also only be effected to the credit of a blocked account.

At the same time the Reserve Bank has closed in on the sewing machine company Empisal, another Royal enterprise. The company is currently for sale but transfer of Royal's 2,5m shares in the concern is also subject to the written permission of Pretoria, and all dividends have to be paid into a blocked account (see *Fox*).

An irate Pegg says: "The whole administration of Royal has now been removed from us because of the cock-up. But I want you to know that these guys (his clients) are very big and very wealthy. They're as mad as hell and they'll take the matter to the highest courts. It's only a matter of time before this thing is splashed over the front page of all the major newspapers in the world."

Asked who his clients were, Pegg demurred, "You'll find out eventually." Questioned by the *FM* on the gain he and Abramson stood to make from the Escom and Empisal deals in which he insists they acted only as agents for Royal, Pegg again declined comment.

"But you must remember that the whole blocked rand scheme is something I devised when I was at Slater Walker," he pointed out — hinting perhaps that they have hardly gone empty-handed.

The name of Frank Banks is the latest to be linked to the Pegg-Abramson affair. According to Pegg, he is a London-based financial consultant who was originally sent to SA to structure the Escom deal — along with himself, Abramson, and Berry.

Meanwhile, at the Reserve Bank, Exchange Control boss Jan Senekal is maintaining a stony silence on the Escom deal. "This matter is completely confidential," he insists.

But the Reserve Bank must be convinced of a solid case against Royal to have taken what most brokers consider to be an almost unprecedented step.

What is of significance is that for the first time, the word of Pegg (that he and Abramson are not the owners of Royal Holdings) may be tested in court.

This may be the lever the Reserve Bank will use to provoke some action from the two Hortors partners, who have been in the UK since late last year.

Asked if he planned to come back to SA, Pegg replied: "As General MacArthur once said — I will return." When, he was not prepared to predict.

CUSTOMS UNION

A golden goose

74

Agreement has almost been reached between SA and its three partners in the southern Africa customs union on payments from the customs revenue pool for the 1979-80 fiscal year. The payments to all three countries are likely to be substantially higher than this year.

Swaziland's share, for instance, will probably go up from R50m to around R75m. Botswana is getting R52m this year, but according to a senior government official in Gaborone, the 1979-80 pay-out will be "a lot more".

The BLS countries' receipts from the pool have risen sharply in the past three years. In 1975 Lesotho's share was R11m, but by this year it had jumped to over R56m. Likewise, Swaziland's receipts have almost trebled and Botswana's almost doubled.

The reason for the steep rise is a surge in imports, mainly the result of sharply higher foreign aid and investment. This has more than compensated for an adjustment in the revenue-sharing formula two years ago, which, BLS officials say, currently gives them a smaller share of customs revenue than they would have earned under the old formula.

They concede, however, that the adjustments do mean greater stability in annual payments. The new formula has a "stabilising factor" which limits the BLS

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to ignore. By placing the initiative in the hands of individual citizens it

vice roles of technical departments in contrast to

management roles that technical departments often

Customs union revenues are now far and away these countries' biggest source of government income. In Swaziland's case, they exceeded total income tax collections by more than R14m last year.

ion and its simple economy has allowed it to follow

r-dominated approach to construction. The innovation of the labour brigades and the intention to create a labour intensive construction unit demonstrate the desire to move to more appropriate methods. A works programme that set out to channel at least P6 million into the pockets of the poor would have to design and supervise productive works able to employ, at perhaps P0,80 per day as an average wage, 7,5 million man days per year. Botswana's small population could not provide that much labour. The average employed per day over a 350 day work period would be 214 000 per day, or roughly 2 persons per household or 4 per household under the poverty line. At P2,00 per day it would require an average attendance of almost one member from every household for 350 days a year or 2 from the poorer families. Clearly neither magnitude is likely.

By the end of the century when Botswana's population will have doubled from the 700 000 odd today to nearly 1,5 million such magnitudes will look both more likely and probably as,or more,desirable. At present it would seem that a guarantee employment scheme would not be able to spend more than about P2,5 million in wages a year at an average wage rate close to P1,00 per day. That would leave a gap in the minimum income distribution sought of P3,5 million. It raises the question whether or not Botswana should not examine a higher wage as socially desirable, perhaps P2,00 per day. Almost p1. (74)

STAATSKOERANT
VAN DIE REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA
GOVERNMENT GAZETTE

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VOL. 163] PRETORIA, 26 JANUARIE / JANUARY 1979 [No. 6293

PROKLAMASIE

van die Staatspresident van die Republiek van Suid-Afrika

No. R. 20, 1979

VERBOD OP GOUD- EN VREEMDE VALUTATRANSAKSIES

Kragtens die bevoegdheid my verleen by artikel 9 van die Wet op Betaalmiddels en Wisselkoerse, 1933 (Wet 9 van 1933), vaardig ek hierby die volgende regulasies uit:

1. Behalwe met die spesifieke vergunning van die Minister van Finansies, mag geen gemagtigde handelaar in vreemde valuta op 26 Januarie 1979 enige goud- of vreemde valutatransaksie aangaan of aan enige sodanige transaksie wat voor genoemde datum aangegaan is, uitvoering gee nie.

2. Iemand wat 'n bepaling van regulasie 1 oortree, is aan 'n misdryf skuldig en by skuldigbevinding strafbaar met 'n boete van hoogstens R50 000 of met gevangenisstraf vir 'n tydperk van hoogstens vyf jaar, of met beide sodanige boete en sodanige gevangenisstraf.

3. 26 Januarie 1979 word geag 'n openbare feesdag volgens artikel 2 van die Wet op Openbare Feesdae, 1952 (Wet 5 van 1952), te wees vir die doel van die nakoming van enige verpligting, die uitoefening van enige reg, of die verrigting van enige handeling wat op of nie later nie dan genoemde datum nagekom, uitgeoefen of verrig dien te word, en wat as gevolg van die bepalings van regulasie 1 dit nie doenlik is om op genoemde datum na te kom, uit te oefen of te verrig nie.

Gegee onder my Hand en die Seël van die Republiek van Suid-Afrika te Kaapstad, op hede die Vyf-en-twintigste dag van Januarie Eenduisend Negehonderd Nege-en-sewentig.

B. J. VORSTER, 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. 20, 1979

PROHIBITION OF GOLD AND FOREIGN EXCHANGE TRANSACTIONS

Under the powers vested in me by section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), I hereby make the following regulations:

1. Except with specific permission granted by the Minister of Finance, no authorised dealer in foreign exchange may on 26 January 1979 enter into any gold or foreign exchange transaction or carry out any such transaction which has been entered into prior to the said date.

2. Any person who contravenes any provision of regulation 1 shall be guilty of an offence and liable on conviction to a fine not exceeding R50 000 or to imprisonment for a period not exceeding five years or to both such fine and such imprisonment.

3. 26 January 1979 shall be deemed to be a public holiday in terms of section 2 of the Public Holidays Act, 1952 (Act 5 of 1952), for the purpose of the carrying out of any obligation, the exercise of any right or the doing of any act, which is to be carried out, exercised or done on or not later than the said date, and which, as a result of the provisions of regulation 1, it is not practicable to carry out, exercise or do on the said date.

Given under my Hand and the Seal of the Republic of South Africa at Cape Town this Twenty-fifth day of January, One thousand Nine hundred and Seventy-nine.

B. J. VORSTER, State President.

By Order of the State President-in-Council:

O. P. F. HORWOOD.

STAATSKOERANT
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6220—A

It is believed that Government will soon announce the setting up of a Commission on Local Government to report within the year. Extensive discussions currently being conducted at the District and Village level on the TGLP White Paper proposals and the work of the expected Commission on Local Government suggest that by early 1978 Botswana could have the legislative and the programmatic wherewithal to tackle the central economic and social problem of growing rural poverty.

Current Problems

The purpose of this paper is to review the requirements for successful rural development in Botswana and to evaluate current approaches against those requirements. The paper will argue that Botswana is moving towards an overly legalistic and a rather too mechanistic approach that is not in keeping with local conditions and the small size of the population, 725 000.

Botswana's rural economy is fragile, governed as it is by the uncertainty of the rains. In the past some 35 000 Botswana annually have sought work in South Africa as migrants. In other words, one-quarter of the male labour force underwrote the fluctuations in rural incomes, as weather varied, by work outside the country. Today it is known thanks to the Rural Income Distribution Survey, that many in fact seek work outside the rural areas because of rural poverty. The Survey discovered that 40% of the rural households, containing

35% of the rural po ... y datum line (house-
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qualified them for ... job. The National
Development Plan 19 ... and given high rates
of employment growt ... in jobs will rise to

STEEL

Export terminal

74
RU 26/1/79

SA is exporting steel to 36 countries, including West Germany, Japan and the US. "Nobody exports steel at a profit these days," says Iscor's export manager Nic van Rensburg, "but if we didn't recover on our overheads this way local industry would have to pay a lot more for its steel."

Iscor is currently exporting a third of its production — 80% through Durban — and expects to earn R300m from exports this year. As part of the export programme, it has developed a steel export terminal at a cost of R3m at Fynnlands in Durban in association with Freight Services. Iscor owns the building and Freight Services does the rest for a service fee based on a minimum tonnage. Between March and December last year, the facility handled 353 000 t of steel.

It allows pre-sorting of exports by both Iscor and Hiveld Steel and is designed to overcome the problems of limited railway carrying capacity and demurrage charges. "It's no good working on a 50c margin and then losing R7 in the harbour before the stuff leaves," comments Van Rensburg.

Paper work in foreign trade costs millions

Star 31/1/79

74

Own Correspondent

DURBAN — Documentation of South Africa's total foreign trade costs a staggering R380m — which could be halved — according to estimates by the South African Foreign Trade Organisation.

A 21-page draft proposal for the establishment of a Trade Facilitation Board also reveals that according to bank estimates, some 80 percent of South Africa's foreign trade documents are either incompletely filled in or contain some errors requiring correction and causing extra expense and delay.

The report estimates that documentation for South Africa's foreign trade costs four percent — R380m taking foreign trade as being worth about R9 500m a year.

United Kingdom estimates placed the annual cost of documentation at seven percent of the value of foreign trade, but only two percent after a Trade Facilitation Board had been operating for four years.

Major advantages which South Africa could obtain through effective and nationally organised action in support of rapidly expanding world trade facilitation include:

- Reduced export prices.
- Cheaper imports.
- Opening up of world trade to smaller businesses.
- A potential leadership role in non-contentious Pan African trade.

The report claims that a Trade Facilitation Board could reduce documentation costs by half over a five year period, in which case, the cost of the board, with a proposed initial annual budget of R55 000, and establishment costs of R150 000 would be negligible.

FINANCE

SA, UK STILL MAJOR TRADE PARTNERS

74

Argus 2/2/79.

SOUTH AFRICA still remains one of Britain's major trading partners and one of Britain's major areas of investment, figures compiled by the United Kingdom-South Africa Trade Association show.

UKSATA, as this organisation is known, found that about 10 percent of all Britain's overseas direct investment is in South Africa and is worth about £4 000-million (R6 800-million).

In addition, UKSATA puts British indirect investment in South Africa at £3 000-million (R5 100-million), bringing the total British investment in this country to around £7 000-million (R11 900-lion) or £140 (R238) for every Briton.

GROSS INCOME

UKSATA says Britain's total gross income from South Africa is about £2 000-million (R3 400-million) a year with income from visible exports running at about £700-million (R1 190-million) and income from invisible earnings (investment income, insurance dividends, shipping) at around £1 000-million (R1 700-million) a year.

LOSING GROUND

However, in spite of the considerable advantages Britain's heavy investment in South Africa confers on British exporters doing business with this country, latest trade figures indicate that they are rapidly losing ground to exporters from other countries and especially from Europe.

South Africa's imports from Britain last year rose by 22,3 percent and by 32,6 percent from Europe. But British exports to South Africa in this period rose by only 14,3 percent.

Figures for British imports from South Africa last year, are not available, so it is not possible to see to what extent that country has succeeded in reducing its dependence on South African raw materials.

But South African exports to the American continent — mainly to the United States — jumped by 44,7 percent last year to R1 561-million.

SA's foreign reserves take R210m plunge

RDM 9.1.79

74

By HOWARD PREECE
Financial Editor

THERE was a sharp fall of R210-million in the official foreign-exchange holdings of the Reserve Bank last month.

Technically some of this was cushioned by a rise of R175-million in the value of the gold component of the reserves.

The increase in the gold value was, however, simply a reflection of the rise in the bullion price.

Gold is valued officially by South Africa at a market-related price each month of the average of the previous 10 fixings less 10%.

What matters most is the foreign-exchange holding is back to the level of June last year after a substantial increase in October and November.

The decline in the foreign exchange holding of the Reserve Bank is partly seasonal.

Interest payments on outstanding foreign borrowings, dividend remittances and payments overseas by international companies, particularly the oil groups, always put pressure on the reserves in December.

But there is little doubt that some of the fall last month was caused by traders switching from overseas to domestic financing as United States interest rates continued upwards while South African rates eased further.

It is also known that the reserves benefited in October and November from money flowing to South Africa in anticipation of a revaluation of the rand against the dollar — not that any such revaluation was ever a serious possibility then.

The improvement in the dollar in December before the Iran crisis hit its peak might have reversed that flow.

South Africa's total gold and foreign assets decreased by R35 291 774 last month and stood at R2 043 796 482 on December 31, according to the monthly statement by the Reserve Bank.

The gold holding alone increased by R175 244 771 to R1 679 072 374.

The foreign exchange holding fell by about R210-million to just under R365-million compared with R375-million at the end of November.

About R50-million of that is in Special Drawing Rights and the rest in currency, directly or indirectly, mostly dollars.

This is the same level as between April and July last year.

It puts the authorities under greater pressure and could caused major difficulties if there was further big switching.

However, it is clear that all policy measures will depend first on the publication later this month of the report of the De Kock Commission on monetary and exchange rate policy.

The gold reserves as shown in the monthly statement to December 31 have been valued at R171,58 an ounce compared with R154,43 at November 30.

The ratio of gold reserve to liabilities to the pubgic less foreign assets stood at 65% on December 31, compared with 67,2% November 30.

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philosophy of an offer of guaranteed work is to provide employment to those who have no employment. Those to whom it provides employment do not fall in the legal category of employment affected by the Incomes Policy. Rather, an employment guarantee programme, by underwriting security and a modicum of income to those able to seek manual labour, would improve welfare in the countryside and reduce the pressure on urban jobs. In that way it would complement the Incomes Policy. It may even make the Policy effective for the first time since such an employment programme would tackle the more fundamental and structural problems behind the large disparities in incomes within the countryside and between the urban and rural areas that are beyond the compass of a legal provision.

Star 10/1/79 (74)

Giant strides in German-SA trade

By Michael Chester, Financial Editor

The dramatic climb of West Germany in the ranking of South Africa's top overseas trade partners was underscored today in an analysis showing a spectacular 46 percent surge in two-way trade in recent months.

A study compiled by the SA-German Chamber of Trade and Industry shows that two-way trade mushroomed from R1 586m to R2 326m in the first 10 months of 1978 compared with a year earlier.

South African exports to West Germany were running 34,5 percent higher at R1 046m — easily outpacing the losses in exchange rates as the D-mark soared over the rand as the US dollar plunged, taking the rand down with it.

Imports from West Germany raced ahead even faster, advancing a massive 58 percent from R808,2m to R1 279,7m. The bulk of the imports, as much as 84 percent, were in finished products.

Final figures on overall SA imports and exports for the 1978 full year have yet to be released, but it already looks highly likely that West Germany will emerge as the biggest single overseas supplier.

In the reverse trade flow, the West Germans were also bigger buyers from South Africa. Of the R1 046m worth of exports between January and October, raw materials accounted for 31,5 percent of the total, with semi-finished products coming next at 22 percent.

Finished products contributed over 20 percent towards the export basket and agricultural products made up 19,5 percent.

The strengthening of SA-German business links has also been underlined by evidence that West German investment inside South Africa expanded further last year to push the total over R2 000m. The number of West German firms with direct financial ties with South Africa now stands at more than 450.

Southern

COAL EXPORTS

You scratch my back

The international oil companies seem to be using their position as suppliers of a scarce and strategic commodity to muscle into SA's coal industry.

With coal exports moving into their third major phase, government has allocated less than a quarter of the 1985 target of 44 Mt a year to members of the Transvaal Coal Owners' Association (TCOA), the body which originally handled all Transvaal-produced coal exports. In the current 20 Mt a year programme, the TCOA's share is 9,6 Mt, which means that, over the next six years, its members' exports will rise by only 0,4 Mt a year.

By contrast, allocations to three international oil companies have soared. BP and Shell will each be allowed to export 5,5 Mt annually by 1985, and Total has been given a target of 2,5 Mt. (See table).

At first glance this is merely a case of free enterprise, as the oil companies move into an increasingly lucrative field, safe from the political and economic vicissitudes of the oil market. Already they have interests in a number of mines such as Eikeboom (BP and Kanhym) and Ermelo (BP, Total and General Mining).

But why have the oil majors not utilised the sophisticated and apparently successful export marketing services of the TCOA?

TCOA's Sealey . . . what's wrong with us?

Grumblings in the coal industry indicate they are not impressed by the TCOA's marketing expertise, and have decided they can do better by using their own world-wide marketing organisations — despite the apparent duplication of services, and the scope for cut-throat competition on foreign markets between SA's own coal producers. "If there are rumblings in the industry," comments one oil company executive wryly, "the parties concerned must have indigestion."

Certainly the TCOA is unhappy with the allocations. Chairman Allen Sealey reckons the oil companies should not have been given such a large slice of the market. The TCOA and Natal Associated Collieries have supplied the local market for a number of years, at artificially low prices. They also provided capital and expertise in the early Seventies for the Richards Bay export project. But now that lucrative export markets are opening up, complains Sealey, the TCOA is having to take a back seat to the oil companies. Why?

"I believe the oil companies have been given substantial allocations as a result of their contribution in the energy field," avers Sealey. The more business the oil majors can do in SA, goes the argument, the less inclined they will be to close SA's oil tap. And a top government official concedes that the oil companies' role as suppliers of a valuable energy source played a part in the determination of their allocations.

Sealey notes that the TCOA asked government for "some adjustment" to the allocations. The approaches were rejected, and the TCOA is currently considering its stance. He doesn't, however, hold out much hope for any changes. (Surprisingly, BP has apparently also protested against its allocation.)

Chances are that competition will be stiff. Though government has wrung an unwritten assurance from producers that they will not tread on each others' toes, there are already signs that a fierce battle is looming. Natal producers are said to be sharpening their knives, and the oil companies are apparently willing to sell at unusually narrow margins.

EXPORT QUOTAS

	Phase Two (April 1979)	Phase Three (1985)
	—Mt a year—	
TCOA	9,6	10,0
Natal Assoc Collieries	1,2	2,0
*Ermelo	3,0	—
Amcoal	2,0	6,0
Anthracite producers	1,2	4,0
General Mining	—	6,0
BP	—	5,5
Shell	3,0	5,5
Total	—	2,5
TCL	—	2,5
	20,0	44,0

** Ermelo consists of General Mining, Total and BP*

September 1977

(74)

Rapport 11/2/79

Franse woel om groter SA mark

FRANKRYK, vyfde op die lys van Suid-Afrika se handelsvennote, gaan vanjaar 'n berekende aanslag maak om 'n hoër plek op die lys. En vandeesweek is 'n belangrike stap gedoen om juis dit reg te kry.

Franse maatskappye wat met Suid-Afrika handel dryf, het vandeesweek 'n vereniging gestig om handel tussen die twee lande te bevorder. Een van die eerste take van die nuweling sal wees om ware wat Frankryk vanjaar op die Randse Skou sal vertoon, te koördineer. En vanjaar se uithang op die skou sal kragtiger wees.

Die Franse handel met Suid-Afrika loop die afgelope twee jaar so dat Suid-Afrika 'n voordeel van tussen R80 milj. en R100 milj. per jaar uit die handel het. Die voordeel het só van 'n kleintjie opgebou, hoofsaaklik as gevolg van die feit dat Suid-Afrika 'n groot toename in sy uitvoer van basiese metale en steenkool na Frankryk gehad het.

Die Franse voel uiteraard nie baie gelukkig hieroor nie. Hulle voel die dag het lankal aangebreek dat mense die Franse nie net moet assosieer met hul tradisionele produkte soos reukwater, modes, kaas en wyn nie.

In die laaste klompie jare het hulle ontpop tot een van die wêreld se voorste nywerheidslande, hoewel hulle erken dat hul opkoms op nywerheidsgebied na die Tweede Wêreldoorlog miskien stadiger as van hul buurlande was.

En in Suid-Afrika was hulle die laaste paar jaar betrokke by reuse-skemas soos die Koeberg-kernkragsentrale naby Kaapstad, die Sishen-Saldanha-spoorlyn en 'n nuwe suurstof-aanleg vir Sasol, om maar net 'n paar te noem.

Dis juis hierdie soort kundigheid wat hulle nou wil inspan om Suid-Afrika aan o.a. meer gesofisteerde mynboutoerusting te kan verskaf, en ook in die elektronika-veld en die mediese wêreld.

Plaaslike Franse maatskappye wil ook hier meer fietse, klere wat van Frankryk se voorste modehuise onder lisensie vervaardig word, en kombuistoerusting verkoop.

So is daar nog heelwat in die Franse mou wat hulle van plan is om vanjaar uit skud. En die uitslag beloof interessante verwikkelinge.

Soos die voorsitter van die nuwe Vereniging van Franse Uitstallers, mnr. Alfred Studer, hoofbestuurder Suider- en Sentraal Afrika van Air France, dit stel: My vereniging sal homself diep betrokke maak by die uitbou van die Franse indringing in die Suid-Afrikaanse mark.

● Net om te wys dat dit sover as Frankryk betref, nie net by praat bly nie, het eerste van 'n hele paar handelsendings Maandag in Suid-Afrika aangekom. Dis van die Lyonse kamer van handel en nywerheid en is tien man sterk. En die manne se belangstellingsveld lê wyd. 'n Hele paar belangrike fasette is verteenwoordig.

Trade between South Africa and African countries

Hansard Q 167

15/2/79

(74)

59. Mr. J. D. DU P. BASSON asked the Minister of Economic Affairs:†

(a) With how many countries in Africa did South Africa trade in the financial year 1977-'78, (b) which of the countries can he make known and (c) what was the total amount of (i) the imports from and (ii) the exports to these countries.

The MINISTER OF ECONOMIC AFFAIRS:

(a) 49 countries in the calendar year 1977.

(b) The names of countries in Africa with which South Africa trades, are not published.

(c) (i) 1977: R287,5 million
1978: R244,1 million.

(ii) 1977: R519,8 million
1978: R539,3 million.

74

FM 16/2/79

THE RAND

A merry dance

The rand may be revalued, some banks warned their customers soon after Finance Minister Owen Horwood's announcement last month that the exchange rate would be adjusted more frequently. Nonetheless, last week's 1.74% upvaluation, the first adjustment against the dollar in over three years, caught many corporate treasurers and even a few bankers with their pants down.

The plentiful supply of dollars in the foreign exchange market since last Thursday is one sign that some banks had been building up their holdings in anticipation of a devaluation (from which they would have scored). For most of the past week, the major banks have been long on dollars, though by midweek their positions had tightened.

The effect on exchange rates offered to the public is proof that demand and supply do already have some influence in the forex market. Thus at the end of last week no bank was selling dollars at lower rates than the Reserve Bank's new selling rate of $1,1690. During the previous two weeks, when Church Square was a net seller of dollars, banks' selling rates were constantly around five points cheaper than the Reserve Bank's.

The revaluation does not appear to have prompted a rush by bewildered exporters for forward cover. One forex dealer reckons many exporters took out forward contracts at the time of the revaluation rumours last November, and have since decided it is worthwhile to stay covered.

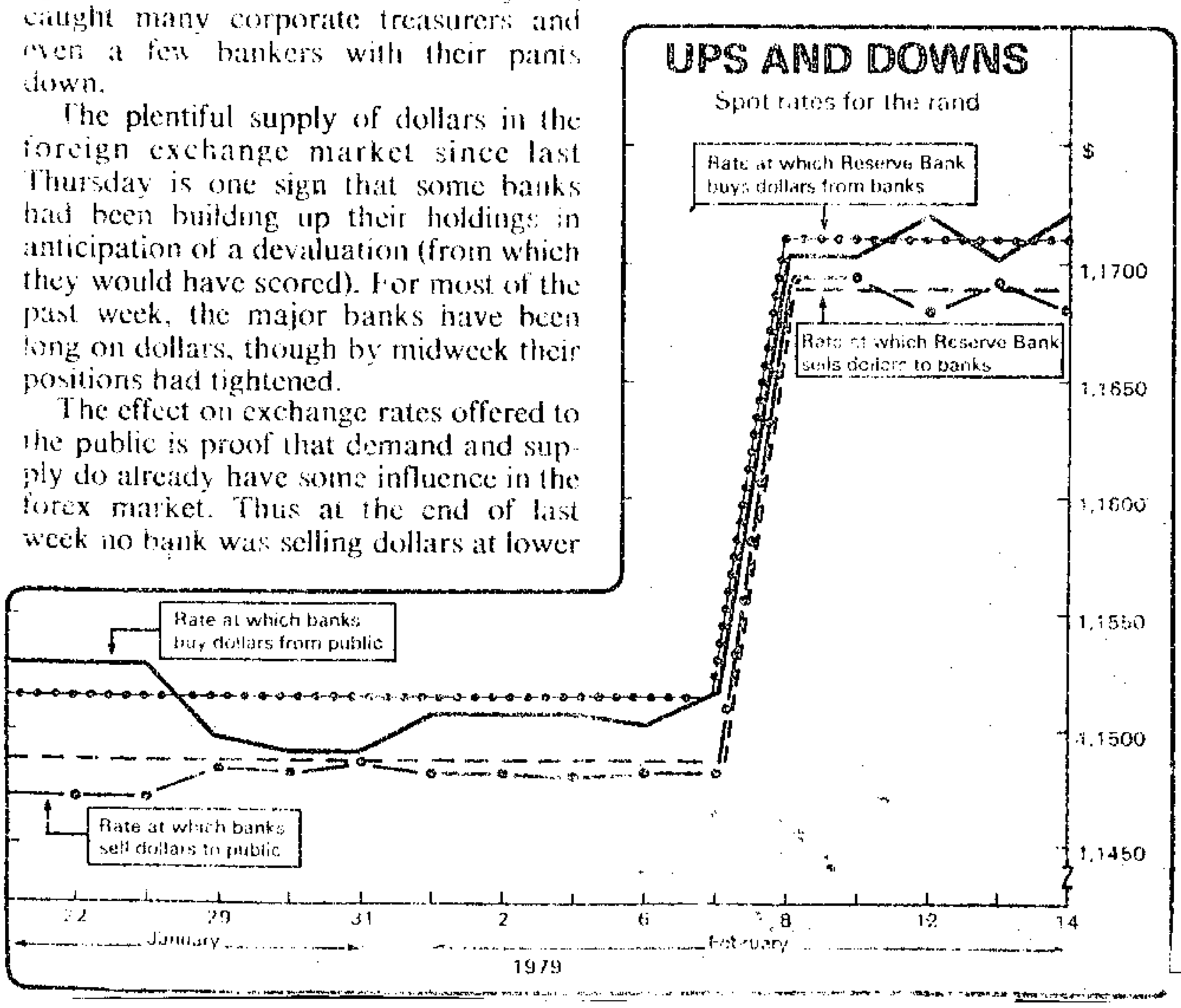
Certainly, one major bank is advising exporters to cover for at least the next three to four months, while telling importers they can stay uncovered. "It's not unlikely that the rand will move up again, especially if the dollar comes under pressure," notes one expert. "It could go up to $1,20."

Economists agree that the course of the exchange rate over the next few months will be determined mainly by the strength of the dollar and the gold price. However, the Reserve Bank's eagerness to balance its forward cover risks could prompt some upward jumps, no matter which way the dollar and gold go. With adjustments likely to be made every two to three weeks, it shouldn't be long before Church Square's strategy becomes clearer.

Meanwhile, earlier expectations that the rand's forward premium against the dollar might widen, thereby making forward cover still dearer for exporters and more attractive for importers, have evaporated. A fall in US interest rates this week indicates that the gap between local and US rates, which determines the forward premium, may narrow temporarily.

UPS AND DOWNS

Spot rates for the rand



Cape Times 16/2/79

SA exports to Africa increased

SOUTH Africa traded with 49 African countries during the 1977/8 financial year and exports to them increased by R40 million to total R539,3 m.

This was disclosed in the House of Assembly yesterday by the Minister of Economic Affairs, Mr Chris Heunis, when he replied to a question by Mr Japie Basson (PFP Bezuidenhout).

Mr Basson said afterwards that the latest figures were an improvement on the previous year when South Africa traded with 23 African countries.

In his reply, Mr Heunis said the names of countries in Africa with which South Africa trades "are not published".

Mr Heunis said South Africa imported R287,5 m from Africa in 1977, but this had declined to R244,1 m in 1978.

South Africa exported R519,8 m in 1977, and this rose to R539,3 m in 1978.

SA neem oor by Nigerië

74

DIE jongste syfers van die Suid-Afrikaans-Duitse Kamer van Handel en Nywerheid toon dat Suid-Afrika die voortou oorgeneem het by Nigerië as Wes-Duitsland se grootste handelsvennoot in Afrika.

In 1978 het die totale waarde van die handel tussen die twee lande 'n bedrag van 5 537,5 miljoen DM of R2 563,7 miljoen (by 'n koers van R1.00 - 2,16 DM) beloop, en daarmee met R177,8 miljoen of 7,5 persent gestyg.

Suid-Afrikaanse uitvoer na Wes-Duitsland het 2 455,4 miljoen DM of R1 136,8 miljoen beloop en die invoer 3 082,1 miljoen DM of R1 426,9 miljoen.

Nigerië, wat nou in die tweede plek is, het R2 465,7 miljoen bereik, wat 'n afname van 4 persent teenoor 1977 is. Die redes daarvoor is 'n algehele afname van olieinvoer, wat 91 persent van die uitvoer van Nigerië na Wes-Duitsland uitmaak, en 'n vermindering van uitvoer van Duitsland na Nigerië.

RAPPORT 25/2/79

Human rights group airs blacklist on SA

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STAR 28/2/79

From London Staff Reporter Chris Waddington

GENEVA — Khalifa's list — the black list of those who contribute "political, military, economic and other forms of assistance" to South Africa — appears to be turning into a major weapon against South Africa.

Criticism of Western countries' continued trade and other relations with South Africa has proved to be a focal point of this year's southern Africa debate in Geneva by the United Nations' Human Rights Commission.

The continuation and extension of the black list of South African "supporters" is the basis of one of three draft resolutions which will be put forward for a decision later this week.

The black list, drawn up by UN special rapporteur Ahmed Khalifa, so far names nearly 1 500 banks, airlines, shipping lines, commercial firms and sporting bodies which still have links with South Africa or Rhodesia.

Following continued criticism of Western countries for providing the means for the South African Government's continued existence, Burundi, Egypt, India, Morocco and Nigeria have proposed instructing Mr Khalifa to continue enlarging the list and to report back to next year's session.

in Namibia, Zimbabwe and South Africa." This is sure to be agreed.

A second major debating point to emerge from this year's session is the question of the South African Government's legitimacy in view of its apartheid policies and its refusal to adopt the United Nasions charter.

The draft resolution calls for:

- A study of the legitimacy of the South African Government;
- A special meeting at each and every meeting of United Nations' bodies to be devoted to "the struggle against apartheid;"
- The immediate release of all political prisoners in South Africa, Rhodesia and SWA/Namibia,
- Condemnation of countries which either directly or through their nationals are helping to "perpetuate the present situation in Namibia, Zimbabwe and South Africa."

The third resolution calls for an appeal for all countries to join the "convention on the suppression and punishment of the crime of apartheid" without delay.

SA — MEXICO TIES

(FM 21/3/80)

An eye on oil?

Pretoria is carefully cultivating the world's newest oil power, Mexico.

A mission of 10 leading Mexicans left SA this week after a visit arranged by the Departments of Foreign Affairs and Commerce. They met top business and government men in Johannesburg, Cape Town and Durban.

Eduardo Rabi, who headed the mission, told the *FM* that all the members were businessmen. Asked whether they were interested in imports or exports, he replied that "we are looking around, and we'll see what we can do." Certainly, the group talked about buying a wide range of SA manufactures, including mining equipment, glass, electrical machinery, petrochemicals and engineered goods for Mexico's petroleum industry.

Although Mexico closed its honorary consulate in Cape Town nearly five years ago and, according to some traders, claims to boycott SA goods, SA firms have done steady business south of the border.

Safmarine runs a regular and well-patronised shipping service to the Mexican port of Veracruz. SA's exports include asbestos, stainless steel, ferro-alloys, wire and chains. Imports are erratic, however. Interestingly, the Department of Commerce late last year published a special booklet on trade openings in Mexico.

The reasons for Pretoria's interest in Mexico are obvious. By early next year, the country will be producing 2,5m barrels of oil a day, and its rulers have been looking beyond the US for new markets. France, Canada, Israel and Spain are among the countries which have tied up oil supply contracts.

Oil reserves already total some 40 billion barrels, and by the late Eighties Mexico may be the world's second biggest oil supplier, after Saudi Arabia.

A new national industrial plan provides for massive new investments, with petrochemical, steel and fertiliser projects having priority after the expansion of oil production facilities. Mexico is planning to join the General Agreement on Tariffs and Trade and to lower its tariff barriers.

The opportunities for SA are clearly too good to miss.

TRADE WITH GERMANY

76

Leader of the pack

FM 2/3/79

SA has overtaken Nigeria as West Germany's leading trading partner in Africa. And in 1978 Germany, for the first time, became SA's biggest foreign supplier.

Last year the value of two-way trade rose by 7,5% in terms of D marks compared with a drop of more than 4% in 1977 and 3% in 1976. Imports leapt by almost 20%. In rand terms, SA exports totalled R434m between January and

August last year as against R311m in 1977. Ann Forrest-Smith, Safto's intelligence manager, reckons export volumes rose as well.

Over 80% of SA's imports from Germany are of manufactured products. Imports of pumps and pneumatic equipment almost trebled last year, while purchases of motor vehicles were up by 52% and power supplies and generators by 28%. Imports of toolmaking machinery and luxury goods were sharply down.

An important factor in favour of German suppliers, according to Jost Hildebrandt, local representative of European Banks International, is speed of delivery. Germany has been able to capture part of the UK's share of the capital goods market because strikes disrupt deliveries of British goods. Forrest-Smith reckons that the sharp rise in German imports is also linked to Germany's investments in SA.

The SA-German Chamber of Trade and Industry expects SA imports from Germany to grow by more than 18% in 1979, mainly as a result of the upswing in the SA economy.

SA's leading exports are krugerrands (up 50% in 1978), iron ore and other mineral ores, coal and wool. Coal and iron ore exports climbed by more than 35% last year. But exports of wool, chrome ore, ferro-alloys and copper fell below 1977 levels.

German investment in SA totalled R1 000 m at the end of last September, only a marginal increase over the year. German businessmen have the advantage of minimal pressure from their government to restrict their activities in SA. According to Herbert Weicke, deputy manager of the Chamber: "There is no pressure from the German government because Germany is a firm believer in free world trade." If Germany did boycott SA, Weicke says "it would be treading on dangerous ground, since pressure would be brought to bear to boycott Russia and Chile, for example." Weicke estimates that 70 000 to 100 000 Germans would lose their jobs if SA-German trade links were severed.

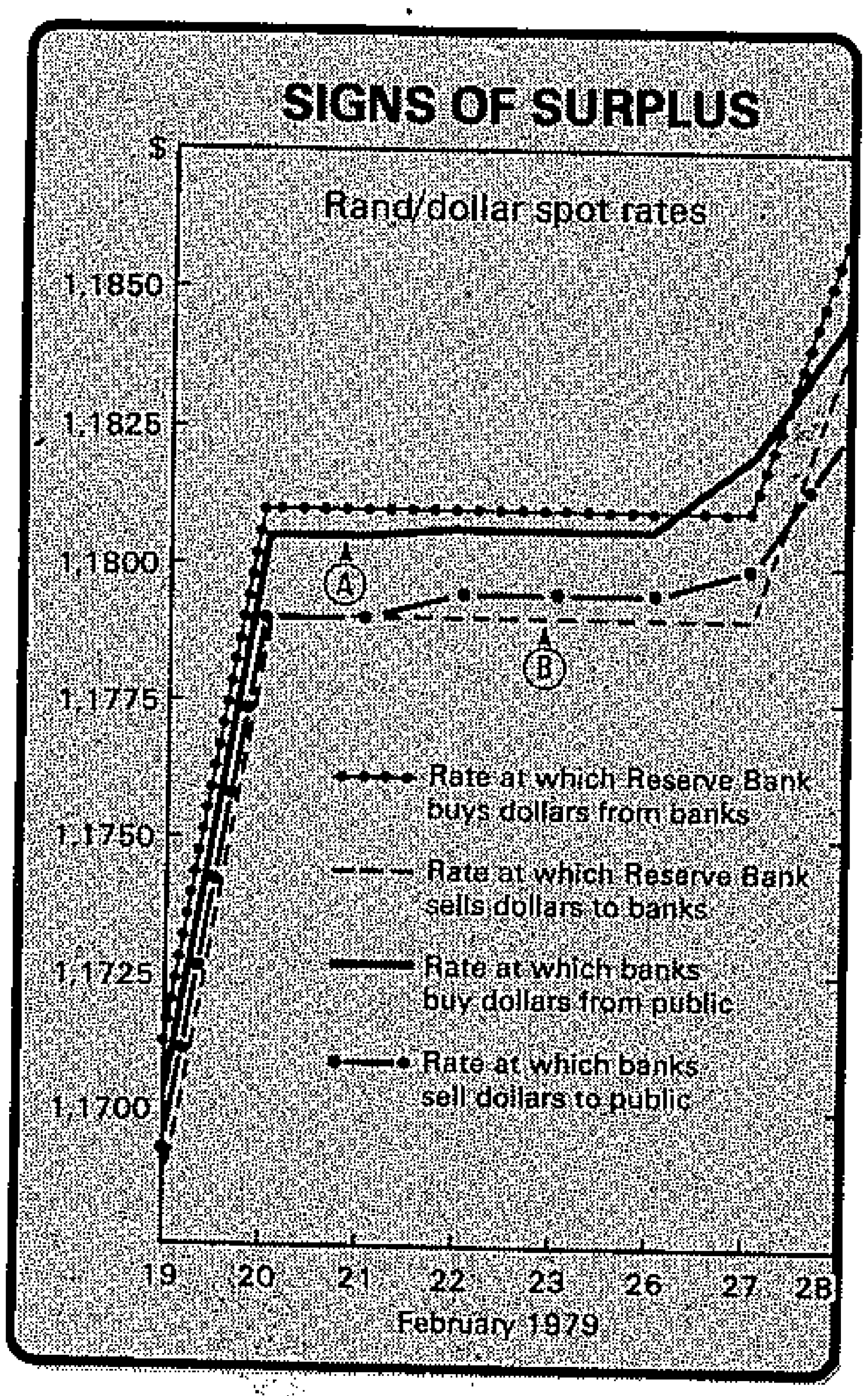
FM 2/3/79 74

THE RAND

Look, it floats!

Underlining its buoyancy in the current economic trough, the rand bobbed up nearly half a US cent when it was finally allowed to "float" this week. On Monday the banks were paying $11 794 for R10 000; at times, on Wednesday, as much as $11 840. In sympathy, Johan Dettmann, Church Square's chief dealer, raised his rates too.

It shows how heavily the balance of payments is in surplus. For, remember, this week's strong demand for rand — the converse of a strong supply of dollars — occurred even though all dollars from gold and diamond sales continued to



bypass the foreign exchange market and flow straight to the Reserve Bank.

Under new arrangements announced by Finance Minister Owen Horwood on Monday, dollars from krugerrand sales will start flowing into the market within the next few weeks. But that will still leave the Reserve Bank controlling an annual R3 billion worth of dollars from bullion sales. Moreover, because of De Beers' fears of disclosing the level of diamond exports, Church Square is likely to retain a sizeable chunk of diamond dollars as well. So except when the overall balance of payments is in massive surplus, the foreign exchange market will generally be short of dollars and swamped with rand. There will of course be exceptional days, for example, for seasonal reasons, but on most days the banks will be short of dollars.

What will happen then? The rate at which the banks buy dollars from the public will rise (more rand per dollar, fewer dollars per rand — a downward movement of A on the graph). But the banks will not buy dollars from the public, or from each other, for more than they can buy from the Reserve Bank (B on the graph). So the Bank will then have to decide whether to raise its rate for selling dollars to the banks (implying a lowering of B) in a bid to dampen the demand for dollars. The alternative is for Church Square to hold its selling rate for dollars and to supply the market with dollars it acquires from bullion sales. And, if these are not enough, from the dollars it holds in its reserves.

What this means in effect is that on more days than not it will still be the Reserve Bank who will dictate the exchange rate. In other words, if it's a managed float, "managed" is the word to be stressed.

FORWARD RATES (36) FM 2/3/79

Changes coming

(74)

Banks cannot understand why Church Square's forward exchange rates are based on its closing spot rates the previous day. Why, they ask, can't forward rates be determined from hour to hour, as spot rates are?

This has already resulted in some strange anomalies. On Wednesday, for instance, the 2,5 month forward buying rate (based on the Reserve Bank's closing spot rate of $1,18 on Tuesday) was $1,1859, slightly lower than the Bank's spot buying rate on Wednesday of $1,1860. In other words, the rand was briefly at a forward discount to the dollar. Many exporters took advantage of the discount to cover forward.

Relief may be at hand, however. The *FM* learns that the Reserve Bank and the commercial banks' foreign exchange men have started negotiating a change. It should not be long before forward rates will move during the day in accordance with shifts in the spot rate. The rand's forward margin, currently at 2%, will determine the forward rates at any particular time.

Dealers are now wondering when the forward margin will be changed. It has been at 2% for over a month.

FINANCIAL RAND

Why still 40%?

FM 2/5/79

74

Senior bankers claim to be embarrassed by the lack of a clear directive from Pretoria on the rules for financial rand deals. They are holding thumbs that Finance Minister Owen Horwood's promise this week that the rules will be simplified will lead to the flurry of new foreign investment the De Kock commission hoped to spur.

The Reserve Bank guidelines laid down after De Kock were too vague and too restrictive to excite foreign investors. For instance, the Bank indicated that only investment for productive purposes would be allowed in through the financial rand market. Bankers say that these production purposes were not adequately spelt out for them to give sound advice to prospective investors. What's more, several US and German investors complained of the red tape involved in having their applications processed by Church Square.

As a result, the number of applications for financial rand has been disappointing. Financiers estimate that only R3m has been approved so far; thus the financial rand discount is still well above 40%.

Millions in the wings

However, the *FM* hears that applications worth some "hundreds of millions" of rand could be in the pipeline, and Eveready's R9m offer to minorities will probably be paid for through the financial rand system. "People are making their plans and doing their calculations," says a senior policymaker. Enquiries from investors to banks range from bids for control of chemical plants to one US bid for shares in a game farm. One application which was turned down was for control of an established supermarket.

The Reserve Bank says "several applications have been received, and a report is expected to be put before the Minister in the near future." The Bank is likely to continue scrutinising all financial rand applications.

The banks hoped they would be allowed to take positions in financial rand — buying at a wide discount and selling when it narrows. Discussions are apparently under way, but the subject is "way down on the list," according to one insider.

Bankers say demand for finrand is also being curtailed by high US and UK interest rates.

(14)

FOREIGN EXCHANGE

The squealing starts

Stiff competition among banks in the foreign exchange market is leading to more than a little acrimony. But perhaps the wider spreads which accompanied the start of the rand's managed float on Tuesday will herald an end to the back-biting.

Some bankers charge that by chopping spreads between buying and selling rates, the larger banks are doing their best to corner the market. According to one market-watcher, Barclays, Standard, Citibank and Volkskas Merchant have generally quoted the finest rates.

Especially upset is Santambank MD Roeland Perold. Echoing some of the fears voiced in the De Kock report, Perold is concerned that one or two of the larger banks may gain a "monopolistic hold" over SA's foreign exchange market. Says he: "We are particularly worried about what will happen now that krugerrand proceeds are to go directly to the banks."

Perold insists that if the current cut-throat competition among banks continues there will be "substantially fewer" forex dealers around.

A rumour circulating in Johannesburg this week had it that Barclays made only R3 000 profit on a foreign exchange turnover of R25m, a spread of less than 1/64%. Barclays' international economist, Andy Connor, denies this, though he admits that Barclays is, in certain cases — depending on the customer and his relationship with the bank — prepared to quote margins as low as 1/32%. He adds: "Competition is competition — we believe in keeping our customers happy."

Banks quizzed by the *FM* last week said that they normally quote a ten-point spread (slightly below 1/12%) between buying and selling rates. In other words, if their selling rate for dollars is 1,1793, their buying rate would be 1,1803. But they are quick to point out that this margin varies significantly from bank to bank at any particular time, depending how long or short a bank is on dollars. And in the past few days, spreads have widened to around 20 points.

Bankers also point out that although margins between buying and selling rates on forward contracts are usually the same as those on spot deals (because of the fixed 2% forward dollar discount), forward spreads can widen because of the need for banks to cover forward contracts with the Reserve Bank, other banks or even customers.

Says Nedbank's Jan van der Horst: "In practice, if we make a big sale or purchase, we may well cover with another bank, in which case margins can be as low as 1/64%."

(A 1/12% margin on R25m amounts to R20 833, a 1/16% margin to R15 625 and 1/32% to only R7 813.)

Van der Horst says forex dealers are suspicious about quoting firm rates to one another — particularly since this may bind them to do business at that rate. The Forex Dealers' Club is trying to introduce a minimum amount dealers would have to accept at the rates they quote.

SA Germany's main Africa trade partner

(16) DD 2/3/79

(74)

JOHANNESBURG — South Africa has become West Germany's largest trading partner on the African continent.

Figures released by the South African-German Chamber of Trade and Industry show that South Africa has replaced Nigeria as West Germany's leading African trade partner.

During 1978 the total value of trade between the two countries amounted to R2 563,7 million — an increase of R177,8 million, or 7,5 per cent, over the previous year.

South African exports to Germany amounted to R1 136,8 million with imports at R1 426,9 million, respectively a decrease of 3,9 per cent and an increase of 18,6 per cent.

South Africa has a one per cent share of West Germany's total import-export trade. — SAPA.

STEEL

210 214 FM 21/3/79

Export boom

Iscor's steel exports during the current financial year are likely to earn the country nearly R400m, a 31% increase on last year. Iscor reckons the tonnage exported during the year (to June 30) will rise 16% to 1,8 Mt, representing 36% of the corporation's production.

This is a remarkable feat, considering the state of the world steel industry. This, while showing some growth, has not yet improved on the output recorded in 1974. International Iron & Steel Institute figures show a 5,5% increase in production last year of its 29 member countries to 459 Mt, and a 2%-3% rise is forecast for 1979.

SA steel is still, of course, cheap by world standards — as the 36 countries which buy it can attest. According to Iscor, UK published domestic prices for angles are 30% higher than in SA, while channels cost 36% more, plates 20% more, and cold-rolled sheet 25% more. The US, France, and Germany are even more expensive.

Prices rising

Though world prices are tending upwards (export prices on world markets last year rose 12%-15% in dollar terms), SA is exporting at lower margins than it can earn in the domestic market. A reason for this is the high transport costs.

But, says Iscor, "we are not exporting at a loss".

Exports play a major part in maintaining capacity utilisation in the face of sagging domestic demand. Iron-making capacity is fully utilised, steelmaking capacity 70% utilised, and rolling mill capacity 80% utilised. This compares well with utilisation abroad, where some steel producers are down to 52%-60%.

The reason for the imbalance in the capacity of iron, steel, and mills is the curtailmemt of the expansion programme. In an integrated industry, major additions can be effected only in large steps, but capital expenditure has been held to a minimum in the last couple of years.

Local demand is now beginning to revive, notably in mining construction and the manufacture of pipes, cables, bolts, nuts, and rivets. There is also an improvement in demand for light sections, wire rod, plates, hot rolled sheet and galvanised sheet.

But the demand is low in the agricultural sector, domestic appliances, the canning industry, and railway equipment.

Local steel demand this year is expected to be 3,9 Mt, 6% up on 1978, which in turn was 14,7%, better than 1977.

TOWN

University Ave,
University of Cape Town,
Rondebosch,
7700

STUDENTS' HEALTH SERVICE

ALTH AWARENESS PROGRAMME 1979

ILMS, TALKS AND DISCUSSIONS ON HEALTH TOPICS IN THE STUDENTS HEALTH SERVICE.

- FIRST QUARTER - 1 TO 2 PM DAILY

		PROGRAMME	COMMENT
	y	FILM: Tofflers' Future Shock (50 min.)	Facing up to your responsibility for the future.
	y of ... ction	FILMS: A New Life Begins (25 min.) Beginning of Life (28 min.)	Excellent films to improve your understanding of conception and birth.
	sibility	FILMS: V.D. Attack Plan (10) Family Planning (10) Phoebe (28)	Films on V.D., pregnancy and contraception.
	y for	FILM: Licence to Kill (25 min.) TALK: "Is smoking okay in moderation?"	Excellent film on advertising indoctrination. SMOKERS WELCOME!
	y with	FILM: Time for Decision (29 min.) DISCUSSION: with members of Alcoholics Anonymous	All alcoholics started as casual drinkers like you.
	y on the	FILMS: Freeway Phobia (15 min.) Alcohol and Driving (15 min.) Human Collison (30 min.)	A good programme to see before the Easter weekend.
April 17 - April 20	Responsibility with drugs	FILM: Gail is Dead (52 min.)	Societies responsibility to the individual.

RAILWAYS

Hands across borders

The SAR and Mozambique Railways (DNPCF) signed a new working agreement last Monday. According to Kobus Loubser, SAR GM, "its main objective is to co-ordinate the day to day arrangements regarding the flow of traffic between our two countries."

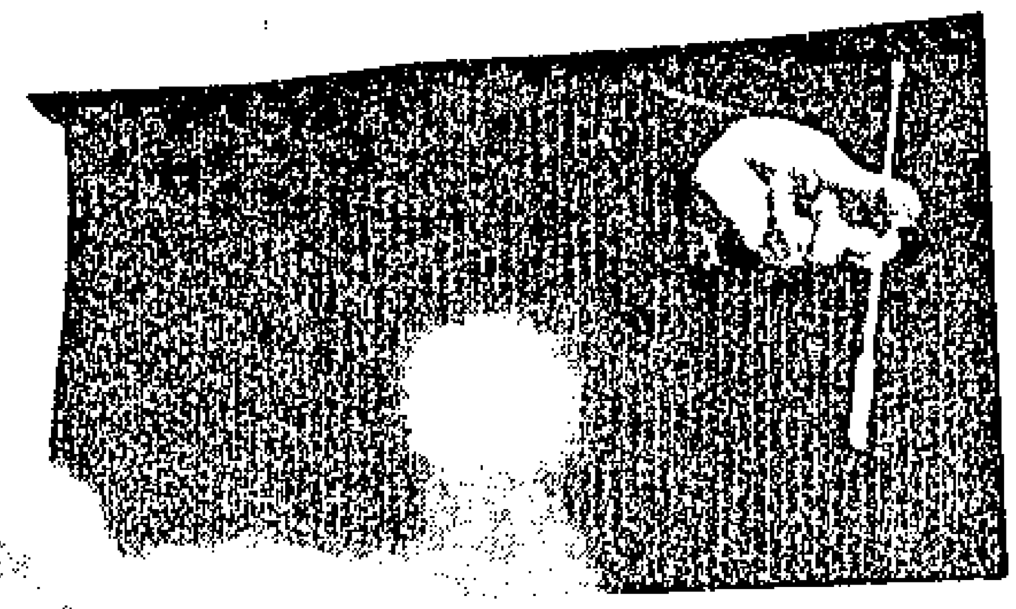
The new accord goes further than the 1965 agreement, which it replaces. It formalises SAR assistance to Mozambique in the form of professional advice, provision of labour and materials, and repairs, laying down that each administration is "liable for costs of services rendered by the other." The cost of hiring rolling stock is to be raised, and "the importance of Maputo and Matola for the handling of traffic traditionally routed via these ports" is recognised.

In 1965 SAR agreed to keep rail tariffs on the Johannesburg-Maputo route below those for Johannesburg-Durban, although the two ports are roughly equidistant from the Reef. This provision has been maintained.

Loubser claims that the Maputo rail link is now the most efficient in southern Africa's black states. Most bottlenecks along the line and at Maputo and Matola have been cleared and DNPCF is installing modern equipment. But SAR is still helping to run the Mozambique section of the line by giving technical advice and assisting with repairs on rolling stock.

At present 15 000 t of goods are carried from the Transvaal to Maputo each day, of which about 10 000 t are exported. There is spare capacity of about 5 000 t a day, and within two years the line will have a daily capacity of 30 000 t-35 000 t.

SA exports via Maputo and Matola are steel, chrome ore, ferro-alloys, asbestos, citrus and small quantities of copper. Permits were recently granted for the export of 800 000 t of coal and DNPCF has commissioned a feasibility study for a new terminal at Maputo capable of



Kobus Loubser . . . handing out compliments

handling up to 5 Mt of coal a year (*FM* February 2).

Most wagons return empty to SA from Maputo since only 3 000 t to 4 000 t of traffic a month (mainly petrol and spares) are imported through our eastern neighbour.

Valutabeheer gaan ingrypend verslap word

Rapport 4/3/79

Deur DAVID MEADES

SUID-AFRIKA se uiters strenge valuta-beheermaatreëls gaan ingrypend verwater word. Die Regering besef nou klaarblyklik dat die reeks opsienbarende hofsake, teen vooraanstaande sakemanne, onder meer, die land meer kwaad as goed doen.

Die publisiteit oor die hofsake het buitelandse beleggers net afgeskrik. Boonop is dit feitlik onmoontlik om die uitvloei van geld met beheermaatreëls te stuit. By die R2 000 miljoen het die afgelope twee jaar die land uitgevloei — terwyl net 'n skrale R11 miljoen by die hofsake betrokke was.

Die eerste aanduiding van 'n nuwe beleid waarvolgens nie-inwoners so spoedig moontlik van valuta-beheermaatreëls onthef sal word, en die beperkinge op inwoners sover moontlik verslap en gestroomlyn sal word, is Donderdag in die Parlement deur sen. Owen Horwood gegee. Dit was in sy repliek op die klein begrotingsdebat.

Sen. Horwood het o.m. gesê dat in Suid-Afrika, net soos in ander lande, nie op valutabeheer staatgemaak kan word om die land se reserwes te alle tye teen aansienlike erosie te beskerm nie. Sulke maatreëls sal altyd wettig en onwettig omseil kan word.

Hy het gesê die aanwending van die nuwe finansiële Rand sal so gou moontlik uitgebrei word. Dis sy strewe om beheer-rompslomp te verwyder net waar hy kan.

„Ons wil dit vereenvoudig en waar moontlik verslap." Te veel rompslomp in 'n sterk ekonomie soos dié van Suid-Afrika strem ontwikkeling.

Die eerste stap is om buitelanders toe te laat om die finansiële Rand ook elders te belê. Dit is duidelik die Regering se mikpunt om valutabeheer t.o.v. buitelanders uiteindelik heeltemal te verwyder.

Dit was die posisie voor Sharpeville in 1961. Valutabeheer deur die ou blokrand is toe „tydelik" ingestel.

Die Eerste Minister se Ekonomiese Adviesraad het dié week vergader en sal waarskynlik in die komende week verslag doen. Die waarskynlike besluit is dat sterker ekonomiese groei nou die grootste prioriteit vir die land is.

Werkloosheid neem geweldig toe.

Daar moet weer uitgebrei word. Baie meer geld uit die buiteland is dringend nodig om nuwe werkgeleenthede te skep. Voordat die huidige valutabeheer t.o.v. nie-inwoners verlig word, kan groot nuwe beleggings maar vergeet word, is die gevoel.

Sommige kenners meen dis juis die strenge valutabeheer wat veroorsaak het dat sulke groot bedrae die land die afgelope twee jaar verlaat het.

Voornemende buitelandse beleggers is nie meer bereid om 'n magdom vorms in te vul, hulle aan selektiewe ondersoeke te onderwerp en dan nog boonop verbied te word om hul geld uit die land te neem wanneer hulle wil nie.

9/3/79

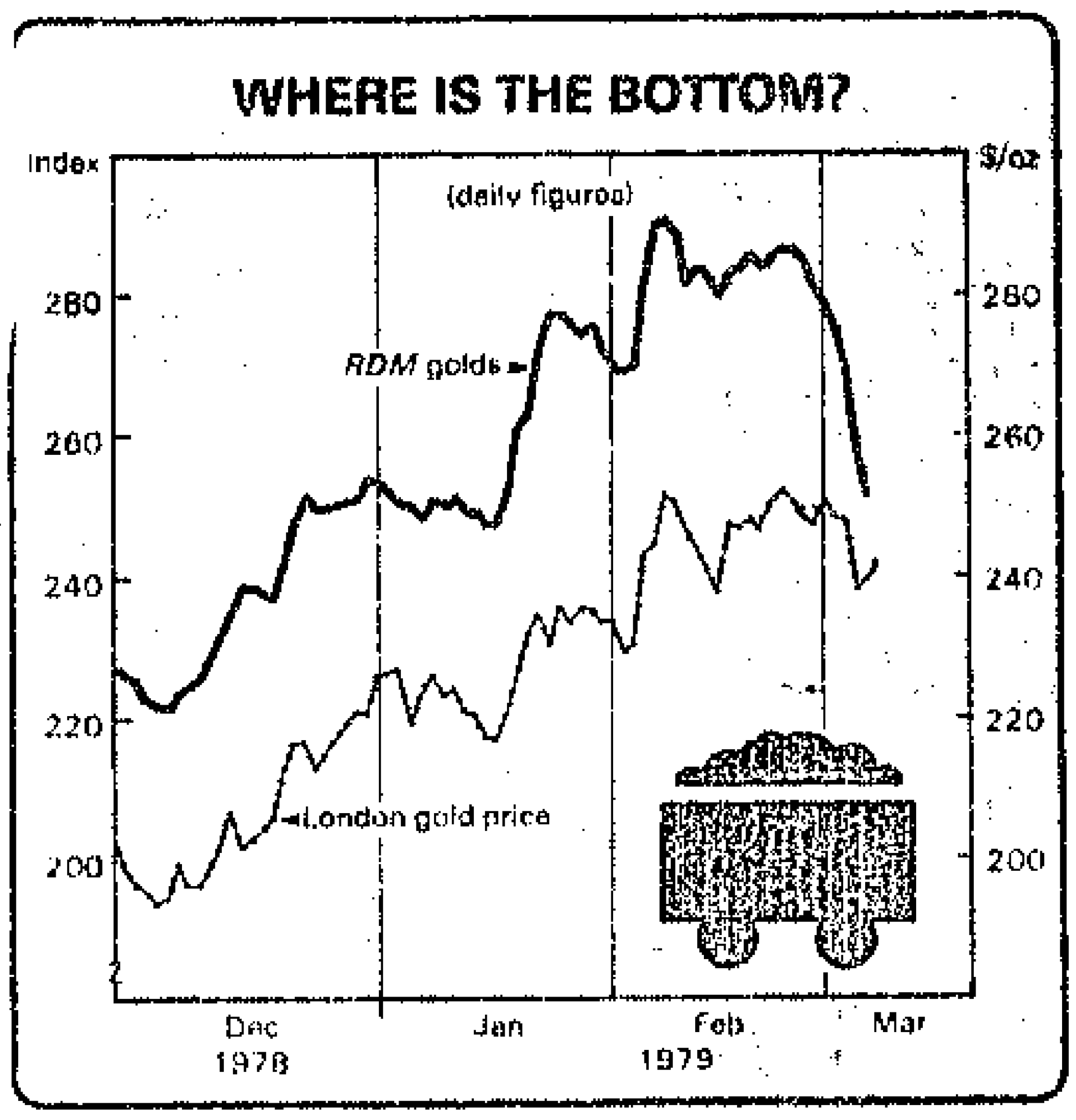
DIAGONAL STREET

Shakeout continues

Amidst the plethora of negative news in the past week the most worrying item to the market is the narrowing discount on financial rand. The mechanics are fairly simple. As the discount — currently 37,3% — comes down, SA shares become more expensive to overseas investors. So with FR looking set to go through the US 80c level, share prices, particularly De Beers, golds and platinums, either have to rise to new levels in London and New York, or decline in Johannesburg.

On Wednesday the FR rate rose to US 74c, up US 5c on the week. The increase is not due to higher overseas demand for SA shares. If anything overseas demand has declined in recent months. Brokers and analysts are attributing the rise to broader uses of FR. Now that foreign investors can employ FR for SA investments other than listed securities, such as factories and machinery, the rate can be expected to rise even more.

For instance, the market is aware of a very big FR requirement ostensibly, from one of the motor assemblers for a new engine plant — believed to be Volkswagen. A figure of over R70m has been put



on it, but this has not yet been verified. One analyst believes the Reserve Bank will put a damper on the rise if the FR rate gets too far above the US 80c mark. After all, the immediate object of the exercise is to attract overseas capital through an attractive discount.

It cannot be gainsaid that a higher FR rate will have a dampening effect on overseas-held stocks. However, it does not mean that the market has come to the end of its bull run. An analyst points out that four London brokers have recently published reports indicating that SA gold shares are cheap at current levels. American buyers may join in later, although they are net sellers at present. A contrary belief is that the rising commercial and financial rand rates could favour further equity price rises. People tend to prefer investing in countries with sounder currencies, such as the rand, on present performance. So, a pradox of a rising FR rate and share prices is possible, particularly if the gold price rises further.

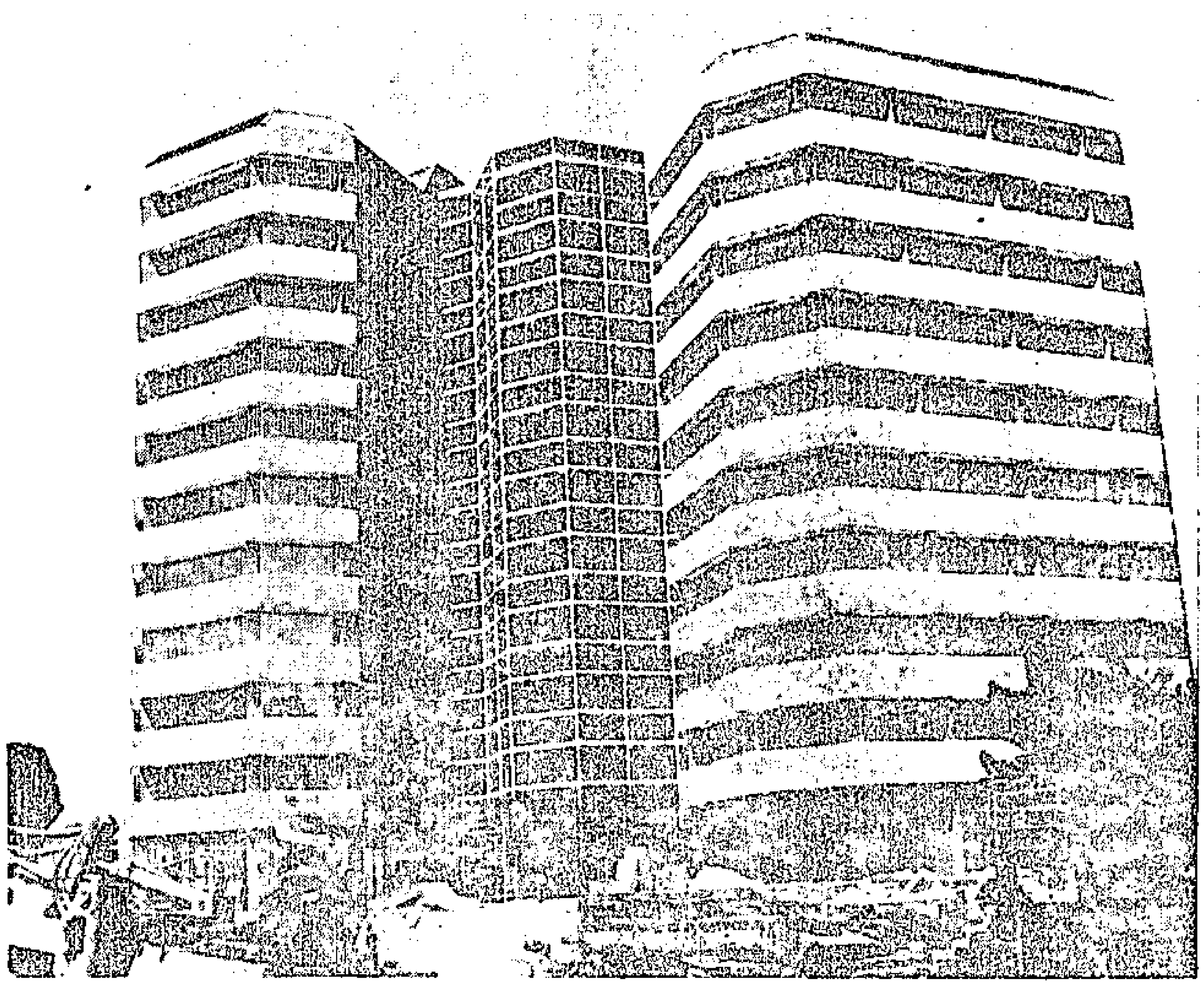
A chartist points out that the $9,85 crash to $238,15 at Monday's second fix petrified many investors. This broke a triple bottom on the daily bullion chart and the move heavily penetrated the bullish resistance line in operation since December.

However, the gold chart had previously broken three triple tops since December, which is considered highly bullish. Although the picture may appear to be confusing, there is little doubt among brokers and analysts that the price will be close to $300 by the end of the year, if not earlier. The chartist says that the upward breaks point to a price of $261 in June, and $303 in September.

Confounding these views on golds were Wednesday's wildcat strikes, which affected most gold, copper, platinum and coal mines. It appears that investors have paid little attention to the strikes and mining analysts believe this to be simply a show of muscle by the unions. On Wednesday night, the strikes were not expected to last more than 24 hours.

Nevertheless, this was one of the major causes for Wednesday afternoon's bullion recovery to $242,25 ($239,75 on Tuesday). With overseas investors net sellers, golds rose on local demand.

In mining financials, Unicorp published encouraging figures. One broker's research indicates that there is still a large chunk of overseas investment in mining financials, which could be soaked up by institutions as foreigners sell on FR



Diagonal Street . . . in need of renovation

EXPORTS

Fruity pospects

FM 7/3/79

Cape fruitgrowers are doing well in EEC markets despite UK strikes and foul weather in Northern Europe. In financial terms they are heading for their best export year.

Revised fob price projections for the 1979 season indicate bumper net payments to growers. Volume selling apples like Starking, Golden Delicious and Granny Smith are expected to sell for about R10,35/carton. Grape growers seem to be best off with expected returns ranging from R5,75/carton for Barlinka grapes to R8,25/carton for Alphonse Lavalle and New Cross varieties.

Average pool expenses should be about R5,60/carton for apples and no more than R2,30/carton for grapes.

The latest export estimates, based on growers' revised projections, indicate that grape exports may reach 6m cartons, down about 450 000 cartons from the November estimates. Pear exports are expected to total about 2,7m cartons or 300 000 down on November figures, while apple estimates have been scaled down nearly 1m cartons from 11,4m cartons to 10,4m cartons.

Gross sales of the export pack should realise well over R200m for the season. Although growers are a little piqued at the recent rand revaluations, the Deciduous Fruit Board covered against this contingency in October last year by selling forward about $3m worth of fob sales. Recently the board took advantage of favourable £/$ rates and sold forward £18m for about $35,6m, about $2,2m better than any rate obtainable last year.

However, it expects the rand to slide against most European currencies and the dollar as the season progresses, thereby raising SA's rand earnings.

Time, men needed to trace cash

CAPE TOWN — The Van der Walt Commission of Inquiry into exchange control malpractices was told today that the Reserve Bank was unable to pursue many pending investigations into malpractices because of the lack of time and staff.

The commission resumed its sitting in the Cape Town today against the background of concern expressed by ipposition members sitting on the commission about the lack of progress made so far.

The first witness to give evidence at today's hearing was Dr A. R P Hamblin, head of the Reserve Bank's exchange control inspectorate.

Dr Hamblin said that in order to achieve better detection of malpractices, he would need a far bigger staff with a higher degree of specialised training.

Dr Hamblin said he did not think new legislation was required but changes in the exchange control regulation would be required.

Dr Hamblin said his inspectorate had worked extensively with the South African Police, but he had found this to be an unwieldy relationship.

Dealing with the question of tax evasion by multi-national companies based in the Republic registering in foreign companies, Dr Hamblin said this was an international problem.

He said it was a serious problem in South Africa and he could see no solution.

Dr Hamblin said that for the year ending March 1977 the Reserve Bank had detected between R8-million to R9-million in exchange control malpractices.

'Millions of rand have left country illegally'

RDM 10/3/79

(74)

CAPE TOWN. — A Reserve Bank official told the Van der Walt Commission yesterday that he suspected hundreds of millions of rand had left South Africa undetected.

He told the commission, when it resumed its sitting, that the Reserve Bank's investigative ability was such that many contraventions could not be attended to.

Dr A R P Hamlyn, head of the Foreign Exchange Inspectorate at the Reserve Bank, said up to R15 000 000 in contraventions had been positively detected by March 1976.

But there had been no prosecutions because of lack of evidence acceptable to courts.

The major area of money movement lay in a virtually uncontrollable area involving international corporations, which could repeatedly under-invoice each other with impunity, to export their real profits, especially where unfavourable tax situations existed.

Nobody could prescribe to corporations how much partners should charge each other for importation of components and goods, or at what price these goods could be re-exported after processing.

It was an international problem not unique to South Africa and one that defied detection and proof.

Mr Kent Durr pointed out that a joint United Kingdom/United States commission was currently looking into the problem and a suggestion was accepted in principle by the commission members that it might be advisable to gain some information from such a commission through diplomatic contact.

Tax adjustment was the only possible method to counteract these practices, Dr Hamlyn said.

It would help the control situation if the Reserve Bank staff could be expanded and a specialist body created to police foreign exchange control.

More staff with more qualifications was needed.

The bank's inspectorate had a good working relationship with the South African Police, but a single body would achieve far more.

A further difficulty that hampered prosecution was that of communicating exchange control problems and their complex nature to legal authorities.

It would also help if a specialist court could be established.

Some success had been achieved in that prosecutions had apparently eliminated the "amateur", but the "professional" large-scale complex operator was not easily deterred. — Sapa.

De Kock report 'leaves exporters out in cold'

STAR 20/3/79

716

Business Reporter

The oft-discussed De Kock Commission's report has left exporters out in the cold, bringing them few, if any, benefits.

"The lack of direct benefits to the exporter under the new system has been glaring" was how Andy Connors, foreign exchange expert at Barclays Bank put it.

Addressing a Safto seminar today on the effects of the commission's report on exporters, he pointed out that the only benefits are to be found in the wider economic sense.

"The fact that the rand is to be moved into line with South Africa's economic needs rather than America's" and "the effects of the recent upward movement of the rand on inflation" are the only benefits in store for exporters.

In fact there is bad news in the report for this important sector of the economy. "A combination of a two percent a year cost of forward cover, plus the upward revaluation against the dollar now means that the exporter is receiving three percent less rands for his dollars if he covers forward for six months" remarked Mr Connors dryly.

Where exporters were charged one percent for forward cover, the cost has been increased to two percent because of the difference in interest rates between SA and the US.

But Mr Connors "finds it illogical for the exporter to be paying an extra two percent for cover while an importer gets a two percent discount. We surely wish to encourage exports not imports!

"The illogical situation arises, to my mind, not because the interest rate differential is taken to determine the forward rates but because the South African interest rates themselves are illogical.

"If they were higher than American rates, the exporters would get a forward discount. The reason they are not higher is that they merely reflect domestic supply and demand conditions — the rand market is isolated from the internationl money markets and no attempt is being made to attract non-resident depositors in rand with high interest rates," he explained.

And little change can be expected because it would require far reaching amendments to current exchange control practise.

"We are unlikely therefore to see the development of a true free market in forward exchange contracts."

Barclay's international department's assistant general manager Mr Gerrie Christy also made some sharp criticisms about the current exchange practices.

"I find it strange that the SA Reserve Bank has not seen fit to permit exporters to cover up to a maximum of 12 months as they do with importers" he said of the provision that allows forward cover on exports of a maximum of six months only.

"I can see no reason why exporters should be required to make special application to avail of forward cover beyond six months. At the moment authorised foreign exchange dealers have little, if any, opportunity of marrying import forward contracts in excess of six months," said Mr Christy.

Nusas attacks squatter scheme

NUSAS has criticised Dr P G J Koornhof's Crossroads resettlement plan as an attempt to neutralise the squatters' resistance by ... the control of the Penin...

...ou can put ...our shirt on it

16 1979

Exporters replace lost Iranian trade

74

Mercury Correspondent

21/3/79

JOHANNESBURG — South African exporters have found replacement markets for between 50 percent and 60 percent of merchandise previously exported to Iran, Mr. W. Holtes, chief executive of the South African Foreign Trade Organisation said this week.

Trade with Iran, worth about R80-million annually, came to a halt earlier this year, following the political upheaval in the country and the severing of diplomatic relations with South Africa. Imports of oil from Iran to South Africa have also stopped.

Although most exporters, such as BMW, which had a R25-million contract for the supply of cars, have found alternative markets cement, steel and poultry producers, which were reaping rich rewards from Iran, have largely been unable to find substitute markets.

Cement industry

The local cement industry exported about 360 000 tons of cement a year to Iran at the rate of about 30 000 tons a month. These exports are estimated to have been worth about R25-million annually.

Mr. Wood, chairman of Cem-Afrique, a marketing company formed by the four major producers to rationalise cement exports, would not put a figure on the value of these exports but said it had been difficult to find alternative markets.

He said Iran imported about 4-million tons of cement a year but, with the country's economy at a virtual standstill, imports had almost stopped and this extra world surplus had been looking for substitute markets.

Steel sales through Iscor have also been suspended but it is reported that new markets have been found. Smaller producers of steel products, including tubing and motor spares have also suffered from the closure of this market and some are having difficulty in finding replacement markets.

It is understood that considerable quantities of poultry were exported to Iran, but the major producers were not prepared to comment on the extent of possible losses.

Sales of citrus products, which have been increasing since 1976, have also been stopped.

SAPR 21/3/79 (74)

SA '79 trade R230m in black

South Africa had a favourable trade balance of R230,2m in the first two months of this year compared with R55,8m in the corresponding period last year, according to the preliminary statement of trade statistics released yesterday by the Department of Customs and Excise.

Imports during January to February 1979 totalled R996,0m compared with R943,7m in the same period last year, while exports totalled R1 226,2m as against R999,5m in the corresponding period last year.

Figures relating to the physical movement of gold bullion, oil imports and imports of defence equipment are not included in the trade statistics.

- Imports from Africa dropped from R38,5m to R33,4m while exports increased from R73,3m to R83,5m.
- Imports from Europe dropped from R579,5m to R573,1m while exports increased from R528,9m to R683,0m.
- Imports from America increased from R161m to R213,2m but exports dropped from R222,7m to R172,5m.
- Imports from Asia increased from R151,9m to R164,2m and exports from R158,7m to R267,1m. — Sapa.

BUSINESS

Overseas market is wide open to SA foundrymen

STAR 22/3/79

By Frank Jeans

South Africa's foundrymen have a vast export market to tap — a market which has been opened up considerably because of a shortage of castings developing in America and Europe.

The dearth of quality foundry products abroad has been caused mainly by what is described as "stringent application" of environmental regulations in the industry.

Similar rules cover South African operations, but according to Mr John Steele, managing editor of the Foundry, Welding, Production Journal, these "have been more astutely implemented."

"The environmental moves in the US and Europe have resulted in hundreds of foundries closing, with the result that there is an opportunity for the South Africans to take an even firmer hold of foreign markets.

The Institute of Foundrymen has not been slow to grasp the chance to expand sales abroad, and in June they are going on a world tour, with the focal point the Gifa '79 foundry trade fair in Dusseldorf in Germany, where the latest advances in the industry will be on display.

After centuries of traditional methods in the foundries, the chemist has moved in with new techniques and processes.

Says Mr Steele: "Within the last 10 years, the foundry industry has moved rapidly in new developments and equipment.

"The result is, that the industry in South Africa has made big strides, and can equal, if not better, in some cases, the final product abroad."

The foundrymen's aim will not be directed only at export expansion, but in studying the new techniques which speed up the moulding process, which can only bring about higher productivity to meet overseas demand.

"South African castings are well received abroad," says Mr Steele, "because the price is right, but more important is the fact that they are top quality, and certainly match international standards."

One big saving in the foundry is at the moulding stage. Not only has this been speeded up, but moulds of closer tolerance are now produced prior to the pouring of metal.

This means that machinery time is greatly reduced and in some instances eliminated.

(215) (74) FM 23/3/79

COAL EXPORTS

Where's the competition?

Exports are the most profitable market for SA's coal producers, but it is a market which is becoming increasingly competitive.

By the mid Eighties, we will be exporting some 46 Mt (against 15,4 Mt in 1978) of coal yearly to the world's steel producers and electricity utilities, but how well are we likely to fare? And if government places limits on SA's exports, can competitors climb in and squeeze us out of our markets?

Over the next few weeks, the *FM* will look at each of SA's major competitors and their plans, starting with Australia, the producer perhaps best placed geographically to sell to the burgeoning Far Eastern market.

By any standards Australia's coal export growth has been remarkable: in 1958 overseas sales were just 1 Mt, but 20 years later, in the 1977-78 fiscal year, exports had reached 37,2 Mt, worth A$1,46 billion (R1,38 billion). Five years ago, coal became Australia's biggest single export earner and last year it contributed 12% of the country's export income.

The growth of this trade, which now accounts for about 6% of world steam coal and 10% of coking coal, has put Australia into third place among international coal exporters, tucked in behind the US and Poland. And the growth has not stopped.

What is happening is that the nature of the Australian trade is changing as the major coal companies thrust into new markets and broaden the variety of coal available for sale abroad. On present plans, about A$4 billion (R3,8 billion) will be spent on new capacity over the next decade.

Around half of Australian coal production is exported and this proportion is likely to increase. Hitherto development has been conditional on long-term and secure markets, but some projects, like that of Houston Oil & Minerals at Oaky Creek in Queensland, are going ahead without definite signed contracts for future output.

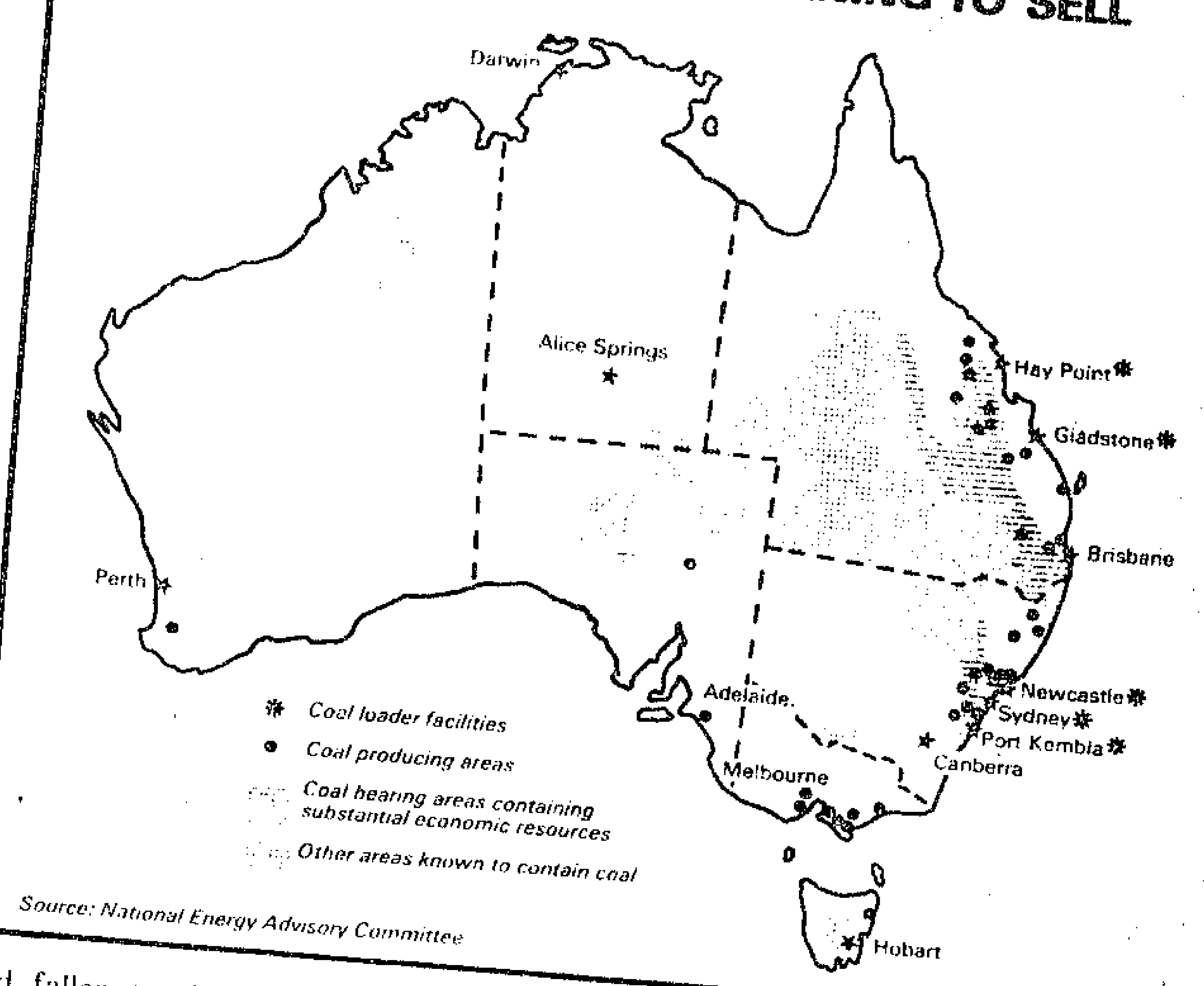
The growth of the industry was dependent on, and ran parallel to, the expansion of the Japanese steel industry. This was good while it lasted, but there was more than a flicker of concern in Canberra as the reliance of the industry on Japan grew, so that 72,8% of Australia's coal exports were going to this market alone in 1976-77.

But the recession in the steel industry checked this process, so that the reliance had fallen to 65,2% by 1977-78. The Australian exporters are fighting and will continue to fight to maintain their predominance in this market, but they are looking elsewhere too.

At least for the next two years, Japanese demand for coking coal is expected to be static. The steel mills, proving tough negotiators, have been seeking to cutback contracts, in both quantity and price. In contract talks last December, Utah Development, the Australian market leader, had to accept a US$2,50 a tonne cut in the base price to US$49,50 for 6 Mt of sales over the next two years.

But Utah did better than the Thiess-Dampier-Mitsui consortium, which had to accept a price of US$48,50 and reduced tonnages. It was this sort of deal which had prompted the Australian government to lay down price guidelines for contract negotiations to see that the

AUSTRALIA'S COAL — BURNING TO SELL



Source: National Energy Advisory Committee

Signposts

	Current	Week ago	Month ago	Year ago
***RDM* 100**	307,6	301,1	302,3	195,8
% change on	—	2,2	1,8	56,3
P/E ratio	5,1	5,1	5 4	3,9
Div yield	7,3	7,4	7,1	10,6
UK *FT* Ind	505,6	506,6	460,3	458,6
% change on	—	—0,2	9,8	10,2
P/E ratio	8,6	9,1	8,1	8,1
Div yield	5,6	5,5	6,2	5,9
US Dow Jones	850,3	846,9	834,6	773,8
% change on	—	0,4	1,9	9,9
P/E ratio*	8,5	9,1	8,1	8,6
Div yield*	5,1	5,1	6,2	5,4
Gold price (in US $ on London)	243,1	240,1	247,6	179,6
% change on	—	1,2	—1,8	35,4
Krugerrand (Rand)				
Public selling price	234,2	232,0	243,1	181,2
% change on	—	0,9	—3,7	29,2

* *Standard & Poor index.*
Public buying price is 10% below, subject to negotiation.

...r- the semblance that the Associ-
children, teachers, professional classicists and members of the general
The Committee has worked hard to promote classical studies amongst school

 PTO for continuation

TRANSPORT LINKS

The Maputo option

(74) FM 23/3/79

It's time SA traders thought about routing more of their imports and exports through Maputo. In an effort to twist their arms, Mozambique Railways (CFM) will soon launch a publicity drive in SA.

"I have no doubt we can handle more SA traffic," says CFM's national director Alcántara Santos. A leading Maputo freight agent agrees that "by the end of the year, Maputo will be a good harbour." And a SA Railways man in Maputo affirms that "for the past few months they haven't had a chance to show what they can do."

An *FM* investigation last week confirmed that, despite enormous problems which remain, CFM is pulling out all stops to jack up Mozambique's port and rail facilities. A big slice of its spending will benefit SA shippers.

The arrival of 14 Brazilian locomotives has enabled CFM to return all 10 engines borrowed from the SA Railways. Another 11 diesels will be delivered to CFM shortly, while the administration announced last week that it is to buy 32 shunting locomotives from Romania.

The Komatipoort-Maputo line is being equipped with centralised traffic control (supplied by Siemens). Iscor and Highveld Steel are supplying new, heavier rails, and the line is being reballasted. Ten km of double line have been opened and several longer loops have been completed. Santos reckons that once these improvements have been made, the line will have a daily one-way capacity of 50 000 t, compared to the present daily average load of around 15 000 t. CFM is also considering providing some form of insurance on SA goods while they are in Mozambique.

New harbour equipment

There are big plans for the harbours. About 120 forklifts will be bought this year, of which 25 are for Maputo. Four pilot boats and two tugs have also been ordered. Five new cranes will be bought for Maputo, and a 20 t crane from West Germany started operating in January. Plans for maize and wheat silos at the port are being studied.

A team of experts from Unicorn Lines in Durban visited Nacala recently, and the line is expected to offer more help in improving the container section of the port, which handles over half of Malawi's foreign trade. New cranes and forklifts are on order, including a gantry for containers. The authorities are hoping to handle 600 boxes a month during 1979, compared with a total of 4 006 last year.

The attention the Mozambicans are giving their ports and railways is slowly paying off. The quayside at Maputo is neat, and goods in the sheds are well cared for. Last month the Matola terminal handled an average of 14 000 t of ore a day, almost double the figure for February 1978. About 30 000 t a month of SA steel is passing through Maputo and recently 12 000 t of steel coils were loaded in 40 hours. The demurrage on ferroalloy wagons has been cut from 10 days to two or three.

But daunting challenges still remain. As a result of poor management, lack of modern equipment and some unforeseeable natural disasters, the ports still cannot run at anywhere near full capacity. In Nacala, for instance, only six out of 34 forklifts were in action last week, while a rainstorm disrupted container handling. Large piles of bagged fertilizer, most of which arrived eight months ago, are partly due to negligent handling, which punctured many of the plastic bags.

Front-end loaders are used in Beira to shunt rail wagons. One of the two conveyor belts at the Matola bulk terminal has been out of action since last November. And a severe hailstorm in Maputo 18 months ago gouged open the roofs of several storage sheds.

Management problems are largely the result of the exodus of skilled Portuguese after independence. CFM employed about 7 500 foreigners in 1974. Now there are only 350, including Portuguese, Indians, East Germans, Russians and Cubans.

Training has become the top priority of the railways administration. According to Santos, a fifth of CFM's staff will be given at least three weeks of technical training this year. A recreation club in Beira has been turned into a training centre. In CFM's southern region about 280 crane and forklift drivers and 25 stevedoring supervisors are currently being trained. Another 1 500 people attend literacy classes, while 800 are at primary schools. "We're making a fantastic effort in training," says Maputo's port director Joao Vieira.

Problems with equipment stem from the obsolete machinery left by the Portuguese (some of it 70 years old) and Mozambique's desperate shortage of foreign currency. Maputo's shunting locos are 50 years old on average and an engineer at Matola points out that "many things are obsolete, so maintenance is difficult and expensive." He reckons it would be impossible for the facility to handle more than 3,5 Mt of ore a year without large capital investments. In 1973, about 4 Mt of chrome, iron ore

Maputo docks . . . the new locos are badly needed

and magnetite was loaded from Matola, but by last year this had dropped to only 2 Mt.

Many SA traders are understandably nervous that Mozambique may suddenly close its border with SA, causing them financial loss and great inconvenience. Santos is reassuring, however: "The best insurance we can give is the large investment we are making on the line from SA".

• *FM* assistant editor Bernard Simon visited Mozambique last week. His first-hand report on the country's economy, including prospects for holiday trips by South Africans, will appear shortly.

POST OFFICE BUDGET

Bad news delivery

267 FM 23/3/79

Posts Minister F W de Klerk says postal tariffs are going up by an average of nearly 13%. That may be true, but the hikes on the most widely used PO facilities are much, much higher. As our table

SCHOOL OF
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Lipsey:
Gill:
Samuelso
Samuelso
Alchian &
Mainstream Economics,
Hunt & Sherman : Economics: Traditionaland Radical Views
Study Guides to Lipsey and/or Gill, Samuelson.

Export sales of uranium soar to R500m, better to come

STAR 26/3/79 ① 74 ② ~~277~~

By Michael Chester
Financial Editor

Export sales of uranium have soared to around R500m a year from only R70m five years ago and income is pointing still higher, the Chamber of Mines revealed in a news bulletin today.

The Nuclear Fuels Corporation, which processes and markets the entire uranium production from the gold mines concluded new spot and long term sales contracts with overseas customers worth a staggering R1 300m in the 1977/78 financial year.

And the Chamber of Mines forecasts that the value of new contracts signed in 1978/79 will climb higher yet.

Encouraged by the growing demand and better prices, the mines have stepped up production by more than 60 percent in the past three years to increase total production of uranium oxide to more than 4 500 tons a year.

The number of producers has bounded from only seven mines in 1965 to 17 at the moment. Output is now rapidly approaching the levels achieved during the peak of the uranium boom in the 1950s when annual production almost touched 6 000 tons.

The Chamber bulletin says output will continue to increase over the next few years. At least one new mine will open as a primary producer, and several more existing gold mines may well start turning out uranium.

It estimates that the 1978 production level could be almost doubled by 1985.

Substantial improvements in the efficiency and extraction rates at uranium processing plants from significant technological advances have also started to have a big impact on the speed of the production climb

1. The Meaning and Scope of Economics

Scarcity and Multiplicity of Wants. "Economics as the science which studies human behaviour as a relationship between ends (goals, objectives) and scarce means which have alternative uses."
Wants and Resources. CHOICE. COST. Free and Economic Goods. The basic Economic problem. Is scarcity obsolete? Economic approach can be used with respect to most situations involving choice.

Gill, Samuelson, Lipsey
Galbraith, J.K.: The Affluent Society
Keynes, J: Economic Possibilities for my
Grandchildren (Reading No. 84)

2. Economics as a Social Science

The nature of scientific method; model building; inductive and deductive methods; problems involved in applying scientific methods to studying economic behaviour; positive and normative economic statements.

Lipsey : Part 1
Samuelson: Chap. 1.

3. Basic Economic Processes and Concepts

Utility; Wealth; Production; Consumption; Exchange; Factors of Production: Land, Labour, Capital, Entrepreneurship; Investment; Saving.

Real and Money Income. Saving (Investment) luxury of the rich. "Vicious circle of poverty."
Specialisation (Division of Labour) a technique for overcoming scarcity - Technical and Economic Efficiency. Advantages and disadvantages of specialisation. Comparative advantage and specialisation. Specialisation limited by the size of the market.

Speight: Economics (Specialisation) Samuelson: Chapter 3

4. Centra[...]

(a) Pi[...] transformation curves) se[...] revealing the core of[...] ive slope and co[...] nce of economic life, su[...] rtunity costs, La[...] nal Cost; technical an[...] Diminishing Marginal Re[...] of population problems re[...]

Sa[...]
Fi[...]

(b) Ec[...]

([...] e made by all [...] (Consumer, price, [...] tion theory), [...] y), When? Future or [...] heory and public [...] eory), Conservation [...] conomics), Growth [...] hom? (International

([...] ources (full employment).

Equitable distribution of output.
Stability of rates of production, consumption, price levels.
Growth.

(iii) A brief look at alternative economic systems. Tradition economy; market (private enterprise); economy; mixed economies; planned collectivist economies.

Samuelson: Chapter 43.

50 more BMW cars leave SA, bound for secret destination

STAR 27/3/79

(1) 74

~~0192~~

DURBAN — Another consignment of 50 export model 518 BMW cars has left here — this time bound "for an unknown destination."

Two weeks ago 400 similar luxury cars left the container terminal aboard the sophisticated Ro-Ro vessel Stena Transporter, with "Hamburg" marked on their windscreens as their destination.

BMW South Africa were geared up to produce and export these cars to a relatively small but lucrative market in Iran, before the new Government cut ties with South Africa. After a few weeks, BMW spokesmen said that a new export market had been found but would not disclose where it was.

This latest consignment did not even have a destination marked on the cars' windscreens, and one official checking the cars before they were crane-hoisted onto the Hellenic Torch said: "No comment — these cars are going to an unknown destination."

However, it was learnt that at least another 200 of the cars will be exported in the near future.

The special model German sedans might conceivably be going through various channels to their original export markets, because BMW South Africa have gone to great pains to make sure that the cars do not appear as if they were made in this country. Even the tyres are stamped "made in Germany."

5. Circularity of Economic Processes

Circular flow of income and output. At this point, the course branches out into Microeconomics (the determination of relative prices and outputs; study of markets, supply, demand) and Macroeconomics (study of aggregative economic behaviour - national income, employment theory, money & banking)

Director fined on currency charges

STAR 28/3/79

74

A retired executive director of the Rennies Group of Companies was today fined a total of R6 500 (or 13 months) by a Johannesburg magistrate for contraventions of exchange control regulations involving about R7 000.

Haylitt Seymour Regenass (57) pleaded guilty to two charges and admitted that between January and March 1978 he had wrongly sold foreign currency worth R5 375 to a Mr G Wiehahn who was at that time also a Rennies employee.

SIMPLIFIED

Regenass said that the money was part of his untaken leave allowance and early retirement remuneration acquired over the years when he was a London-based director of companies.

He had intended to repatriate the money but Mr Wiehahn, who was establishing an estate [illegible] road, asked him to [illegible] the money available to him overseas in return for the payment of an equivalent amount in South Africa.

Regenass said he did not realise that this simplified transfer procedure was illegal and believed that Mr Wiehahn, who has since left the country, had misused him.

He told the court that during March 1977 and August 1978 he became entitled to sell R2 739 in foreign currency and that he failed to declare this asset to the Treasury.

The money, also part of his untaken leave allowance, was, he said, to pay an overseas debt and for donations to friends. There had been no removal of funds from the country.

Mr G Steyn fined Regenass R5 000 (or nine months) on the first count and R1 500 (or four months) on the second.

Mr J H du Plessis SC appeared for the State. Mr B Schabert SC appeared for the defence.

New move to protect SA reserves

RDM 6/4/79

(74)

By HOWARD PREECE
Financial Editor

NEW Government action to protect the gold and foreign exchange reserves by encouraging South African traders to use overseas finance facilities has been taken. The forward dollar discount has been widened from 2% t0 2,5%, the Reserve Bank announced yesterday.

This discount effectively subsidises the cost of overseas trade finance for South Africans.

The 2% discount was introduced in January as part of the recommendations of the De Kock Commission on exchange rate policy.

Throughout 1978 there was constant official concern at the threat to the gold and foreign exchange reserves as interest rates fell in South Africa while rising overseas, particularly in the United States.

There was a net capital outflow of R1 370-million last year.

In its quarterly bulletin last month the Reserve Bank said one of the reasons was: "A sharp increase in the foreign relative to the domestic cost of trade financing from about the middle of 1978 led to an outflow of short-term funds."

The introduction of the 2% forward dollar discount seemed to meet with major early success.

In February there was a rise of over R200-million in the Reserve Bank's holding of foreign exchange assets.

But in February, Bank Rate was cut by 0,5% and in March it was reduced by a further 0,5%.

The general downturn in South African interest rates reflected and prompted by these cuts whittled away some of the subsidy effect of the forward dollar discount.

There was apparently evidence of some renewed switching by traders last month from overseas to domestic financing — although two merchant banks with special expertise in this area, Union Acceptances and Hill Samuel, detected no large movements.

The reserves figures for March, which will probably be published today, are expected to show a decline.

The widening of the discount to 2,5% will restore some of the subsidy effect that had been reduced by falling interest rates in South Africa.

But will it be enough?

The spokesmen for UAL and Hill Samuel say that the all-in cost of 90-day acceptance facilities in South Africa is now 8,25%.

They say that even with the 2,5% forward dollar discount the effective net cost of using, for example, US facilities is around 8,8% to 9%.

So in theory the trade finance swiching can still continue.

But there are other factors involved and the Reserve Bank is likely to take a wait and see approach before making any further change in the discount.

Meanwhile those exporters who feel obliged to take forward cover will complain that, on the other side of the coin, they are losing 2,5% on their dollar proceeds.

This worries the South African Foreign Trade Association in the implications for exports.

FM 6/4/79 74

IMPORTS SURCHARGE

One man's meat

Finance Minister Owen Horwood's 5% cut in the import surcharge has caused surprisingly little stir among businessmen.

Instead of a round of appreciative cheers, however feeble, disconsolate rumblings in a few industries that benefited slightly from the spin-off of tariff protection are all that have been heard.

FCI executive director Dr Hennie Reynders, however, puts the two-year-old import hurdle into perspective — by recalling that it was always considered a temporary measure. Others, however, will be sad to see it diminish and eventually disappear.

Textile Federation executive director Stanley Schlagman says: "Imports will be a little cheaper and that will aggravate local competition. I feel that the import surcharge only masks inadequate duties."

National Clothing Federation director Frank Whitaker adds: "We'll get it from both ends. We welcome the surcharge drop for textiles but it means our clothing has to compete with more imports."

So will many other mass-production industries — such as paper and small components — though many importers can now face customers with more confidence.

Koppel-Gilbert MD Norman Gilbert (importing machine tools mainly from Japan) says: "The surcharge inhibits businesses like ours. The new rate should bring prices down and give us a lift."

Balance of payments problems prompted the 15% surcharge in March 1977. It was later cut to 12,5% and then to 7,5% in last week's Budget. Goods subject to GATT regulations are excluded.

Reynders points out that shortly after its introduction, an FCI survey showed that 42% of imports — mainly raw materials and capital goods — were excluded.

"In respect of imports, it was realised that SA's trade could be adversely affected by the surcharge and it was, consequently, decided to provide for a refund of surcharges in respect of imported raw materials, including components, used in the manufacture of articles for export," he says.

Asked what sectors were worst hit, he replied: "Naturally, industries which have a measure of tariff protection enjoyed additional incidental protection. On the other hand, industries which had not been successful with applications for additional protection to the Board of Trade & Industries looked upon the surcharge as assistance for their industries, even although temporary.

"The FCI appealed to industries to take note that the surcharge was a temporary measure and could be removed."

Reynders says the 5% drop is not bigger than expected and adds: "I would think that most industrialists expected a total withdrawal."

The difference the lower surcharge will make to the price of imports to the consumer is a grey area. Civil Aviation Authority executive director Cor Beek says: "In our case the cost of aircraft parts is going up at 5%-6% a year. At best the drop in surcharge will hold back price rises. Call it a breathing space."

Reynders, Gilbert, Schlagman . . . differing reactions.

STAR 7/4/79 (2) 74 (3) 29

US students act against firms with SA links

The Star Bureau

NEW YORK — Student strikes and boycotts at more than 30 universities and colleges have been planned this week to urge these institutions to combat apartheid by selling their shares in United States firms having trading links with South Africa.

In what is described as a week of "co-ordinated action," student and community activists opposed to South African's policies will call on United States banks to stop making loans to South Africa.

Harvard, Tufts, Boston College and Boston University have all planned events for the week, with Harvard planning an anti-apartheid "teach-in" on April 11 and a major rally on April 16.

In a preliminary move this week, 700 students at Princeton University urged the university trustees to sell an estimated R125-million in stocks the university holds in such firms as Mobil Oil, National Cash Register and International Business Machines.

In a similar action, Brandeis University students urged the university's board of directors to sell R5-million shares of stock in firms operating in South Africa.

Most of the universities argue that disinvestment is not an effective means of combating South Africa's policies.

Many US corporations, a Brandeis spokesman pointed out, "are helping to elevate significantly the economic status of blacks in South Africa."

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(See p. 91 of this paper and footnote ... divergence).

38 von Wielligh, op. cit., Table 1.

39 Production figures for the full year ... able by the Minerals Bureau (and wil...

Copper	5,5
Iron ore	15,9
Chrome	12,9
Manganese	8,7
Coal	6,1
Asbestos	4,8
Gold	-4,1
Diamonds	-0,3

Units and procedures are as for Tables 29 and 30. The guesses in the text for 1977 (based on figures for the first 6 months) are reasonably good. The growth rate for Asbestos however slowed to 4,8% p.a. rather than rising to "the region of 5,9% p.a." And the surge in diamond production was not noticed.

40 Statistical News Release P.10.1 (28/9/77): Mining Production: June 1977, Two production series are provided for 1963-1976.

41 Statistical News Release P.10.1 (10/5/78): Mining Production: February 1978.

42 Loc. cit.

43 Loc. cit.

44 Ibid., p.171.

45 Ibid., p.172.

46 Ibid., p.174.

47 See footnote 38.

SA's trade with Africa

10/4/79
RDM.
76

By RICHARD WALKER

NEW YORK. — South Africa's R1-billion a year semi-secret trade with black Africa ranges from armour-plating for Zambia to fresh meat for marxist Guinea, according to a front page report in the New York Times this week.

The report, from correspondent John Burns, puts South Africa's black trading partners at about 25, including such militant critics as Nigeria.

In addition to the trade, the report notes the travel of South African engineers, doctors, and veterenarian specialists "all over the continent", and the quiet offer of "soft" loans running into tens of millions of rand a year to these countries.

EXPORTERS

Summer is over

FM 13/4/79

The budget and the De Kock commission have brought no cheer to exporters. So disenchanted are they that a special meeting of the Reynders group on export incentives was called this week to allow the private sector to blow off steam on certain aspects of official policy.

Main cause of complaint is government's tardiness in getting more generous export incentives off the ground. For the past two years, various committees have been pondering an improved incentive scheme, and the Department of Commerce has been studying the final report of the Reynders Group since last November (*FM* January 12).

Chris Heunis . . . not the exporters' best friend

However, nothing will happen for at least another year. Despite Finance Minister Owen Horwood's budget announcement that spending on export promotion will treble this year, the detailed estimates reveal that outlays will total only R120m in 1979/80, not much up on the R92m laid out last year.

Ockert la Grange, director of export promotion, confirms that "the old incentives will carry on until next year. I think we will phase the new scheme in from 1980." La Grange says details of the proposed incentives are currently being studied by the ministries of finance and economic affairs, and an announcement may be made soon. One snag, the *FM* learns, is that government is finding it difficult to determine precisely how much the new incentives will cost.

The incentives letdown is just one of several gripes from the export community. Another is the steadily widening forward margin on the rand. As from last week, the premium paid by exporters on forward exchange contracts increased from 2% to 2,5% (importers are entitled to a similar discount). It was probably because of protests from exporters that the margin wasn't widened even further to take account of the gap between SA and foreign interest rates. One banker reckons the margin should currently be at least 3%.

Exporters concede that the higher premium is the price they must pay for low domestic interest rates — the alternative would be a low premium (or even a forward discount), but towering interest charges.

Nonetheless, Safto chief executive Wim Holtes reckons the increase in the margin since January from 1% to 2,5% is costing exporters up to R200m a year. "New rules have been introduced to the game without evaluating what the effect on the players will be," he complains.

With good reason, exporters also grumble that they can normally get a maximum of only six months forward cover on their receipts, against the one year limit for importers. What's more, the cover cannot be bought until a sale is concluded, which means traders are at risk between the date of a quotation and the date of signing an order, often several months.

The Reserve Bank usually allows exporters to stretch the forward cover limit to 12 months, but this requires special permission. "It is extra red tape," says a banker.

"The lack of direct benefits to the exporter under the new system has been glaring," Barclays Bank international economist Andy Connor told a Safto seminar on the De Kock report last month. Traders are now beginning to find out why.

WORLD TRADE TALKS

SA starts signing

FM 13/4/79

(74)

With the Tokyo round of multilateral trade negotiations due to draw to a close this week, SA's package of concessions is gradually being tied up.

Industrial countries have agreed to cut import tariffs by an average of 30%, but SA is participating on an item-by-item basis, which means that specific offer lists have been submitted to other countries. "We have negotiated with all our trading partners, excluding developing countries, but are unlikely to conclude agreements with all of them," says Secretary for Commerce and Consumer Affairs Tjaart van der Walt.

Van der Walt says that SA has so far concluded one informal agreement, believed by the *FM* to be with the US. One observer estimates two-way trade in the products concerned at about R150m.

Talks with the EEC are taking longer, apparently because the Community is not satisfied with Pretoria's tariff-cut offers. SA has already indicated its willingness to phase out some remaining commonwealth preferences (Economy and Finance February 9).

Van der Walt points out that SA's negotiators have been instructed to offer tariff and non-tariff concessions "which would more or less be equal in trade value" to benefits offered by our trading partners. He adds that "the concessions which have been made will not jeopardise SA's future development.

"Despite the very limited scope for us to grant meaningful concessions, the negotiations as a whole are expected to be of interest to many of our exporters."

Financial Mail April 13 1979

er van Mynwese

Rapport 15/4/79 ~~310~~ 74

boor raak in valuta

Deur Daan de Kock

DIE Kamer van Mynwese, wat reeds die afgelope drie maande besig is om in die opbrengs van Krugerrande handel te dryf, is vinnig besig om 'n volwaardige valutahandelaar te word.

Kenners meen dat hierdie nuwe funksie ook besondere voordele vir die Kamer inhou. In sommige gevalle word geskat dat die Kamer 'n wins van tot 1 miljoen dollar per jaar kan toon.

Die rede wat aangevoer word, is dat die Kamer vanweë die relatiewe skaarste aan dollars die dollaropbrengs van Krugerrande teen sowat een-tiende persent hoër op die mark kan verkoop as die amptelike wisselkoers tussen die dollar en die rand.

Die nuwe funksie van die Kamer is 'n regstreekse voortvloeisel van die aanbevelinge van die De Kock-kommissie dat daar 'n meer vryer valutamark in Suid-Afrika tot stand moet kom.

In die verlede is die buitelandse valuta-opbrengs op Krugerrande deur die Suid-Afrikaanse Reserwebank gehanteer.

Verwelkom

Handelaars by vooraanstaande banke in Johannesburg sê hulle verwelkom die stap dat die Kamer van Mynwese nou in die valuta-opbrengs van Krugerrande kan handel dryf, want die vrye mededinging het tot gevolg dat beter koerse verkry kan word as wat voorheen die geval was.

Sekere handelaars is van mening dat die Kamer daagliks, afhangende van marktoestande sowat R4 miljoen se dollars uit die afset van Krugerrande hanteer. Indien hy hierdie valuta teen ongeveer een-tiende persent beter as die bestaande wisselkoers tussen die dollar en die rand kan verkoop, kan dit beteken dat hy 'n wins van tot 4 000 dollars per dag kan maak.

Op 'n jaargrondslag kan dit tot 'n miljoen dollar beloop. Hierdie syfer kan moontlik aan die optimistiese kant wees as in ag geneem word dat daar soms 'n oorskot van dollars op die mark kan wees in welke geval die Kamer 'n verlies kan maak.

Aangesien die Kamer van Mynwese 'n nie-winsgewende organisasie is sal enige winste wat hy uit die transaksies maak, moontlik na die goudmyne gaan.

Krugerrande is 'n baie belangrike verdiener vir Suid-Afrika aan buitelandse valuta. Verlede jaar is altesame 5 905 000 Krugerrande ter waarde van 1 044 600 000 dollars in die buiteland van die hand gesit. Dit was weens die hoër gemiddelde goudprys aansienlik meer as die vorige jaar.

In die eerste paar maande van vanjaar was daar 'n afplatting in die afset, maar kenners meen dat dit later weer kan verbeter. Die verloop van die goudprys kan natuurlik ook 'n groot uitwerking op die verdienste van Krugerrande hê.

Die Kamer van Mynwese wou geen kommentaar lewer oor die omvang van sy winste tot dusver nie, maar het bevestig dat hulle wel 'n wins maak. Die Kamer sê tot dusver het die oorskakeling na die nuwe reëling heeltemal glad verloop. Handelsbanke sê hulle vind ook geen probleme met die nuwe reëling nie.

(74)

Trust Bank man vanishes abroad

THOUSANDS OF RANDS MISSING SINCE FEBRUARY

By RUSSELL KAY

ONE of the top men in the foreign exchange department of the Trust Bank in Natal has flown overseas, and police are investigating the loss of thousands of rands worth of funds.

This week the Sunday Express can reveal exclusively the news of the disappearance of Mr Francois Grant Blore, 28, who was head of the foreign exchange department in the Durban branch of the bank, and was later transferred to a senior position at the bank's branch in Pinetown.

Mr Blore has been missing since February 16, and was first believed to be in Luxembourg.

His car was found abandoned by police in the parking lot of Jan Smuts airport, and it was later established that he had taken a late evening flight overseas on February 16.

Later the legal adviser for the Trust Bank, Mr Hennie Uys, told the Sunday Express the bank had laid a charge of fraud or theft with the police, and they were investigating "certain discrepancies".

He would not reveal the exact amount involved.

Meanwhile, the Sunday Express established that Mr Blore phoned his ex-wife from the airport minutes before boarding his plane.

Mrs Daniele Blore, who has been divorced from her husband for two years, told the Sunday Expresss: "I can't believe that he would have done anything wrong.

"He was such a nice guy and we were still good friends.

"He phoned me from Jan Smuts and told me he was going overseas.

"He sounded very happy and didn't mention anything that might have been wrong. He wished me well — told me he'd see me in two years and rang off."

Earlier it was learnt from one of his colleagues that prior to his departure Mr Blore had bought a money belt which he intended taking with him on "an overseas trip".

His personal current account had been heavily overdrawn and he told bank officials he was going to Johannesburg to arrange transfer of funds from R17 000 he had in Rhodesia.

He was expected back at work on February 19 but never arrived.

Bank investigators began tracing Mr Blore's movements and discovered that he had purchased "a considerable amount" of travellers cheques in Cape Town while he was on leave, and earlier in February had added to this amount.

Inside his abandoned car police discovered a number of chequebooks.

Only days before he disappeared Mr Blore visited his former in-laws at their home in Westville.

They were under the impression he had been transferred overseas by the bank.

A senior police spokesman confirmed that they were investigating the disappearance of Mr Blore and it had been established that he was now overseas.

• The Sunday Express has known of Mr Blore's disappearance for six weeks but has withheld the story at the request of the police.

Detectives investigating the case found that Mr Blore had bought a return ticket and was scheduled to arrive back in South africa last Monday.

Now police think his move in buying a return ticket was an attempt to allay the suspicions of anyone who saw his ticket or heard of his trip prior to departure.

The Sunday Express also established that Mr Blore has subsequently, from London, phoned officials at the Trust Bank telling them he was coming back.

Said Mr Uys: "There are still negotiations underway to persuade him to come back., If the worst comes to the worst we will try extradition.

EXPORTS

Still on a growth path

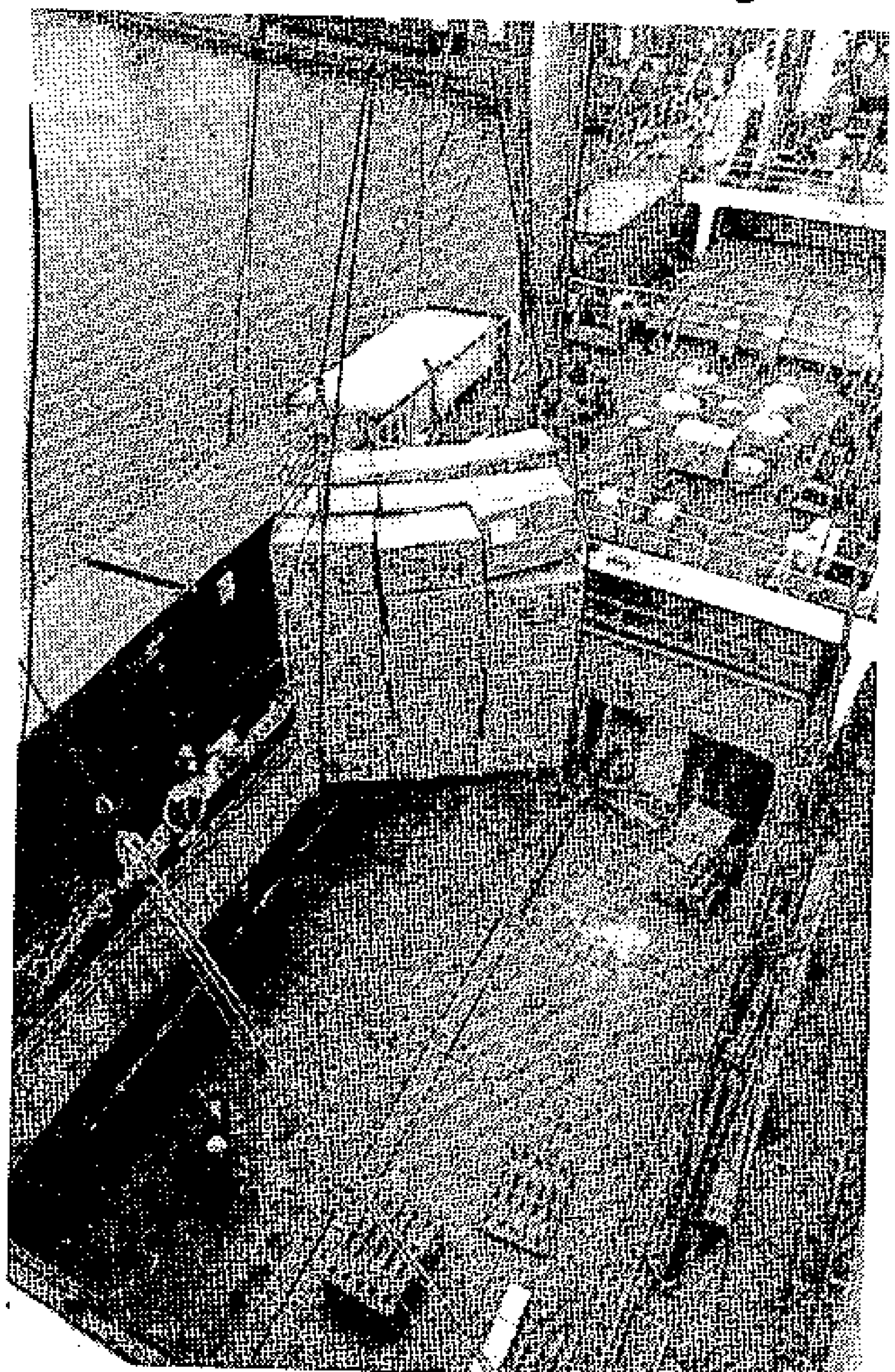
(74) fm 20/4/79

Despite a disastrous summer for agriculture, exports are likely to show some growth in real terms again this year. But the period of rapid export growth which sustained the economy through the recent slump seems to be over.

Ironically, the uncertainty facing world economies at present is both a negative and a positive factor for SA. It boosts exports meeting the demands for fuel (like coal and uranium) or for security (like gold and diamonds), but is negative for most others. Competitive pricing, however, enables SA to maintain or even lift exports of steel, ferro-alloys and other raw materials despite flagging demand abroad. The result is a mixed outlook.

Overall, though, the good seems likely to outweigh the bad, which is reassuring considering the number of negative factors. Among these:

- The strengthening of the rand in foreign exchange markets since the recommendations of the De Kock Commission have been (partially) implemented. This tends to make exports more expensive and could, if it continues, pose a serious problem, according to FCI director Dr Hennie Reynders.
- The higher cost of forward cover. The premium paid by exporters on forward exchange contracts has increased from 1% in January to 2,5%, which Safto chief executive Wim Holtes calculates is costing exporters up to R200m a year.
- The state of the world economy. There is, as yet, no clear sign of an upturn, particularly in such important SA trading partners as Britain and the US.
- SA's continually deteriorating international image. Though we are still trading successfully, and increasing our trade with a large number of countries, there is no doubt that the political factor creates difficulties. Even companies from countries officially friendly towards us find it expedient to keep a very low profile over their SA dealings — and this often means they lose the benefit of favourable publicity within the country. There is also evidence that competitors of companies trading with SA will gleefully expose these activities in order to further their own business interests.
- The improvement in the domestic economy, which removes some of the need to find export markets. "Far too many manufacturers regard exporting as only a temporary expedient when domestic demand is low," sighs Safto general manager Dr Piet Kieser. "It can be a disaster if you get a reputation in the international trading community for unreliability."



Loading up exports . . . shouldn't be just a temporary expedient

Yet the performance of the manufacturing sector is not bad. It exports 10%-12% of its output and provides a third of all merchandise exports (50% if you count semi-finished metals and alloys as manufactured products).

- Rising transport costs, which comprise as much as 40% of the landed cost of some SA goods abroad.
- The loss of the Iranian market. SA exports to Iran were worth about R80m a year, which is a small slice of our total foreign trade, but was of considerable importance to some companies. Cement exports were worth about R25m a year, and BMW had a R25m contract to supply cars to Iran. However, Holtes says replacement markets have been found for 50%-60% of the business.
- A poor crop season, particularly for maize and sugar.

Despite these factors, merchandise exports (excluding gold) are likely to rise by 3%-5% in real terms, Reynders believes.

Barclays Bank economist Dr Johan Cloete notes that during the last complete business cycle (1973-77) total exports of goods and services *including* gold increased at an average annual real rate of 3,1% — well below the 6,1% achieved during the previous cycle (1968-72). He believes "there is every reason to project a growth rate significantly higher than 3% in the years ahead."

Based on previous cyclical fluctuations, he guesstimates that export growth could be 2,5% this year, 2% next year, 4% in 1981, 6% in 1982 (an average of 3,6%), and back to 2% in 1983.

But, of course, we really need to do a

7. *Promotions*—policies and procedures relating to:
   a. Burden to place on special selling plans or devices directed at or through the trade.
   b. Form of these devices for consumer promotions, for trade promotions.
8. *Packaging*—policies and procedures relating to:
   a. Formulation of package and label.
9. *Display*—policies and procedures relating to:
   a. Burden to be put on display to help effect sale.
   b. Methods to adopt to secure display.
10. *Servicing*—policies and procedures relating to:
   a. Providing service needed.
11. *Physical Handling*—policies and procedures relating to:
   a. Warehousing.
   b. Transportation.
   c. Inventories.

Foreign Trade

1977 - 1979

Reserves show capital outflow

RDM 8/12/77

(74)

By HOWARD PREECE
Financial Editor

THE gold and foreign exchange holdings of Reserve Bank fell by R22 200 000 last month to R659 800 000. This brings the drop in reserves to more than R95-million in the four months August to November.

They fell by R43 400 000 in August, by R11 300 000 in September and by R18 400 000 in October.

The reserves show that South Africa is still experiencing a small net outflow of capital.

The Prime Minister, Mr Vorster, announced this week that there was a nominal surplus — R32-million on a seasonally adjusted annual basis — in the third quarter of this year on the current account of the balance of payments.

He also indicated that the surplus would be larger in the present October to December quarter.

Mr Vorster said his Economy Advisory Council believed then the sharp decline in the current surplus in the third quarter, "was caused, on the one hand, by an unusual seasonal distribution of crude-oil companies, together with the import of ships bought with a view to the containerisation programme, and on the other hand, by a decline in diamond sales that was expected to be offset by larger sales in the fourth quarter."

"Since it is unlikely that this unusual coincidence of events will repeat itself to the same extent in the foreseeable future, the council concluded that the weakening during the third quarter should not be interpreted as a turnabout in the sustained improvement in the current account of the balance of payments since the second quarter of 1976."

The R22-million fall in the reserve last month shows that the assumed current surplus is being more than offset by capital outflows.

These outflows, however, include large repayments of borrowings and it is probably that the real net reserves — that is the gross reserves less short-term borrowings — are still actually improving.

But the reserves are bound to take a hefty tumble over the next few weeks.

In the last week of December 1976, and the first week in January, 1977, the reserves fell by R100-million.

This was mainly because of seasonal dividend and interest payments on foreign debts.

A similar burden on the reserves can be expected at the end of this month and the beginning of January.

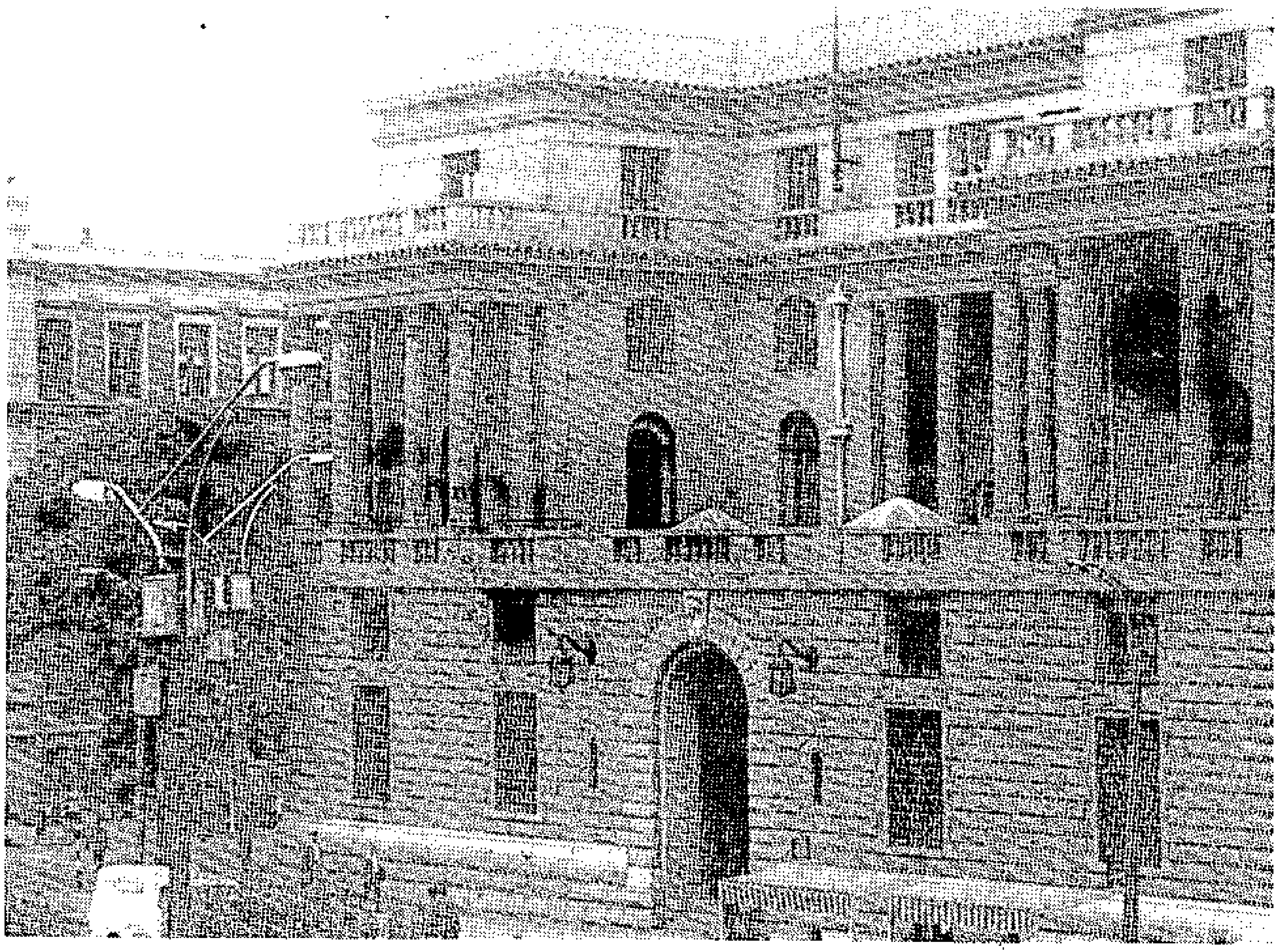
EXCHANGE CONTROL

Why the secrecy?

74 FM 16/6/78

Businessmen are fulminating against the exchange control authorities. If the Revenue authorities can issue prescribed regulations, and if tax planning is facilitated by an established body of case law, why, businessmen argue, should exchange control not be regulated on a similar basis?

How are they possibly to know what makes exchange control say aye or nay to any particular application, or to challenge a decision which they consider unjust? Even the manual of exchange control rulings is kept strictly confidential between Pretoria and authorised foreign exchange dealers, like banks, and is specifically not for the eyes of the business community.



Reserve Bank . . . perhaps a bit too reserved as far as exchange control is concerned

To top it all, businessmen report delays of three months and longer in the processing of applications.

So far as the delays are concerned, they can relax. Time taken for processing now is considerably shorter than it was a few weeks ago. On this score, both the Reserve Bank and commercial banks are satisfied. There is no staffing problem nor worrying backlog.

"The main difficulty is that applicants frequently supply us with too little information," states a Reserve Bank spokesman. "We have to go back to them, and sometimes they come back to us with too little again. This causes more delay than anything else."

Numerous applications receive replies on the same day, and others within a few days. Urgent applications are marked as urgent by the commercial banks and treated as such by the Reserve Bank. These get preferential treatment. Those which are not urgent, concedes the Reserve Bank, do have to wait "a little longer."

But no thought is being given in Pretoria to making public the regulations manual. Nor is there any chance that it will. The Reserve Bank is adamant: "The regulations are changing continuously with economic circumstances. If we had to keep the public informed, we would have to print thousands of copies with each change or they could make their applications on the basis of out-dated regulations.

"In any case, this is a matter between ourselves and the banks exclusively. If somebody wants to transmit funds, he can state his case to a bank which knows the regulations and has limited discretionary power to approve it. Or it will come to us."

The argument that it would be too difficult to inform the public of changed regulations doesn't hold water. That is what the *Government Gazette* is for. Even statutes are subject to change, and there is no problem in updating them.

The overriding consideration, however, is that the regulation manual provides only guidelines. Ultimately, it's the discretion vested in the authorities which rules the day. And there is no way of testing how arbitrarily that discretion is being exercised.

Notes Gerry Christy, senior international manager of Barclays' foreign exchange division: "I am not convinced that there is a need for the entire manual to be made public. If a customer can put up an application which will convince the authorities that it is worthy of special treatment, it will be sympathetically considered. I reckon that, by and large, customers do get fair treatment."

Could it be Pretoria fears that making public the regulations, limiting discretionary powers, and permitting appeals against its decisions, will enable businessmen to plan exchange control avoidance in much the same way that they legitimately plan tax avoidance?

That is what businessmen suspect, anyway. Keeping the rules secret from the ruled does seem a strange way to run a country.

'SA won't collapse if foreign capital stops'

Star 19/10/78

74

The Star Bureau

LONDON — South Africa's economy would not collapse if all foreign capital investment dried up, but its growth rate would fall short of the level needed to provide jobs for the rapidly growing labour force, Dr Frans Cronje, chairman of Nedsual and South African Breweries, said yesterday.

He told the London Chamber of Commerce that, with its high savings rate of nearly 25 percent a year, the South African economy could grow at "around four percent a year" — if it comes to the crunch of no further capital inflow.

"As our population is increasing at around three percent a year this will mean that standards of living will rise relatively slowly."

"That growth will not be fast enough to provide jobs for the rapidly growing labour force.

"But a cessation of capital inflow will certainly not lead to a collapse of the economy."

Last year the economy grew at about one percent despite a capital outflow of R1 000-million.

"If the capital balance had been neutral, the economy would have boomed already," he said.

Dr Cronje said the economy could grow "quite fast for the next five years, even without an inflow of capital" if the drain of capital ceases and prices of gold, platinum and diamonds hold present levels.

This was because of excess capacity in both the private industry and infrastructural development.

"But over the longer period the growth rates that will be necessary for full employment and rapidly increasing real wages for unskilled and semi-skilled workers will have to be of the order of 6,5 percent to 7,5 percent a year."

Trade with SA

(74) FM Supplement 20/10/78

Washington has done little to disturb US exports to SA, and nothing to curb SA exports to the US. Indeed, two-way trade has flourished

Given the uncertain state of political relations between Pretoria and Washington, fears of growing trade restrictions are understandable. But they should not be exaggerated.

Political jitters have undoubtedly cooled many SA importers' enthusiasm for US products. The revelation earlier this year that imports from the USA were 12% lower in January-June 1978 than in the first six months of last year (despite healthy increases in purchases from the UK, France, Germany and Japan) gave credence to the view that

many SA firms have hurriedly switched orders from American suppliers to others whose future deliveries are assumed to be more reliable.

A recent US Department of Commerce publication affirmed that "the outlook for US exports to SA in 1978 is not encouraging. Special political factors have begun to exert a negative influence." The report notes that there is "a sense of uncertainty in the South African business community regarding the dependability of supply of US products."

Is this nervousness justified? In practice, the Carter administration has done very little to disturb American exporters' burgeoning business in SA, and absolutely nothing to brake the South Africans' increasingly successful drive into US markets.

For a start, last year's UN-imposed arms embargo was nothing new — the US has complied with a voluntary ban since 1963. And last February's much-publicised prohibition on the supply of all US-sourced goods and unpublished technical data to the SA military and police is by no means as draconian as was origi

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moved into the consulate-general a few weeks ago.

Concludes the Commerce Department: "In spite of the difficult climate for US products, SA remains a billion dollar market for the US and significant opportunities will continue to occur for sales of US products."

US EXPORTS TO SA

	1972	1973	1974	1975	1976	1977
	$m					
Food, live animals	26,5	36,7	55,0	50,5	42,4	41,6
Beverages and tobacco	,8	1,1	1,4	1,5	1,4	2,2
Crude materials — inedible, excluding fuel	18,2	37,6	53,5	35,3	47,7	53,7
Mineral fuels	8,0	8,1	17,6	18,5	19,7	19,9
Oils and fats	4,0	7,4	15,0	2,5	9,9	6,3
Chemicals	52,5	84,6	148,7	115,8	121,5	123,1
Manufactured goods including electrical machinery, transport equipment	364,4	375,1	546,8	777,5	875,6	585,4
Miscellaneous manufactured items	45,1	61,8	84,6	87,9	70,9	70,5
Items not classified by kind	11,9	16,0	27,0	36,7	14,4	19,3
Total	531,4	628,4	949,6	1 126,2	1 203.5	922,5

Source: US Department of Commerce.

the motor industry, chrome and manganese for the steel mills, and diamonds and Krugerrands for everyone are the biggest money-spinners. Backing them up are coal, antimony, vanadium, and other platinum group metals.

Politics has occasionally reared its head, but usually not for long. Krugerrands have been the main target, with some sales agents refusing to continue handling them, noisy pickets here and there, and a few radio stations cancelling ads. It is noteworthy, however, that the recent surge in KR offtake, which has seen total foreign sales climb to record levels, has been largely accounted for by steeply rising US demand, especially on the West Coast. KR sales in the US totalled well over R200m in the first eight months of 1978.

Moreover, there has been no suggestion of political overtones in recent complaints by US ferrochrome producers to the International Trade Commission against cheap imports of South African ferrochrome.

Surprisingly, SA manufacturers have in recent years managed to make significant inroads into the highly competitive US market for finished goods. In his last annual report, former Safto chairman Leslie Lulofs noted that over the previous year "rewarding successes were obtained in introducing new products to this market."

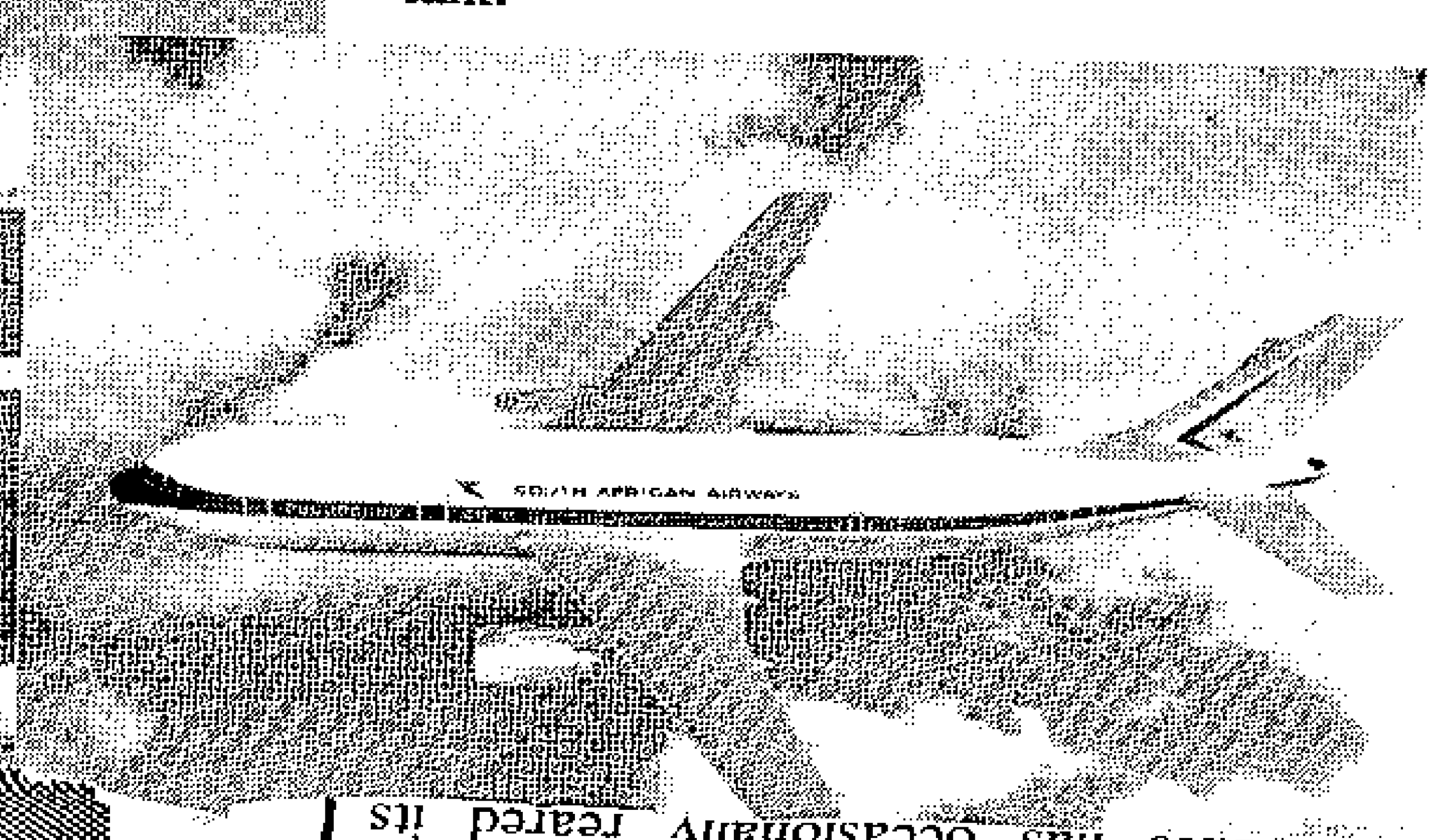
Among SA manufactured products which are being exported to the US are furniture, clothing, castings, wooden floorboards, automotive components, computer software, and steel products. Safto's US area manager recently suggested that SA exporters of footwear, sportswear, fashion goods, and sports goods could do good business in the US.

He also pointed out that the slide in the dollar against the currencies of several of the US's major trading partners has in many cases improved the competitiveness of SA goods in US markets.

(3)

an export base to supply not only southern Africa, but also other markets which are more easily reached from SA than from the US. The Middle East, for instance.

The boom in SA's exports to America has been even more spectacular than the reverse flow. And the surge shows no signs of petering out, despite sanctions talk.



Politics has occasionally reared its

The growth in US-SA trade in the past few years has been nothing short of phenomenal. Between 1972 and 1976 (when the recession forced a drop in imports from most of our trading partners), purchases from the US more than doubled. By the latter year the US had barged past Britain and West Germany to become SA's biggest foreign supplier, accounting for about R1 out of every R5 spent on imports by SA.

The surge in imports over the past few years was partly the result of SA Airways' hefty order of 10 Boeing jumbo jets. (With the exception of four European Airbuses, SAA's jet fleet is all-Boeing). But despite the tapering off of aircraft deliveries last year, and sharp drops in sales of machinery and road vehicles, the US managed to retain its No 1 supplier slot in 1977.

The same is unlikely to be true this year. By May, SA imports from the US (totalling R380m) were trailing those of the UK by some R43m and those of West Germany by over R100m. And Japan, with sales of R304m, was not very far behind.

The biggest drop in American orders has been in the machinery and vehicle (including aircraft) categories. US computer companies are known to have been particularly hard hit by SA customers moving to other suppliers. Firms have noted that customers invariably stress the importance of continuity of supply when negotiating. Smaller businesses, in particular, would often rather buy less capable and more costly equipment from European or Japanese suppliers than risk non-availability of spares and servicing in the event of a comprehensive US trade embargo.

Though no figures are yet available to prove it, early signs point to a slight revival in trade over the past few months. Some large deliveries, for instance, were apparently delayed as suppliers pondered the ramifications of February's curbs. Shipping lines have reported some increase in southbound tonnage.

Among the US products for which growing markets can be found in SA are electronic goods, farm machinery, mining and containerisation equipment, petrochemicals, medical and surgical supplies, and communications equipment. Many of the sophisticated products sold by the US are not made in SA, so that customs tariffs are usually fairly low. Moreover, as both countries are members of GATT, imports from the US enjoy most-favoured-nation treatment.

Several US firms are using SA itself as

According to US figures, exports from SA have soared almost fourfold in the past six years — from $325m in 1972 to $1 259m last year. (Pretoria's and Washington's trade figures show a sizeable discrepancy, mainly because of different diamond export valuations.) In the first six months of 1978, SA's sales to the US were no less than 70% up on the figure for January-June 1977.

Although the US has not managed so far to overtake Britain as the biggest buyer of South African goods, it is catching up fast, having pushed past Japan in the early Seventies. During January-May 1977, America bought only R256m worth of SA produce, compared with the UK's R550m. By the first five months of this year, the figures were R438m and R493m respectively. West Germany trailed into third place at R291m.

Metals and minerals are the backbone of SA's exports to the US. Platinum for

	1972	1973	1974	1975	1976	1977
			$m			
Food, live animals	45,5	58,2	73,6	97,7	89,7	108,4
Beverages, tobacco	,2	,5	,1	,1	,1	,1
Crude materials — inedible,excluding fuels	49,4	71,5	95,8	113,0	136,1	165,2
Mineral fuels	1,8	2,9	8,1	10,1	13,8	20,0
Oils and fats	,1	,1	,7	,5	,2	,1
Chemicals	7,9	9,9	6,4	13,5	17,2	19,9
Manufactured goods (including non-metallic mineral manufacturers, iron and steel, nonferrous metals	207,4	215,3	391,9	418,1	537,0	720,3
Machinery, transport equipment	2,6	3,9	6,8	7,2	10,0	8,6
Miscellaneous manufactured items	1,2	1,3	3,1	167,6	108,3	201,8
Items not classified by kind	8,6	10,3	22,7	12,2	13,4	14,6
Total	324,7	373,9	609,2	840,0	925,8	1 259,0

Source: US Department of Commerce

SUNDAY TIMES, Business Times, October 22, 1978. (74)

Trade missions are scrambling into SA

A FLOOD of foreign trade missions and promotions in recent months has shown that many countries are prepared to take advantage of the opportunities offered by the threat of sanctions to break into the South African market.

Business men from Germany, France, Austria, Belgium, Britain, Taiwan and Israel are actively strengthening ties with this country, though the moves have often been kept deliberately low-key and at a non-government level.

And with the danger of a boycott averted, even if only temporarily, and the economy poised for an upswing, the stage looks set for a boost in imports. Among the developments:

- Interama 78, the first major exhibition for German-speaking companies in South Africa, takes place next month. The exhibition is being organised by the Association of German-speaking Trade and Service Companies in South Africa, and more than 60 exhibitors are expected.

[redacted]

- An Austrian trade promotion for industrial and mining equipment, which will visit three South African cities, opens in Johannesburg tomorrow.
- A small Belgian trade mission is visiting South Africa.
- A 10-member Taiwan trade mission will visit the country in November, hoping to sell clothing, textiles, paper products, footwear, machinery, cosmetics, auto spares and other products.
- The French have launched an aggressive attack on the South African market for mining and industrial equipment, with major promotions at trade fairs this year. They are now also seeking to encourage South African exporters to participate in French trade fairs.

The interesting thing about these developments is that many of them are taking place with minimal involvement from the governments of the countries concerned.

In this way, a lot of the heat of international criticism is dissipated.

This year 14 British trade missions have visited or will visit South Africa, and while this is lower than the normal 17-18, it is still an active enough programme to have drawn fire from the critics.

Spain has sent four missions to South Africa this year — about the same as in 1977, but less than 1976's eight missions.

Groundwork for a new era of expanding trade with Israel was laid earlier this year with the visit of a high-powered mission from the Manufacturers' Association of Israel.

This year (first six months) there has been sharp increases in South African imports from Britain (up 24 per cent), West Germany (37 per cent), France (68 per cent), Switzerland (33 per cent), and Japan (31 per cent). Imports from the United States declined.

Exports have risen to West Germany (46 per cent), France (53 per cent), the US (64 per cent) and Japan (15 per cent).

Sun. Times. Bus. 22/10/78

New US Bill will hit trade with SA

74

By IRENE SAUNDERS

WASHINGTON. — US trade with South Africa will be far more difficult as a result of Export-Import Bank legislation that passed through Congress in the adjournment crush last weekend.

The Ex-Im Bank Bill, which increases the resources of the agency from $25 to $40-million over the next five years, imposes specific restrictions in providing credit guarantees and insurance to finance South African trade.

The measure will prohibit any financing for a South African government entity until the US President determines that substantial progress towards majority rule has been made.

It also blocks assistance to private companies unless they are certified by the Secretary of State as having implemented the so-called Sullivan Principles of fair employment and have recognised black labour unions.

While Ex-Im Bank officials are unclear at this early stage just what the new restrictions will mean in terms of dollars, there is a consensus that losses and delays will be great.

One official told Business Times she was certain that public sales would be cut off, since it would be only at great political risk that President Carter would proclaim that South Africa was, in fact, moving away from apartheid.

As for private buyers, while it would be a simple matter for American companies that subscribed to the Sullivan principles to be certified, it would be quite another thing for South African companies.

"There is a conflict of laws," said the Ex-Im Bank official. "No South African company would admit an agent of the US Government to inspect for compliance."

She conceded that while final decisions were to be made by the executive and the state department, it was unlikely that Ex-Im Bank assistance to South Africa under the law awaiting President Carter's signature would be anywhere near levels of the past.

Separately, John Brimelow, a major US regional bank vice-president and frequent visitor to South Africa, wrote in Barron's recently that South Africa offers attractive investment opportunities.

While Americans have traditionally invested primarily in South African mining stocks says Mr Brimelow, "investors are missing a considerable bet when they neglect South Africa's industrial structure."

He notes that after three years of mild recession, "economic activity is clearly picking up and may be entering a low-key boom, at least in economic affairs."

He adds: "The South African Government is acting firmly and prudently, stimulating investment in self-sufficiency projects.

"It takes a particular view of risk and a specific interest in the medium term, to consider investment opportunities in South Africa. But then, nobody can be sure, long-term, just where the US or the rest of the World will be either."

STATISTICS

More haste, less speed

74 FM 27/10/78

A top economic mandarin was recently heard to remark that if he were appointed to the board of censors, his first victim would not be *Deep Throat*, but the Department of Customs & Excise's monthly trade figures.

The movie could harm public morals, the trade figures could hinder sound economic management, would seem to be the reasoning.

In fact, the import and export figures are just one of a growing list of official statistics that many government and private sector economists say are misleading.

"Whatever their differences on other points, economists are unanimous that it's getting immensely difficult to draw meaningful conclusions about what's happening in the economy", says Attie de Vries, deputy director of Stellenbosch University's Bureau for Economic Research. Standard Bank group economist André Hamersma claims some statistical series "mislead more than help."

Most frequently under fire are retail sales and foreign trade figures.

"We have had to give up making much of retail and wholesale sales, and are resorting to an informal sampling of our clients," notes Nedbank group chief economist Merton Dagut. Adds the economist of one of SA's biggest industrial companies: "The retail figures are the biggest bugbear of my life." It is not hard to see why.

Wait for next year

In June 1978, the Department of Statistics provisionally estimated the month's seasonally-adjusted retail sales at R447,8m. In July, the figure was revised to R489,1m. Yet the final figure, released last week, was no less than R504,1m, 12,6% greater than the first estimate.

Similarly, the figure for July (which has not yet been finalised) has bounced up and down over the past three months between R393,5m and R441,3m.

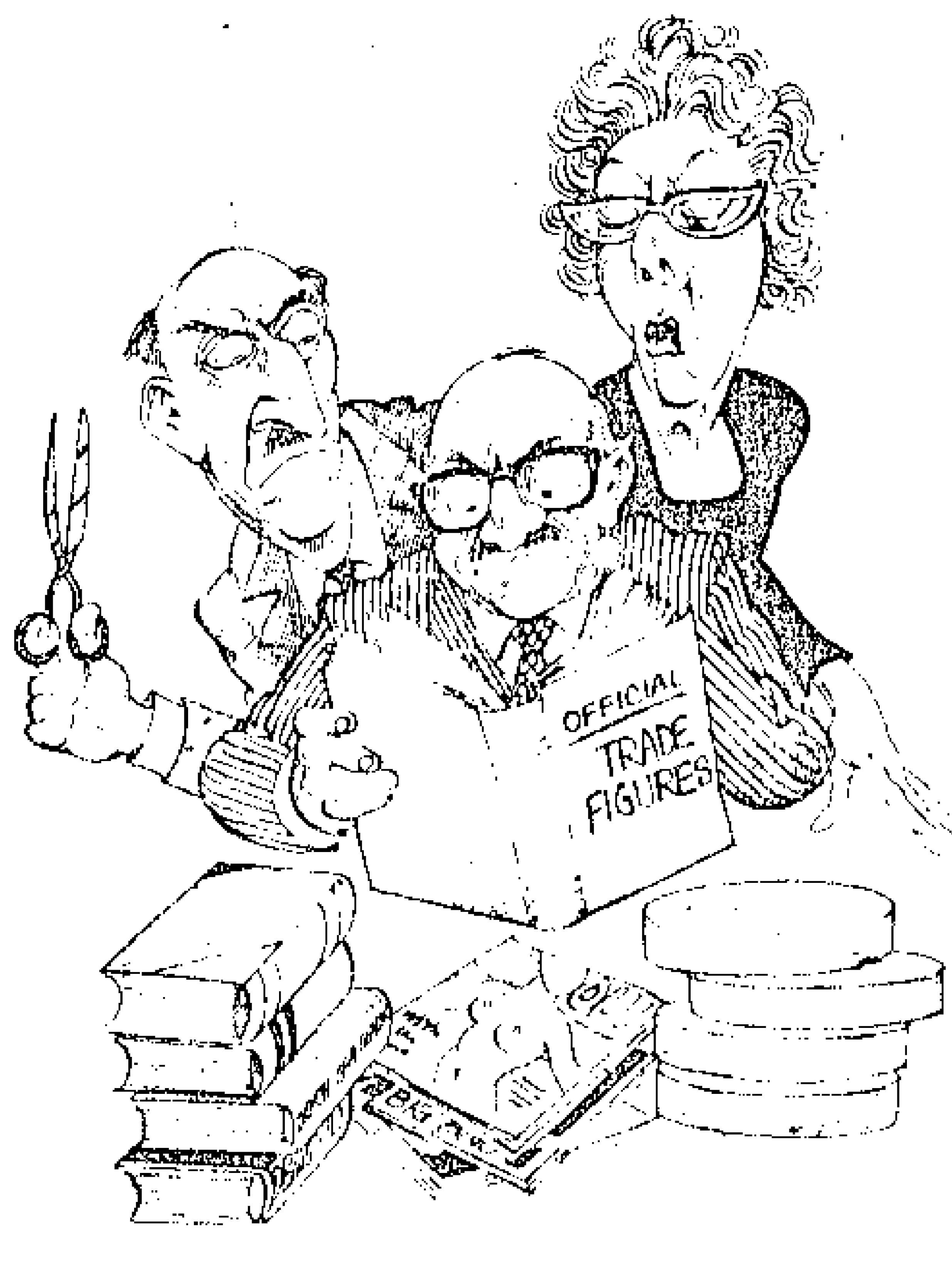
It takes up to four months for final sales figures to be issued. Thus, April's retail sales were only finally determined in August; May's in September, and so on. No wonder SA Breweries' MD Dick Goss observed at last week's Assocom congress that "later revisions in the department's numbers may show the third quarter projections to have been an under-estimate."

Goss was basing *his* guesstimate on what he apparently considers the more reliable statistics compiled by the Retailers' Liaison Committee.

There are definitely two sides to the story. Secretary for Statistics Tjaart du Plessis — who, all agree, has done a sterling job in jacking up facts and figures on the economy, despite staff and cash shortages — points out that statistics are only as good as those who supply them.

But why continue to publish estimates that are apparently unreliable? Du Plessis concedes "we also have some doubts" about current retail sales estimates. "I've asked for an analysis", he says, pointing out, however, that collection of provisional estimates "is still in the experimental stage. One must have some patience."

As for the foreign trade figures, everyone's patience is wearing thin. The exclusion of oil and arms imports, inclusion of Krugerrand (but not gold bullion) earnings, and hit-or miss guesstimates for such important exports as diamonds, fruit, and sugar (which are often substantially revised later), make



Customs' figures virtually meaningless. Reliable, adjusted foreign trade figures only appear quarterly in the Reserve Bank bulletin.

The *FM* learns that government's Statistical Council has tried to find ways of publishing more meaningful figures monthly. For some odd reason (which even some of its members find hard to explain) the council has decided it would be impossible to conceal "sensitive" items if the Reserve Bank figures are released each month instead of quarterly.

Meanwhile, the Customs figures will continue to be issued, on the grounds that many subscribers are more interested in the relatively accurate figures for some individual commodity classes.

Retail sales and foreign trade statistics are economy watchers' major current gripes. But there are others too:

- The recent revision of real GDP growth rates has been alarming.

In March 1977, for example, the Reserve Bank put SA's growth rate in 1974 at 7,1%. The same estimate was given six months later, but by March 1978 the figure had been revised to nearly 8%. Last month the rate was pushed up even higher to 8,2%.

Similarly, the increase in real GDP in 1977 has been revised downwards from 0,5% in March 1978 to 0,3% in September. Perhaps we shall discover sometime next year that 1977's growth rate was in fact negative!

A Reserve Bank spokesman notes that, while preliminary estimates are often based on samples, final figures are extrapolated from wide-ranging censuses, which take up to two years to analyse. "The alternative is to issue no figures at all for two years", he observes.

- Last year's current surplus on the balance of payments has been revised downwards by almost 25% — from R751m to R505m. And 1976's deficit eventually settled at R1 630m, after earlier stabs at R1 515m and R1 711m.

The Bank spokesman explains that early current account figures are based on several estimates, especially for invisibles items and the BLS countries' transactions. Final import and export figures appear more than a year after the period to which they apply. "We have no option but to revise the figures", he says. "The changes in our figures are not much different from those in other countries".

- An important series published in most industrial countries, but not in SA, is building starts. The Department of Statistics' building plans approved series gives only the slightest clue to the number and cost of buildings actually constructed during a given period.

"I'm not keen on a building starts series," says Du Plessis. He argues that these also bear little relation to current construction work. Instead, the department has for the past year compiled a series known as *Construction and township developers: work on hand and work done*. "This should be more valuable", says Du Plessis, though he points out that "for a series to have any value, it must be given a run of three to four years".

Private sector analysts also plead for a further breakdown of private consumer spending, quarterly figures for disposable income, and reliable price deflators.

"Our statistics have improved tremendously in the past few years", says one economist, "but we're still a long way behind Europe and America".

IMPORT PERMITS 74

Raise your glasses

FM 27/10/78

Not many importers of consumer goods can remember when Pretoria last increased their annual permit quotas. So Economic Affairs Minister Chris Heunis's announcement of a third round allocation of 30% of the value of 1977's permit issues (bringing the 1978 total to 110% of last year's issues) came as a welcome change.

Business lobbyists had asked government to be generous. Inflation abroad and the falling dollar have pushed up import prices, so that permits do not go as far as they used to. Moreover, as the trade figures show, import volumes have been rising substantially in recent months, and the first signs of a new restocking cycle are starting to appear.

Last year's sharp rundown in inventories meant that many import permits were not fully utilised. "Even with the

10% increase, people will not be able to restock to the levels of early 1977," notes director of import control Wilf Wilker. But he adds, "from a psychological point of view it's a good thing to give a bit of rein."

Those who needed the rein most were whisky importers. Imports of Scotch reached R10,2m in the first six months of 1978, compared with R5,8m in January-June 1977. Without more permits, there might have been some long faces in pubs around the country.

SA/SRI LANKA TRADE

On the boil

(74)

FM 27|10|78

SA's fast-improving relations with Sri Lanka will get a major boost on November 17 with the introduction of another regular shipping service between Durban and Colombo.

Nedlloyd Lines and Bank Line, which currently serve the route, will be joined by Unicorn Lines, whose vessels will be calling at Colombo every six weeks. The Unicorn service will be an extension of its present sailings to the Seychelles, though the southbound run will operate to a 12-day non-stop schedule.

Unicorn's main target market will be tea, of which SA imports about R20m a year from Sri Lanka, and which is currently carried by its competitors. The scope for other trade, however, is substantial.

Safto recently noted that the Ceylonese government is "receptive" to trade with SA and that there has been "a sudden increase" in inquiries from the island's trading houses. "This country offers so much potential to SA exporters that we are planning regular visits there," says Safto's Far East area manager Heinz Baur.

Besides tea, SA's major imports from Sri Lanka are rubber, coconut, and semi-precious stones. The real potential for SA traders, however, appears to be on the export side. SA's sales to Sri Lanka in the first six months of 1978 reached R6,4m, almost R1,5m higher than last year's total figure. In 1976 exports amounted to only R1,1m.

Main exports are fertiliser, fish, and steel products and moves are afoot to negotiate a sizeable coal contract with Colombo. Another attraction of Sri Lanka is that it can be used as an *entrepôt* area for trade with other countries on the sub-continent, such as India, Pakistan, and Bangladesh.

Horwood tells of SA trade recovery

CAPE TIMES 28/10/78 (2) 74

By GORDON KLING

THE GOLD price soared to record highs yesterday as doubts on the strength of South Africa's infant economic recovery gave way to renewed optimism with a dramatic reversal in worrisome foreign trade trends and new official indications of a vast improvement in foreign investor confidence in the country.

The Minister of Finance, Senator Owen Horwood, has disclosed in an exclusive interview with the Cape Times the extent of the improvement in the country's credit rating with banks in Europe and North America in the past few months.

And Department of Customs and Excise figures show a surprise September trade surplus of R134,4 million, compared with R45,9m in the previous month, from good exports and a substantial drop in imports.

The favourable balance for the year now stands at R611,8m compared with R278,0m in the first nine months of 1977.

Economists had feared a deterioration in the trade performance because the gathering recovery was expected to increase imports while world economic trends mitigated against exports from the Republic.

Other bullish factors in the economy recently relieved from the threat of imminent sanctions include the strong possibility that taxes will be reduced in the next national budget and foreign loans may be obtained by the government to further stimulate business activity.

The University of Stellenbosch Bureau for Economic Research notes the probability in its latest survey that easier liquidity in financial markets will facilitate the granting of credit which is also becoming less costly through the recent drop in prime overdraft rates.

The deputy director of the Bureau, Mr Attie de Vries, yesterday termed the trade figures "unexpected and very good." But he believed they could well prove to be only a pleasant interlude in the current trend.

Senator Horwood

A relaxed and contented Senator Horwood said in a telephone interview from Johannesburg last night that vast infrastructural spending on projects like the country's two new harbours at Saldanha and Richards Bay were now paying dividends and the recovery would continue.

"I have all along had a sober confidence that things would improve during the course of the year. The signs now indicate a further improvement. I don't think we're going to see a sudden boom, but gradual, firm progress is taking place and in my view this will gain momentum by the new year."

The recovery was also reflected by foreign sentiment. The government, which has not gone to overseas capital markets for two years, could now negotiate substantial loans abroad at better terms than had been the case for some time.

"Six or eight months ago the maturity on these loans would have been only about two years, now it's six years. I'm seriously considering the possibility of taking up some more money to boost confidence and the cash content of our foreign reserves.

The favourable trade picture obviates the need to finance exports and foreign loans could be used for new job-creating development.

In addition to all this, because it is not reflected in the trade figures, is the gold bonanza. The price of the metal was fixed at a new high of $234,50 an ounce on the London bullion market yesterday afternoon. South Africa earns about R20m from every $1 rise in the yellow metal bringing gains of R1 440m over a full year from the current price over the $162 price which ruled at the time last year.

Inflation, however, remains at discouraging levels, straining consumer incomes; so is unemployment.

STAAT LEEN WEER IN EUROPA

74

Burger 3/11/78

SUID-AFRIKA gaan weer geld op die Europese kapitaalmark leen. Reuter berig uit Frankfort dat dit die eerste keer sedert die middel van 1976 sal wees dat die staat weer dié mark in sy eie naam betree. Owerheidsinstansies soos Evkom doen dit egter meer dikwels.

Volgens die berig gaan die staat 150 miljoen dollar in Europa leen. Die geld is oor vyf jaar terugbetaalbaar. Die geld word geleen teen 'n rentekoers wat 1,5 persent hoër is as die Londense interbankkoers.

Wes-Duitse en Switserse banke koördineer die lening. Die normale bestuursgelde word deur dié banke van Suid-Afrika gevra.

Die staat het tot dusver vanjaar baie min probleme ondervind om geld te leen. Dit geld veral op die binnelandse kapitaalmark, waar al die lenings op een na besonder suksesvol aangegaan is.

Die staat het in die laaste paar maande fluks aan sy buitelandse skuld afbetaal, terwyl sy inkomsterekening tans baie gesond is. Nog buitelandse lenings sal waarskynlik in die onmiddellike toekoms aangegaan word.

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organ ... ther hand, 79,1% of the respondents reported that
Afric ... aison committee were elected rather than appointed by
management. However, in only 16,6% of the firms could candidates be nominated without any restriction, for example, as to age or seniority. A representational spread from different departments was required by 78,1% of the respondents, while 46,2% required service (seniority) qualifications and 27,3% required a certain age limit. Voting was usually by means of ballot papers (57,1% of the respondents) or by a show of hands (33,4% of the respondents).

About 63% of the respondents reported that their liaison committees were elected for a period of one year while nearly 28% recorded a two-year period of office. In most instances, 72%, regular monthly committee meetings were held, but a further 12% met every two months and 5% quarterly.

There were 284 organisations which responded to a question as to why they had preferred a liaison to a works committee. The majority of 147 (nearly 52%) gave as their reason that the liaison committee was an 'anti-polarisation' device conferring benefits such as better guidance by management and prompt solution of problems, thus serving both parties' interests and improving two-way communication. In a further 38 instances (about 13%) either the liaison committee

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32. Ibid, p.20.

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BUSINESS MAIL

Copper outlook firms as production cuts begin to bite

RAM 21/11/78

(74)

LONDON. — One basic statistic highlights the change in the copper market during the past year, writes John Edwards in the Financial Times in a survey of the London Metal Exchange.

In January copper stocks held in LME warehouses reached a record of moree than 645 000 tons. Last week these holdings had been reduced to 403 000 tons.

These figures hide a whole range of background developments, but they do illustrate clearly that the world surplus of copper is disappearing as a result of cutbacks in production and improved demand, stimulated by four years of depressed prices.

There is now a shortage of good-quality brands of copper in Europe, with a large proportion of the LME warehouse stocks either held in firm hands or of low-quality brands. There is also an increasing world scarcity of concentrates as cutbacks in mine production, because of uneconomic prices, begin to bite.

The annual "mating season" between producers and consumers negotiating supply contracts for next year has begun, with Zambia indicating a sharp cut in its sales commitments for 1979 and heading a move to establish premium prices, over and above LME quotations, for producer copper supplied to the particular specifications of the buyer.

It is no secret that other major supplying countries have indicated that they too will have less copper available for delivery next year under long-term contracts. Yet so far, copper prices have failed to reflect fully the apparent reduction in the surplus and they still remain at uneconomic levels for most producers; certainly well below the level needed to encourage new investment in the expansion of output that will be required to meet the rise in consumption.

One reason for this reluctance of prices to rise is that they already had built-in expectations of a shortage of supplies developing. Another is doubts about whether the supply-demand balance will continue to improve next year.

New production, planned for many years, is due to come on stream — possibly the last major increase in capacity for a long time to come.

At the same time the fall in the value of the dollar, resumed inflationary pressure, with higher interest rates and the recent decline in Wall Street have renewed fears of an industrial setback, if not a fully fledged recession, developing in the US during 1979. A no-growth, or small-growth, situation in the biggest market for copper would cause serious problems for producers, since it is a healthy rise in US consumption of copper that has helped to stablise the market.

It would come at a time when the general miniaturisation of manufactured products, and technical improvements cutting back the quantity of materials required, has already cut back the expected annual growth rate in copper demand from between 4 to 5% to around 3%.

The US copper market has changed dramatically since May when Kennecott, the biggest domestic producer, decided to abandon its traditional producer price system in favour of basing its prices on the New York Copper Exchange (Comex) free market quotations.

Kennecott, which has been fighting a long takeover threat, claims that it was forced to do something to become price competitive with imports that had grown enormously, resulting in a build-up in domestically produced copper supplies. In the first half of this year it is estimated US copper imports soared to more than 320 000 tons compared with the previous high figure of 370 000 tons for the whole of 1977.

President Carter recently rejected domestic copper producers calls, backed by the US International Trading Commission, for a maximum import quota of 300 000 tons a year, and Congress has so far taken no further action on the plan to rebuild the strategic stockpile holdings of copper with purchases of 250 000 tons.

But Kennecott's new price competitiveness, joined by other US producers, has effectively reduced the flow of US copper imports to a trickle. This trend has been helped by the disruptions in supplies from major exporting countries, notably Zambia, Zaire and Peru, who earlier this year agreed to a joint cutback in production of 15% to stimulate prices.

In fact, the cuts in supplies were forced on them. Transport problems, and shortages of skilled labour and equipment, have hit the Zambian Copperbelt hard and a further major blow was the temporary invasion of the Shaba Province in Zaire that brought production at the Kolwezi mines to a halt for several weeks.

However, these problems are being sorted out to a certain extent following Zambia's decision to forego its political scruples and start exporting and importing through Rhodesia and South Africa.

The reopening of the Benguela railway also promises to help both Zambia and Zaire improve its exports and shift some of the big surplus of supplies — already committed for sale but not yet delivered — lying uselessly on the Copperbelt. So although prospects for production remain poor, there could be an improved inflow of supplies next year as delayed deliveries finally come out.

Labour problems in Peru, which brought a cutback in deliveries too, now seem to have been settled at least temporarily and threatened industrial action by workers in Chile has also faded away. In Canada, however, the strike by International Nickel workers at Sudbury continues to hit both nickel and copper output.

The key to copper price movements in 1979 should, therefore, as always, be the likely strength in demand. But there is no denying that the cutbacks in production, and the consequent reduction of surplus supplies, should give the market a much firmer undertone if not bringing a price explosion yet. — Financial Times

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SA-ZAMBIA TRADE

74

Hold your horses

FM 3/11/78

SA exporters should not get too excited about the Zambia-Rhodesia border re-opening — yet. Most of the hassles of doing business north of the Zambezi remain.

"Trade with Zambia is likely to remain affected by considerations other than transport, including self-imposed restraints on imports," warns Safto intelligence manager Ann Forrest-Smith. Chief of these is shortages of foreign exchange, which has kept SA exporters waiting up to 30 months for payment. (Some suppliers of essential goods manage to get paid within 60 days.)

The Credit Guarantee Insurance Corporation only covers exports to Zambia to the extent that clients receive payment on outstanding debts. "That position hasn't changed," says CGIC GM Jan Bouwer. So newcomers to the market cannot get cover.

Exporters should not assume they can now send goods by rail over the Victoria Falls Bridge, instead of by road via the Kazangula ferry or by sea and rail through Nacala or Beira. "Our additional Beit Bridge capacity for the present is available only for fertiliser," says Railways public relations officer J C van Rooyen. "Shippers of other goods must send them as in the past." Van Rooyen points out that the maize seed railed immediately after the border re-opening was sent before fertiliser trains had reached Rhodesia.

One trader, who approached railways for facilities for thousands of tons of grain products, confirms the SAR's reluctance to carry goods other than fertiliser.

But there is hope for the future. Reports from Lusaka indicate that the Zambians regard the border re-opening as permanent, and "we expect that other stuff will follow the fertiliser," says Van Rooyen. A trader points out that the comparative price advantage of SA goods will be boosted by its being able to be quoted on a direct rail basis; so SA's share of Zambia's purchases may yet increase.

S.A. kry groot oorsese lenings—Horwood

ONDERHANDELINGE vir aansienlike buitelandse lenings van belangrike internasionale banke is in sy finale stadium, het die Minister van Finansies, sen. Owen Horwood, gister op Financial Mail se beleggingseminaar in Johannesburg gesê. Hy hoop om binne die volgende paar dae 'n aankondiging te doen.

Sen. Horwood het gesê hy verwag dat die huidige ekonomiese oplewing sal voortduur en momentum sal kry en tot 'n aansienlike toename in die groeikoers sal lei.

Hy is egter nie heeltemal tevrede met die huidige stand van sake nie. Daar is drie probleemgebiede. Dit is die onvoldoende groeikoers, die negatiewe vaste investering in die private sektor en die voortgesette netto uitvloei van kapitaal.

Dit is noodsaaklik dat die groeikoers verhoog word en as dit nodig geag word, sal stappe gedoen word om belegging aan te moedig en verbruiksbesteding te stimuleer.

Die aandelebeurs is tans in die tweede fase van sy opswaai. Teen hierdie tyd aanstaande jaar kan nywerheidsaandele meer as 30 persent hoër staan as wat tans die geval is.

Die mark het reeds herstel van 'n toestand waar aandele aansienlik oorverkoop was en verwag nou 'n verbetering in die ekonomie en beter tye vorentoe.

Mnr. Robert Conway, hoofbestuurder van Sage Holdings, het hierdie mening op die konferensie uitgespreek en bygevoeg hy is bewus van die probleme en slaggate in die huidige Suid-Afrikaanse situasie, maar hy maak geen verskoning vir sy optimisme nie.

Huidige dividendopbrengste is in sy oë histories en baie aandele verteenwoordig steeds goeie waarde, hoewel hulle pryse reeds heelwat gestyg het.

In die geheel gesien was maatskappyresultate gedurende die afgelope jaar besonder goed en hulle vertonings was baie goed in moeilike tye. Hulle kan 'n aansienlike voordeel uit 'n verbetering in die ekonomie trek omdat 'n groter vraag 'n aansienlike hefboomuitwerking op hulle verdienste sal hê.

Mnr. Conway sê dit is vanselfsprekend as korttermynkoerse daal en die inflasiekoers verder verlaag word dat langtermyn-koerse laer as die huidige vlakke sal sak.

Hy glo korttermyn-koerse is die afgelope jaar kunsmatig ondersteun om handelsoorskakeling te voorkom en die betalingsbalans te beskerm.

Die De Kock-kommissie kan met nuwe voorstelle kom om hierdie kunsmatige situasie reg te stel. Die mees positiewe stimulus vir verdere ekonomiese groei sal 'n daling in korttermyn-koerse wees.

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arrangement is inadequate for resolving what may be a fundamental conflict of interests. While the present definition of a labour dispute is far wider than that contained in the 1953 legislation, and a Bantu Labour Officer and/or Inspector, with or without the assistance of the Regional Bantu Labour Committee concerned, should intervene in an attempt to effect settlement there does seem to be a remarkable shortcoming in this connection. The Act

EXPORTS

A wider range

"SA has made a welcome move towards a wider export base," concludes a study by the SA Foreign Trade Organisation included in its latest annual report. But, notes Safto, "SA is still over reliant for its foreign earnings on too narrow a range of commodities."

In 1966 five product groups accounted for 44,7% of SA's non gold export earnings. By last year receipts from the top five categories had dropped to 39,8%. Similarly, the share of the top three product groups slipped from 33,4% of the total in 1966 to just over 30% in 1977.

Though diamonds have remained in the top five over the past 12 years, other commodities have changed. Wool and copper, for instance, have given way to iron and steel, and coal.

The share of the second 10 most important export product groups (which includes items such as chemicals, asbestos, ferro-alloys and wood and paper products) has risen substantially — from 23,4% in 1966 to 33,8% last year. Says Safto: "The rise in importance of these second line, or middleweight, export products shows that SA has made a welcome move towards a wider export base."

The contribution of some products to total export earnings has rocketed. Coal, iron and manganese ores and ferro-alloys have pushed up their share from 6% in 1966 (R71m) to 13,4% (R720m) last year. Clothing and footwear exports have also zoomed up, though from a far smaller base. Last year they earned R24m, compared with R3m a decade ago.

- Safto's revenue in the year ended June 30 1978 totalled R751 247 (R749 136). There was an operating deficit of R14 743 (R4 302 surplus).

Trade augurs well for dollar recovery

RDM 20/11/78

(74)

By NEIL BEHRMANN

LONDON. — Foreign exchange economists and managers believe the dollar is likely to stabilise over the next few months. It is expected to remain firm against sterling and the Swiss franc, while the mark and yen are expected to become relatively stronger.

With the support package announced a few weeks ago, the foreign exchange experts maintain there is now a firm prop under the dollar in a situation where the fundamentals of the currency are likely to improve.

In an interview in New York, the head of Citibank's international economics division, Dr Rimmer de Vries told me that in the past few months there had been a dramatic change in the United States current account of the balance of payments.

The current account measures merchandise and services exports less imports.

He said that compared with an $18 000-million deficit for 1978, the current account was now running at a deficit of $7 000-million. This calculation had been annualised and was made before the recent anti-inflation and dollar support measures of the US Adminstration and the Federal Reserve Board.

Dr De Vries said this deficit could be even narrower, perhaps around $5 000-million, and by the end of next year it could even be in balance.

Dr De Vries said the current account was improving because of a dramatic improvement in exports and lower imports. The devaluation of the dollar had helped to bring about this improvement.

Invisible exports, services, for instance, were rising both in absolute and dollar terms. The agricultural trade balance, running at an annual surplus of $6 000-million in the first quarter of this year, was registering a $15 000-million surplus at an annual rate in the three months to September.

Manufactured exports, with an annualised deficit of $13 000-million in the first quarter this year, were running at a $5 000-million annualised surplus in September.

The trade value of exports had thus been increasing, while growth of imports, with the exception of oil, was beginning to taper off.

Dr De Vries expects the US economy to slow down next year and this trend should further improve the balance of payments.

With higher interest rates in the United States, he said leads and lags would reverse and this would strengthen the dollar.

"It is difficult, however, to predict the equilibrium rate. The dollar's decline was overdone and it is possible that the same will apply on the upward path."

Citibank predicts that the US trade balance for the second half of this year should improve on the first half. A feature of the August returns was that for the first time since late 1977, the United States ran a surplus in its trade account for manufactured goods.

From bearishness in August until October, the foreign exchange markets, have now begun to whistle a different tune about the dollar.

Over and above the economic and technical factors, a United States investigation is being conducted over US banks' activities abroad. The authorities are investigating accusations that they were selling the dollar short over and above normal trade transactions.

The inquiry follows the dismissal of a Citibank foreign exchange employee, David Edwards, who has filed a suit against the bank.

If the dollar stabilises or strengthens, the gold market could remain unexciting.

• The dollar closed firmer against major currencies in New York last Friday. It was off its best levels in generally quiet trading.

The dollar's gains appeared to reflect the beginning of a turnaround in sentiment toward the currency, the result of two weeks of fairly persistent central bank intervention.

The mark continued to give ground, easing to a closing

1978
SUNDAY TIMES, Business Times, November 26, 1

Old export system still a worry to business men

74

By TONY KOENDERMAN

A COMPLETE overhaul of the R110-million-a-year export incentive scheme is underway by the Government, but businessmen are concerned that in the meanwhile the country's export performance is threatened by erosion of the old system.

Lack of consultation with the private sector is another worry.

The working group on export incentives, under Mr J van Huyssteen, has proposed the entire revision of the system, including the introduction of a three-tiered incentives structure.

This would involve automatic compensation for the additional cost of local inputs over world prices arising out of South Africa's import substitution programme, a subsidy on the domestic value-added of export industries, and additional ancillary assistance to be given on a selective basis.

However, the Private Sector Export Advisory Committee (representing major employer bodies) notes in its annual report for the year to June 30 that certain incentives have been removed, such as the special discount allowance and the administrative expenses allowance.

Another, the packaging allowance, was removed and then reinstated for the 1978 tax year after protests by the committee. Strong representations have been made to ensure that there is no further erosion of the incentive system.

The PSEAC (whose chairman is Calan director Herbert Shield,) is also disturbed because it has not been involved in the investigations of the Van Huyssteen Working Group, and has asked for (and received) assurances that it will be consulted before the system is changed.

Its peace of mind is clearly not improved by the fact that the Government's Inter-Departmental Committee on Exports, to which the PSEAC makes its submissions, has not met since 1976.

With exports playing so strong a part in turning the balance of payments round and buoying up the economy in the last four years, the country cannot afford any lack of coordination in official export policy.

It is interesting to note that South African manufacturing industry now exports a larger proportion of its output than industry does in either Japan or the United States.

SUNDAY TRIBUNE, DECEMBER 24, 1978 (74)

London

Investors will need steely nerves in 1979

By JOHN CAVILL

FOR international investors, able to place their money in whatever market attracts them, 1979 is likely to prove a nerve-wracking year.

Not that 1978 has been a comfortable ride, with turbulence in the currency markets increasing in ferocity and making life difficult for all but the most nimble of fund managers.

But at least 1978 did have its clear winners. At the top of the list is France where re-election of a Gaullist majority in February set the Paris share market on a steady upward march to show a 58 percent rise from the beginning of the year (and a 76 percent gain from its pre-election low point).

Tokyo came next. In terms of yen prices, the Tokyo index has kept climbing to record levels in spite of worries about the impact on exporting industries of the weaker dollar. The Tokyo index is 24 percent up this year — and in dollar terms nearer 45 percent better.

But the 10-month streak which took the Hong Kong index soaring by 76 percent was wiped out in the panic which followed the introduction of more realistic (and higher) interest rates. Since then, the Hong Kong market has plummetted, slicing its 1978 appreciation to 22,5 percent.

More modest but solid performances were turned in by the Australian and Canadian markets. Both are well off their best levels, but despite their ties with the United States dollar, the Toronto and Sydney exchanges indices put on a net 20 percent.

By comparison, the German market has fared indifferently, registering an improvement of only 10 percent on the Frankfurt index despite the flight out of dollars. In dollar terms, however, the international investor would have been nearly 30 percent better off.

Switzerland has had a gloomy 12 months. The main Zurich index is six percent down, despite a recent rally and 13 percent off its peak. But the Swiss franc's strength has offset this with its 30 percent climb againt the dollar.

The two biggest stockmarkets, New York and London, have coincidentally ended up roughly where they started the year.

In New York, the great spring revival of 1978 took the Dow Jones industrial average up by 22 percent to its summer heights before investment confidence collapsed under the dollar's fall and then a rush upwards in interest rates as the administration attempted to curb money supply and inflation.

London's summer surge, largely on Wall Street's coat tails, lifted the Financial Times 30-share index to a record and 15 percent above its new year starting point. But the prospects of a grim winter of industrial discontent over the government's pay limit and a quick rise in interest rates — to keep sterling's attractiveness vis-a-vis dollar investments — chilled investment confidence.

Looking ahead to 1979, the London branch of the Bank of America International, which manages hundreds of millions of dollars for international clients, expects the currency markets once again to be a dominant factor on the world's major stock exchanges.

But this time it will be looking for a gradual stabilisation of exchange rates — once the "emotional panic" started by the oil price increases subsides.

The Bank of America is looking for a gradual appreciation of the dollar — of up to 15 percent against the strong trio of the Deutschemark, Swiss franc and yen — which will lift its satellite currencies such as the Canadian dollar, Australian dollar and South African rand.

It believes the great diversification out of the dollar has run its course, and that the R6 000 million spent by the central banks of America, Germany and Japan on supporting the dollar since November 1 will be followed by a lot more (there is still R20 000 million in the kitty).

At the same time as the dollar recovers and steadies, the Bank of America says, the creation of a bigger "Deutschemark bloc", through the European monetary system, will stabilise the other currencies after a modest realignment in parities of three to five percent by the weaker ones.

In the meantime, American interest rates are not expected to come down until the administration's anti-inflation campaign starts to bite. The Bank of America reckons prime lending rates in the US will go to 12,5 percent (from 11,5 percent) before the deflationary impact of monetary policies reduces demand for money.

This is predicted for around July next year.

Like the US, Britain faces an election — not later than October. With its money supply under control and a tough line being taken on inflation, the London Stock Market is expected to be buoyant up to the election — especially as British interest rates ease in sympathy with those of the United States.

But the bank feels the Government's inflation battle may only be won at the cost of a damaging period of industrial disputes within the public sector — which ranges from the power generating industry to coal mining and transport, all of which could bring the economy to a standstill.

In France, one of the major factors will be French membership of the European Monetary System — largely through President Giscard d'Estaing's political vision rather than economic considerations. Artifically low interest rates, which have helped French share prices, are likely to rise, and after this year's dramatic climb the Paris index could be in for a set-back.

Germany is also seeing the first signs of higher interest rates as economic growth picks up.

Japan's investment climate is expected to change, but more slowly. The 13-month bull market is overdue for a correction.

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for the same period it would appear that substantial gains in labour productivity must have been achieved.

Germany top SA supplier in first half of 1978

Rbm 29/11/78

74

Financial Reporter

WEST GERMANY sold more goods to South Africa — R610-million — in the first half of 1978 than any other country. Next on the list came the United Kingdom with exports of R526-million, and then the United States with R473-million.

Germany was the leading exporter to South Africa in 1974, but was supplanted by the UK in 1975 and by the US in 1976 and 1977.

Britain, however, remains South Africa's best customer.

In the first half of 1978, South Africa's main export markets were Britain, the US, Germany and Japan.

Dr R D Rauschenbach, president of the South African-German Chamber of Trade and Industry, told the annual meeting in Johannesburg yesterday that Germany bought imports from South Africa of R335-million for January to June this year —a rise of 46% over the same period in 1977.

He said the value of direct German investment in South Africa was expected to grow by about 6% this year to R332-million.

Dr Rauschenbach said: "We all know that socio-economic changes are necessary in this country, and we also know that the pursuit of our normal employment practices is still being hindered in certain ways by exising legislation.

"The content of codes, such as the EEC, one holds no threat to us.

"This was further borne out by an inquiry, done by the chamber early this year, into the employment practices and remuneration levels of 33 major German firms employing over 22 000 people."

But Dr Rauschenbach said the form of such codes of conduct was not so acceptable.

"While we fully realise that in our times firms simply have to adhere to certain generally and universally accepted employment practice standards — wherever they operate and always, of course, within the framework of existing law — we fail to understand why there should be separate and specific codes for certain countries.

"We cannot see that our obligations and responsibilities as employers should differ from country to country — as codes of conduct aimed solely at South Africa in our opinion clearly imply."

8.4 Examination of the annual data for output per worker turns up a somewhat unusual pattern - though perhaps with some similarity to the case of copper mining. There was a somewhat erratic pattern of change to 1958 and then in 1959 output per worker-year went from 169 metric tons to 307 metric tons. This was a year of very low employment but the productivity gain was not all lost and a new level of labour productivity - between 250 and 300 metric tons per employee per year - was established at this stage and not later abandoned or advanced beyond.

BUSINESS

74

R540m SA trade with African states?

30/11/78

PARIS — Trade with black Africa is increasing by leaps and bounds despite Pretoria's repression of black liberation movements and its apartheid policy, according to the liberal evening newspaper, Le Monde.

The newspaper said the total volume of trade this year between South Africa and black Africa would reach a record figure of R540 million.

"Most often this trade is kept secret to avoid embarrassing members of the organisation of African Unity, who pretend to boycott Pretoria," it added.

It said that "bad administration and poor transport routes are strengthening South Africa's economic grip on the region and only South Africans seem capable of supplying vital fertiliser to some nations."

It said South Africa's trade with black Africa extended as far north as the Republic of the Cape Verde Islands, "a poverty-stricken state which gets 20 per cent of its foreign exchange by leasing landing and fuelling rights to South African Airways."

Le Monde added that "even The Seychelle Islands and Mauritius live off the manna from South African tourists. While Madagascar has cut itself off from South Africa, Mauritius on the other hand has strengthened its commercial ties with Pretoria despite internal opposition."

Malawi's imports from South Africa have risen from three per cent of its total imports in 1964 to 35 per cent in 1977. — DDC.

SA trade with Africa set for record

RDM 2/12/78

74

Pretoria Bureau

SOUTH AFRICA is pushing its export trade with the rest of Africa hard, and this year's trade income should exceed last year's record of R519 800 000, according to Government sources in Pretoria.

The figures indicate that in spite of the hostile attitude of most African countries to South Africa, this country continues to make substantial eceonomic headway in its trade dealings with them.

Figures for the past two years show the steady rise in exports. In 1976 the value of exports to Africa totalled R454-million; in 1977 they were R519 800 000 and in the first 10 months of this year R451 500 000.

Imports from African countries in 1976 amounted to R305 500 000; in 1977 R287 500 000; and until October this year R208 300 000.

The growing importance of African trade can be measured by the fact that last year Africa was South Africa's fourth best export client behind the United Kingdom — R1 329-million — the United States — R791-million — and West Germany —R529-million.

The chief executive of the S A Foreign Trade Association, Mr W B Holtes, said that in the past few years great progress had been made in penetrating the limited African market.

Most big South African groups were involved in expanding exports to other areas on the continent.

South Africa, in fact, was the No 1 supplier in the Southern Africa area, and a major supplier in many other parts of Africa.

The slowly emerging light industries imported much of their raw materials from this country. Other South African exports included primary food products and processed foods — R85-million last year — machinery and spare parts — R100 million last year — and chemicals.

However, the only sector really thriving in most African countries was the mining industry, and South African exporters had a big share in supplying machinery and equipment.

ıre very largely concerned with wages and working
in most instances but not in all.

t employing, let us say, 100 African workers, if
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no simple mechanism to break the impasse.
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s been elected, to their employer and to
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or any other matter affecting their interests".

Evidently the legislature envisaged the liaison committee as a consultative body while the works committee was to enjoy negotiating rights limited to in-plant bargaining and thus falling short of collective bargaining as it is generally understood. The chairman of the works committee was to be the intermediary between the workers' elected representatives and the employer.

While the period of office of a liaison committee was not limited by statute, that of a works committee was limited to "not more than two years".

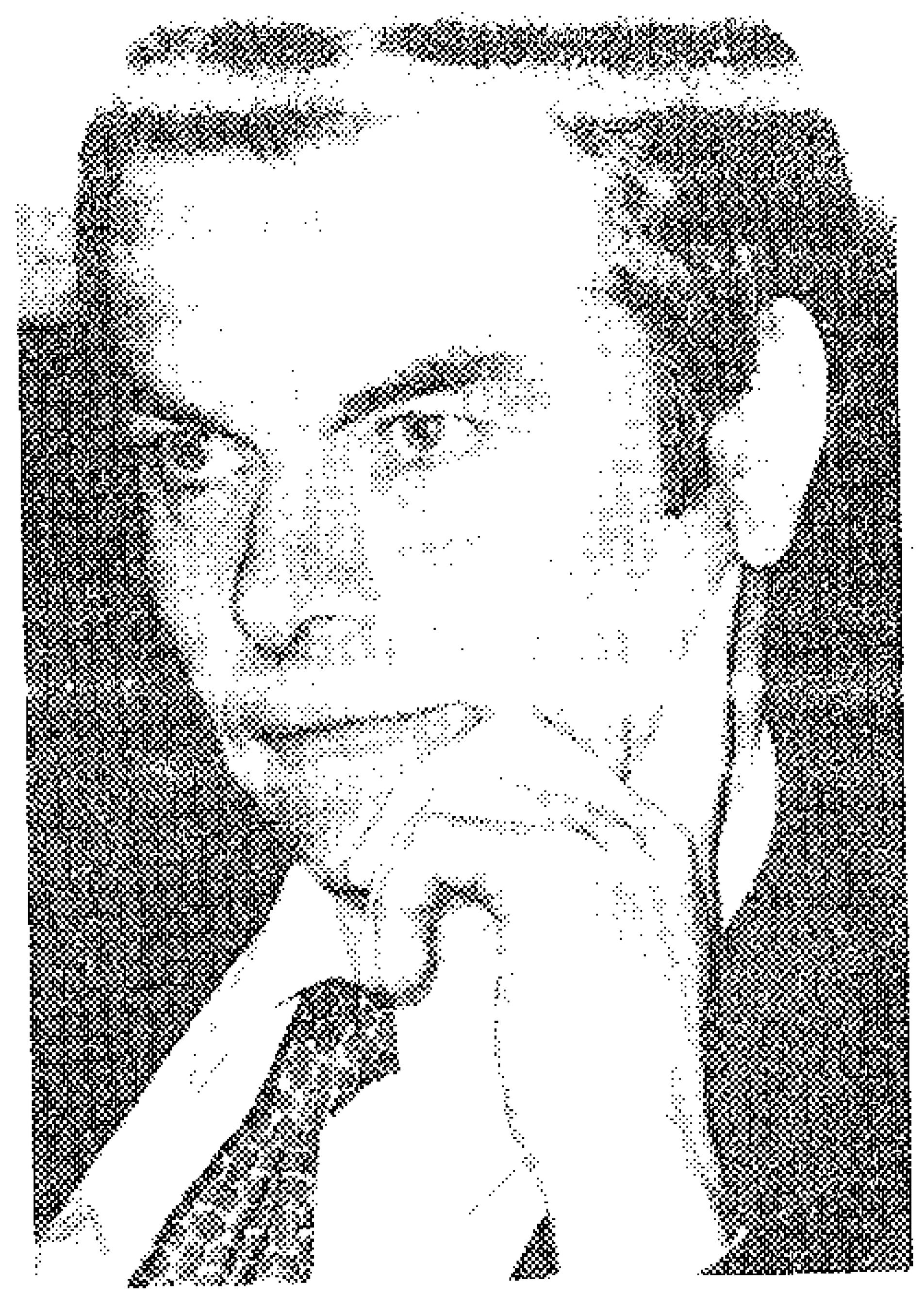
Co-ordinating Committees

As the new system permitted the election of more than one works committee in an establishment, provision was made for a co-ordinating works committee consisting of the chairmen and secretaries of each works committee where two or more such committees had been elected. The appointment of a co-ordinating committee was to be made after consultation with the employer concerned, and its duties were roughly the same as those of a single works committee.

BRITAIN'S TRADE WITH S A

South Africa's Foreign Minister Pik Botha

ADAM RAPHAEL predicts in this article from London that even if this week's summit meeting breaks down, negotiations will continue. He writes: "Foreign ministers of the five Western members of the United Nations Security Council — United States, Britain, France, Germany and Canada — are working to head off African demands for immediate sanctions which would chiefly affect Britain . . ."



Britain's Foreign Secretary David Owen

NM 16/10/78

74

BRITAIN'S DILEMMA

BRITAIN is facing a series of difficult choices in its policies towards southern Africa. Renewed international pressure for action against Pretoria if it rejects the UN proposals for the independence of South West Africa has highlighted Britain's dangerously exposed position.

Foreign ministers of the five Western members of the United Nations Security Council — Britain, United States, France, Germany, Canada — are working to head off African demands for immediate sanctions, which would chiefly affect Britain.

Though the United Kingdom's economic links with South Africa are slowly eroding. Britain is still by far the largest foreign investor, with a stake of more than £5 000 million (R9 500 million), half of all foreign investment in the Republic. In addition, Britain is South Africa's largest export market and is its third-biggest supplier of imports after West Germany and the United States.

The British Foreign Secretary, Dr. David Owen, who has been pressing his Cabinet colleagues about these close links with South Africa, has moved cautiously because of the resistance from the ministers whose departments would be affected by trade restriction measures.

The Government's dilemma about its South African policy will have to be resolved quickly because of pressures from the Carter Administration, and boycott threats by Black African countries — particularly Nigeria.

The Foreign Office view appears to be that Britain can be expected to take action only in concert with other European countries, yet in some respects Britain has already fallen behind. West Germany requires companies applying for export guarantees to agree formally to observe the EEC code of conduct on the treatment of African labour.

Anomaly

This and other measures such as the restriction of export credit guarantees, the sending of trade missions and the tightening of exchange control regulations, are still under consideration in Whitehall. But early action is unlikely.

One obvious anomaly is that the Government is spending £75 000 (R143 000) in sponsoring 200 businessmen in 14 trade missions to South Africa this year in spite of a Cabinet decision that Britain should seek to reduce its economic links with the Republic.

The sensitivity of the sanctions issue for Britain is closely related to the position South Africa plays as a supplier of essential metals. Considerable efforts have been made to find alternative suppliers, but for the most part with little success.

In the case of chrome, South Africa still supplies 75 percent of the UK market; of vanadium 52 percent; of vermiculite 99 percent; and of kyanite and sillimanite 87 percent.

> **"DR OWEN has moved cautiously because of the resistance from the ministers whose departments would be affected by trade restriction measures . . ."**

A sudden interruption in supplies of these materials would, as the Department of Trade and Industry says in a briefing paper, "produce severe disruptions in the steel, petroleum and chemical industries."

Various estimates have been made of the impact of general sanctions on both the British and South African economies. Professor Arnt Spandau of the Business Economics Department at Witwatersrand University predicted earlier this year that a trade boycott by Britain of the Republic would increase British unemployment by 70 000 and reduce British exports by £600 million (R1 100 million).

Such figures make it clear that a total British trade embargo against South Africa is, at present, not feasible. But South African officials do not rule out the possibility that circumstances could change.

One said recently: "The British economy is looking stronger. It needs only to grow about 2 percent per year to absorb the impact of sanctions. If sanctions are introduced in a planned way over seven to 10 years, it is not going to be a tremendous sacrifice for Britain — the man in the street will not really feel it."

Sun. Trib, Finance 15/10/78

Safto forecasts R200m payments deficit in 1979

(74)

By TONY HUDSON

THE South African Foreign Trade Organisation (Safto) has predicted that this year's surplus on the current account of the balance of payments will turn into a R200 million deficit in 1979.

In its mid-year trade performance forecast, Safto said the prediction was based on:

- A reduction in export growth in the second half of 1978 and in 1979;
- An expected increase in gold earnings in 1978 levelling off in 1979;
- A forecast import growth of 10,5 percent in 1978 jumping to 19 percent in 1979 and
- An expected trade surplus for 1978 of R2 470 million declining to R1 540 million in 1979.

Safto reported that sustained export growth and the increase in gold earnings in the first half of this year have resulted in a current account surplus already greater than that for the whole of 1977.

This should reach R900 million by the end of 1978 but, for the reasons mentioned above, should turn into a deficit of R200 million by the end of 1979.

The report states that merchandise exports increased to R3 410 million in the first six months of the year with top performers being maize, Krugerrands, minerals and metals.

Safto says the merchandise exports are being influenced by the effective devaluation of the rand through the continually weakening dollar.

The organisation forecasts that the value of exports from this sector will drop in the second half of the year to about R3 240 million, with some increase in 1979.

Safto predicts the export prospects are good for maize, coal, uranium, diamonds and platinum. It says wool should remain steady and some improvement could come from manganese, asbestos, antimony, fertilisers, steel and foundary products and metals such as nickel, copper and ferro alloys.

However, it expects adverse foreign market conditions to slash sugar exports and hamper exports of machinery and canned fruit. Exports of fish and fish meal will be severely limited by product shortages.

Safto expects gold's 1979's earnings to increase slightly from R3 430 million in 1978 to R3 570 million because of the current high price. It also expects a slight increase in gold production and says the prospects for Krugerrands are favourable.

The report says uncertainty about financial and political aspects remained a feature on foreign exchange markets throughout the first half of the year. It also said growth rates in other countries had slackened and did not expect the situation to change.

Safto feels that new stimulatory measures introduced in West Germany give grounds for optimism, but economic growth in other countries is faltering and no improvement is expected before mid 1979.

However, South African goods are becoming more price-competitive on many markets because of the effective rand devaluation, through the dollar link.

SOUTHERN AFRICA LABOUR AND DEVELOPMENT RESEARCH UNIT

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RONDEBOSCH.
7700.

SA-US TRADE (74) FM 25/8/78

What's happening

Last week's brouhaha over the parlous state of SA's trade with the US needs to be put in perspective.

True, imports from America have fallen sharply this year, while purchases from our other major trading partners — Britain, Germany, France and Japan — zoomed up. According to Washington's figures, US exports to SA were 12% lower in the first half of 1978 than in January-June last year, having dropped from $568,7m to $499,7m.

It is wrong, however, to assume that the drop was entirely — or even largely — due to SA buyers switching orders for political reasons from American to other suppliers.

Some switching has taken place, especially in the computer field (*FM* last week). But with US computer companies in SA claiming rising sales and heavier stockpiling, it seems unlikely that the switch to other suppliers would have made much difference to the trade figures.

More likely is that many local companies have delayed shipments from the US until some of the fog surrounding President Carter's commercial policies on SA clears. For instance, it is believed that imports of trucks fell sharply in the first half of the year, but that they are now picking up.

SA figures for the first four months of this year (latest available) show that the fall in imports was concentrated in two sectors — machinery and electrical equipment (down from R135,5m to R119,7m) and transport equipment, including aircraft (from R89m to R36m).

Shipping lines plying the SA-US route say that cargoes of several large items have held up well. Mining and earthmoving equipment, tractors, cranes and chemicals, for instance. Shipments of consumer goods are down. One product mentioned is air-conditioners, classified as electrical machinery.

The lines also report that recent bookings for southbound vessels have picked up appreciably, so there's hope that imports from the US will soon start rising again.

With all the fuss about imports, few have noticed the astonishing surge in SA's exports to the US. In January-June sales totalled $9 44,7m, no less than 70% up on the $553,9m recorded in the first six months of 1977.

The biggest jumps were in Kruger-

The Secretary,

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Yours since

DELIA HENI ... OOY

CAPE TIMES 25/8/78

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SA sugar lobbyists admit cover-up

WASHINGTON. — Lobbyists for South African sugar growers have acknowledged that they tried to conceal efforts to influence US congressmen, it was disclosed yesterday.

The admission came in a statement the lobbyists signed before Mr Justice Aubrey Robinson here.

Justice Department officials, who have seen the document, said it showed the lobbyists gave representative Mr W R Poage, of Texas, airline tickets valued at $1 800 dollars (R1 300), provided expense-free trips to South Africa for representatives, Mr William Wampler, of Virginia and Mr David Bowen, of Mississippi, and paid $3 100 dollars (R2 700) in travel expenses for the wife of representative, Mr John Flynt, of Georgia.

Mr Flynt has said he repaid the South Africans for the expenses incurred during a visit there in 1972, but the lobbyists's documents claimed they were not repaid, according to a Justice Department official, who asked not to be named.

Neither Mr Flynt nor any official spokesman was available for further comment.

An aide to Mr Bowen, who asked not to be identified, described the disclosures as "an old story".

The admissions came in an agreement entered into on Monday to settle a civil suit filed by the Justice Department in July 1977 in which it accused the South Africa Foundation of having concealed its attempts to influence congressmen on behalf of the South African Sugar Association. — Sapa

(55)

Sunday EXPRESS Business

EDITED BY PENELOPE GRACIE

SA-Taiwan trade has really taken off

74

By PENELOPE GRACIE

TWO-way trade between Taiwan and South Africa has exploded in the past eight years and the Minister for Economic Affairs, Chris Heunis, believes that there is still "much scope for this trade to expand."

In 1970 the joint trade between the two countries amounted to R4-m. Last year it topped the R80-m mark.

Recognising the importance of trade between the two nations, a nine-man senior trade delegation from Taiwan visited South Africa this week and met with Minister Heunis to discuss mutual problems.

Both countries are anxious to expand trade, which has blossomed since the countries signed an economic co-operation agreement in 1975.

But because Taiwan, like South Africa, is battling to establish its industries, conflicts must inevitably arise. According to Minister Heunis the annual discussions are very profitable.

South Africa and Taiwan are similar countries in economic terms. Last year Taiwan's total exports amounted to R8 300-m while South African exports, excluding gold, reached R6 300-m — gold pushed the figure to R9 100-m.

Taiwan's export strength is shown by the fact that although it only has 16-million people, its exports are 47% of its gross domestic product. South Africa, with its 25-m population exports the equivalent of 24% of its GDP.

Safto's chief executive Wim Holtes is greatly encouraged by the growth in the two-way trade between the two countries. He said: "I expect our trade with the Republic of China to grow as it did with Israel.

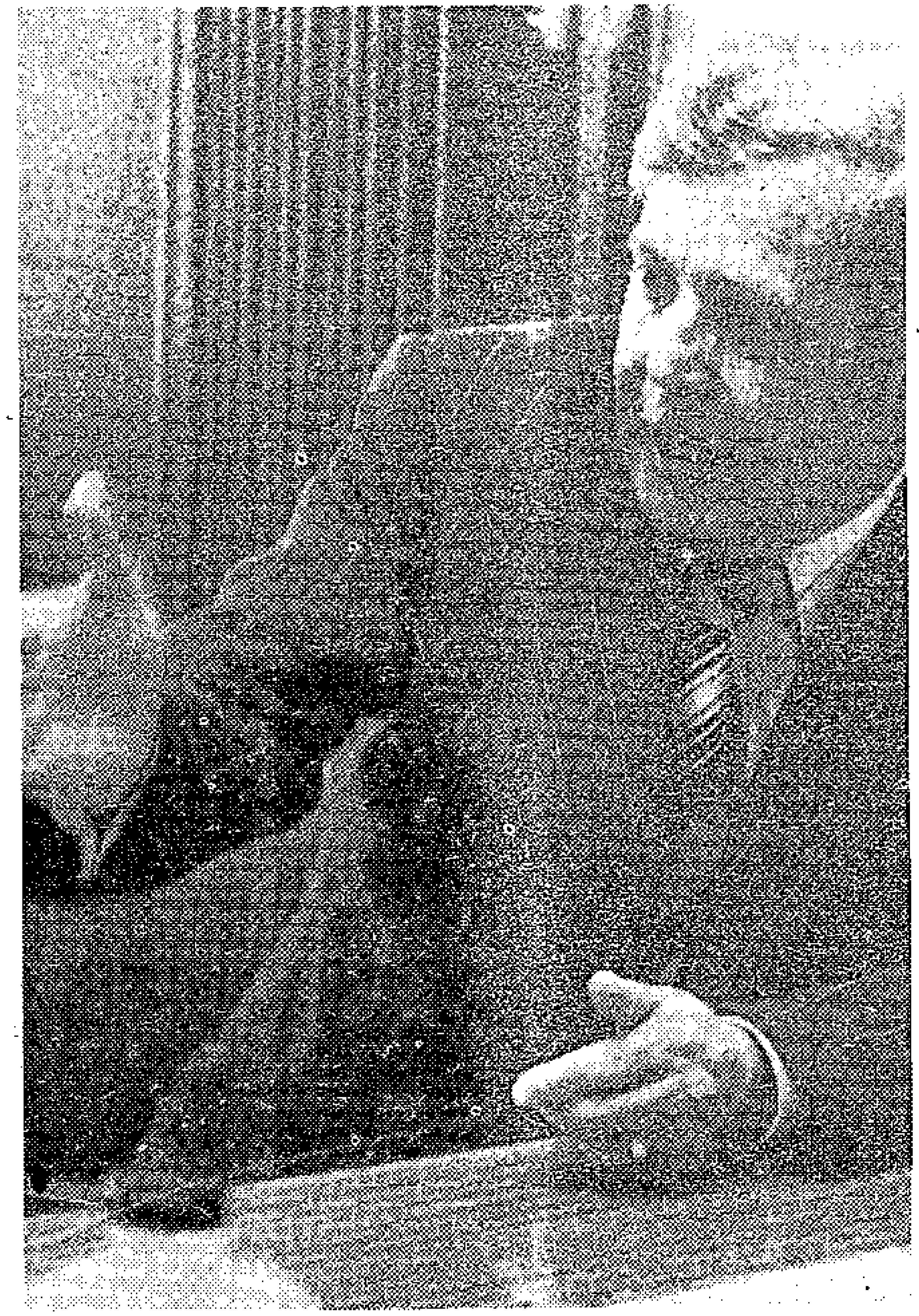
"It started off quietly but has moved to a broader base and as with Israel we now have scientific and economic co-operation agreements with Taiwan."

One of the visiting Taiwanese delegation is a scientist who has been engaged in an exchange of technical knowledge with Sasol.

Holtes pointed out that in 1970, South Africa exported goods worth R1,4-m to Taiwan. Last year this rose to R58-m while imports from Taiwan amounted to R25-m. Back in 1970, South Africa imported only R2,6-m from Taiwan, mostly in the form of textiles.

This export figure has increased almost ten times and the range of products widened. But textiles still form a large part of Taiwanese exports to South Africa. This is something South Africa, with its own infant industries like textiles to protect, would prefer to see decline. But exports of manufactured machinery and electronics are now also important.

South Africa's chief export to Taiwan remains foodstuffs. Maize accounted for R32-m in 1977, but the export of base metals and minerals has become important.



● Minister Heunis . . . room for improvement.

black leader most favoured by US policy makers, and the tour was apparently planned as a means of projecting Buthelezi in the US public mind as the kind of man who could take over SA and rule it wisely without tampering with its industrial infrastructure.

They obviously favour Buthelezi's pro-Western stance and hoped that his trip would place him in centre stage as a charismatic representative of SA Africans. His tour has, however, been a disappointment, most sources reckon. Those he did not bore, they say, he

Buthelezi . . . it's tough going over there

offended.

Carter administration officials refuse to take any responsibility for this disappointment. But there's no doubt that they would have liked events to turn out otherwise.

Buthelezi's rambling speech before the National Press Club was finally cut off the air by the broadcasting crews covering it live, and subsequent reports of it on later broadcasts were cancelled. The same thing had happened to Buthelezi's address to the Urban League where black leaders such as Julian Bond, Andrew Young and V

trip, put about by Jason Ngobane, Buthelezi's representative in the US, was that the chief was also going to have "top level" talks with leading New York bankers. Nothing much came out of that.

SA-US TRADE 74

FM 25/8/78

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The biggest jumps were in Kruger-

TRADE

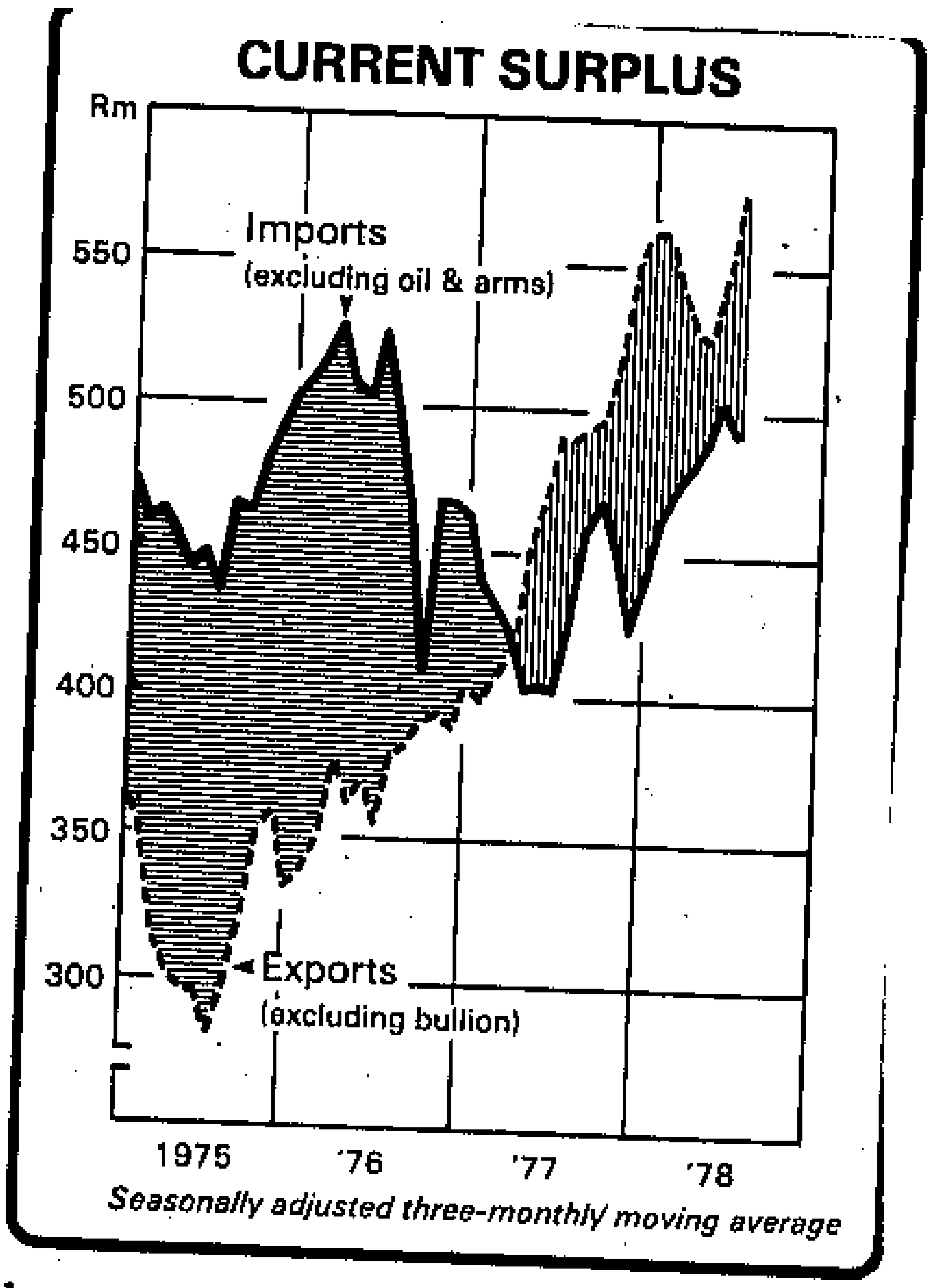
Peaking

(74) FM 1st Sept 1978.

SA's trade surplus shot up in July. Crude Customs and Excise figures show a surplus of R129m. It's the biggest this year. But it's not likely to last.

The July surplus was well above June's R55m and the monthly average for the first six months of the year of R49m. Even after adjustments for seasonal factors July still comes out tops (trade figures exclude bullion sales and oil and arms imports).

The improvement over June was due to a fall in imports. Many buying plans were brought forward to beat gst, so June imports (R588m) surged. July's imports (R494m) were 11,5% down on June's. Notable falls were recorded in imports of



Seasonally adjusted three-monthly moving average

base metals and machinery.

But there was as well a slight improvement in exports, to R623m from R613m, in June, thanks to Krugerrand sales. Exports of these shot up from 222 000 coins in June to 380 000 in July, increasing receipts from R42m in June to R74m.

Some of the increase earned by KR's was offset by falls in exports of processed foods, beverages, tobacco, minerals and vegetable products. How does the future look? Not so good, says SA Foreign Trade Organisation chief executive Wim Holtes. He foresees a fall-off in trade surpluses in the second half of this year — mainly due to higher imports. Despite the decline, Holtes expects a current account surplus of R900m this year from a trade surplus of R2 500m and a service (freight insurance, etc) deficit of R1 600m.

Things will get even worse in 1979, says Holtes. He expects imports to go up by 20% and exports only by 5%. "We fear a slide in the whole thing," he says, with the services deficit increasing and the trade surplus falling.

Weak export sectors are likely to be vegetable products (eg maize, deciduous fruit), processed food (canned fruit, fish, etc), paper products, wood chips, machinery and electrical machinery and, perhaps, diamonds and precious metals.

But exports of minerals (eg iron ore, coal, manganese), chemicals, wool and base metals (pig iron, copper ferroalloys) will be firm.

CAR EXPORTS

BMW revs up

FM 8/9/78 74

Word that SA's only exporter of passenger cars, BMW, has all but doubled its former export rate to 250 cars a month poses at least two questions. Firstly, if BMW can do it, why can't others? (Perhaps the answer lies in the less than attractive export incentives offered to the industry.) And, secondly, the pressure must be on the company to acquire additional manufacturing capacity — but how?

On the first point, the time cannot be far off when government should take a long hard look at export incentives for those sectors which, unlike coal for instance, are beneficiated and where realistic incentives might bring increased employment of labour.

On the second point, BMW is known to be working to its absolute production ceiling, of 60 units a day, at its Rosslyn plant. Conclusion is that the company must be looking to taking spare capacity at one of the other manufacturing plants.

BMW MD Eberhard von Koerber confirms that he is talking to "several other manufacturers" but stresses there's no suggestion of a merger. He is, he tells the *FM*, only thinking in terms of co-production and not even a form of contractual assembly. Pressed, he explains that means sending a full production team to another plant whereby that team will be totally responsible for production, quality control and so on.

Von Koerber maintains that exports of 50% of his (then) level of production are totally realistic within five years. Countries known to be taking an active interest in SA-sourced cars include Iran, Israel, Turkey and Hong Kong. There are others, too.

Export ports

This implies, and Von Koerber agrees, that he can only be talking to manufacturers with plants at the coast and, therefore, with easy access to export ports.

Further, Von Koerber tells the *FM*, his company is keen to expand its existing 100-strong dealer network. Could it be that the prime candidate for co-production is also the one with a strong dealer network? Not necessarily, says Von Koerber, but it's a fair bet that BMW could be tempted by a suitable twin package.

Either way the conclusion is that the company is looking to increase its R50m financial committment in this country of which R20m is in fixed assets. Right now, BMW employs total labour force of 1 350 (950 blacks) which has grown from the 950 workforce of 12 months ago.

In the case of those cars sold on the local market BMW's local content is right on the required minimum of 66% by weight. Those for export are on a 50% local content. There's no immediate plan to increase that make-up nor, in the absence of realistic export incentives, is there likely to be either. And, adds Von Koerber, "without such incentives, the rest of the motor industry is almost certainly not going to have such a plan either."

Von Koerber also dismisses suggestions that the German principal is selling CKD or SKD packs to SA on the cheap and going for volume, rather than profit, in Munich. The SA plant is the only one outside Germany and, he insists, each pack makes a profit ex-Munich. Not only that but because SA net retail car prices are well below the rest of the world, BMW SA finds it more profitable to export rather than to sell on the local market.

Lastly, BMW's engines are currently imported complete from Germany. Whether, in the light of Phase Five of the local content programme, that will continue to be the case is another matter. BMW's decision on how best to boost production to 80-100 units a day is expected "in a matter of weeks."

SA/FRANCE TRADE FM 8/9/78

Up, up, up (74)

French companies, backed by their government's trade promotion service, are launching a major attack on the SA market.

The campaign reaches it first climax (there are bound to be more) at the Electra and Mining Exhibition at Milner Park next week. France will be represented by no fewer than 27 exhibitors displaying the wares of 60 manufacturers of electrical, mechanical and mining equipment. As part of the exhibition, the French are also organising a week-long symposium aimed at making SA executives more aware of what French industry has to offer.

Though the French stake in SA is quite small (making up only about 4,5% of total foreign investment), some 35 French firms are currently discussing joint ventures with SA companies such as Premier Metal, General Erection, Allied Electric and Barlows Heavy Engineering. Seven trade missions from France are scheduled to visit SA this year.

So keen are the French to boost their trade with SA that the Johannesburg consulate has hired a public relations company to get the message across. Judging by trade statistics, these moves are already paying off.

According to French figures, exports (including military goods) to SA bounced up from R343m in 1975 to R436m in 1976. That of course was largely thanks to Airbus deliveries. Yet the surge in trade has continued. Last year's sales totalled R452m, while exports in January-June 1978 reached R263m.

Fortunately for SA, the rise in our exports to France has been even more impressive — from R285m in 1976 to R457m last year, thereby putting our trade with France in the black for the first time. Exports in January June this year leapt to R347m, over 75% up on the figure for the same period of 1977. Sharply rising shipments of coal and uranium are the main factors behind the increase, though exports of other minerals, such as chrome and manganese, are also up.

SA products are gaining ground in Australia

74

10/9/78 Sund Exp

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TELEPHONE 6

By MARTIN CREAMER

SOUTH AFRICAN products are becoming more attractive in Australia, where industry is being bogged down by repeated labour strife, Mr Fred Polacsek, chairman of the Motor Industries Manufacturers' Association, said on his return this week from a market-testing visit.

Mr Polacsek, managing director of Hella (SA), which exports about R300 000 worth of headlights to Australia a year, said he expected the trade balance between South Africa and Australia to be tipped in South Africa's favour in a year to 18 months.

Labour problems, he said, had resulted in many Australian entrepreneurs looking for investment opportunities in countries like Singapore and Indonesia rather than expanding in Australia itself.

South Africa at present sells R60-million worth of exports to Australia and buys R90-million worth of imports.

The sale of South African-made motor components to Australia amounts to between R5-million and R6-million a year.

Citrus and fishmeal are still South Africa's main exports to Australia, although MR Polacsek found brisk trade in South African shoes, clothing and garden furniture.

The Secretary,

Dear

Thank you very much for providing us with figures of union membership for our book. We greatly appreciate your help.

Yours sincerely,

DELIA HENDRIE ALIDE KOOY

Research Assistants

RAPPORT 10/9/ 8

Kontrak opgesê, eis teen hom

JAN HAAK 74 IN 'N VLEISHERRIE

Deur THINUS PRINSLOO

MNR. JAN HAAK, gewese minister van ekonmiese sake, sit in die middel van 'n vleisherrie nadat sy kontrak om binne ses maande 60 000 beeste uit Suidwes na die buiteland uit te voer, in duie gestort het.

Toe mnr. Haak die reuse-uitvoerkontrak vanjaar in Junie met die Vleisbeheerraad van Suidwes sluit, is dit allerweë gesien as sy hertoetrede tot die wêreld van grootgeld.

Die besturende direkteur van 'n vleisuitvoermaatskappy in Johannesburg wat as middelman tussen mnr. Haak en 'n Griekse vleisinvoerder opgetree het, eis nou meer as R11 000 van mnr. Haak om sy koste in verband met die mislukte vleiskontrak te verhaal.

En die duisende surplusbeeste wat boere in Suidwes met die hande in die hare het, word nou in 'n tempo van 2 000 per maand lewend na die Republiek gestuur. Op dié manier word beplan om 'n beesoorskot van tussen 15 000 en 20 000 weg te werk, en die druk op slagplase in Suidwes te verlig.

Die middelman in Johannesburg, mnr. D. S. Panagiotou, beweer dat mnr. Haak se maatskappy aanvanklik aangebied het om beesvleis uit 'n buurland te verskaf en dat „Suid-Afrikaanse dokumente van oorsprong" later vir die vleis gegee sou word.

Op sterkte van die aanbod het mnr. Panagiotou Griekse vleisinvoerders na Suid-Afrika gebring. In Pretoria is besluit om selfs 'n maatskappy te stig om die vleis na Griekeland uit te voer.

Mnr. Haak sou later gesê het daar is 'n „tegniese vertraging van die dokumentasie van die vleis uit die buurland". Hy het daarna glo voorgestel dat die invoerders Suidwes besoek omdat hy dáár vleis kan kry.

Die hele verloop van die onderhandelinge met mnr. Haak word uiteengesit in 'n telegram van vier folio's wat mnr. Panagiotou aan mnr. Haak gestuur het. Daarin vra hy dat mnr. Haak hom R11 560 moet betaal vir die koste wat hy aangegaan het om die Griekse invoerders na Suid-Afrika te bring.

In die telegram word melding gemaak van 'n voorlopige kontrak wat met 'n maatskappy in Griekeland opgestel is om 'n minimum van 600 en 'n maksimum van 2 000 ton beesvleis per maand in Suidwes te koop.

Mnr. A. Manias, direkteur van die maatskappy, was nie gelukkig oor die vinnige oorskakeling van die buurland na Suidwes nie. Ná 'n besoek aan 'n proefplaas en 'n slagplaas was mnr. Manias ook nie tevrede met die gehalte van die karkasse nie.

Hy het twyfel uitgespreek of die slagplaas die groot bestelling vleis sal kan hanteer. Hy het ingestem om eers net 100 ton te koop om te sien of die projek gaan werk.

In 'n telegram sê mnr. Haak op sy beurt mnr. Manias het in gebreke gebly om die 600 ton per maand te koop en die aanbod om 'n proef-besending te koop, is onaanvaarbaar.

Sy telegram lui voorts dat mnr. Manias se betalingsvoorwaardes onaanvaarbaar is en dat dit aansienlike probleme en moontlike skade veroorsaak het.

In 'n amptelike verklaring deur adv. M. D. J. Steenkamp van die kantoor van die Administrateur-generaal, word gesê finaliteit is nou bereik in verband met die bemarking van Suidwes se surplus beeste.

„Die Vleisbeheerraad van Suidwes het die kontrak met Southern Estates (Mnr. Haak is voorsitter en direkteur van die maatskappy) gekanselleer en al die alternatiewe aanbiedinge is ook afgewys."

Ná onderhandelinge met die Vleisraad van die Republiek is ooreengekom om 2 000 lewende beeste per maand na die Republiek uit te voer, pleks van 2 000 karkasse.

Die twee s'
fabrieke in Suidw
meer beeste vir

24

10/9/78 Sund Times

SA eyes turn to Red China

By NIGEL BRUCE

BEARING in mind what governor De Jongh says, (see box), there is, of course, one very large country — although not a major trading partner — the economic growth rate of which is planned to surge ahead in the years to 1985.

That country is the Peoples Republic of China (Red China) and a glance at its import requirements in relation to what South Africa has to offer, suggests that an export initiative in its direction should hold substantial economic advantages for both countries.

Consider the following facts:

1. In March this year China announced its ambitious economic development plan to 1985 which sets annual growth targets of 4 to 5 per cent for agriculture and 10 per cent for industry. State revenue and investment budgeted for capital construction are both planned to equal the total amounts allocated for these purposes over the past 28 years.
2. China's imports have increased from $2 240-million in 1970 to $6 445-million last year and companies involved in trade with China expect import growth this year — at between 20 and 25 per cent — to just about double the growth in exports.
3. A comparison of China's import figures for specific commodities over the period January to March this year with the same period last year identifies the following items as ones most in demand — petroleum (85 per cent increase over that period), textile fabrics (54 per cent), clothing (37 per cent), non-metallic mineral manufactures (33 per cent), meat (20 per cent), live animals (19 per cent) and vegetables and fruit (18 per cent).
4. Over the eight years to 1973, there has been a marked swing in China's trade away from the Soviet bloc to the West.

For instance, the United States has, over that period, become China's third largest trading partner from a negative position, whereas Russia has slipped from third place to eighth. This is evident from figures compiled by the Bank of America NT and SA, Hong Kong.

"THE fact that the economic growth rates of South Africa's major trading partners are expected to flatten out raises the prospect that exports will probably not show such a high rate of increase.

"Active efforts will therefore have to be maintained by the authorities as well as the private sector to promote exports and keep them at the highest possible level." — Reserve Bank governor Dr Bob de Jongh, speaking at last month's meeting of the bank.

Bearing all this in mind, one of the international merchant bank, Hill Samuel's local directors, Tonie Botha, who first mooted the idea of trade with China in public at a Safto conference in Johannesburg two months ago, decided to study the question in more detail.

The following are a few extracts from an internal report prepared by his bank.

● "There is no doubt that in the field of mining (mainly iron ore, coal, tin and oil) foreign technology and know-how is very much needed by China.

● "Between 1972 and 1976 China is estimated to have spent $1,8-billion on foreign chemical plants and equipment, while the amount spent on plant and machinery for iron and steel production is estimated at $635-million.

● "The need for foreign technology goes hand in hand with the need for the machinery and equipment to make it work. (So) China might be in need of mining equipment, mineral and metal exploration and plant machinery processes for the upgrading of raw materials and the manufacture of secondary products, petrochemical as well as fertiliser equipment and processes, as well as for chemicals in general.

● " China imports large quantities of aluminium from the United States and Western Europe due to the low priority placed in the past on re-equiping its own mines and worn out smelters.

● "During 1974 China was said to have imported between 9 and 11 million metric tons of grain."

Trade could be mutually beneficial

Yet another report done from Hong Kong by Hill Samuel and stockbrokers Cazenove suggests that important political developments within China herald an increasing desire for economic progress and, consequently, trade with the West.

"The expulsion of the radical 'Gang of Four' from the Communist Party of China (CPC) and the restoration of the former vice-chairman Teng Hsiao in July 1977, suggested that practical policies would now follow political platitudes, while in the following month the party chairman, Hua Kuo-Fenh, stressed the importance of stability, order and discipline.

"In December, however, the Chinese Defence Minister, Marshall Yeh Chien-Ying, suggested that party members broaden their political horizons and listen to criticism . . . with an open mind. Also in that month, Foreign Trade Minister Li Chiang made a pledge of special support for Hong Kong's economy."

The report points out that apart from several recent examples of China's more favourable disposition towards Hong Kong, it now has investments in the colony to the value of about $2 000-million. These include 13 banks, six large department stores, 70 smaller retail outlets, four insurance companies and oil and petrol storage and distribution facilities.

Stephen Mulholland, currently visiting Hong Kong, reports that China has joined arch-capitalists Jardine, Matheson (which owns Rennies Consolidated Holdings in South Africa) in a massive property deal in the British colony.

According to the Japanese news agency Kydod, this is a clear sign that the Chinese want Hong Kong, a small but vigorous monument to capitalist free enterprise, to continue as it is under British rule after the lease — which China doesn't recognise — expires in 1977.

The key question so far as South Africa is concerned, however, is not whether China is prepared to trade with the West. There is already abundant evidence of that.

It is whether a communist and proletarian nation whose fellow-countrymen have and are being discriminated against here will be prepared to trade with us. Disenchantment with Russian communism does not necessarily imply tolerance of apartheid.

Because of the very nature of their business, merchant bankers have to be optimists and Tonie Botha is no exception. He believes that China would be prepared to trade with us as in the East politics and trade are not necessarily juxtaposed.

"In my view, if trade is kept in an Eastern context, differing political outlooks will not be important. In the East profitability is weighed up in Chinese terms — and it does not matter whether they are trading with the United States or Soviet Russia" he reasons.

As the Chinese are traditionally covert in business matters, he sees no reasons why they would not be prepared to use Hong Kong as a clearing house rather than trade directly with South Africa.

But he believes there are two requisites. Firstly that the South African Government makes no overt moves towards China. Secondly that, as our volumes are relatively small, South African companies be prepared to sell rather than wait for the Chinese to buy and to make firm business proposals.

For South Africa to trade with ostensibly hostile countries is nothing new. But Red China is no ordinary prospect. It is no impoverished erstwhile colonial dependancy with only a veneer of civilisation.

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China boosts foreign trade

74

TOYO. — The Japan External Trade Organisation (Jetro) says China's foreign trade in the first haf of 1978 reached an estimated $9 160-million, exports and imports combined, which was an increase of 44% over the same period of 1977.

China's exports rose 25,7% to $4 650-million, and its imports increased 69,4% to $4 510-million, leaving a trade surplus of $142-million.

The rate of increase in China's imports exceeded that of its exports because China, under Chairman Hua Kuo-Feng, expanded economic exchanges with other countries to attain its modernisation goal.

Japan continued to be the largest supplier of goods to China in the six months with $1 300-million, followed by West Germany with $549-million, the United States and Australia with $231-million each, and Canada with $223-million.

The rate of increase in exports to China over the same period of last year was largest with the US with 239%, followed by Australia with 191%, West Germany with 126% and Japan with 56%.

Hong Kong continued to be the largest importer of Chinese goods, followed by Japan, the US, West Germany and Singapore.

Jetro says China increased imports of ships, steel, chemical fertilisers, plastics, man-made textiles and grain, as well as machinery and plants whose imports had been deliberately held down previously.

China's expots of crude oil and oil products and textiles made large increases, followed by agricultural products and foods.

China has been promoting its imports of producer goods and grain from advanced Western countries, using an estimated $2 600-million of trade surpluses accumulated during 1976-77. — Reuter.

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Cape Tow ... Twenty years have
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Two hundr ... during the period from
November ... picions that could
have aris ... imposed by interviewing
workers at ... eye, two African men
were employed to conduct the interviews in the townships of Langa and Guguletu as well as in the squatter settlements of Crossroads and KTC ("Dutch Location").

An interview schedule, based on a pilot survey completed a few months earlier, was prepared and a stratified sample chosen. The stratification was based on each type of living quarters;[2] and within each type a certain number of houses, rooms or beds, whichever applicable, was systematically selected.[3] Most interviews were conducted in Xhosa and lasted about two hours. There were few refusals and a wide variety of reasons was given for refusing. A systematic method of replacing refusals was also

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1. Sheila T. Van der Horst (1964); the field work was carried out over the years 1955 to 1957.
2. The living quarters were divided into the following types:
   Guguletu : Residential area (permanent residents only); Barracks (BAD); Employers' Barracks; Section 3 near Klipfontein Road (residential area for migrant labourers only); KTC ("Dutch Location", squatters).
   Langa : Residential area (permanent residents only); Old Flats; New Flats; Main Barracks; North Barracks; Zones; Special Bachelor Quarters.
3. Even though systematic sampling was employed this did not introduce a bias into the sampling because the population was not systematically distributed. See C.A. Moser and G. Kalton, Survey Methods in Social Investigation (Heinemann, 1971), p.83.

Sun. Times Bus.

French seek South African exporters for trade fairs

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By TONY KOENDERMAN

FRENCH industry, having initiated a major push into South African import markets, is now out to woo local exporters to participate in French trade shows.

Mr Marc Boissinot, director-general of the French-based trade fair promotors, SDSA (Societe Diffusion Sciences et Arts), says South African expertise at short production runs opens up export opportunities for this country in Europe.

"Your local manufacturers hold a near-unique export advantage which should be exploited," says Mr Boissinot.

"European factories are reluctant to tool up for the kind of runs you're used to. This means that any European short-run order should be attractive, provided it is an extension of production for the local market."

Mr Boissinot visited Johannesburg to attend the recent Electra and Mining Exhibition, and to make contact with local exhibition organisers.

The specialised exhibition is emerging as the low-key answer to the promotion of South African trade with Europe without running foul of political action groups.

French exhibitions are promoted in South Africa by a local branch of Promosalons.

Promosalons representative, Mr Patrick Ponroy, says that there are considerable advantages to exporters in using exhibitions as a springboard into the marketplace.

EXPORT PROJECT (74)

The Guatemalan link

FM 29/9/78

The largest ever contract awarded to a South African company for an international turnkey project covering a process industry was put in the hands of Trade & Project Management Services, of Johannesburg earlier this month. The contract price is R51m, for 1 500t-a-day cement plant in Guatemala.

What slice of the contract price will actually come SA's way? TPMS MD Rex Carlisle tells the *FM* that it all hinges on the extent to which our own Credit Guarantee Insurance Corporation is prepared to get involved. Carlisle is clearly hoping for a minimum 50% participation from the CGIC but explains that the balance will, in any event, come from Belgian and Spanish sources.

The extent of the CGIC's involvement is of significance because, in general terms, the amount of hardware (steel, fabrication and so on) supplied by any one country is in direct proportion to its financial involvement. Thus, taking the worst possible example of zero contribution by the CGIC, only the management fee would come SA's way.

Carlisle, who has been a senior legal adviser to the IDC and a project adviser on export finance with UAL, explains that his company acts either for the supplier or for the buyer when it comes to providing the finance or managing a contract, depending on circumstance. The only thing it stops short of is "actually digging holes or erecting plant." It was registered in September last year and has Goldfields (through its industrial subsidiary, A Chalmers) and Santam Bank as equal 30% shareholders. Minorities hold the balance.

TPMS' philosophy is not to sit back and respond to international tenders but rather to get out into the international market place and "act as a catalyst." In this particular case the company played a key part in initiating the contract, acted for the Guatemalans in obtaining a Eurodollar loan and is in the process of wrapping up the prospective package of export credits. It will also act as the main contractor.

Nominated contractors already include Enterprises Baron Leveque of Belgium and the Fuller company of the US which trades in SA as GATX-Fuller. TPMS will buy the required goods and services wherever possible, hopes to have everything tied up by late December ready for the first brick to be laid in January.

Carlisle sees his particular role as being as well informed of prospective projects as possible. This means, he says, "getting into an aeroplane" and learning of contracts before they ever get to the stage of an international tender.

One might aks if we can do it in Guatemala, what are the chances of managing, say, another Sasol 2? That, says Carlisle, is just a shade too big.

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There are five Technical Colleges (Athlone in Durban, Highveld in Johannesburg, R.C. Elliot in Port Elizabeth) and the Peninsula College cation in Bellville South.

n in elsdorp Edu-

Enrolment at the Peninsula College, which will the National Diploma for Technicians for the f shown in the following table.

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Table 7. Enrolment of full - and part-time st College for 1969-1972.

Year	Total enrolment	Enrolment ex apprentices
1969	400	138
1970	461	159
1971	560	177
1972	1 014	483

Source: Administration of Coloured Affa

Note: The explanation for the jump in large enrolment for a newly-int Unfortunately, the enrolment fo (excluding apprentices' courses

y the course. only

Again, since it is relevant to the potential s following table is presented to show the numbe and NTC passes in recent years.

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EEC mission to woo the Chinese

BRUSSELS. — A high-level delegation of EEC officials and businessmen, led by the Commissioner for External Affairs, Mr Wilhelm Haferkamp, will open talks with authorities in Peking on the expansion of two-way trade between the Community and China.

The aim of the mission, the first of its kind to the People's Republic, is to discuss concrete ways of putting flesh on the bones of the five-year trade agreement between the EEC and China, which came into force last June.

The delegation, which will spend ten days in China, will hold extensive discussions with Mr Li Chang, the Foreign Trade Minister, and otherr members of the Government and well as with technical experts.

It will tour an industrial fair and factories in Shanghai and Hangchow.

The visiting team includes senior representatives from engineering, the oil industry, banking and steel. Among the large companies sending top executives on the trip are Olivetti, Royal Dutch Shell, IBM (Ireland), Bruxelles Lambert, Saint-Gobain-Pont-a-Mousson, MAN and Arbed. The two British representatives are Sir Peter Tennant, president of the London Chamber of Commerce, and Mr J F Williams, deputy chairman of Foster-Wheeler.

It is emphasised that the visit is essentially exploratory and is unlikely to result in any firm contracts being signed. But EEC officials are keen that it should be seen as a clear sign of European interest in matching the rapid expansion of bilateral trade which has recently taken place between the People's Republic and Japan.

Though trade between the EEC and China has grown steadily over the past five years, it is still relatively small. Last year EEC exports, mainly of iron and steel, chemicals, man-made fibres and synthetic materials, amounted to about 350-million pounds, while imports, chiefly of handicrafts, furs, textiles and foodstuffs, totalled about 580-million pounds.

From the European standpoint the Chinese market offers almost unlimited potential, especially for exports of capital goods, machinery, components and technological know-how needed for its industrialisation programme. There is also considerable interest in exploring suggestions that China is considering seeking outside financing and import credits.

It is less clear what the EEC would be prepared to buy from China. This is a key consideration, not only because of China's need to generate foreign currency with which to pay for imports but also because its agreement with the EEC contains an unusual clause which explicity envisages the maintenance of an equilibrium in its bilaterial trade.

The principal interest is likely to lie in China's potential as a supplier of raw materials, especially crude oil, uranium, non-ferrous metals and coal.

UK TRADE

SA still figures

(74) FM 13/10/78

Nigeria is growing faster than SA as an export market for British goods, suggest the latest UK trade statistics. During the first half of this year, SA imported £340,8 billion worth of British goods (compared with £293,6 billion during the first half of 1977) — an increase of 16,1%. Comparable figures for Nigeria were £615,3 billion in January to June 1978 (£518,5 billion in January to June 1977) — an increase of 18,7%.

UK exports to the rest of Black Africa grew even faster: sales to OAU member countries — apart from Nigeria — in the first half of 1978 totalled £790,1 billion (£555,9 billion in January to June 1977), an overall rise of 43,1%. Almost all of this increase was accounted for by six countries: Kenya (an increase of 101,7% over the first half of 1977); Tanzania (80,9%); Algeria (59,7%); Sudan (59,3%); Ghana (51,6%); and Libya (32,3%).

If the number of British trade missions to SA planned for next year is anything to go by, UK exporters seem determined to improve their position, vis-a-vis SA.

To date, 18 missions are planned for 1979, nearly all of them from the north of Britain. Missions still to come this year include one formed by the Leeds Chamber of Commerce — claiming to represent some 800 exporters — followed by one organised by the North Staffordshire Chamber of Commerce in tandem with the Department of Trade, and a Scottish trade mission organised by the Glasgow Chamber of Commerce. Towards the end of the year a delegation from the Engineering Industries' Association will arrive.

Even though the published SA trade figures exclude sales of gold and purchases of oil and military equipment, they indicate the same overall trends as the UK figures.

While, between 1976 and 1977, SA's imports from the UK fell 17,9%, and its exports to Britain rose 31,2%, the position changed quite dramatically in the first five months of this year: imports from Britain rose 21,2% while exports fell 10%.

But Britain still has some way to go before SA is at a trade disadvantage.

According to UK projections, exports to SA this year will be worth £667,5m, 14,8% better than last year's £581m, while imports will be worth £813m 7,5% down on last year's £879,7m.

(74)

FM 13/10/78

EXPORTS

The picture brightens

With platinum and tin (let alone gold) both showing off their paces this week, it is natural to ask the question: are fears of a sharp 1979 downturn in our commodity exports justified? On the present evidence, perhaps not.

A mood of cautious optimism seems to be pervading the world's commodity markets, though no one believes a general boom is in the offing and sharp contrasts between some individual performances are likely to continue throughout the next 12 months.

Much will depend on the performance of the US economy, both from the point of view of the massive mineral imports it sucks in, and its inter-relationship with the dollar.

To the extent that the dollar continues weak, it is likely to encourage operators to use the highly liquid commodity futures market in both the US and Britain as a currency hedge. Further, sterling denominated commodities in London tend to appreciate point-for-point when the dollar declines, creating an aura of market healthiness.

There seems to be a growing consensus that the US is heading for a period of slower growth, but this begs two essential questions: how slow will this growth be, and to what extent will other leading Western economies offset the decline by reflationary action of their own?

Taking the first point, it is not surprising to note that private economic forecasters are taking a somewhat more sanguine view than the US government. Merrill Lynch, for instance, is currently predicting a 1979 growth of 1,3%, but the administration is still optimistically looking for a rate of around 3,5%. This compares with a rate of about 5% in 1977 and 4% this year.

On the second point, there is some hope that particularly the European economies will help offset this decline, though to what extent, and how precisely this will affect demand for industrial raw materials, is largely a question of guesswork.

The key West German economy is this year expected to grow by 3,5%, according to official estimates, though once again private forecasters are rather more pessimistic, predicting around 3% growth, compared with last year's 2,4%.

On the other hand, private forecasters believe Japanese GDP could grow by more than 5%, though the government is struggling to achieve a level much higher at around 7%. This compares with about 5,5% this year.

Quantifying these in terms of raw material demand is a hazardous undertaking, though looking at the general picture, most experts believe there is possibly more reason to be optimistic than pessimistic. Specifically on the question of the dollar, there seems to be a developing belief among foreign exchange dealers that it is becoming less and less attractive to punt for a further significant drop (but see *Current affairs*).

Turning to the fundamental outlooks for the major non-ferrous metals, **lead** probably looks the most bullish over the next 12 months. Cash prices on the London Metal Exchange this week reached £430 per ton, following a rise of £65 since the middle of last week, primarily in response to fears of a squeeze on nearby delivery to the market.

Apart from this technical tightness, there are signs of an underlying improvement in demand. According to the London-based International Lead and Zinc Study Group, consumption for 1978 is likely to be just below world metal production of 3.8 Mt, though some believe it could more than equal it.

Lead's safe suppliers

LME warehouse stocks now stand at 40 000 t, compared with 67 000 t at the beginning of the year, and producer stocks, though believed to be roughly stationary to mid-year at around 180 000 t, are now suspected to be falling.

Unlike, say copper, lead is a more demand-orientated metal as most supplies come from countries, such as Australia, Sweden and the US, where political or logistical factors are unlikely to affect deliveries. Additionally, a large proportion of supplies come from recycled scrap, which can be more easily turned on and off than primary mine productions. And on the demand side, the performance of the car market will be critical. Lead's prime use is in the manufacture of batteries and some believe developing demand here will help keep the market on its current bull trend towards the £500 level, though a surprise Opec oil price rise in December might have a steadying effect on car demand.

Battery demands will also be a major determinant of **antimony's** performance, though the lead-calcium cell is continuing its takeover. For the moment, antimony for delivery in the near future, enjoys a $30 per ton premium over later November and December shipments. Heavy eastern European demand is helping to prop up the market.

Lead's twin metal, **zinc**, is unlikely to enjoy such good fortune as it is inextricably linked to the world steel industry, where it is used primarily for galvanising. Although some believe the steel market could soon be witnessing a gentle upturn, this is unlikely to generate any major zinc price increase in the near future. Cash metal this week was trading around £370 a ton.

Copper remains very much a dark horse. There is now a general consensus that declining LME stocks, which are down on last year's records of about 650 000 t to a three-year low of 420 000 t, reflect a healthier demand picture. However, the supply side of the equation gives forecasters considerable problems. Present prices undoubtedly reflect Zambia's and Zaire's transport and production problems. However, should Shaba stay peaceful for the next 12 months, should copper be more freely evacuated from central Africa following Zambia's decision to re-open its border with Rhodesia, and should Angola and Zaire come to an agreement on the reopening of the Benguela railway — prices are likely to rise much more slowly.

If copper is a political market, then **tin** is even more so. Though cash prices at over £7 300 a ton are very firm, ever present in the background is the possibility that the US government may agree to the release of 30 000 t of tin from its stockpile. Meanwhile, the market is still functioning under a variously estimated statistical deficit of between 8 000 t and 24 000 t.

Looking to the exotic front, free-market **platinum** is now trading at new highs of well over $300 an oz, a premium of over $40 to the Rustenburg producer price. The market's performance in the coming year, however, is difficult to predict as much doubt surrounds Soviet intentions. For over a year, prices have been boosted by a cutback in Soviet deliveries, which are now running at an annual rate of around 500 000 oz — between 100 000 oz and 200 000 oz below usual levels. Much will depend on Moscow's sales policy, although the relative cheapness of the metal in terms of Japanese yen must be remembered. The Japanese buy about 100 000 oz a month, about 10% more than last year.

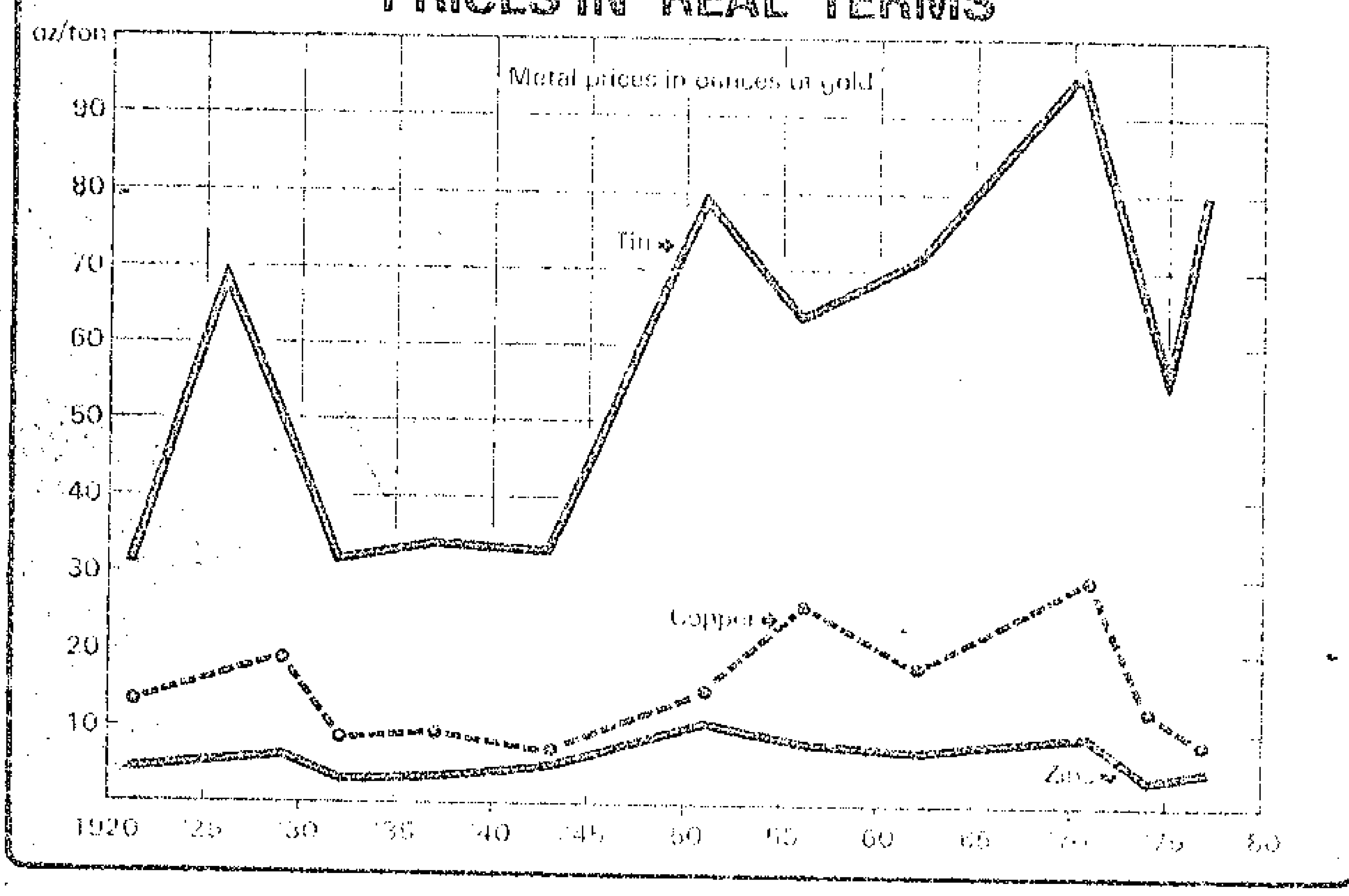
Meanwhile, on the soft commodity market, **sugar** has risen roughly 20% in the last two months, with nearby delivery supplies now quoted around £117/t. Many beleve the International Sugar Organisation's export cutbacks are beginning to bite; some forecast that the 1978/79 sugar crop might be around 3 Mt lower. That, coupled with a possible increase in consumption, might even produce a small deficit, which would eat into current high stock levels.

Sentiment could be further strengthened if the US could overcome its domestic sugar price wrangle and ratify the new agreement.

Although the **wool** market is not going to see any startling movement over the next year, there are reports that clothing demand is increasing, particularly in Japan and the US, where order books, according to the International Wool Secretariat, are full up well into 1979. Current prices for merinos have opened this season around 10% up on last year.

Meanwhile, record **maize** crops in especially the US, where production is expected to reach a record 165 Mt, compared with 162 Mt last year, is likely to limit advances from current SA selling prices for white and yellow maize.

PRICES IN 'REAL' TERMS



Franse sê SA kan meer uitvoer

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Rapport 15/10/78

Deur ALPHONS DU TOIT

SUID-AFRIKAANSE vervaardigers van elektroniese komponente en elektriese toerusting, en wat in uitvoer belang stel, is die geleentheid gebied om hul produkte aanstaande jaar by twee van die voorste handelskoue in hul soort ter wêreld uit te stal.

Hierdie twee tentoonstellings heet ‚Composant Electroniques' en ‚Elec '79' en word albei in Parys aangebied. Die organiseerders van die skoue, Promosalons (French Trade Fairs Promotion Council), sê dat Suid-Afrikaanse vervaardigers oor 'n unieke uitvoervoordeel beskik.

Mnr. Patrick Ponroy, Promosalons se verteenwoordiger in Suider-Afrika, het aan Sake-RAPPORT gesê: „Vervaardigers in Suid-Afrika het geleer om, vergeleke by wêreldstandaarde, met kort produksie looptye winsgewend te produseer. As hierdie betreklik kort looptye deur 'n uitvoerbestelling verleng kan word, beteken dit dan 'n onverwagte addisionele wins."

Mnr. Ponroy het verduidelik dat weens die groter vraag na hul produkte, is kort produksielooptye ongehoord in lande soos dié van Europa.

Mnr. Ponroy het beklemtoon dat die verkryging van 'n uitvoerbestelling 'n ingewikkelde proses behels. Plaaslike kennis is egter noodsaaklik en hierdie handelskoue kan gebruik word as 'n springplank om in die mark te beland.

„Promosalons beskik oor die nodige kennis en vernuf en is in staat om 'n wye reeks randdienste aan te bied. Hierdie dienste behels byvoorbeeld die beplanning- en oprigting van die uitstalling, publisiteit, die voorstelling van die produk. Die onkostes wat die vervaardiger betref is egter laag en kan in elk geval as 'n belastingaftrekking getoon word."

Die ‚Composant Electroniques '79'-tentoonstelling vind plaas van 2 tot 7 April, en die ‚Elec '79'-tentoonstelling van 10 tot 15 Desember.

Vanjaar se Composants Electroniques-handelskou het 1 251 uitstallers van 30 lande gelok. Meer as 80 000 mense het die skou besoek.

„Dit kan met reg gesê word dat Parys in April die wêreld se elektroniese hoofstad word," sê mnr. Ponroy. „Dieselfde geld vir die Elec '79 handelskou waar alles van 'n gewone muurprop tot die duurste kragsentrale toerusting vertoon sal word."

Die direkteur-generaal van die Franse SDSA (Societe Diffusion Sciences et Arts van Parys) mnr. Marc Boissinot sê: „Die Suid-Afrikaanse vervaardigers op hierdie gebiede beskik oor 'n unieke uitvoervoordeel. Dit is in hulle belang dat dié voordeel ten volle benut word.

Mnr. Ponroy beklemtoon dat hierdie handelskoue in alle opsigte internasionaal is.

Wanneer soortgelyke handelskoue in byvoorbeeld Brittanje of Duitsland aangebied word, is die klem op die land se eie produkte en buitelandse mededinging word nie verwelkom nie. Die teendeel geld vir die Franse handelskoue. Die enigste vereiste is dat die produkte wat uitgestal word, van wêreldgehalte moet wees.

Cope Times 18/8/78 (74)

SA mineral exports set for R7 000m

By DON ROBERTSON
Mining Editor

JOHANNESBURG. — South Africa's gold and base metal and mineral exports are expected to soar by 30 percent over last year to a record R7 000-m in 1978, according to estimates by the Minerals Bureau.

Official estimates at the beginning of the year put the expected rise at between 21 percent and 23 percent over the R5 463m in 1977.

The higher gold price and improvement in other metal and mineral exports, such as diamonds, platinum, coal and uranium, have encouraged a new assessment of the mineral earning potential.

Of the R7 000m foreign earnings bonanza, over R3 500m is expected to come from gold. Initial estimates were based on an average price for the year of $180, but this has been revised to $190. However, with the current strength in the price, the average could be higher.

Last year, earnings from gold contributed R2 815m, but in the first six months of the current year earnings have reached R1 815 968, according to Chamber of Mines figures, suggesting that the total could be well above R3 600m. It has been calculated that if the current gold price persists until the end of the year, Government coffers could benefit by an additional R300m over expectations.

Apart from gold, exports of the major metals and minerals have been expanding in spite of depressed international economic conditions.

Energy minerals, such as coal and uranium, are doing particularly well on international markets. Actual uranium sales are not published, but Mr Lynne van den Bosch, past president of the Chambers of Mines, said in June that the value of new business concluded in the past 12 months was R1 300m based on current prices.

Coal exports

Coal exports through Richards Bay have been maintained at well over the planned export capacity of 12m tons a year and are expected to reach 14m tons this year. The next phase in the expansion programme — to 20m tons a year — is expected to be completed within a year.

Diamond sales through the Central Selling Organization have reached record levels in the first half of the year, and although sales volumes were slightly down, the value of sales has continued to improve. The recently announced 30 percent price increase should help further.

In spite of past difficult times in the platinum industry, conditions appear to be improving with the free market price at its highest ever. The possibility of increased production from Rustenburg and Impala has been suggested.

Iron-ore sales

Iron-ore exports are holding up at around last year's levels and there is a possibility that the value of sales could be slightly higher this year. Asbestos exports appear to have partly recovered from earlier weak trading conditions and are set to improve on the year.

June export sales figures from the Minerals Bureau encourage the forecast record performance and totalled R182 517 902 compared with R103 987 697 in May. These figures exclude exports from Bophuthatswana but include an unusually small income from diamonds for the May total.

Sales of iron-ore brought in R20 041 590 compared with R12 779 297 in May, although this figure is subject to monthly fluctuations because of shipping schedules.

Copper down

Coal exports through Richard's Bay rose to 1 349 574 tons in June compared with 1 080 640 tons in May, valued at R28 593 617 against R24 208 127. The value of exports of various grades of chrome was also higher at R5 310 502 compared with R2 890 838.

Sales of copper were slightly down on the month at R9 067 136 compared with R10 449 576, but manganese sales brought in R7 576 457 against R6 150 712.

Also better were sales of antimony which increased to 456 tons in concentrates valued at R421 143 compared with 150 tons valued at R126 372. The higher tin price and better sales of 177 tons in concentrates against 164 tons brought in R1 894 520 compared with R1 601 448.

Asbestos up

Asbestos exports earned R12 424 417 compared with R9 864 238, and the increasingly important sales of fluorspar were worth R2 088 549 against R1 115 732.

Sales under the heading miscellaneous, which includes platinum and uranium, rose to R58 116 612 from R44 268 156.

The secret is... just plain hard work

CONTINUING efforts are still needed to keep exports moving as latest indications are that as the local economy begins to recover from the recession the level of exports are beginning to drop.

Figures released by the Stellenbosch University's Bureau for Economic Research (see graph) show that the gap between exports and imports has once again crossed and that imports to this country were R1 million ahead of exports — for the first time since early 1977.

But, say the fundis, the situation is not serious and was to be expected.

Safto's Piet Kieser said that this was part of the classical pattern of recovery exhibited by South Africa.

Imports increased because the consumer had more money in his pocket to spend, while exports fell because local manufacturers were able to get a better price with greater profits on local markets.

Says Kieser: "The moment an upswing appears, imports go through the roof. It is a good thing from one point of view because it means that the upswing has started, but it is a bad thing because it has an adverse effect on our balance of payments. However, the balance of trade should still remain positive."

One of the problems the South African export industry faces, says Kieser, is that it tends to get complacent when things are going well.

"Complacency is chronic. We are not like the Japanese and tend to be a bunch of loafers. We go home at five instead of working to 11pm."

"But," says Kieser, "this approach to work is part of the nation's philosophy and is part of South Africa's way of life. It is as natural as the fact that water runs downhill and as difficult to change."

However, Kieser believes a more positive approach to the matter of imports is needed if the economy is really going to get underway again and that South Africans must learn to work harder.

Bureau for Economic Research's Willem Roets agrees with Kieser, but says that there is a good chance that the declining export curve will level out fairly soon.

He says the opening of Richards Bay should increase exports by R20 million a year, while last year's maize crops are still being exported at good prices.

In addition the increasing values of precious metals, minerals and platinum could well play their part in stopping a dramatic decline in export levels.

He feels, however, that the decline in exports will continue for some time.

Roets thinks that if complacency continues, a repetition of the large negative trade balance of a few years ago could well make itself felt again.

Roets said there is tremendous potential for import substitution and a successful "Buy South Africa" campaign.

But many people had not lost their taste for luxurious living and their need for status symbols imported from overseas.

Roets criticised organised commerce for its lack of support for the "Buy South Africa" campaign and said a more vociferous participation was needed.

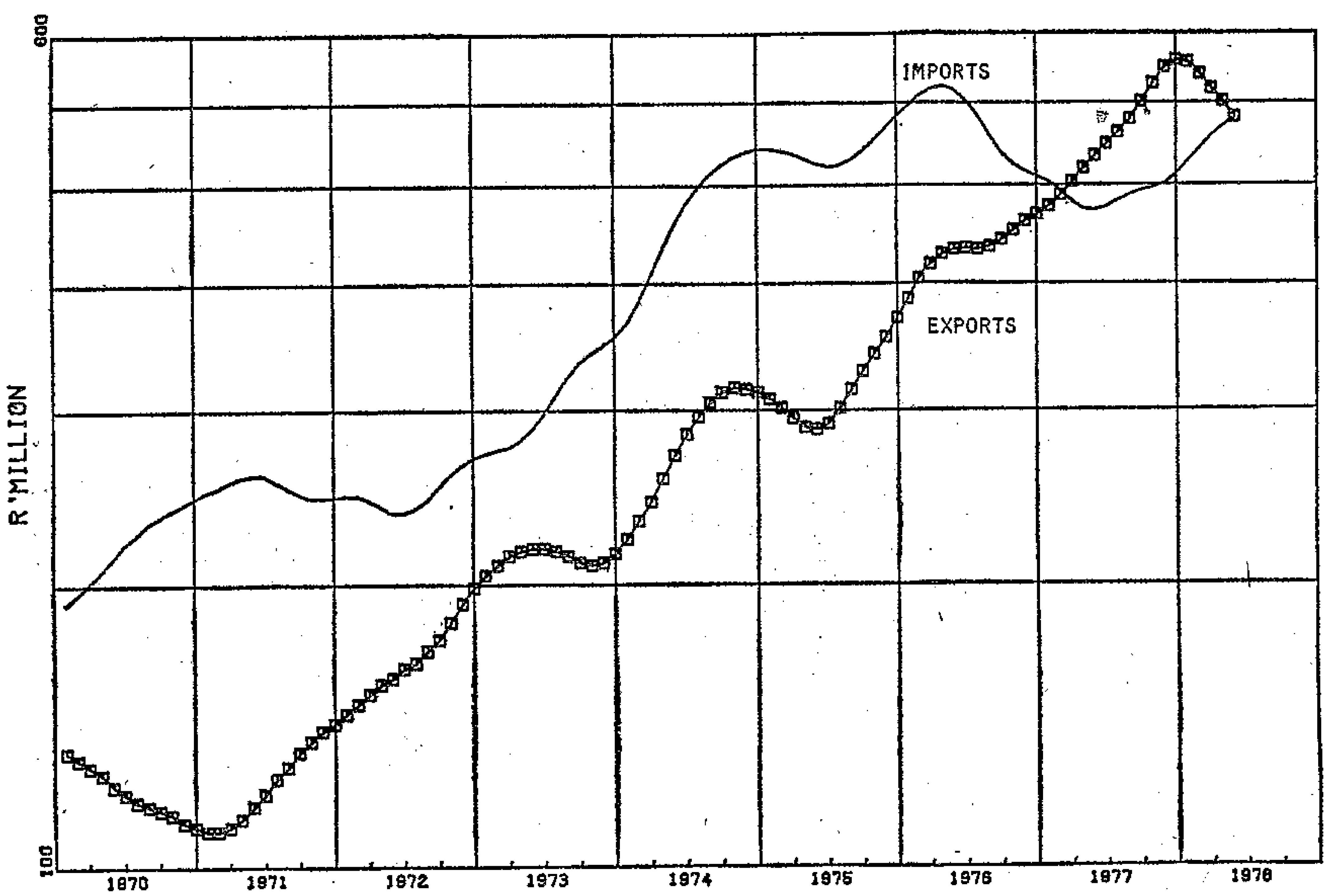
There is no doubt the export programme needs a boost for there are many areas where a vigorous export drive could be successful, but not that many businessmen are prepared to make the effort.

The key to a sustained economic recovery in this country is a substantial and steady export drive, and those who are not prepared to make the effort will not only suffer the loss of potential profit, but also will hinder the efforts of others to bring about the glow of economic well being.

With the threat of sanctions looming large, it is essential that strong economic links are established with as many countries as possible so that if the hot-heads prevail, this country has as many selling areas as possible.

● In a survey such as this, it is impossible to cover the activities of all those who are trying to crack overseas markets. But Tribune Finance is pleased to present a sample of those who are doing their best to ensure South Africa remains in the forefront of world trade.

SOUTH AFRICAN FOREIGN TRADE



Tribune Finance survey compiled by TONY HUDSON

Exporter of the Year's winning tips

ELECTROMATIC, winners of the Sunday Tribune/Safto "Exporter of the Year for 1977" competition, have offered some tips to other potential exporters.

These tips come from the experience of the medium-sized electronics manufacturer in a highly competive international market. The Electromatic growth has been fairly slow, but always steady.

Reg Maud

The reason, says managing director Reg Maud, is that exporting is a "calculated risk".

"But," he adds, "if the calculation is done on a logical basis, it won't prove to be a high risk area.

"In my experience, it is only on the third visit that business can be obtained.

"There is usually about a two-year stable period from the beginning of one's export effort — and it is only after that when you get into, what could be termed, a boom position."

But, even if it is not going overnight, how does one get into that "boom position".

Reg Maud's tips are these:

● Before you start make a full market survey and study competitors' prices. This type of information is obtainable locally from the South African Foreign Trade Organisation, and the Department of Commerce Export Division.

● A prime need is the ability to be able to communicate with prospective customers in their own language. But English is accepted as a starting point.

● Cold calling is a poor method of looking for orders. The new exporter would be better to generate interest in his product through exhibitions which feature his type of product.

● Make appointments well ahead to contact the top men, who are the target.

● The exporter's salesmen should have a full knowledge of the company and be senior enough so that on-the-spot decisions can be made.

● You should quote on a CIF (cost including freight) basis, so that there is no need for guesswork for the customer to work out his total cost.

● Keep tightly to your delivery schedule so that the customer trusts your ability to deliver on time.

● You must find a local agent to act on your behalf in a foreign market. He has both the language and the contacts.

● An overseas order is as good as cash. You can get finance from local sources provided the pre-shipment or post-shipment finance is available from the customer.

● Only concentrate on a limited number of markets. The entire world cannot be one's "oyster" unless one's capital backing is enormous.

Business Mail

Foreign capital needed as much as ever

RDM 4/8/78

74

ALTHOUGH the average net foreign capital inflow, as a percentage of the gross domestic product, was only 2,4% between 1971 and 1977, South Africa is still in vital need of foreign capital for its development, say Dr Johan Cloete, chief economist of Barclays National bank, in Barclays Business brief.

"As a developing economy, our growth is still dependent to a considerable extent on imports of capital goods for industry from the advanced industrialised countries.

"This means that a general economic upswing and an acceleration of growth in the economy soon lead to substantial deficits on the current account of the balance of payments and hence to a reduction of our gold and foreign exchange reserves.

"In the absence of a sufficient inflow of foreign capital to neutralise the current account deficits, therefore, restrictive monetary and fiscal measures would soon have to be taken to protect the gold and foreign exchange reserves and this would soon bring the growth phase to a halt."

Dr Cloete gives figures to show that if it were not for the balancing role played by foreign capital from 1961 to 1970, the prolonged economic upswing and the high average growth rate recorded in that decade would not have been possible.

He does not believe that in a situation where there is not a sufficient inflow of foreign capital to sustain an economic growth phase by offsetting the resultant current account deficits, the rand should be devalued or allowed to float downwards

ue to invest in South Africa provided the expected profit is still attractive after allowing for the higher risk factor.

"And, it is in ths respect, that action can be taken, both in the short and medium runs, to increase the profitability of investment not only for foreigners but also for our own domestic investors.

"It is doubtful that such a policy would be successful, particularly in the prevailing situation of political uncertainty facing South Africa. The massive devaluation of the rand in September 1975 certainly did not achieve such a result."

Dr Cloete says it is far from certain that a depreciating rand would bring about an inflow of foreign capital. On the contrary, it might well generate expectations of continuous depreciation of the rand. This would adversely affect short-term capital inflows by causing unfavourable leads and lags as far as import and export transactions are concerned as well as long-term capital inflows by reducing both the capital values of, and the returns on, foreign investments in South Africa in terms of foreign currencies.

Indeed, given the political uncertainties besetting Southern Africa at the present time, it seems that a policy of keeping the rand exchange rate as stable as possible would, at this stage, be more conducive to encouraging an inflow of foreign capital than by depreciating the currency.

• He suggests several steps to improve profitability and to make investment in South Africa more attractive to foreigners. These include:

• Taxation on company profits [illegible] reduced and for

RDM Bus. 3/8/78

Kruger sales of 3m close to 1977's total

74

By DON ROBERTSON
Mining Editor

KRUGERRAND sales have topped 3-million in the first seven months of this year and are close to the total number of coins sold in 1977.

July sales amounted to 388 159 of which 380 159 were sold overseas. This compares with overseas sales in June of 222 195 and 305 000 in July last year.

The total for the year is 3 092 650 which includes a minimal amount of South African sales, and represents 93% of 1977 sales of 3 331 344.

Intergold, the marketing arm of the Chamber of Mines, says that although there has been a consistent drop in sales from January to June this year, this was expected, particularly as the holiday season in Europe and America approached.

The July sales achievement indicates that last year's total will be comfortably exceeded. It had been expected that sales might pick up slightly in July as a result of the repayment of interest on German Government bonds. This interest has, for some years, been pushed into Krugerrands, but it was thought that because of the declining inflation rate this year, purchases would not match Intergold's expectatons.

A spokesman for Intergold confirmed that German purchases (the second most important overseas market) were higher than expected in July.

Sales of Krugerrands have been rising rapidly since they were minted in 1969 and last month, the president of the Chamber, Mr P A von Wielligh, minted the 20-millionth coin.

As part of South Africa's gold production, they have also been growing in importance. In the first six months of this year, Krugerrand production accounted for 24% of gold output which has had an effect on the amount of bullion avaiable on the market.

With the gold price above $200, it is expected that sales for the rest of the year will continue at a reasonable rate with a further rise in the monthly offtake expected towards the end of the year.

If sales reach only 300 000 coins a month for the rest of the year, the 1978 total will exceed 4 500 000 which, on current estimates of gold production of 706 tons, will absorb almost 20% of output.

TRADE (74)

Losing the edge? FM 14/7/78

There's both good and bad news on SA's foreign trade front.

The good news is that May's R75,4m basic trade surplus — excluding exports of gold bullion and imports of oil and armaments — is the largest so far this year, well up on April's R70,1m.

The bad is that the country's foreign trade effort is showing definite signs of running out of steam. Exports during the month were only 12,3% up on the same month last year, compared with a 19% rise for the year to April. And export levels during this year's February peak were over 43% up on February 1977.

Moreover, imports have risen steadily during the five months to May. Last month's imports were 26,8% up on May last year, compared with a 24,8% rise during the year to April, and a 5,7% rise to February.

In addition, if seasonal variations are eliminated, May's surplus shrinks to R54 — well up on April's disappointing R28,4m, but still lagging far behind the successes of January and February, with surpluses of over R88m and R78m.

Quiet, but the trade is there

Despite boycotts, SA exporters are doing well in the Middle East

FM 14/7/78

~~288~~

74

Few businessmen want to talk openly about their trade with the Middle East. But behind the reticence, there is plenty of activity.

Exports to the region, which extends from Turkey to Saudi Arabia and Iran (Israel is normally considered a special case — see box), are estimated to be worth about R100m a year. Iran is the biggest customer; it took R54m worth of SA goods in 1975/76 compared with R30m two years earlier. But SA exporters have also managed to sell successfully in many of the countries which claim to boycott us, such as Kuwait and Saudi Arabia.

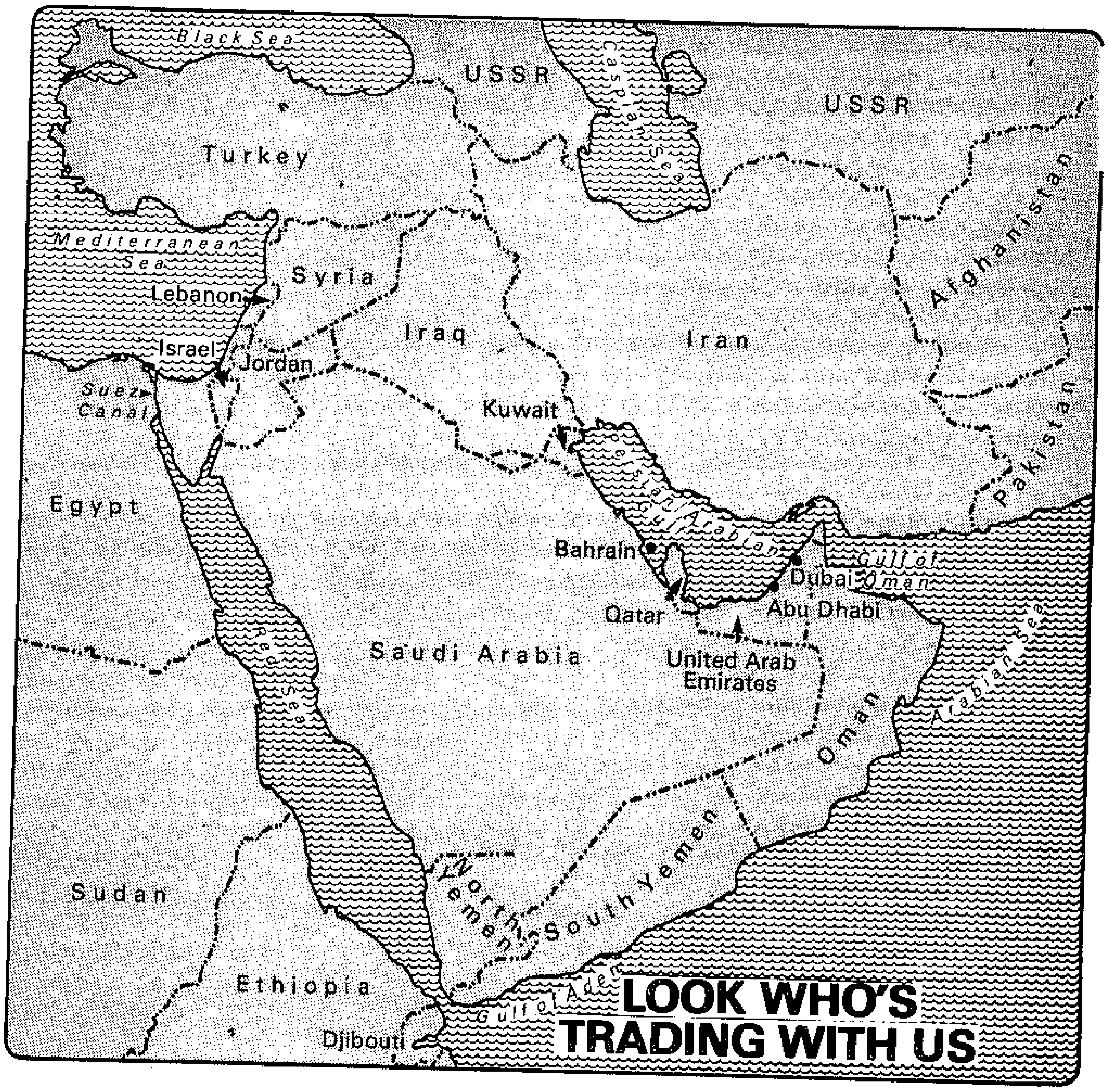
SA's share of the Mideast market is a tiny fraction of the total, but as Safto's general manager, Piet Kieser, noted at a recent export congress, "just a small piece of that market is nice business".

The hassles are legion. With the exception of Iran, Lebanon and Turkey, all Mideast countries have slapped official boycotts on SA goods. And there are fears that the more reconstruction aid Lebanon gets from the Arab League, the greater will be the pressures on it to break links too.

The boycotts are not to be sneezed at. One trader tells of a shipment of SA canned goods turned away at Kuwait when customs officials noticed the "Keep South Africa Clean" stamps. An SA patent mark on a bottle-top gave away a shipment of syrup waiting to be offloaded in Jeddah, Saudi Arabia.

Most agree that checks on documents and goods are becoming increasingly thorough. The old ploy of using Botswana, Swaziland and Mozambique marks of origin does not always work as officials get to know what those countries do and don't produce.

Questions have been asked about ships that claimed to carry European-origin produce but did not pass through the Suez Canal. It has been suggested that an Arab consul in Maputo was recently withdrawn after certifying SA goods as of Mozambique origin.



An engineering company, which has tendered for work in Jordan, says it has had to convince the potential buyers that there are no Jews on its board.

Besides the boycotts, there are the usual problems of poor infrastructure, inefficient and corrupt bureaucracies, and strange customs.

Despite the hurdles, however, about a dozen SA trading houses are actively doing business in "boycott" countries. One man claims his annual sales to the region total almost R5m.

"If you've got the right contacts, you don't have to abide by the rules," observed Form-Scaff financial director Richard Davies at the export congress.

Says a supplier of engineered building materials, who has supplied Saudi Arabia and several Gulf states: "One secret is to make sure you don't get a major share of the market. If we did, our competitors would put questions into our customers' mouths."

A leading foodstuffs exporter who has diverted some of his produce from European markets to satisfy Arab buyers, adds that "the Saudis know where the

THE KOSHER CONNECTION

Only in recent months have trade figures begun to reflect the post 1973 surge of interest in SA Israel links.

Non-military imports from Israel in 1977 (R15,3m) were R1,5m down on the previous year. Likewise, exports stagnated at around R30m. But during the first four months of this year trade has taken off. According to Israeli figures, SA imports, for instance, rose 30% — from R6m to R9m.

SA's major export is steel, with about 12 000 t moving to Israel each month. Recently, two full shiploads of cardboard cartons were delivered to Israeli citrus packers.

Other major exports include sawn timber, asbestos, tobacco, hardboard, ferro manganese, canned goods, vermiculite, pesticides and wire netting.

Faraway SA's biggest import from Israel is potash, used by the Triomf phosphoric acid plant at Richards Bay. Other purchases include animal feeds, canned goods, specialised machinery, textile piece goods, chemicals, vehicle components, pharmaceuticals, and solar heating systems.

Zimcorn Lines (a partnership between Unicorn and Israel's Zim Line) offers a monthly container service and one or two breakbulk vessels a month between Durban and Eilat. Vessels call at Cape Town every second month and at PE on inducement.

In addition, several SA exporters have used the Kedem Land Bridge, a worldwide container service operating from Israel. It has proved especially useful for shipments from SA to eastern Mediterranean ports.

There are numerous SA Israel joint commercial ventures. Despite rumours a few months ago that the Israeli industrial giant Koor had pulled out of its partnership with Iscor, the association continues to flourish.

Besides Sentrachem's well known tie up with Koor in the production of farm chemicals, Calan has taken in Tadiran Israel Electric Industries as a partner in Consolidated Power, the Pretoria battery maker.

Ephraim Raviv, Israel's consul for economic affairs in SA, notes that "there are a number of projects in Israel for which South African companies are aiming."

One is the Eilat Beersheba rail link, for which, Raviv stresses, tenders have not yet been awarded. Another is a coal terminal for a power station near Haifa. A big coal contract is "in the final stages of negotiation."

stuff comes from, but they prefer to keep their eyes closed."

A wide range of SA made products is finding its way to the Arab world. Kuwait last year bought a large quantity of building material. Timber exports to most of the Arab states have grown quickly in the past two years. Frozen chickens and eggs are regularly carried to Bahrain and Dubai. Fruit and vegetables have been eagerly snapped up.

And, despite Jordan's anti SA boycott imposed last December, at least one local firm is still hoping for a lucrative order for transport equipment. "It's not a general boycott," notes an executive. "It all depends where the money comes from."

Some experts say SA businessmen should, in general, concentrate their efforts on Saudi Arabia, Egypt, Kuwait and the United Arab Emirates. "Hopefully, at a later stage, we can go in through the front door," asserts one.

As SA's most valuable market in the area, Iran still deserves most attention, however. The port congestion which bedevilled trade three years ago has been unclogged. Four shipping lines now offer regular sailings to Iranian (and other Gulf) ports.

SA's main success in the Iranian market has been in the field of building materials. Asbestos, timber, wall tiles, "thousands of tons" of glass, cement and steel are some examples. Iscor has set up a joint marketing company in Teheran, known as Iscor Iran Co.

Other major exports include BMW motor cars, citrus, hides, chickens and refractory materials.

Though Roberts Construction has participated in the Sar Chesmeh copper mine project and the building of a cement factory, opportunities for SA firms in large capital projects in Iran (and other Mideast countries) are rare.

But that doesn't mean SA companies aren't trying. Concor Construction director George Angelos says "we have a few irons in the fire in Iran, and are actively marketing for construction work there."

The Mideast's two other "open" markets, Turkey and Lebanon, are not as promising as Iran, but are still worth investigating.

Exports to Turkey last year totalled R13,6m (1976: R5,5m). They consisted mainly of steel, glass, coal and asbestos grading machinery. Mercimpex MD Johan Erasmus claims he has R17m worth of orders from Turkish buyers, including such items as aluminium and fertiliser. And a group of Turkish businessmen is currently in SA negotiating the purchase of abattoir equipment.

"The problem with Turkey is getting paid," complains Erasmus, referring to the serious plight of the Turkish economy. Credit Guarantee Insurance Corporation refuses to underwrite payments risks on exports to Turkey.

Trade with Lebanon has been minuscule in recent years, consisting mainly of sales of timber poles and glass. But the country has ambitious reconstruction plans. Essop Patel, director of Crescent International, urges SA firms to participate in joint ventures there — before it's too late.

How about imports from the Mideast? It's no secret that the bulk of our oil comes from Iran. Presumably, there's a trickle from other countries too. As for other products, shipping lines report that they carry little more than Persian carpets from Iran and dates from Iran and Iraq.

Clearly, it's not impossible to do business with the Middle East. But to succeed demands guts and ingenuity.

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FR.78.2

Exchange control loophole? FM 7/7/78

74

Well, maybe it's there in theory. But would-be pickers-up of unconsidered trifles via securities rand may find it rather like putting a camel through the eye of a needle

With the precedents of Hortors and Empisal in mind, the possibility of using the massive securities rand discount as a way for non-residents to pick up SA assets cheap is attracting a certain amount of attention.

Unfortunately, our Widgets (see box) is an ideal situation, rarely to be found in practice — which is not to say that merchant bankers aren't looking for suitable candidates for treatment.

And every now and then they find one. Sometimes a local subsidiary of a foreign company can be bought in (though, strangely, the offer to Howden minorities was not structured as a securities rand deal); sometimes a genuine shell is available, as with the recent Wellworths deal and, only this week, Far West Rand Extensions (although, as a portfolio investment company, this has minimal undistributed earnings).

Tight market

What are the practical difficulties standing in the way of a non-resident picking up a local listed company at minimal risk?

They vary from the potential disapproval of the Reserve Bank to the very simple practical obstacle that securities rand are a tight market. There may be a spread of up to 5c (US) around the nominal mid rate of about 69c (US), and a buyer in any quantity would have to pay the least favourable rate. This could reduce the effective discount on the official rate to only 34%-35%, which would have a measurable (but not disastrous) impact on the economics of the exercise. And it wouldn't take much buying to narrow the discount materially.

As a Reserve Bank spokesman put it: "You have to find a company with enough undistributed earnings, no local borrowings — or even unused borrowing facilities, the ability to pay dividends without incurring such borrowings, and controlling shareholders willing to sell at an appropriate price. If you can find a company that meets all those conditions, you've got a proposition."

But that isn't the end of it. You also have to make an offer which can be carried out as a market transaction; the cheaper mechanism of a scheme of arrangement which entails a reduction of capital is thus not available.

The controlling structure of the vehicle is another stumbling block. A listed pyramid, for example, is unlikely to have significant retained earnings.

On the other hand, it does not follow that local borrowings are an insurmountable hurdle. The public stance of the Reserve Bank is that *any* company with more than a 25% foreign holding ranks as foreign-controlled. Whether the foreign interest is 25% or 100% does not affect the bank's attitude to dividend payments. As long as these are related to post-January 1975 earnings and do not impair a company's financial ratios, they will not meet official disapproval.

Merchant bankers, however, do not take this entirely at face value, and feel that if foreign-controlled companies — especially where the foreign control is recent — with local borrowing facilities started to pay out to the hilt, the wide discretionary powers of the Reserve Bank would soon bear down heavily.

And if the practice did threaten to get out of hand, the period within which earnings could be freely remitted could be cut down. In his 1977 budget, Senator Horwood updated the limit from 1960 to 1975, and said it would in future be held at two years. This plan was dropped but would be easy enough to revive.

Even if the scope for picking up listed companies and rapidly writing the cost down is limited, some merchant bankers expect increased overseas interest in SA industrial shares on pure investment merit. There are plenty of sound industrial companies still on double-figure yields: and 10% to a local investor is worth 15% (before NRST) to a non-resident buying with securities rand.

As one merchant banker puts it: "If SA can't attract overseas investment on a 15% return, then it's in real trouble, but it's crazy that securities rand can only be used to buy listed shares.

"The ultimate deterrent is that a non-resident who wants to invest money directly in a factory or other productive resource has to bring it in at the official rate; but if he wants to take it out again, can only do so at the securities rand discount.

"As far as I know, this penal distinction between listed and unlisted or direct investments is unique to SA. I believe little would be lost, and much gained, if non-residents were allowed to make all capital investments at the securities rand rate."

It's an idea worth considering. If foreign acquisitions of listed companies indeed gather momentum in the coming months, maybe potential abuses of this should not concern us as much as the possibility of using securities rand to attract direct investment in new productive facilities and open up the possibility of scrapping securities rands altogether and replacing them with some form of floating "capital rand" that could be used for *all* capital transactions.

THE IDEAL

Widgets Ltd is a family-controlled company listed on the JSE. It's quoted at 100c. Thanks to a conservative financial policy it has no borrowings. It's earned on average in recent years 25c a share, of which 10c has been paid out in the annual dividend. As the dividend for the year to June 30 1978 has not yet been declared, since January 1 1975 it has totted up undistributed profits of about 60c.

The family are willing sellers, but obviously not at 100c. Say, at 125c. A non-resident can at the moment buy securities rand at 71,5c (US), a discount of 37,8% on the official rate of $1,15, so that 125c costs him no more than $0,984, the equivalent of R0,785. He can immediately declare the full 60c post-January 1975 undistributed profits in dividends, which can be paid out in free rand less 15% NRST, or 51c. In a year's time, given a modicum of growth (thanks to that sputtering economic revival), he could have another 28c of earnings to pay out in full: say 24c after NRST.

So he's already got out 75c in just over a year; and he's left with a (hopefully) still profitable company standing in his books at as near as dammit a nil cost.

TRANS-MISSISSIPPI ROUTES TO THE FAR WEST (FROM ABOUT 1820's)

EXPORTS

The coal run

When Information Minister Connie Mulder dropped in on Paris last week for pep talks with SA information attaches accredited in Europe and sundry French businessmen and politicians, there was good news for SA. The latest French trade figures for 1977 imports/exports showed for the first time the balance of SA/French trade was in SA's favour, albeit by only R6m or so. After the first four months of 1977 the balance had been favourable to the French by some R22m. This year, the balance in the same period is in SA's favour by R82m. If the trend continues the surplus may be R200m by year's end.

The bulk of the business comes from raw materials sales. Uranium sales increased by 19% in value (from R21,8m in January-April 1977 to R26m this year), metallic ores, mainly iron, manganese and chrome by 24% and wool and skins by 54%. Gold and gemstones climbed 60%. Best performance, though, came from king coal.

Last year, France became a big foreign consumer of SA coal, taking 4,4 Mt. After only four months the figure this year is already at 1,9 Mt, twice as much as the equivalent figure last year. Most is steam coal but SA also sold some 382 000 t of anthracite to France in 1977. This year, after only four months, the figure is already at 365 000 t.

Will it keep up? EEC authorities have been under heavy pressure from both the German and the British coal producers to block imports from third countries such as Poland, Australia, and SA. So the French, expecting some future trouble in this sector, may have already started to stock SA coal at $50/t, knowing that they might have to buy it from other sources at $70/t soon. The French national power utility organisation may not feel obliged to keep German and British coal workers employed. And the French iron and steel industry, in deep financial trouble, is not likely to let itself be shut off from a cheap coal source.

Rande vir Afrika in Londen

74

Van GIELIE DE KOCK

RAPPORT 2/7/78

LONDEN

LONDEN se banke sit met 'n yslike oorskot Suid-Afrikaanse rande omdat mense ondanks ons streng valuta-beheer nogtans daarin slaag om groot bedrae in note hierheen uit te smokkel wanneer hulle met vakansie gaan of die land verlaat.

Banke in Londen het in die jongste tyd soveel randnote van die mense ontvang wat dit vir Britse ponde verruil, dat hulle nie meer daarvan ontslae kan raak nie.

Die vraag kan nie tred hou met die geld wat beskikbaar is nie. Die gevolg is dat Londense banke nou R2,15 vir 'n Britse pond wil hê, teenoor die huidige amptelike koers van sowat R1,65.

Suid-Afrikaanse besoekers word gewaarsku om nie nou hier geld om te ruil nie. „Hulle sal verskriklik ontnugter word," sê die woordvoerder van Midland Bank.

26. In the ... rovided with which noun each ge...

(a) He... ex... e a foro. Ibi est ________

(b) Cn... se... sunt, gloriam, ...avit. ________

(c) Ur... na tectorum ________, ________

(d) Hi... s. ________

From the ... position of the genitive in rela...

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27. In the above examples, the function of the genitive can be said to be adjectival. That the genitive is sometimes interchangeable with an adjective is clear from the following alternatives in Latin:

fratris mors:	fraterna mors	(a brother's death)
domus regis:	domus regia	(the king's house)
urbs Romuli:	urbs Romulea	(Romulus' city)
amor patris:	amor patrius	(a father's love).

28. Note the following important difference between English and Latin. English can use a noun to define another noun either by putting it into the possessive case (e.g. 'the king's house') or by using the noun as an adjective without any inflection (e.g. 'the Stellenbosch road', 'a sea-breeze), or by using a preposition with it (e.g. 'the road to Stellenbosch', 'a man from Cape Town'). The use of a prepositional phrase dependent on a noun is very rare in Latin, while examples like 'the Stellenbosch road' are non-existent. Latin would in such cases use either a genitive dependent on another noun or an adj. in agreement with a noun: e.g. via Misena 'the road to Misenum'; Roscius Amerinus 'Roscius of (from) Ameria'; Damascus Syriae 'Damascus in Syria'.

29. In addition to the use of the Genitive as a case to express the relation or connexion between one noun and another, the genitive can also be found depending on certain verbs and adjectives. This can be looked upon as an adverbial use of the Genitive as opposed to its adjectival use exemplified above. The following examples will suffice:

Mystery foreign buyer gets Far West Rand

(74)

RDM 5/7/78

By DON ROBERTSON
Mining Editor

THE shares of Far West Rand Extensions, quoted in the secondary section, were suspended from the Johannesburg Stock Exchange yesterday following a put-through deal which resulted in a change of control of the company.

Far West Rand, virtually a shell company, was quoted at 53c before suspension. The last recorded price was 35c.

A put-through deal occurs when a single broker handles the selling and buying order for the same stock.

The deal was done at 53c, and the buyers have indicated that a similar offer will be made to all other shareholders.

The buyer is an unidentified foreign consortium which says it will make further acquisitions "with a view to restructuring Far West in a form acceptable to the committee of the Johannesburg Stock Exchange to enable Far West to be included in the primary lists."

The chairman of the company, Mr G W Ramsay, was not able to expand on yesterday's statement, but it is believed that a director, Mr I J Strijdom, who owned over 50% of the company was the seller. Mr Strijdom was not available for comment.

The foreign connection perhaps follows similar acquisitions made recently where overseas companies were able to buy assets at a considerable discount through the blocked rand discount.

This method was used by British-based Alexander Howden to buy control of Wellworths and by Panama-based Royal Holdings to buy Empisal.

Control of Hortors was acquired in a similar way.

In each case, assets were bought at below cost, although shareholders received well above market prices.

In terms of the last balance sheet dated June 1977, Far West Rand Extensions had investments, mainly in gold and platinum, worth the equivalent of 30,3c a share. With the current blocked rand discount at around 38%, the actual outlay by the foreign consortium was 32,9c a share.

Far West has as a wholly-owned subsidiary, Afro-Scandanavian Development, and it is suspected that the foreign connection evolves through this company.

Stockbrokers are unable to cast any light on the Far West acquisition.

A further statement is not expected for some time.

NSE AANSLAG

Handel met SA nie na wens

Deur ALPHONS DU TOIT

FRANKRYK wend 'n doelgerigte poging aan om sy handel met Suid-Afrika op groot skaal uit te bou. Hy gaan sterk meeding met veral Brittanje, Duitsland en Amerika om 'n baie groter hap van die Suid-Afrikaanse mark te bekom.

Die algemene gevoel in Frankryk is dat dié land te lank op die kantlyn gesit het. Gevolglik het dit Brittanje, Duitsland en Amerika die geleentheid gebied om die Suid-Afrikaanse mark te oorheers.

Frankryk is nou voornemens om hierdie situasie so gou as moontlik te verander. Wat mynbou betref, is Franse toerusting van wêreldformaat en gaan beslis 'n sterk mededinger wees vir die produkte van Brittanje, Duitsland en Amerika. Ook op die gebied van gesofistikeerde elektroniese toerusting hoef Frankryk geensins terug te staan nie.

Handel tussen Frankryk en Suid-Afrika het in die laaste jare redelik sterk toegeneem. Franse uitvoere na Suid-Afrika het in 1975 R342,54 miljoen beloop. In 1976 was die bedrag R436 miljoen en in 1977 R451,8 miljoen. In dieselfde tydperk het Suid-Afrika se uitvoere na Frankryk ook vinnig toegeneem. In 1975 het Frankryk Suid-Afrikaanse goedere ter waarde van R228,46 ingevoer.

Steenkool

In 1976 was die bedrag R284,7 miljoen en in 1977 R457,39 miljoen. Dit wil sê dat die handelsbalans tussen die twee lande nou vir die eerste keer in die guns van Suid-Afrika is.

Bylae oor swares

RAPPORT bring vandag vir die tweede keer vanjaar 'n bylae van agt bladsye oor swaar vragmotors (bokant 5 000 kg). Daar is baie woelinge op daardie front.

Suid-Afrika se uitvoere aan Frankryk bestaan hoofsaaklik uit steenkool en ander minerale, asook 'n hele reeks ander goedere. Suid-Afrika is inderdaad die wêreld se grootste verskaffer van steenkool aan Frankryk.

Dit is dus duidelik waarom Frankryk nou besluit het om 'n grootskaalse aanslag op die Suid-Afrikaanse mark te loods. Franse nyweraars brom steeds oor die feit dat Frankryk nie meer krygtuig aan die Republiek lewer nie.

Die eerste daadwerklike optrede van Frankryk se kant is die besluit om op groot skaal deel te neem aan die Electra- en Mynbou-Tentoonstelling aanstaande maande op Milnerpark, in Johannesburg.

Dié tentoonstelling gaan deur Frankryk en sy meer as twintig uitstallers oorheers word. 'n Spesiale dubbelverdieping-paviljoen word opgerig waar van die lande se voorste vervaardigers van mynbou-elektroniese en kommunikasietoerusting hul produkte sal kan vertoon.

Máár dit is nie net produkte wat die Franse aan Suid-Afrika wil verkoop nie. Hul stel ook groot belang in die verkryging van nywerheidsvennote, met nadruk op hoë tegnologiese kapitaalgoedere en stelsels. Frankryk sal ook graag wil sien dat die vervaardiging van sommige Franse produkte in Suid-Afrika onder lisensie geskied.

● Daar is reeds ver gevorder in onderhandelinge met die Suid-Afrikaanse Poswese oor die verskaffing van 'n hoogs gesofistikeerde nuwe telefoonstelsel. In dié stadium mag daar nie verder hieroor gepraat word nie.

VRYSTELLINGSTYE: SAUK - 04h00 op 29 June 1978 74
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ADDRESS BY THE HON. DR. C.P. MULDER, SOUTH AFRICAN MINISTER OF INFORMATION AND OF PLURAL RELATIONS AND DEVELOPMENT, AT THE OPENING OF THE SOUTH AFRICAN FOREIGN TRADE ORGANISATION'S TWO-DAY ECONOMIC SEMINAR IN HOUSTON (TEXAS), ATTENDED BY EXECUTIVES OF 250 U.S. CORPORATIONS, ON WEDNESDAY, 28 JUNE 1978.

Africa has suddenly gained prominence all over the world. Page through your newspaper and you will find reference to strange sounding places such as Ogaden and Shaba. Turn on your radio or television and you will hear repeated reference to unfamiliar names such as Kolwezi and Mutshatsha.

As an African myself I have always hoped that our Continent would gain prominence abroad for its real assets such as man-power, strategic position, minerals and other basic materials. Unfortunately, however, the rediscovery of Africa in recent times happened for very different reasons.

Instead of the world focusing its attention on Africa for its real potential, this new awareness came as a result of Russian and Cuban mischief-making in Angola, in the Ogaden Desert in the Horn of Africa and in Zaire's Shaba Province.

It is general knowledge that not less than forty thousand Cubans are active in at least seventeen crucial areas in Africa. If that is not a threat to world peace, I do not understand politics at all. Yet I have not heard of any intended action by the Security Council to stop this.

When Russia first experimented with a proxy war in Angola more than two years ago, injecting tons of armour and thousands of Cuban troops into that unfortunate country, South Africa was among the few who recognised the real ramifications of this adventure. Not only did we talk about it. Once specific requests came from interested pro-Western parties both in

Africa and elsewhere/...

Africa and elsewhere, we did our share in an attempt to keep the imperialistic intruders out of our continent.

It is a pity, indeed, that at the time, despite recognition of the seriousness of the situation in Angola on the part of your Administration, local opinion militated against involvement by America in any form or shape. This was understandable considering that you have just come out of a long, lonely battle in Vietnam - but nonetheless unfortunate.

Those who militated against American involvement in Angola, found Vietnam to be their best argument for not doing so. Ironically, however, it was the Russians and the Cubans who ran the real risk this time of becoming bogged down in a Vietnam-type debacle. Let's look at some of the factors which could well have made Angola, Russia's Vietnam.

Firstly, long communication and supply lines over a distance of thousands of miles; secondly, all the states surrounding Angola were pro-Western and, thirdly, Mr. Savimbi, leader of the pro-Western Black group in Angola, UNITA, enjoyed the support of the vast majority of Angolans.

What happened in Angola in the end is history now. The consistence of Russian and Cuban support made it possible for Augustino Neto's MPLA minority forces to stay the day, while the majority of Angolans, supporting UNITA and the FNLA had to back down, not being able to stand up to the modern military equipment being used against them.

Soon the twenty-two African nations who stood up at Addis Ababa in moral support for the Western cause against Russian aggression in Angola, eroded. Faith in Western willingness to resist Russian and Cuban intrusion in the African theatre made way for disappointment, disillusionment, doubt and despair. In the eyes of Africa, democratic principles and ideals lost badly against determined Russian imperialism and that, to this day, still influences the

way of thinking/...

way of thinking of many African leaders. The decision of the U.S. not to become involved in Angola was disastrous for the Western cause in Africa.

At the time when the Cubans first made their appearance in Angola, South Africa warned the Western world of the dangers of allowing this adventure to go unchecked. We pointed out that a Cuban-Marxist victory by default in Angola would lead to similar ventures elsewhere on the Continent. There were those in the West, of course, who preferred to describe the thousands of occupying Cuban forces in Angola as a 'stabilising force'.

Angola has not become 'Russia's Vietnam' because the West turned its back on its allies in Africa - Black and White. In Vietnam, Russia provided the quicksand. In Angola, the West has provided only hot air.

Recent events in Africa have vindicated the South African standpoint, first in the Horn of Africa and then in the Shaba Province and the massacre of innocent civilians at Kolwezi - people who had been the backbone of the mining activities for strategic minerals, such as cobalt and copper, which are essential for the West.

Checking this invasion restored some faith in the West in Africa. As an African who believes that we, on our great continent, have as much right and reason to insist on a Monroe Doctrine as you did in the Americas once, I hope that all foreign intervention would cease, giving us the opportunity to work out our own future.

I want to reinstate the phrase of the late Dr. Nkrumah 'Africa for the Africans'. If Russian and Cuban imperialism can be counteracted by the West, I believe that the challenges of Africa can best be met by Africans - White and Black Africans - people dedicated to their cause and devoted in their love for their own continent.

Let's look at South Africa - my part of that vast Continent of Africa. In our case it could be said that world attention did not focus on us only in recent times as it did on Africa because of Russian and Cuban aggression. South Africa has been in the world spotlight for more than thirty years. At the first session of the United Nations in 1947, a former South African Prime Minister, the late General J.C. Smuts was first castigated. I remind you this was even before our party came to power. Ever since, South Africa has become the handy scapegoat of a world, all too willing to blame others for faults they hate in themselves.

Of course we admit to being an imperfect society. We have made mistakes in the past, and we shall make mistakes in the future because we are human and therefore fallible. But then, I have not seen or found the perfect society on this globe.

South Africa has a plural society - a number of different Black, White and Coloured nations find themselves on the same sub-continent. They have been artificially grouped together at the turn of the century as part of the colonial policy of Great Britain at that time. Different governments have attempted ever since to find an acceptable policy to enable these different nations to live in peaceful co-existence.

Today South Africa still has its imperfections in the field of race relations, and I will be the first to admit that. My Prime Minister has entrusted me with the portfolio of Plural Relations and Development. In this capacity it is my task to promote Black development in South Africa and - even more important perhaps - to promote goodwill between Black and White.

In the five months since I have been assigned this task, I have met frequently with many Black leaders. I have as yet to come across any among them who are not willing to reason together in search of solutions. We are all in South Africa by right and have nowhere else to go - nowhere else we want to go. The Black

man in his/...

man in his traditional state, his cousin in the White cities, the Whites themselves, the Indians and the Coloureds - we are all threads in a rich fabric which makes South Africa. If at times the edges of this fabric appear frayed, please do not be alarmed. The texture is good enough to make it last.

Local authorities have been elected on a one man, one vote basis in the vast majority of Black towns in South Africa, and many more are in the pipeline. Only a few weeks ago I met with the leaders of the Black city of Soweto. All local authority powers requested by them were transferred to them immediately, including not only their own treasury, but also their own local police force as well as control over their own budget.

It may interest those of you who attended the previous SAFTO Seminar in New York, to learn that the first chairman of the Soweto Council is Mr. David Thebehali, who happens to have been a participant last year. It heartens me to think that Mr. Thebehali has friends among experts such as yourselves who could advise and assist him in obtaining financing in future for the many sound development projects planned for Soweto.

Contrary to the impression created abroad two years ago when the tragic Soweto uprising took place, this city is not a Black slum or ghetto. Soweto is a city properly planned according to modern town planning standards. The housing is modest, as you would expect when you are suddenly faced with the problem of re-housing hundreds of thousands of lower income people, as we were after the last war when Blacks in large numbers congregated around Johannesburg in shanty towns and shacks. You had basically the same idea when you created Levittown on Long Island after the Second World War. Soweto today has 250 schools, many clinics and prospering businesses of its own. It has on its borders the single biggest modern hospital in the Southern Hemisphere at Baragwanath.

Its Orlando Stadium can accommodate 50,000 spectators to soccer or athletics; there are more than 75 tennis courts, six swimming pools, six recreation halls and provision is being made for indoor sports.

Legislation was piloted through Parliament to grant homeownership to Blacks in Soweto to enable mortgage loans, and to enable employers to assist in housing their workers in comfortable homes of their own choice.

Soweto, today, is as liveable as many other hastily constructed cities where money was an option. We are a small nation and our resources are not unlimited. I have committed myself to making it more liveable and I stand by that commitment. In fact, I have used the term 'Africa's most beautiful Black City' when I spoke about my vision of the future of Soweto, and I have no compunction in repeating that here tonight either.

When it comes to human relations, I believe that one ought to start where it really matters - with the human individual. So often we have ourselves diverted by what I would call statistical problem solving. We talk about progress in digital form as if the mere thought of basic, simple man-to-man relationships may detract from our professional proficiency.

I, for one, do not believe that dogma and digits are the sole answers to our very intricate and complex Black/White situation in South Africa. You can have the soundest dogma in the world, but until you have met the other man on equal grounds and gained his co-operation, this dogma is to no avail.

What is dogma in South Africa? We believe in our situation with a variety of Black nations residing in basically the same areas

where they settled/ ..

where they settled initially, that independence in their own states is imperative. In working towards independence it stands to reason that matters such as land size and area consolidation need special attention not only before but in some cases even after independence.

Many who have no first hand knowledge of my country and its peoples quickly despair when they acquaint themselves with the complexity of our problem. My advice to them is: get acquainted with the real people behind the problem and you will share my optimism about our future. I have, in my many meetings in the past five months with the leadership of our Black peoples, found without exception not men of violence, but men of peace. If you can name me supporters of violence among our Black peoples, I can prove to you that they are not elected, but self-appointed so-called leaders. Unfortunately, these few are the men who receive the honours and the accolades from abroad especially when an opportunity presents itself to martyrdom.

We in South Africa who really speak for our peoples - both Black and White, Indian and Coloured - are all intent on making our solution a peaceful one. Judging from the goodwill and genuine understanding, the friendship and tolerance that I encountered among my Black fellow men in South Africa, I have no fear but only faith and hope.

While the world publicises the exceptional and the unpleasant in an effort to make South Africa fit their distorted stereotype of a violent and explosive land, we will be going about our business of building a future together.

What goes for South Africa, also counts for Africa. As one who has always believed in the need for strong relationships between ourselves and our neighbours on the continent, I would once again like to reconfirm my government's commitment to co-operation in Africa. I have found among the leaders of several African states not only willingness but also eagerness to take our hand of friendship and to build together a stronger continent,

prepared to resist/...

prepared to resist any attempt of Russian-Cuban imperial expansion in our part of the world.

As yet these men are still reluctant to come openly to the fore, but this will change. Africa, I believe, cannot continue to be so divided in itself that it remains easy prey for the vultures from far-off lands. It will have to consolidate to progress. It will have to co-operate to survive.

I am not here tonight to ask for your approval or endorsement of our internal policies, or your permission to settle our problems our own way. What I would like to have is your understanding.

I am not here to ask for foreign aid or hand-outs in any form. We have never received or asked for such aid. But what we would like is your business. We need it - especially our Black peoples - and I believe you need ours.

I am not here tonight to ask you for military aid for ourselves. Despite arms embargoes by our friends in the West, South Africa has managed to take care of its own needs. But Africa needs your strong posture in counter-balancing the imperialistic Russian overtures and adventures.

I am not here tonight to seek any quarrel with you. Misunderstanding and friction between our two countries is something we definitely do not need. It can benefit only our enemies, who I believe, happen to be mutual.

May I conclude and make the following final observations:-

° There is much more understanding and goodwill between Black and White in South Africa than usually meets the eye.

° We are best equipped to find solutions in Africa, because we have not only been there for more than three centuries,

but we have/..

but we have chosen Africa as our one and only fatherland at a time when most other people were avoiding The Dark Continent.

° We are in Africa to stay - and we have every right to do so.

° We are Africans - White, Black and Brown Africans - sons and daughters of the African Continent, with as much right to call us that, as White and Black Americans are entitled to claim their affinity to their adopted Continent of America.

° It is an oversimplification of the realities of Africa to mention Rhodesia, South West Africa and the Republic of South Africa in the same political breath. The first mentioned two territories are areas which have not previously been recognised or accepted by the international world.

° The Republic of South Africa is an already liberated African state, one of the first on the African Continent to be liberated. We have fought our war of independence against colonialism. We lost that war, but gained our independence by peaceful means. We are accepted as an independent state for many years. As Zambia, Kenya or Nigeria refuse rightly to endanger their newly gained freedom in exchange for a new imperialism, South Africa will fight with determination against any attempt of imperialism or neo-colonialism.

° We are not prepared to commit national suicide in an attempt to try to please certain do-gooders abroad.

° There are no instant solutions to the complexities of the world.

° We have no problems in Southern Africa, only challenges. These can best be met by the people directly involved -

Black and White/...

Black and White Africans, without any interference from anywhere.

° We shall not only survive, but shall prove to one and all that people in plural societies can live in peace and harmony, if the necessary understanding, goodwill and mutual concern prevail.

° We believe in negotiation rather than confrontation - in dialogue rather than conflict.

° We, as fellow South Africans, are convinced that we shall meet all our challenges, if given the time to do so.

° We respect human dignity, but this is a quality of life that must be reciprocal. We believe in full human rights, but reality also demands that human rights be coupled with human responsibilities.

° We believe that everybody is entitled to freedom, but your freedom ends where your neighbour's freedom starts.

> As your Chief Justice Marshall once states: Your freedom to swing your arms stops where your neighbour's nose starts.

° We believe in progress and development, but reality proves that development can progress best in a stable society where law and order prevail.

This is the spirit, the human and spiritual fibre of our people.

In this spirit of determination and dedication to the task ahead of us I am more than optimistic about the future of South Africa.

It can be done, and we shall succeed.

We only ask of you time and understanding.

A two-tier rand?

71

FM 28/7/78

It is being mooted as a way of encouraging more foreign investment

With the gold price happily soaring in the \$190-\$200 range, there is now only one missing ingredient for faster economic growth: foreign capital.

True, as Nedbank's chairman Frans Cronje told Assocom this week, SA could achieve faster growth even without foreign capital if it saved more and invested more effectively. But that is easier said than done. To get the economy swinging again quickly, we clearly do need to attract foreign funds, not to mention the expertise and technology that go with them. How?

The chief constraint on investment, obviously, is political uncertainty. That is likely to be with us for a long time. Nonetheless, even given this constraint, there are certain investment oriented exchange control relaxations that could now usefully be introduced; and it was good to hear Finance Minister Horwood tell the Pretoria Sakekamer recently that he was investigating them.

He said he had decided to look into the obstructions and problems facing overseas investors in an effort to get rid of unnecessary restrictions. "The reasons for some of the existing restrictions are today less valid than before and can fruitfully be adapted. We must not keep this sort of capital out through restrictions, but rather entice it with concessions," he said.

Under existing exchange control regulations, foreign investment is discouraged because funds are locked into SA once they are invested. In practice, what this means for a foreigner wanting to set up a new plant in SA, or expand an existing one, is this. He may bring his funds into the country without much hassle. But he may only get them out again via securities rands, resulting in a capital loss of perhaps 30%-40%.

The obvious solution would simply be to scrap exchange controls on non-residents and allow them, if they wish, to repatriate their capital in the same manner as they bring it in — through the banking system at the normal rate of exchange.

But presumably Pretoria would not wish to discriminate between new foreign investors and existing ones. That would mean allowing the sale proceeds of all *existing* foreign investments to flow out freely through the banking system, too. The result could well be a massive drain on the gold and foreign exchange reserves. Hence some other solution is needed.

Residents and non-residents

One possibility would be to have a two tier exchange rate. Keep the present fixed rate for all current transactions, as well as for residents' capital transactions. But have a separate floating exchange rate — a "financial rand" — for all capital transactions by non residents.

Because of the weight of existing non resident funds wanting to leave the country, the rate for the financial rand would promptly sink well below the current fixed rate of \$1,15 — probably to near the present securities rand rate of about 70 US cents.

As a result, it would become much cheaper for foreigners to build new plants in SA and expand existing ones. Some of them would still be put off by the political risks. But others would take the plunge and that would give economic growth and employment a welcome boost.

Would a financial rand also bring in foreign exchange and boost the foreign reserves? That depends. Simply expanding the securities rand market to include, not only non residents' stock exchange transactions, but also their investments and disinvestments in unquoted assets, would not be enough. Investments, of whatever kind, via securities rand do not bring foreign exchange into the country. In essence, all that happens is that the ownership of an asset in SA switches from the hands of one non resident to the hands of another.

What would be needed would be a mechanism for supplying cheap rands to potential non resident investors, not only from sales of existing non-resident investments, but also from other sources. The Reserve Bank would have to provide that mechanism.

It may even be feasible to include certain transactions by residents. For example, anyone who is granted exchange control permission to buy more than the usual R2 000 of foreign currency for foreign travel could be told to buy the balance in the financial rand market. That would act as a disincentive to foreign travel.

Of course, any two-tier system could be abused as it was in France and Italy. Foreign companies, for example, could bring in capital through the financial rand (at a big discount), invest these funds in a SA subsidiary, and then repatriate substantial amounts, ostensibly as dividends, at the commercial or free rand rate. So there would have to be a way of ensuring that capital brought in via the financial rand goes out the same way and not at a hefty premium.

The problem could become acute if the gap between the ordinary fixed commercial exchange rate and the "financial" exchange rate were very wide. But perhaps it wouldn't be.

Presumably, the authorities would still not allow SA residents to freely acquire foreign assets, either through the commercial or the financial rand market. So it is unlikely that the gap would be bigger than the present securities rand discount of 30%-40%.

Indeed, it could be smaller. Demand for financial rands would include, not only foreigners' portfolio purchases, but also their direct investments in new and expanded plant.

Minister Horwood . . . foreign capital from Detroit would be most welcome

However, banking sources warn that SA shouldn't expect a "flood" of foreign investment even at a cheaper exchange rate; political factors, they say, still far outweigh economic incentives. Credit Suisse's Dr Pio Eggstein, for instance, says it is naive to compare SA with Israel when recommending changes to foreign exchange regulations. Removing "the hesitation factors for companies well established in SA may only lead to marginal inflows," he claims.

Jost Hildebrandt, of Ebic, who sees SA as a "stable political risk for at least five years — particularly compared with such countries as Brazil, Mexico and Nigeria," stresses the confidence factor. "Any relaxation of the present regulations would provide proof of the strengthening of SA's financial position and could only have a positive effect on investor attitudes," he says.

If he is right, a two-tier exchange rate may be just what SA needs at present.

23/6/78 Star (74)

SA's total exports on course for R10 000m for first time

By Jasper Mortimer

South Africa's total exports may hit the R10 000m mark for the first time if present trends continue, says Mr Wim Holtes, the chief executive of the South African Foreign Trade Organisation.

Leading this upswing are the outstanding exports of gold and diamonds. The first quarter of 1978 showed an export rise of 30 percent on the first months of 1977.

"Minerals have stood up better than we expected and we expect merchandise to be slightly better than predicted," says Mr Holtes.

Besides gold and diamonds, deciduous and citrus fruits have led the export spectrum. Chemicals, coal, maize and wool have been steady. Iron is holding but expected to drop as Europe has a glut of iron ore.

The footdraggers include manganese, chrome and ferro ores, copper and fish.

"We have done remarkably well in diversifying our markets," says Mr Holtes.

Exports have increased to the US, Japan, Brazil, Venezuela, Chile and Iran, but "we could have done better" in Australia, Spain, South Korea, Hong Kong, and Israel.

The world political campaign against SA exports is a "continuous nuisance" but its actual effect is marginal.

"It makes us have to go into certain markets indirectly," says Mr Holtes.

In black Africa SA trades openly with Mozambique, Zaire, Zambia, Malawi, Gabon, Ivory Coast and Mauritius. And SA goods arrive in at least six other countries.

Mr Wim Holtes . . . we have done remarkably well in diversifying our exports.

Trade with Mozambique plunged after independence, but in the last 18 months our foodstuffs, pharmaceutical products, and machinery have given us five percent more of their market than we had before 1975. And payment is prompt.

Mr Holtes would urge manufacturers to use their mid-year repayment of loan levies to develop foreign markets.

"Don't be fooled by the projected upturn in the local market, that forecast has been made for the last three years."

"The majority of manufacturers could still use exports to reach full capacity.

"In South Africa, exports provided the only route to economic recovery, and this year's results are hopeful."

Mr Holtes says manufacturers need to improve their export skills. "Exporting requires highly adaptable marketing, and the administrative back-up is 80 percent of the export."

In raw materials South Africa has always had trading companies to perform these tasks. But in manufacturing, the producer must himself have these abilities.

Safto also believes small producers should get together so they can collectively take on large contracts that would be too big for an individual company.

In the past small producers have cut each other up in foreign markets. If they co-operate they could allocate markets. Examples of such coalitions are SA Fish Canners Association and Federal Marine, and the Transvaal Coal Owners Association.

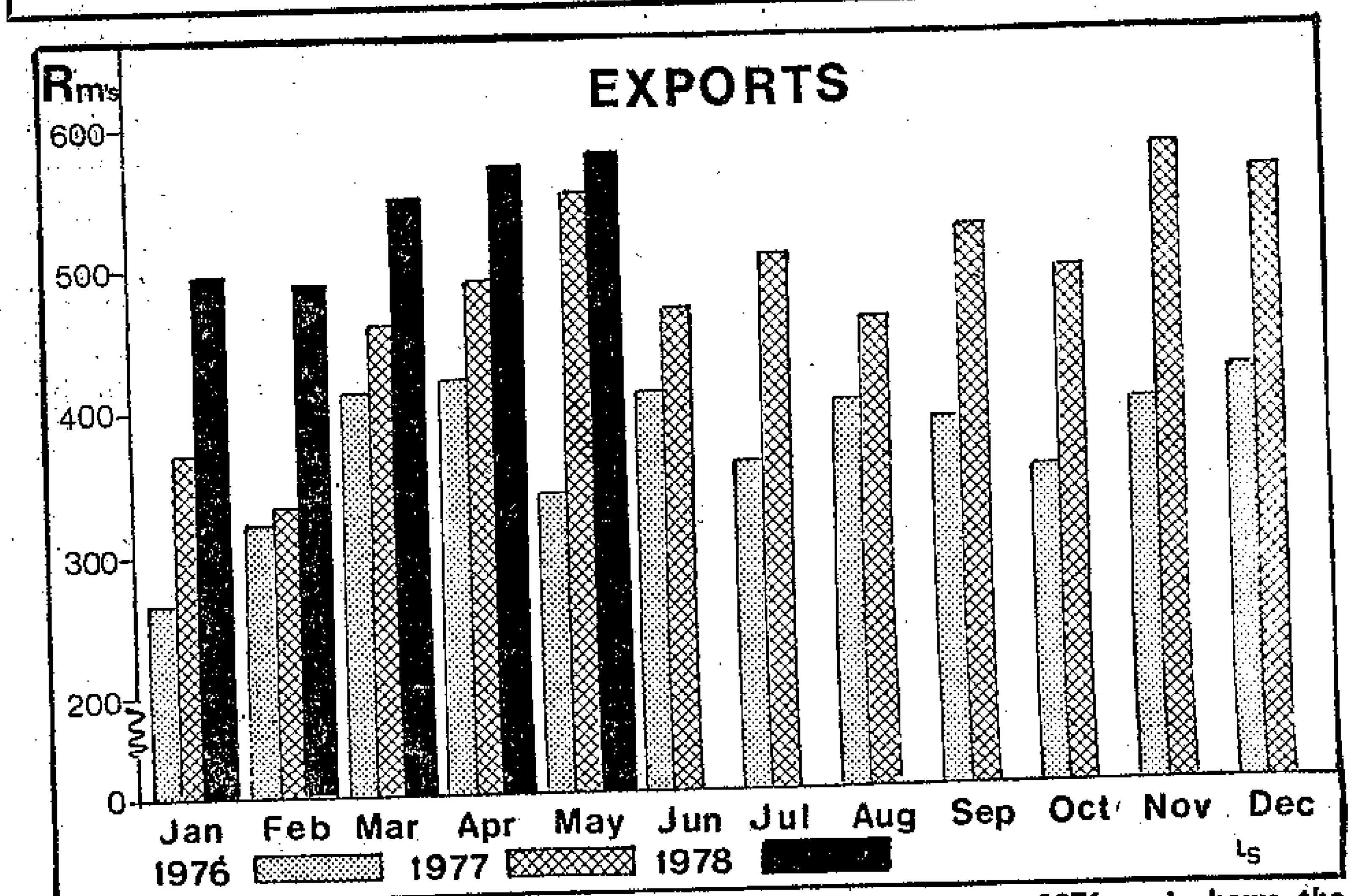
150 DELEGATES AT SAFTO CONGRESS

The South African Foreign Trade Organisation has invited 150 delegates to a congress and exhibition at the Carlton Centre next week to discuss ways of increasing our exports.

The Minister of Economic Affairs, Mr Chris Heunis, will open "Export '78" on Monday at 2.20 pm. Foreign guests will speak on Israeli export strategy, the international trade scene, exporting to Common Market countries, and SA trade and international politics.

The delegates, who come from every sector of exports, will break into groups where they can fire questions at the leading local exporters. The congress hopes to build co-operation between small exporters so they can collectively pitch for the big contracts they could not handle individually.

Export products and markets have changed considerably since the last major conference on exports in 1963. That meeting created SAFTO which is a private body that pools information on export outlets. The congress ends on Wednesday.



The chart tracks SA export earnings month by month since 1976 and shows the unexpectedly strong performance into 1978 as expeorters match and beat the figures for early last year when they were setting new records.

EXPORTS 1978

Credit insurance 'best in the West'

South African exporters get a better credit insurance service than their counterparts in the top seven Western trading nations, according to a recent survey.

The study compared the payment terms and interest rates underwritten by South Africa's only export credit insurer, Credit Guarantee Insurance Corporation of Africa, with those of the 'Consensus' of the top seven Western nations.

The local insurer comes out tops. The survey concluded that South Africa's exporters and their customers receive better facilities.

Consensus, signed by the US, Japan, Germany and the UK among others, restricts competition between trading nations by setting minimum interest rates and limiting maximum payment terms.

Although not specifically designed to aid the underdeveloped nations, Consensus generally grants them more favourable terms. Its rates range between 7,25 and 8,00 percent compared with the South African company's 7,00 to 7,50 percent range.

Credit Guarantee's MD Mr M de Klerk says "It is clear from this comparison that our conditions are more than competitive with those of the leading trading nations of the world."

700 TONS OF GOLD

Exports of coal have risen dramatically. In the first four months of 1977 some 3,4m tons of coal were exported, valued at R68m. In the corresponding period this year the tonnage had risen to 5,2m with a vaue of R106m.

In 1977 the country produced 700 tons of gold. The average price received by the mines from 119 dollars an ounce in 1976 to 144 dollars an ounce. Mr Christopher Glynn, author of Consolidated Gold Fields' latest review of gold, estimates production by the country's mines this year will be in line with that in 1977. However, he thinks the average price the mines will receive will be around 180 dollars an ounce.

But against this good news on the sale side, is the ever-present nemesis of rising costs. The cost of producing an ounce of gold rose from 76 dollars in the last quarter of 1976, to 100 dollars in December 1977.

(74) FM 23/6/78

The trade winds do blow

Capital goods exports are faltering; trade with the US appears to be slowing. These are among the shifting patterns of SA's foreign trade

Foreign trade is not what it used to be. In recent years there have been marked changes in the relative importance of our trading partners, and of the products we buy and sell abroad.

Britain is still SA's chief market. Ten years ago, however, the UK bought almost a third of our exports, while last year it bought only a fifth. Among SA's foreign suppliers, Britain has dropped from first to third place in the past decade.

Other major trading partners — the US, West Germany and Japan — have all increased their market shares.

The US maintained its place as SA's leading foreign supplier last year, thanks largely to shipments of electronic goods and open-cast mining equipment. It also overtook Japan as second best customer. Vogue Shoes, Plate Glass and Van Leer are among those to have recently won useful orders from the States.

Yet there are signs that trade with the US is beginning to slow, mainly as a result of the political uncertainty surrounding US-SA ties. Shipping lines report a fall-off in traffic from North America; trade enquiries from both American and SA businessmen have dropped sharply.

Economic Affairs Minister Chris Heunis warns that "it would not be surprising if SA exporters and importers become wary of the US market as a reliable outlet for their exports or as a dependable source of supply." Adds a well-known banker who has recently returned from abroad: "European exporters and banks are far more positive than the Americans about the medium-term prospects of doing business in SA."

Counting in the US's favour (for the time being) is the cheapness of the dollar compared with the yen and the D-mark. There is talk that some Japanese and German suppliers are priced out of the SA market, thanks to the price of their currencies.

Trade with the rest of Africa has been disappointing. In the past decade, imports have dropped steadily from 7,4% of the total to 5,6%, while the proportion of exports going north has plummeted from nearly 17% to 9%. "Things are dead in Africa," asserts the IDC's senior manager, Bismarck Olivier. Economic difficulties (in Zambia and Zaire, for instance) and political strains (Angola and Mozambique) have put the brake on SA's trade with most African countries.

A feature of last year's trade figures was the 44% leap in exports to Latin America. Heunis says the increase in SA's trading partners (from 123 in 1975 to 140 in 1976) is mainly accounted for by Latin American countries.

These facts need to be examined more closely. Last year's jump in exports was mainly due to shipments of nearly R40m worth of fertilisers to Brazil. And the boom of two to three years ago in capital goods exports to the region is petering out. Besides construction of an airport in Paraguay and of transmission lines in Chile, there are few big new projects in the region in which SA firms have a chance of participating.

Traders point out that most Latin American countries have been hard hit by the plunge in commodity prices, so are in no position to tackle ambitious new farming or mining projects. While the two "rich men" of the continent — Ecuador and Venezuela — do some business with SA, politics keeps the flow at a low level.

Turkey is another country, identified as a potentially valuable trading partner, whose economic plight hampers the flow of goods.

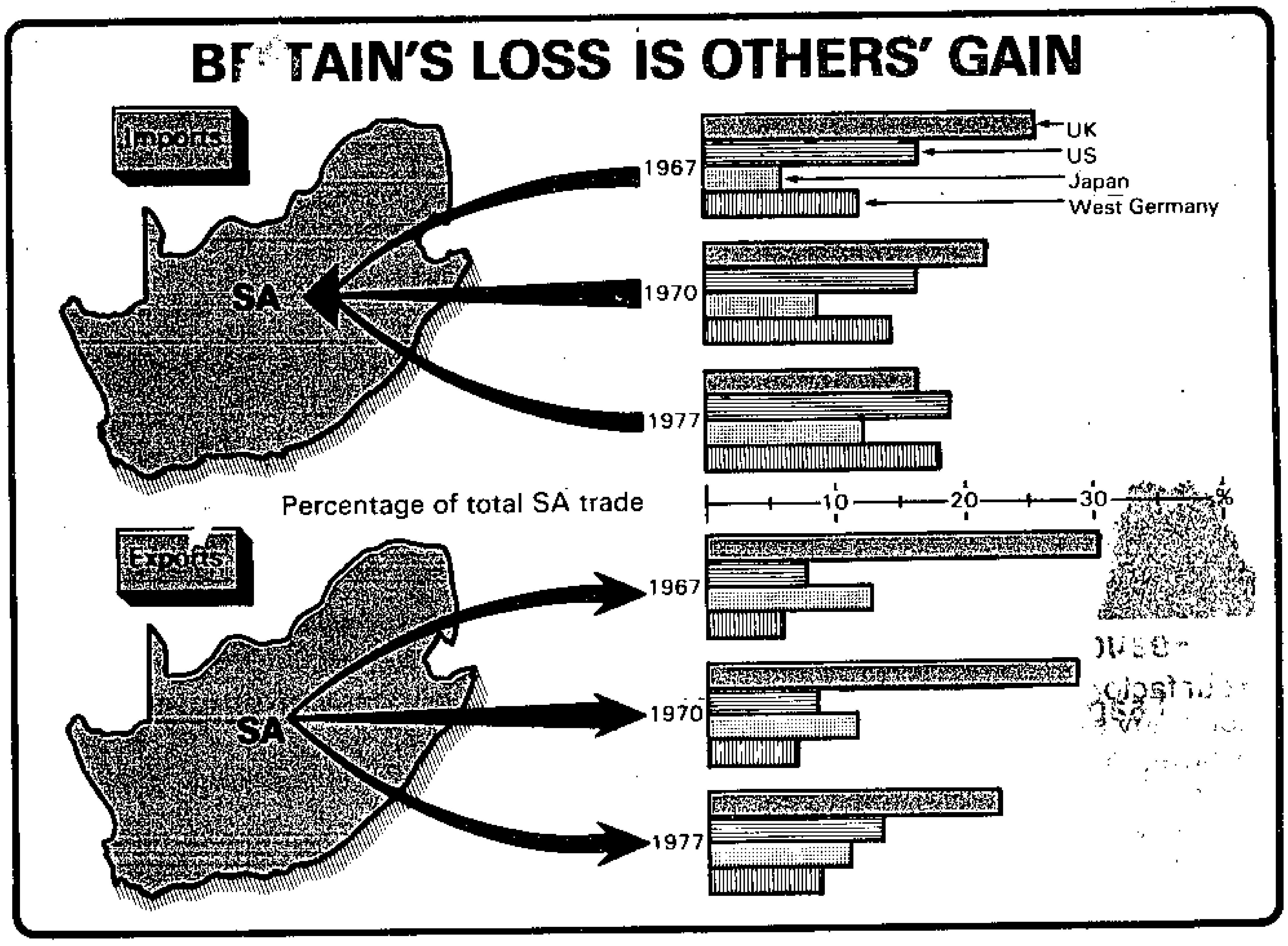
Another problem is this: some local subsidiaries of overseas firms have had export orders taken away from them by their work-hungry parents. Among them are a chemical engineering company and a manufacturer of earth-moving machinery. "The SA subsidiary tends to come last in line," says UAL's David Dyer.

Trade in capital goods generally is slow. The IDC's financing commitments for capital goods exports have dropped from a peak of R243m in 1974 to R127m last year.

For the engineering and construction industries even the Middle East is a tough market — but for a different reason. "The going is extremely tough because everyone else is there," says Safto's GM, Piet Kieser.

Adds Dyer: "Most Middle East countries may be prepared to do a one-off deal, but they are reluctant to enter into a long-term loan relationship with a SA government flavour."

For consumer goods, however, the Persian Gulf is one of SA's few promising export markets. Bath tubs, glass products, and fruit juices are some of the items sold to the Middle East.



There is little doubt that the quality of SA's manufactured exports — which still constitute only a third of the total — is improving. For instance, engineering companies making sophisticated small parts of switch-gear and electronic equipment have succeeded in breaking into the European and American markets. Lectrolite's sales of vehicle components have zoomed by 44% in the past 18 months.

Heunis, for one, is convinced that exports of manufactured goods will play a growing role in foreign trade. That, however, may be wishful thinking until consumer demand in our trading partners strengthens again.

VRYSTELLING: MAANDAG 26 JUNIE 1978 OM 15h00

74

TOESPRAAK GELEWER DEUR SY EDELE J.C. HEUNIS, MINISTER VAN EKONOMIESE SAKE, BY GELEENTHEID VAN DIE UITVOERKONGRES EN -UITSTALLING "UITVOER '78" AANGEBIED DEUR SAFTO - JOHANNESBURG, 26 JUNIE 1978

Mnr. die Voorsitter, geagte Kongresgangers

Dit is met groot genoeë dat ek die uitnodiging aanvaar het om vandag hier saam met u te verkeer en die openingsrede by hierdie belangrike geleentheid te voer. Ek wil dan ook dadelik vir SAFTO van harte gelukwens met die inisiatief wat hulle geneem het om hierdie kongres en uitstalling te reël, asook met die goeie organisasie wat hulle in hierdie verband aan die dag gelê het.

Suid-Afrika/...

Suid-Afrika het nou 'n tydvak in sy ekonomiese geskiedenis betree waar daar weer 'n slag besin sal moet word oor die weg vorentoe indien ons ons oorkoepelende doelstellings wil bereik en meer in besonder daarin wil slaag om ons strewe te verwesenlik om ons uitvoerverdienstes, waarop ons land so sterk aangewese is vir ekonomiese groei, verder op 'n volgehoue grondslag uit te brei.

Hierdie kongres word dus myns insiens baie tydig gereël, veral as ons daaraan dink dat Suid-Afrika nou op die

vooraand/...

vooraand staan van 'n ekonomiese oplewing waarvan daar die afgelope maande uit verskeie oorde in sowel die openbare as die private sektor van ons land melding gemaak is.

Despite the fact that it is often said of economists that they are people who can predict what is going to happen the following month and are then able to explain very well at a later date why it did not happen, I am convinced that there are now encouraging signs that a turning point in South Africa's business cycle has already been reached.

This process was, to a large extent, initiated by the excellent performance of our exports over the last two years. But I think it is safe to say that although South Africa's exports should again reach a high level this year, one could hardly expect this performance to equal that of the immediately preceding two years. This is particularly due to the uncertain economic growth expectations in those important industrialised countries on which we depend so heavily for the export of commodities which, for us, still constitute the real income earners in foreign markets, namely primary products, minerals and base metals.

It would obviously also not be wise to bank too much at this stage on a further sharp rise in the price of gold.

It is evident, therefore, that we shall have to rely mainly on internal growth factors for the expected economic upswing. However, having due regard to the considerable rate of under utilisation of production capacity which still exists in the economy, it would appear to be doubtful that fixed investment, except in the case of certain public corporations and government institutions, will make any substantial contributions towards a revival of economic activities.

You will, no doubt, recall that my colleague the Minister of Finance in his latest budget speech announced certain financial measures to stimulate the economy moderately through the government sector, whilst real government expenditure should not show any increase worth mentioning during the current fiscal year.

The only remaining internal demand components which could have a stimulating effect on production are, therefore, private consumer spending and an increase in inventories.

The active efforts both in the public and the private sectors to promote import replacement could, of course, also stimulate local production and thus create a better utilisation of spare production capacity.

But apart from this, it is important to note that since the second half of last year the volume of retail sales, after adjustment for seasonal fluctuations, has shown an upward trend which has continued thusfar during 1978. A similar tendency has manifested itself in respect of sales of new motorcars since the last quarter of 1977. Bearing this in mind as well as recent salary and wage increases; the increased liquidity in the economy; the

fiscal/...

fiscal concessions which have been announced in the budget; and the low levels of sales of especially consumer durables during the last two years, this upward tendency in private consumer spending should be sustained for some time to come.

Uit die nasionale rekeninge syfers is dit ook duidelik dat nie-landbou voorrade 'n baie lae vlak bereik het. Hoewel dit nog nie duidelik in die beskikbare statistieke weerspieël word nie, kan dus verwag word dat 'n aanvulling van handels=voorrade in die nabye toekoms sal voorkom as dit nie reeds gebeur het nie.

Maar/...

Maar die ommekeer in die konjunktuur word ook reeds in die gunstige wending in sekere produksiereekse weerspieël. So, byvoorbeeld, het die volume van fabrieksproduksie, na aansuiwering vir seisoensfaktore, gedurende die eerste kwartaal vanjaar, vergeleke met die voorafgaande kwartaal, vir die eerste keer in die afgelope twee jaar 'n duidelike styging getoon.

Die aanduidings is ook dat, hoewel daar na die hoë peil van landbouproduksie wat verlede jaar bereik is, nie weer vanjaar 'n hoë groeikoers in hierdie sektor verwag kan word nie, dit nogtans 'n positiewe bydrae tot die land se totale produksie sal lewer.

Dit/...

Dit is nog te vroeg vir hierdie gunstige produksieneigings om duidelik weerspieël te word in 'n beter besetting van produksiekapasiteit in die fabriekswese, of in 'n toename in werkgeleentheid, wat in die meeste belangrike sektore tot aan die einde van 1977 nog 'n dalende neiging getoon het. Die seisoensaangesuiwerde getal geregistreerde werklose Blankes, Kleurlinge en Asiërs, wat sedert 1974 ononderbroke toegeneem het, het nietemin gedurende die laaste kwartaal van 1977 'n effense dalende neiging getoon.

Indien/...

Indien die oplewing in die private verbruiksbesteding asook in die opbouing van voorrade wel voortduur, soos in die vooruitsig gestel, kan natuurlik verwag word dat dit mettertyd ook tot 'n toename in invoere sal lei. Maar gesien die mate van surplus kapasiteit in die ekonomie, behoort hierdie uitwerking op die lopende rekening van die betalingsbalans nie oor die korttermyn buitensporig nadelig te wees nie. Die voorlopige handelsyfers dui dan ook daarop dat die gunstige posisie op die lopende rekening van die betalingsbalans wat in 1977 bereik is, nog tot groot hoogte gedurende die eerste vier maande van vanjaar voortgesit is.

Ook/...

Ook die inflasiekoers behoort nie onder huidige omstandighede nadelig beïnvloed te word deur 'n oplewing in ekonomiese aktiwiteite nie, maar kan selfs daardeur bevoordeel word in dié sin dat eenheidskoste by 'n beter besetting van produksiekapasiteit mag daal.

In die geheel gesien, bestaan daar dus goeie gronde vir die vermoede dat 'n oplewing in die ekonomie reeds 'n aanvang geneem het. Hiermee wil ek natuurlik geensins te kenne gee dat daar nou 'n fenomenale toename in die groeikoers voor die deur staan wat in 'n kort tydperk al ons werkloosheids=probleme sal oplos, produksiekapasiteit volledig sal beset en tot 'n nuwe investeringsgolf aanleiding sal gee nie.

Inteendeel,/...

Inteendeel, ons moet verwag dat die oplewing geleidelik en matig sal wees.

However, to achieve this objective, it is imperative that South Africa's growth targets be achieved and that exports should make a fair contribution towards this end.

The vital role which foreign trade has traditionally played in South Africa's economic development is well-known. In formulating its economic policies the government must, therefore, of necessity also put particular emphasis on the role of exports within the general framework of our economic policy. By and large the major policy objectives in the economic sphere can be identified as the maintenance

of/...

of a satisfactory economic growth rate; the creation of adequate employment opportunities for our people; the maintenance of internal price stability and equilibrium in the balance of payments.

According to available statistics, exports as a real growth factor in the economy during the post war period, did not always exercise a stabilising influence on the real gross domestic product. In fact, it would appear that when South Africa experienced relatively long periods of rapid

economic/...

economic growth as was the case, for example, during the years 1947 to 1957 and 1962 to 1969, when annual growth rates of 5,3 per cent and 6,1 per cent respectively in the Gross Domestic Product were achieved, real exports increased at much lower rates. From this it can be deduced that although exports apparently played an important supporting role in the achievement of a specific economic growth rate, it could not fulfil a leading role as far as growth was concerned in the post war period.

This phenomenon must be regarded as one of the main reasons why, whenever South Africa had experienced an upswing in economic activity, it was at a relatively early stage confronted with balance of payments problems. Although I fully realise that I might be accused of over simplifying matters, I think it must at least be accepted that the

inability/...

inability of exports to make a relatively high contribution to economic growth in the longer term, is an underlying cause of the problem. This is a disappointing phenomenon in view of the fact that import replacement, as a growth factor, has since about the end of the fifties not played a significant role. For this reason it is not surprising that South Africa has experienced increasing balance of payments problems since the late sixties.

The/...

This structural balance of payments problem with which the South African economy has been confronted, received the sustained attention of the authorities who, as far as was practically feasible, introduced certain policy measures in an endeavour to rectify the disequilibrium in the country's balance of payments. It is not my intention to elaborate on this subject. Suffice it to say that the Government attaches great importance to the matter and that it is receiving constant attention. In fact, the various Economic Development Programmes, which were published in the seventies, clearly indicated that if South Africa wanted to maintain an average real growth rate of 5 per cent per annum, very high demands would have to be made on the export

sector./.

sector. Similarly the creation and expansion of the necessary harbour and transport facilities *inter alia* to accommodate the high growth rates in respect of exports of raw materials and semi-finished minerals and metals, was specifically advocated.

As you probably all know these recommendations were accepted by the Government and active steps were taken to expand the transport infra-structure. In the latest Economic Development Programme which covers the period 1976

to/...

to 1981 a target growth rate of no less than 6,8 per cent per annum for the export of goods and non-factor services was envisaged. Due to the upswing in the demand for basic raw materials experienced by the major industrial countries, as well as the fact that adequate transport and harbour facilities were available, South Africa was able to exceed this export target by far during the first two years of the pro=gramme, namely in both 1976 and 1977. I think you will agree that this was an achievement of which we can justifiably be proud!

Soos in die verlede het uitvoere dus weer 'n belangrike onder=steunende rol vervul gedurende die afgelope jaar of drie

toe/...

toe die Suid-Afrikaanse ekonomie sy diepste na-oorlogse resessie beleef het. Ek wil my verstout om te sê dat as dit nie hiervoor was nie, dan het die Suid-Afrikaanse ekonomie waarskynlik op 'n veel later stadium as gedurende die tweede helfte van 1977 die laagtepunt in die konjunktuur bereik.

Die belangrike vraag is egter of die uitvoersektor in staat sal wees om oor die langtermyn die gestelde groei mikpunte te bereik? Hierdie is natuurlik 'n vraag wat nie so maklik beantwoord kan word nie. Daar sal in die toekoms sover moontlik sorg gedra moet word dat probleme op die kapitaal=rekening van die betalingsbalans nie die groeistimulus

van/...

van 'n skerp toename in uitvoere neutraliseer nie. Dit kom dus daarop neer dat 'n uitvoerstrategie of -beleid, deeglik rekening sal moet hou met, en 'n belangrike onderdeel sal moet uitmaak van 'n algemene ontwikkelingstrategie of -beleid vir die land as geheel. Dit was ondermeer op grond van oorwegings soos hierdie dat ek 'n werkgroep aangestel het om ondersoek in te stel na alternatiewe nywerheidstrategieë met deeglike inagneming van ons ekonomiese en strategiese doelwitte en beperkinge wat in die afsienbare toekoms geldend mag wees. Sonder om enigsins hierdie werkgroep se bevindinge vooruit te probeer loop, moet ek daarop wys dat Suid-Afrika se ontwikkelingsbeleid tot dusver daarop toegespits was om sy vergelykende koste-voordele tot die maksimum te benut

en/..

en om invoervervanging min of meer sy natuurlike ontwikkelingsgang te laat gaan. By implikasie het dit meegebring dat Suid-Afrika vandag een van die grootste uitvoerders van minerale en basiese metale na die geïndustrialiseerde lande van die wêreld is en dat hy 'n relatiewe groot invoerder van swaar intermediêre goedere en kapitaaltoerusting vanaf hierdie lande is. Suid-Afrika het dus nie soos meeste ander ontwikkelende lande in die na-oorlogse jare 'n beleid van <u>geforseerde</u> invoervervanging gevolg nie omdat ons geglo het dat dit nie in die langtermyn belang van die land se ekonomiese vooruitgang sou wees nie.

Hierdie/...

Hierdie beleid het nietemin tot gevolg gehad dat Suid-Afrika vandag op enkele uitsonderings na, seker die oopste ekonomie ter wêreld het. Die belangrike vraag ontstaan nou of ons in die lig van die heersende en verwagte internasionale politieke en ekonomiese verwikkelinge waarin Suid-Afrika hom stellig gaan bevind, hierdie beleid nog moet voortsit.

In die lig van ons behoefte aan 'n bevredigende tempo van ekonomiese vooruitgang, werkverskaffing en stabiliteit van die betalingsbalans, asook sekere strategiese oorwegings, was ons dus genoodsaak om weereens volledig na ons ontwikkelingsbeleid te kyk en om, waar nodig, sekere

aanpassings/...

aanpassings te maak. Wat uitvoere in die besonder betref, veral die verwagte rol wat dit in die toekoms sal moet vervul ten einde die oorkoepelende ekonomiese doelwitte waarna ek reeds verwys het, te bereik, is ek van mening dat ons in die eerste plek sal moet poog om die wye fluktuasies in ons uitvoere van jaar tot jaar sover moontlik te probeer verminder. Dit is algemeen bekend dat verreweg die grootste persentasie van ons uitvoere na die geïndustrialiseerde lande gaan en dat hierdie uitvoere in 'n belangrike mate uit minerale en basiese metale bestaan.

Uit/...

Uit die aard van die saak is die vraag na hierdie produkte nou gekoppel aan fluktuasies in die ekonomiese groeikoerse van daardie lande. Daarby is Suid-Afrika se eie konjunktuursiklus gemiddeld met sowat 18 maande tot 2 jaar "uit fase" met dié van sy vernaamste handelsvennote.

The question now arises as to how South Africa can, if at all possible, reduce the negative influences on its own rate of development of fluctuations in the economic growth rates of the industrialized countries. There are, of course, various possibilities which could be pursued in this regard. The first possibility is to decrease our dependence on

exports/..

exports of unprocessed minerals through greater beneficiation thereof before export. The government has already introduced various measures in an effort to achieve this aim, but it goes without saying that this is a long term process and the basic costs inherent in the application of such a policy must also be taken into account. However, it has already been proved that world export prices and volumes of manufactured goods are less susceptible to the instability created by normal swings in international business cycles than is the case with primary product exports. For this reason it is gratifying to note that our exports

of/...

of manufactured goods have increased considerably over the last few years. But it must be borne in mind that the marketing of manufactured goods places different demands on exporters than those which apply in the case of exports of raw materials. For example, it is a well-known fact that the marketing of manufactured goods on a continuous basis overseas is subjected to higher costs and that there are also numerous factors which can influence the competitiveness of such products in a particular market. Likewise, the choice of manufactured products most suitable for export is not easy. Although one must accept that cost considerations should be the most important determining

factor,/...

factor, there are also other aspects which, from a country point of view, deserve due consideration, such as the job creating potential of an industry, the influence of the exports concerned on the balance of payments and, naturally, also strategic considerations. Furthermore, the demands on the country's capital resources of the expansion of export orientated manufacturing industries should also be borne in mind.

As/...

As far as the influence on the balance of payments is concerned, calculations show that for each R1 of manufactured goods which are exported about 25 cent flow back into the country in the form of imports. And this does not even include the outflow of foreign exchange in payment of the imported capital goods required to expand local productive capacity. This ratio differs from sector to sector, but in many cases very low net returns are earned as is the case for instance, with motor cars in respect of which the figure is 44 cent per R1 exports; for textiles 32 cent and clothing 24 cent. It is interesting to note that some of the manufacturing sectors which currently represent the largest exporters, have the lowest propensity to import. Examples of these

are/...

are food processing industries with a ratio of 18 cent per R1 exports; basic iron and steel with 19 cent; and pulp, paper and paper board with 10 cent.

It would appear, therefore, that the present structure of manufactured product exports is to a large extent in line with our objective of achieving the minimum of imports whilst earning the maximum amount of foreign exchange. We will inevitably have to focus much more attention on these aspects in planning our economic strategy if our manufacturing industries were to achieve the desired export goals.

The/...

The same applies to the other two equally important objectives - namely the creation of the necessary employment opportunities for our people and the demands which export industries make on available capital resources.

As far as the former is concerned, it is estimated that export industries are responsible for nearly 26 per cent of all the job opportunities which exist in the Witwatersrand area today and that in the case of Blacks alone the figure could be as high as 30 per cent.

Bearing in mind that despite rapid growth our domestic market, judged by international standards, is still

relatively/...

relatively small, it is obvious that South Africa will have to rely heavily on the contribution of its export sector to achieve the set target growth rate in the Gross Domestic Product. This means, of course, that the Republic will remain dependent on external trade to sustain its economic expansion. In this process we shall have to take into account certain considerations such as our dependence on specific markets for the bulk of our exports; the dependence of certain sectors on imported raw materials;

and/...

and thus the dire need for us to diversify still further both the regional distribution and the commodity structure of our export trade. I have already referred to the fact that, on balance, import replacement as a growth factor, like exports, did not always make the projected growth contribution over the past few decades. Many factors were responsible for this trend but unfortunately time does not permit me to elaborate thereon today. However, in the light of the economic and strategic growth targets which I have highlighted, it must be regarded as one of the basic requirements that import replacement will have to play a significant role in our future economic development. As in the case of exports, an important substition strategy will

have/..

have to be devised to cover those products and industries which, from the point of view of their potential to generate growth and employment and their influence on the balance of payments as well as their demands on our available capital resources would yield the optimum results.

Mr. Chairman despite the relative smallness of the South African economy by international standards, the country occupies a disproportionately important position in the overall world

trade/.

trade situation as a major supplier of raw materials for industrial purposes, while it constitutes an important market for manufactured goods which are mainly produced by the industrialised countries.

As a valuable trading partner for individual countries, South Africa is even more important, in that about 60 per cent of the country's merchandise exports (excluding gold) is being taken off by its six main trading partners, namely the United Kingdom with 22 per cent in 1976, Japan 11 per cent, the United States 10,2 per cent, West Germany 10,7 per cent, Belgium and Switzerland 4,3 and 3,6 per cent respectively. Similarly more than

75/...

75 per cent of South Africa's total imports (excluding strategic imports) are supplied by only six major industrialised countries, namely the United States 21,4 per cent, West Germany 18,1 per cent, the United Kingdom 17,8 per cent, Japan 10,3 per cent and France and Italy 4,1 and 3,7 per cent respectively.

A further analysis of the commodity composition of South Africa's exports reveals that, apart from the dominant position this

country/...

country has held for more than a century, and is still holding in die world's production of gold, it has also in more recent years succeeded in acquiring a strong foothold in the international trade as a major producer of a wide range of minerals and base metals which are important inputs in the manufacturing sectors of the industrialise countries. One only has to think of products like antimony, chromium, platinum, vanadium and manganese, to name but a few in this context, which are of vital importance to the industrialised countries.

Likewise/...

Likewise in the fields of ferro-alloys and non-ferrous metals, South Africa has made impressive progress in recent years in becoming a major world supplier. South Africa's exports of ferro-chrome at present account for about 65 per cent of the import demand of West Germany, 40 per cent in the case of the United States and 76 per cent and 77 per cent for the United Kingdom and Japan respectively. South Africa's role in supplying the import needs of these countries in respect of certain other ferro-alloys such as ferro-manganese, as well as of some non-ferrous metals,

such/...

such as the platinum group of metals, is reflected in comparable percentage contributions.

Whilst this can certainly not by any standards be regarded as a mean achievement, it is essential that we should now plan for the next phase of our economic expansion. I sincerely hope that the remarks which I have made will serve to stimulate further discussions during the next few days and that it will materialise in concrete suggestions on ways and means to achieve our ideals to exploit the country's optimum economic and trading potential.

In/...

In conclusion, I would like to express one further thought concerning the promotion of South Africa's exports. There are various organisations and institutions which occupy themselves with the common objective of export promotion. In order to avoid unnecessary duplication and to ensure a co-ordinated effort towards export promotion, it is essential that there should at all times be close co-operation amongst the parties concerned in their pursuit of our overall objective of improving still further the country's export performance.

I/...

I would, therefore, earnestly appeal to those involved in one way or another in our export trade to render their full co-operation and support to the Government in this important matter.

With these few thoughts Mr. Chairman, I declare this Conference and Exhibition "Export '78" formally open and wish you every success in your deliberations.

UITGEREIK DEUR DIE DEPARTEMENT VAN INLIGTING OP VERSOEK VAN DIE MINISTERIE VAN EKONOMIESE SAKE

26 JUNIE 1978

PRETORIA

74

VRYSTELLING: DINSDAG, 27 JUNIE 1978 OM 10h00

TOESPRAAK GELEWER DEUR MNR. T.F. VAN DER WALT, SEKRETARIS VAN HANDEL, BY GELEENTHEID VAN DIE KONGRES EN UITSTALLING "UITVOER '78", 26 - 28 JUNIE 1978

Meneer die Voorsitter, Dames en here

Dit is vir my besonder aangenaam om u by hierdie geleentheid te kan toespreek oor 'n onderwerp wat vir Suid-Afrika van die grootste belang is.

As 'n mens dink aan die betreklike kort geskiedenis van Suid-Afrika gemeet teen dié van die westerse nywerheidslande kan jy nie anders nie as om verbaas te staan dat die struktuur van ons buitelandse handel in die relatiewe kort tydperk van bietjie

meer/...

meer as 300 jaar, nadat absoluut van meet af aan begin moes word, tot so 'n hoogs gesofistikeerde peil in die wêreldhandel ontwikkel het.

Om 'n antwoord te probeer vind op die vraag: "Wat het Suid-Afrika bereik in produk- en markdiversifikasie", moet 'n mens eintlik by die volksplanting aan die Kaap in 1652 begin toe die Hollands Oos-Indiese Kompanjie die daarstelling van 'n halfweg verversingstasie tussen die Ooste en die Weste aan Jan van Riebeeck opgedra het.

Voedselvoorsiening in die vorm van skeepsvoorrade, dit wil sê uitvoere in 'n sekere sin, was dus die onderliggende oorweging by ons vestiging hier aan die Suidpunt van Afrika.

Gedurende/...

Gedurende die eerste twee eeue van Suid-Afrika se bestaan was die ekonomiese ontwikkeling maar betreklik traag en het die land se uitvoerpogings hoofsaaklik gewentel om die voedsel-, landbou- en wynbedrywe wat grotendeels op die voorsiening van Europese behoeftes, veral dié van Brittanje, gerig was.

The discovery of gold and diamonds triggered off changes which marked the first real signs of accelerated economic growth. The broader industrial base which was created in this process, as well as the infrastructural developments which followed, brought South Africa, at the turn of the century into the realms of world trade.

Economic activity, although still largely concentrated on the agricultural and food processing sectors gradually spread to an increasing number of commodities in the mining and manu=

facturing/...

facturing sectors and it is interesting to note that during the first decade of this century the number of manufacturing establishments doubled to 2 500.

The next economic upsurge took place during the period 1915 to 1920 and encompassed mainly the farming and manu= facturing industries when the First World War created inordinate needs in both these sectors. During this period the value of plant and machinery increased by ten per cent per year, while output showed an annual growth of eight per cent in real terms and industrial employment rose from 87 000 to 139 000. These are modest employment figures, indeed, when compared with today but growth figures to be very envious of these days!

Then came the Great Depression of 1929 to 1932. Worldwide

mass/...

mass urban unemployment ensued and although South Africa's experience was identical to that of the world, it had the advantage that with a fixed gold price and other prices falling its principal industry, namely gold mining, not only maintained but even slowly expanded output and employment. On the other hand South Africa's export industries suffered severe setbacks when Britain suspended the gold standard in 1931 and we did not follow suit. This placed the South African pound at a premium as against sterling and thus had the same effect as a revaluation of our currency with a resultant loss in export earnings. When this situation was redressed in 1932 a new phase of economic progress was initiated and South Africa's exports once again boomed. The sterling price of gold rose from 85 shillings to 125 shillings per ounce and when in 1934 the United States

devalued and fixed a new gold price of 35 dollars per ounce, exchange rate adjustments raised the sterling price of gold further to 142 shillings an ounce.

No wonder, therefore, that during the rest of the Thirties it was gold that bestowed colossal economic benefits on South Africa. With the exception of agriculture, all industrial sectors continued to grow at a rapid pace until the outbreak of World War II when, during the period 1939 to 1945, South Africa again assumed considerable military burdens for its size. The whole economy became geared to the war effort and every endeavour was made to stimulate mining development and the better utilisation of industrial minerals and to increase farm output as far as supplies of fertilizers and equipment permitted.

After the war South Africa, like so many other countries, soon experienced an unparalleled boom. There was a tremendous pent up demand for consumer durables and non-durables, for cars and tractors, for industrial and mining supplies for housing and offices, as well as for food and clothing. But unlike previous critical phases of South Africa's economic development the pace of the ensuing rapid economic expansion was set not only by new goldmining development, which did play a very prominent part, but also by widespread industrial growth, progress in base metal mining and a revolution in farming techniques.

Ek het doelbewus heelwat klem laat val op sommige van die geskiedkundige aspekte van Suid-Afrika se ekonomiese ontwikkeling omdat ek wou probeer aantoon in watter mate "toevallige" faktore

die/...

die verloop van ons ekonomie vanaf die begin stadium tot so onlangs as die Tweede Wêreldoorlog, beïnvloed het. Dit is dan ook nie vreemd dat ons uitvoerhandel, wat betref produk samestelling dieselfde patroon van "toeval" gevolg het nie terwyl, uit die oogpunt van 'n geografiese verspreiding van ons uitvoere, geskiedkundige faktore deurslaggewend was. Die gevolg van beide hierdie faktore was dat Suid-Afrika gedurende die sestiger jare van hierdie eeu nog in 'n belangrike mate van landbou en mynbouprodukte vir 'n groot deel van sy totale uitvoerverdienstes afhanklik was, terwyl die geografiese verspreiding van ons uitvoere hoofsaaklik op so min as ses handelsvennote toegespits was.

'n Kenmerk was egter dat vervaardigde goedere sedert die laat vyftiger jare 'n steeds toenemende rol in die produk samestelling van ons uitvoere begin speel het, maar ek meen

dat/...

dat ek sonder vrees vir teenspraak kan beweer dat alhoewel die persentasie vervaardigde goedere uitvoere in 1958 reeds ongeveer 40 persent van totale uitvoere uitgemaak het, was daar, sover dit die doelbewuste beplanning van vervaardigde goedere uitvoere betref, tot in daardie stadium baie weinig gedoen. Suid-Afrika het natuurlik alreeds sedert die twintiger jare 'n positiewe beleid van nywerheidsbeskerming en -bevordering gevolg. Hierdie beleid het in die na-oorlogse tydperk maar veral sedert die sestiger jare besondere momentum verkry toe daar besondere klem op invoervervanging waar dit ekonomies geregverdig kan word, geplaas is. Hierdie beskermingsbeleid ten opsigte van nuwe nywerhede het tot gevolg gehad dat baie oorsese nyweraars in die sestiger jare en vroeë sewentiger jare hulle ondernemings in Suid-Afrika kom vestig het ten einde die

potensiaal/...

potensiaal van die Suid-Afrikaanse mark ten volle te benut. Die klem het dus eerder op nywerhede geval wat in die binnelandse vraag moes voorsien as op nywerhede wat van die staanspoor af ook uitvoergerig was.

Dit was dan die posisie toe Suid-Afrika se grootste handelsvennoot, naamlik Brittanje, op 1 Januarie 1972 lid van die Europese Ekonomiese Gemeenskap geword het, en ons nie veel langer op spesiale behandeling by wyse van tariefvoorkeure in daardie mark kon staatmaak nie.

Hierdie gebeurtenis tesame met die oliekrisis wat die wêreld in 1973 getref het en die grootste ekonomiese insinking in die wêreld sedert die Groot Depressie van die dertiger jare tot gevolg gehad het, het ongetwyfeld baie daartoe bygedra dat

sowel/...

sowel die openbare as die private sektore in Suid-Afrika tot die besef gekom het dat veel meer klem in die toekoms op mark- en produkdiversifikasie in Suid-Afrika se uitvoerpogings gelê sal moet word.

Hierdie proses is nou reeds vir enkele jare volstoom aan die gang en aansienlike suksesse is reeds behaal. Ek wil dus vervolgens kortliks stilstaan by die veranderde patroon van ons handel oor die afgelope paar jaar.

I do not wish to bore you with too many statistics, but I am sure that you will be interested in just a few of the export classifications. Prepared foodstuffs, for example, showed an annual export growth rate of 25,5 per cent from 1969 to 1975 and declined to 20,6 in the period 1976 - 1977.

Mineral products, on the other hand, showed an increase from

an/...

an annual growth rate of only 7,7 per cent during the period 1969 to 1975 to 17,7 per cent during the period 1976 to 1977. The comparable figures for wood and wood products were 26,1 per cent and 39,8 per cent, respectively, which was partly due to the export growth in our furniture industry. Textiles showed an increase from 9,8 per cent to 12,9 per cent during the relevant period whilst the corresponding figures for base metals and metal products increased from an export growth rate of 14,2 per cent to 20,3.

Increases were also recorded in the export growth rates for gems and jewellery, plastics, resins and rubber, chemicals and chemical products, footwear and millinery, non-metallic mineral products, vehicles and transport equipment and optical and other instruments, to name but a few. Although

slight/...

slight declines were recorded in the export growth rates of a few classifications such as vegetable products, animal and vegetable fat oil, machinery and miscellaneous manufactures, it should be clear from the commodities for which positive export growth rates were achieved that the process of product diversification has gained considerable momentum over the last nine years. However, if one considers how dependent South Africa still is on a few commodities for its export earnings, the process of product diversification has not, in my view, gone far enough as yet. Our aim must surely be to achieve the highest possible rate of industrial growth through increased benefi= ciation of minerals as well as further transformation of these minerals into manufactured goods. Unfortunately, the position today still is that South Africa depends too heavily on a few

sectors for the bulk of its export earnings. For instance mineral products, gems and jewellery and base metals and metal products combined in 1977 accounted for 56,6 per cent of our total exports. This compares with the year 1939 when South Africa's gold sales accounted for 74 per cent of our export earnings! Although we have therefore come a long way since that time, we have not nearly achieved the level of diversifi= cation which we are capable of reaching.

If we look at the position concerning market diversification, the trend appears to be very similar. About sixty per cent of South Africa's merchandise exports (excluding gold) is directed to only six main trading partners. Britain with 22 per cent in 1976 is still by far the most important of these markets.

This is followed by Japan with 11 per cent, West Germany with 10,7 per cent, the United States with 10,2 per cent, Belgium with 4,3 per cent and Switzerland with 3,6 per cent.

Although we have made tremendous progress in other areas of the world for example, in countries of the Middle East and South America much has still to be done to spread the bulk of our exports over a wider field and to become less dependent on the small number of markets on which we are so dependent. I realise, of course, that there is no quick or easy solution to this problem but the fact that we have made a beginning and have achieved some notable successes in parts of the world where up to a few years ago we did not have any outlets should serve as inspiration to all of us to tackle the problems with vigour and to explore each and every opportunity that may

present/...

present itself.

You will appreciate, of course, that the Government's role in stimulating exports is of necessity confined to the creation of a sound framework within which the private entrepreneur can operate and exell himself. In line with the principles of our free enterprise economic system, the Government has introduced various export incentives, which are reviewed, from time to time. In fact, a Study Group which had been appointed some time ago to investigate the existing export promotional scheme, recently submitted its report and recommendations to the Government. The Honourable the Minister of Economic Affairs has subsequently appointed a small working group consisting of representatives of the private sector and senior state officials to consider the relevant report and to formulate final

recommendations/...

recommendations thereon. The working group has already made good progress with its task and is expected to report back in the foreseeable future.

I trust that the panel discussions at this Congress will actively stimulate interest in this important matter and that it will highlight various salient points which could be taken into account in the formulation of a sound medium and longer term export strategy for South Africa.

<u>UITGEREIK DEUR DIE DEPARTEMENT VAN INLIGTING OP VERSOEK VAN DIE SEKRETARIS VAN HANDEL</u>

<u>PRETORIA</u>

27 JUNIE 1978

FM 25/1/78

SPANISH TRADE (74)

French Bank facility

Growing Spanish interest in the SA market looks like being endorsed soon with a new line of credit through the French Bank. Senior manager (export import finance) Mike Nicolai says the deal, with a major Spanish bank, is imminent.

"My feeling after three days in Madrid with them is that they are very keen to get their goods here," says Nicolai.

The medium term credit of up to $10m initially will, he adds, be renewable. Already $1,7m of the facility has been earmarked for impending machinery sales by one company.

This is the French Bank's first such deal in Spain. It has similar links with the UK, Italy, Belgium, Switzerland and, of course, France.

Concentration is likely to be on capital goods in an attempt to narrow the SA Spanish trade gap, now running at almost 3:1 in our favour.

Within the past 12 months, the Madrid government has sponsored trade missions to sell textile machinery, electronics, plastics, special steels and machine tools. Consumer goods, such as finished textiles and toys, are now much less prominent in Spain's export effort to SA.

Spain's sales of R35m annually to SA are headed by machine tools, at about R3m, with the remainder made up of hundreds of smaller items.

SA's R95m annual sales to Spain are dominated by asbestos, coal (and other minerals) and maize.

The Natal Mercury, Thursday, April 13, 1978

S.A. steel exports to fall this year

Mercury Correspondent

74

LONDON — Following the agreement to reduce shipments to the Common Market, South Africa's steel exports will be lower this year. Both Japan and South Africa have now agreed to limit both quantities and prices of steel shipments to Europe this year.

But in return both the South African and Japanese exporters will still be allowed a competitive price edge on the steel sales to the EEC on special steels they can price four percent below the prices of EEC manufacturers and six percent below other products.

South African steel exports to the Common Market this year are limited to 332 000 ton, of which 32 000 tons are allowed to be semi-finished products.

According to Cru Metal Monitor, European steel prices have increased to a healthier level. Yet steel producers are still operating at uneconomic levels of capacity utilisation.

Steel demand remains low and further price increases seem likely to meet market resistance in the next few weeks.

In the United States, the import trigger price mechanism, combined with the Japanese desire to reduce their trade surplus, is cutting imports to the U.S., raising prices and permitting substantially increased sales and production by the domestic steel industry.

Domestic demand in Japan is expanding more rapidly than elsewhere but not sufficiently to offset export losses through voluntary restraint, an appreciating yen and an attempt to raise export prices in yen terms.

Japanese steel producers will continue to restrict supplies to secure higher domestic prices.

According to Cru, other industrial countries such as Sweden, Austria and Canada are following the EEC and U.S. into protective measures in the face of continuing rising steel output in several new producing countries.

(74)

Hansard 12 24 April 1978.
Question 555 cols 694

FOREIGN TRADE 74 (1)

Better or worse? FM 28/4/7

Is the current account of the balance of payments gaining or losing strength as the year draws on?

Judging by the basic trade figures — excluding imports of oil and arms and exports of gold, and unadjusted for seasonal variations — March was a particularly good month. The basic surplus of R58m seems to be significantly better than February's R31m or January's R14m.

But if import and export figures are seasonally adjusted (*Statistical picture* page 334), a less encouraging picture emerges. Exports during March are then well down on January and February — compared with the same months of 1977 — while imports are up.

Moreover, the R58m surplus shrinks to R23m, compared with the previous two months' surpluses of R99m and R90m. What are the reasons for this fall in SA's seasonally adjusted trade performance?

One of the reasons, of course, was the R18m fall in Krugerrand exports. Intergold, Krugerrand marketers, have ascribed this fall to the fluctuating gold price.

(2)

Other than that, an official of the SA Reserve Bank tells the *FM* that the fall — the magnitude of which depends on what sort of seasonal adjustment is used — can be partly attributed to deviations from the normal seasonal pattern.

While Church Square itself has access to more detailed figures, and so does not depend on the Customs and Excise figures alone, the official said that an examination of the crude figures showed that imports of machinery and electrical equipment "rose very sharply" in March.

"Fairly sharp" increases in imports of mineral products and chemical products occurred during the month, while exports of precious stones and foodstuffs had shown "fairly substantial" decreases. Most other export categories had shown little change.

An *FM* examination of the breakdown of March's trade figures shows that some categories did show apparently unusual changes. Imports of machinery and electrical equipment rose by nearly 40% from February to March, compared with much smaller increases during the same period of the two previous years (15% in 1977 and 25% in 1976).

Imports of mineral products jumped by 53%, compared with a fall of 40% last year, and a 36% rise in 1976, while imports of chemical products rose by 38% during March (23% last year and 2% in 1976).

The March figures for export earnings from precious stones have fallen for three consecutive years. During January and February this export category earned SA well over R150m a month, but this fell to R120m last month. Exports of prepared foodstuffs rose much less during March (40%) than in previous years (140% and 78% in 1977 and 1976), and a similar trend can be seen in exports of vegetable

(3)

products. Up by 84% from February to March, vegetable exports rose by 172% during the same period last year; 1976, however, saw a lower increment (74%).

It's too soon to say whether last month's unusual changes in export and import categories give cause for concern. The proof of the pudding will only be seen in the trade figures for later months.

Meanwhile, the overall surplus — while it takes no account of gold bullion, oil, arms or invisibles — for the first quarter of the year is an encouraging R102m, compared with deficits of R124m and R554m during the first quarters of the two previous years.

(74) 28/4/78

DUTY-FREE ZONES (74)

Sea or sky? FM 28/4/78

If SA is to have duty-free export processing zones (EPZs), why not one on the Reef? That's the question being asked by at least one observer.

At the moment it's far from certain that the committee of inquiry currently investigating the viability of EPZs for SA will turn in a favourable report. And even if it does, all recommendations will still have to get the go-ahead from Economic Affairs Minister Chris Heunis.

Nonetheless, the debate about prospective sites is already raging.

Speculation until now has been that East London, Saldanha Bay and Richards Bay are likely choices. But an EPZ need not necessarily be situated at, or near, a *seaport*. Any international entry and exit point — including an airport — can be suitable. Shannon, in Eire, is a case in point.

So it's been suggested that an EPZ concentrating on low-volume, high-value products could be developed near Jan Smuts — perhaps in or around Kempton Park. The Southern Transvaal, the argument runs, has an enormous concentration of industry, and a pretty sophisticated infrastructure — transport facilities, electricity and the like are already laid on.

Moreover, with high unemployment, the surrounding townships, from Tembisa to Soweto, are a huge source of labour.

And for many Reef-based manufacturers, the cost of transport to the coast has, it's said, skimmed much of the cream from export profits. Low-volume, high-value goods manufactured in an EPZ near Jan Smuts could be airfreighted directly to foreign markets. Moreover, since they would probably be exempt from normal SA duties, their competitiveness on those markets would be enhanced.

Admittedly, since two of the main purposes of EPZs are to promote development and reduce unemployment, other centres might seem to be in more urgent need of such a boost. East London, for one, has expressed great interest in the proposal.

But EPZs may not be profitable ventures if they involve additional — and expensive — infrastructural development, according to the counter-argument. Furthermore, manufacturers may prove reluctant to set up shop in more far-flung areas when their existing plants and administration are in or around the Witwatersrand.

Stellenbosch economics lecturer Colin McCarthy — one member of the two-man committee of inquiry into EPZs — refuses to be drawn on the question of likely locations. "At this stage, any discussion of sites is no more than speculation," he says.

But McCarthy agrees that an airport-based EPZ could be as suitable as one near a seaport.

In general, McCarthy tells the *FM*, he's followed an approach suggested by the Reynders Commission, concentrating on the role EPZs might play in creating employment, spurring decentralisation, and improving SA's export performance.

McCarthy is not saying whether or not a Witwatersrand-based EPZ will be among the findings which the committee will present to Heunis in a few weeks' time. But he does say that *if* the committee backs EPZs "we can't simply duplicate the Taiwan or Phillipines examples. Others have tried, with very poor results. We must decide on an approach tailored to suit SA's needs."

(1) ~~3rd amend~~
(2) 7K

Hansard 14 8 May 1978
Question 548 Cols. 735 & 736.

Issuing of import beef quotas/permits to neighbouring states within Customs Union

578. Mr. G. DE JONG asked the Minister of Agriculture:

(a) On what basis are import beef quotas or permits issued to neighbouring states within the Customs Union, (b) what quotas or permits were issued to (i) Rhodesia, (ii) Botswana, (iii) South West Africa and (iv) other states within the Customs Union for each financial year from 1972-'73 to 1977-'78 and (c) what is the estimated number of quotas or permits which will be issued to each of these states for 1978-'79.

The MINISTER OF AGRICULTURE:

(a) By negotiation and with due regard to—
the estimated local demand and supply; and
actual deliveries in terms of the preceding year's quota.

(b) and (c) It is not in the public interest to publish information regarding trade with individual African countries.

2 ~~30~~
3 ~~245~~

Hansard 14 8 May 1978
Question 2 Cols. 741 & 742.

Reduction in sales duty

*2. Mr. H. H. SCHWARZ asked the Minister of Economic Affairs:

(1) Whether steps have been taken to ensure that the reduction in sales duty announced in the Budget is reflected in prices to the consumer; if so, what steps;

(2) whether steps have been taken against any undertakings which have failed to reduce prices in accordance with this reduction in duties; if so, (a) in how many cases and (b) what steps; if not, why not;

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

†The MINISTER OF ECONOMIC AFFAIRS:

(1) Yes. I have already issued a press statement on 26 April 1978 in which an urgent appeal was made to undertakings to pass on to buyers the full benefits of the reduced sales duty and surcharge on imports. Furthermore, price control inspectors throughout the country were requested to investigate and to ensure that undertakings pass

on to consumers the reductions in the sales duty and surcharge on imports in full in the form of lower prices. In this connection it must be noted, however, that the reductions in the sales duty and surcharge on imports with effect from 30 March 1978 apply only to goods leaving the manufacturers' premises and the customs warehouses since that date and the reductions can, therefore, only be passed on to the consumers after the existing stocks of undertakings on which the higher duty has been paid, have been sold.

The price reductions cannot, therefore, be introduced on a specific date but will be passed on to consumers by individual undertakings in the course of time in respect of different goods.

(2)(a) and (b) The reports of the various price control inspectors will have to be awaited before a decision as to whether any action is justified can be taken.

(3) A suitable statement will be issued in due course, if necessary.

① ~~Meat~~
② 74

Hansard 14 8 May 1978
Question 579 Cols. 736 a 737.

Imported beef from neighbouring states

579. Mr. G. DE JONG asked the Minister of Agriculture:

(1) On what basis or according to what proportions is imported beef from

MAY 1978

neighbouring states within the Customs Union allocated to the various auction markets in South Africa;

(2) whether beef imports from neighbouring states are reduced or increased proportionately when quotas or permits for these markets are reduced or increased; if not, on what basis is the reduction or increase calculated.

The MINISTER OF AGRICULTURE:

(1) Only factory meat is currently imported from only one of the relevant countries. The quota is determined with due regard to the demand for factory meat and the extent to which the quota was utilized during the preceding year. The imported factory meat is sold by catalogue at the auctions in Johannesburg, where the biggest processing factories are situated. Buyers send limited quantities to other markets, mainly Durban.

(2) No. Factory meat is imported for a specific need. The quota is rarely fully utilized.

74

Hansard 14 8 May 1978
Question 580 Cols. 736 a 737.

Member states of Customs Union: Importation of beef into South Africa

580. Mr. G. DE JONG asked the Minister of Agriculture:

Whether the Republic has fixed agreements or arrangements with neighbouring states within the Customs Union in regard to the importation of beef into South Africa; if so, (a) what is the nature of the agreements or arrangements and (b) what quantity has been agreed to in respect of (i) Rhodesia, (ii) Botswana, (iii) South West Africa and (iv) other neighbrouing states within the Customs Union during 1977; if not, on what basis are imports of beef allowed for the South African market from these countries.

The MINISTER OF AGRICULTURE:

Yes.

(a) Fixed quotas.

TABLE OF CONTENTS

TRADE FIGURES FM 12/5/

US wins, UK loses

74

The feature of last year's detailed trade figures, just released by the Department of Customs and Excise, is the 41% leap in SA's exports to Latin America (see *Business brief*).

For the rest, there aren't many surprises. Excluding arms and oil, the US remains our largest foreign supplier. Imports from the US in 1977 totalled R974,6m (1976: R1 266,6m). The next biggest supplier was West Germany, followed by the UK.

The deepening recession meant that imports from most of our trading partners were lower last year than in 1976. Among the exceptions were Japan (up from R599,7m to R625,8m), Belgium, Spain, Italy, South Korea and Sri Lanka. The surge in the value of purchases from Sri Lanka (from R14m to R21m) was entirely due to last year's tea price boom.

Though Britain managed to hang on to third place among SA's suppliers (it was last top dog in 1975), its share of the SA market continues to fall. In 1970, the UK accounted for 22% of our imports; by 1976, its slice had dropped to 17,5%, and last year slumped further to 16,4%.

Britain however maintains its place as our best customer, taking R1 315,1m (23% of total exports) last year, compared with R1 001,3m in 1976.

Thanks to big purchases of Krugerrands and steel, the US was our second biggest market last year. In 1976, it was in fourth place. Value of exports leapt from R459,7m to R787,5m.

One surprise is that disclosed trade with Israel stagnated last year. Imports were down from R16,9m to R15,3m and even exports declined — from R30,1m to R29,6m, apparently because of a slowing in steel sales.

UK concern over trade with SA

Cape Times 23/5/78 ~~006~~ 74

By NEIL BEHRMANN

LONDON. — British companies are concerned about recent government department inquiries concerning trade with South Africa. The Department of Trade and Department of Industry were investigating possible effects on the companies and economy in the event of an interruption of trade with South Africa.

According to officials, however, discussions with the companies did not necessarily mean that the government was considering a policy review on trade relations with South Africa.

A department of industry official said: "Part of our role is to keep in touch with companies in various areas and to discuss on an informal and confidential basis the economic problems which concern them."

The Department of Industry had discussed South Africa's economic prospects which are concerning them at this time.

Discussions

A confederation for British industry official confirmed that discussions had taken place. Mr John McQuiggan, executive director of Uksata (UK-SA Trade Association), said that officials had discussions with a selection of companies who carry out business with South Africa.

"This was an exercise taken by the government on a confidential basis to sound out companies on the effect of a trade embargo on them." He said the overall view was that it was nothing sinister and that the departments had not been in touch with Uksata.

He said that the investigations would enable the departments to be better informed on the effects which sanctions would have on companies. Some companies are suspicious of the motives, but if the investigations were serious it would probably have been carried out on a much wider scale, he said.

Reject sanctions

Mr McQuiggan noted that the officials were looking at both imports and exports which indicated that they were concerned about future flows of raw materials.

Mr McQuiggan believes that the government would be wise to reject sanctions because of the national interest and the effect on trade and unemployment at a time when there is a need to improve on both.

The official British trade policy towards South Africa, however, remains unchanged. This policy states: "In matters of civil trade and where internal obligations do not conflict it is not the policy of Her Majesty's Government that commercial trading relations with other countries should be based on consideration of internal and external policies.

"As far as normal trade and investment are concerned, firms remain free to carry out existing or future contracts with South Africa. The usual range of export services including ECG (Export Credit Guarantees) cover will remain available for markets of equal commercial standing."

This policy was reaffirmed in December last year. Recently Trade Secretary Mr Edmund Dell assured that South Africa would continue to benefit from normal UK Export credits.

Some companies said that they had had discussions with trade officials a few months back, but were worried about the reappearance of these officials in the past few weeks.

Johnson Matthey, agents for Rustenburg Platinum — and therefore involved with a strategic metal — also had discussions with Department of Industry officials.

Last week Lord Robens, chairman of Johnson Matthey and former labour minister and chairman of the Coal Board, warned against the consequences of sanctions, indicating the concern of these companies.

26/5/78

74

HOUSING CONDITIONS FOR MIGRANT WORKERS IN CAPE TOWN - 1976

INTRODUCTION

The three residential townships in the Cape Peninsula are Langa, Nyanga and Guguletu. Most of the contract workers live in Langa. If an employer wishes to house his workers outside the townships, he must apply to the Bantu Affairs Administration Board for a special permit to do so.

There are four categories of men living singly in the Peninsula. Firstly there are the men who qualify for permanent residence in the urban area in
terms of Section 1D(1) a)or b)of Bantu ...).
25 of 1945 (as amended). Then there ... ban
areas on contract before 1968. Thes ...
urban area in terms of Section 19(1)b ... not
leave the employ of the particular em ... ced.
~~Theoretically speaking~~ they are able ... tion
... permanent re ... men
... ent contracts ... gal
... rs to a much ...
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... for a maximu ... of
... urn to the re ...
The final ... re
... e townships ... y
... is work paper ...

In this paper, men who qualify under ...
residence in the urban area are term ...
to be in the urban area is dependent ... r
are termed contract workers.

The latter term has been chosen in p ... rs'
because the popular connotation of t ...
In fact it is submitted that the con ... k-
ing lives in urban areas insofar as ...
areas for only a few weeks each year ...

The Western Cape is officially a 'Co ... ;
that before an employer can employ c ...
that there are no so-called Coloured men to ... the jobs. ...
Government's stated intention to phase out the African labour force in the Western Cape. The criterion applied to implement this policy is that of productivity.

TRADE 74 FM 26/5/78

Better but worse

Good news on the trade front. Or is it? SA's crude trade surplus — as measured by Customs and Excise figures, and excluding bullion exports and oil and arms imports — has increased for the fourth month running. April's R70m surplus brings the surplus for the year to date up to R172m. And, seasonally adjusted, it increases to an even brighter R236m.

In actual terms, the surplus has improved each month, from R14m in January to R31m in February to R58m in March, topped once more by last month's R70m. But once seasonal variations are eliminated, the comparable figures are R88m, R78m, R43m and, for April, a meagre R28m. Far from improving, SA's foreign trade effort then looks like petering out.

Even so, the seasonally adjusted surplus is a great improvement on the R22m deficit — measured in the same way — for the first four months of 1977.

What has caused the improvement? On a country-by-country basis, the most startling improvement has come from a 50% (R143m) increase in exports to the US, allied with a 17% (R69m) drop in imports. A similar, but less marked change has occurred in our trade with Africa: imports are down by 17% (R17m) while exports are up 2% (R4m).

The only adverse movement in inter-continental trade patterns has been with Europe. Imports from European countries have rocketed upwards by 30% from R905m to R1 174m, while exports have only gone up by 25% from R900m to R1 126m.

On a product basis, the major improvements have come from increased exports of vegetable products (R107m in 1977 to R186m in 1978), mineral products (R274m; R328m), chemicals (R63m; R89m), precious and semi-precious stones, metals and coins (R335m; R597m), and base metals (R306m; R351m).

Major drawbacks in the form of increased imports have come from chemicals (R159m; R204m), base metals (R109m; R119m), machinery and equipment (R554m; R668m) and transport equipment (R319m; R406m).

Financial Mail May 26 1978

US chrome smelters renew protection plea

RDM 1/6/78 (74)

By ADAM PAYNE

EVEN with South African ferrochrome smelters voluntarily cutting exports to the United States by between 25% and 30% three large American smelters are returning to the attack by an appeal to the International Trade Commission to raise import tariffs.

These companies failed last year to have tariffs raised from 1,9% to 30%. The ITC approved their case and recommended that President Carter raise the tariffs. But he rejected the recommendation. He ruled that the largest company, Airco, which holds half the United States market, did not prove sufficient economic loss because of imports.

The companies are again appealing to the ITC. The appeal needs approval from the House Ways and Means Committee before going to the ITC and then to the President.

South Africa's five ferrochrome companies are Samancor, Middelburg Steel & Alloys, Consolidated Metallurgical Industries, Feralloys and Genmin-Union Carbide's Tubatse smelter.

The Tubatse smelter is the largest exporter to the United States although it is operating only two of its three furnaces.

Voluntary restraint on ferrochrome exports to the European Economic Community is being applied by South African companies. This follows discussions between leaders of the industry and EEC representatives in Brussels.

In New York, the indications are that President Carter will be more sympathetic to new facts presented by Airco, Globe and Chromium Mining to the House Ways and Means Committee.

The information shows that Airco's alloy division and the two other petitioners suffered a combined loss of $827 000 in January and February this year, reports Metals Week. The petitioners claim that 50 800 tons of contained chromium were shipped to the United States in the first quarter of 1978, compared with 9 566 tons in 1977.

If the committee agrees to the producers' request for protection, it goes to the ITC which will hold more hearings.

The ITC must report in 90 days, and if it again recommends relief action the request goes back to President Carter who has 60 days to act. Relief could come in the form of a tariff, a quota or both.

On the general ferrochrome situation, the chairman of General Mining, Dr Willem de Villiers, says in his annual review that in the prevailing oversupply state of the market, it can be expected that foreign producers will seek protection against imports.

Any success could adversely affect Tubatse and other South African producers.

Dr De Villiers says that technically the Tubatse plant is operating well, but the financial results are unsatisfactory because of low turnover and in particular, the fact that power costs are R3-million a year higher than expected when it was decided in 1974 to build the plant.

He also reports gloomily on the chrome ore market, saying demand is weaker than income earned by Genmin from this source in 1978 is expected to be lower than it was last year.

Chrome ore production from the group's mines was raised last year and both export and domestic sales in 1977 exceeded the 1976 figure. Satisfactory profits were achieved last year.

EXPORTS (74) FM 2/6/78

Minerals make it

Prevailing pessimism about 1978 exports may be overdone. Minerals could come to the rescue. Mineral exports — including gold — might go up by 23% say some mineral watchers. Much depends on gold, of course, but other mineral exports are expected to jump by almost one-fifth (R300m).

Last year gold and other minerals accounted for more than half of total exports as receipts climbed by 27% from R3,7bn to R4,7bn. This growth was the major cause of SA's improvement on the balance of payments. A 23% growth this year would mean a rise in mineral export receipts of R1bn.

Twelve minerals accounted for 98% of total export receipts in 1977 (see table). An *FM* round-up of prospects for these and important new mineral exports revealed that 1978 may be quite as bright.

MAJOR MINERAL EXPORTS

	1976	1977	*1978
		Rm	
Gold	2 346	2 795	3 507
Diamonds†	215	258	312
Platinum and uranium†	‡369	‡513	‡698
Coal	103	249	274
Iron	33	169	172
Copper	115	157	169
Asbestos	112	133	109
Manganese	110	100	95
Nickel	68	75	68
Chrome	39	63	51
Vanadium	50	53	48
Titanium	—	—	27
Phosphoric acid	—	—	70
Total	3 560	4 565	5 600

**Forecast*
†Total output, not merely exports.
‡Including other minor miscellaneous minerals.
Sources of 1976 and 1977 data: M[illegible]els Bureau except for gold export figures, wh[illegible]me from the SA Reserve Ban[illegible]

Unlike last year, however, the major boost is likely to come from increased gold receipts. If the price averages out at $180 and production remains at the same level, then we can expect a rise in gold receipts of R700m to R3,5bn. With the Chamber of Mines expecting an average price for the year of $175/oz and Consolidated Goldfields looking towards $185/oz this doesn't seem unrealistic.

Where will other increases come from? The major growth sectors are expected to be diamonds, platinum, uranium, [illegible] phosphoric acid, while there wi[illegible] probably be drops in receipts from sales of asbestos, manganese and chrome.

Performances

On the good side:

- Platinum exports are likely to increase by about R85m over the year despite poor prospects for the second half of the year. Certainly the recent hikes in platinum prices have helped. These cannot be expected to remain at present levels, however. The re-entry of Russia as a seller of platinum on world markets is likely to push prices down.
- Uranium exports should benefit from both higher production and higher prices. New contracts with better terms will come into effect this year, while new production will be coming from Ergo and Randfontein as well as increased output from existing mines including Vaal Reefs, Harmony and West Rand Consolidated.
- Diamond exports are likely to increase by about 30% this year. Four of the five sights for the first half of this year have already been held. They were all apparently well supported, although it is rumoured that the last sight was boycotted by Indian buyers. Surcharges imposed by the Central Selling Organisation have bolstered buoyant prices even further. However, Israeli stockpiles (estimated at 3,8m carats compared with annual world production of 10m carats) are high and may have to be run down in the second half of the year with a concomitant easing of the surcharge.
- Phosphoric acid. Triomf's efforts at Richards Bay seem ready to bear fruit. Once at full capacity, exports of acid are expected to bring in R100m of foreign exchange a year. This year a full R70m is hoped for.

On the other hand:

- Manganese exports took a nasty crack last year and revival is not evident. A spokesman for Samancor, which is responsible for about 90% of SA exports to Europe, did not anticipate any increase in tonnage this year, and prices look bleak in the face of sluggish world economic prospects. On the brighter side, Japan is talking about pushing surplus yen into stockpiling, but the Samancor spokesman pointed out that this would not have much effect in view of the small sums involved.
- Chrome export prospects are even worse. Volume is expected to fall by more than 10% (200 000 t) — despite possible increased US stockpiling. With the world steel recession there is no demand push on prices. Estimates of the drop in export receipts vary from 5% to 25%.
- Asbestos. The downturn in demand in the second half of last year was followed by production cutbacks and little hope of an early recovery for some SA producers. Experts anticipate a 15% to 20% drop in 1978 export earnings.

The remaining minerals are in for a slack period.

24 220
31 495

o. of beds

4 958
2 140
1 280
8 378
16 894

on is ers live on the
and ors.
BAAB'S

Handel met België kan uitgebou word

Rapport 4/6/78

(74)

Deur ALPHONS DU TOIT

DAAR bestaan 'n aansienlike potensiaal vir die uitbouing van tweerigting-handel tussen Suid-Afrika en België. In dié verband is geld geen probleem nie.

Sô sê mnr. H. A. Fauchet, vise-president van die Belgies Suid-Afrikaanse Kamer van Koophandel, na afloop van 'n besoek van drie maande aan België en Luxemburg.

Mnr. Fauchet het aan Sake-Rapport gesê op sy besoek het hy met talle Belgiese nyweraars gesels. Hulle is gretig om in Suid-Afrika te belê, òf self òf in samewerking met bestaande Suid-Afrikaanse firmas.

„Die nyweraars met wie ek gepraat het, dink maklik aan beleggings van R15 miljoen of self meer."

Die huidige handel tussen Suid-Afrika en België verteenwoordig 'n bedrag van ongeveer 15 miljard Belgiese frank. (R395 miljoen). België koop Suid-Afrikaanse goedere, hoofsaaklik minerale, ter waarde van 11 miljard Belgiese frank (R290 miljoen) Suid-Afrika se invoer uit België is jaarliks sowat 4 miljard Belgiese frank (R105 miljoen) werd.

Een van die vernaamste probleme, sê mnr. Fauchet, is dat die mense van België en van die naburige Luxemburg nie goed genoeg ingelig is oor Suid-Afrika nie.

Hulle sien Afrika as 'n entiteit en verwar Suid-Afrika met ander lande. Dan bestaan daar ook 'n gevoel in dié twee lande dat immigrante nie maklik in die Suid-Afrikaanse gemeenskap aanvaar word nie.

Volgens mnr. Fauchet bestaan daar in België asook in Luxemburg 'n groot behoefte aan grondstowwe. En dit is juis die grondstowwe waarmee Suid-Afrika so ryklik bedeel is.

België is 'n nywerheidsland en beskik oor die nodige tegniese kennis en ondervinding om met die oprigting van 'n reeks fabrieke in Suid-Afrika betrokke te raak.

„Lone en salarisse in België is geweldig hoog," sê mnr. Fauchet. „Hulle is feitlik gelyk aan dié van Wes-Duitsland en van Amerika.

„Die potensiaal bestaan dus dat baie van die vervaardigingsproses in Suid-Afrika kan geskied, teen aansienlike lae koste. Die produk kan dan in België voltooi word en meer mededingend op die wêreldmarkte geplaas word."

Tydens sy oorsese besoek het mnr. Fauchet talle byeenkomste van kamers van koophandel in België en Luxemburg toegespreek. Volgens hom was die belangstelling opvallend. Sakemanne en nyweraars van dié twee lande is nie met Suid-Afrika se politiek veel gemoeid nie.

„Met die regte aanmoediging, veral aan die kant van Suid-Afrika, kan die handel geweldig uitgebou word," sê mnr. Fauchet.

Hansard 18 9 June 1978.
Question 4 Cols: 900–901.

74

Sales tax: Importing of goods from Bophuthatswana/Transkei

*4. Mr. H. H. SCHWARZ asked the Minister of Economic Affairs:

Whether any restrictions are to be placed on the importing of goods from (a) Bophuthatswana and (b) Transkei after the imposition of sales tax in the Republic; if so, what restrictions.

†The MINISTER OF ECONOMIC AFFAIRS:

(a) and (b) No.

Motor accident on 13 May 1978 at corner of Axminster/Royal Roads, Muizenberg

*5. Mr. J. W. E. WILEY asked the Minister of Police:

(1) Whether a motor accident which occurred on 13 May 1978 at the corner of Axminster and Royal Roads, Muizenberg, was reported to the police; if so, at what time did the accident occur;

(2) whether the occupants of the cars were injured; if so, what arrangements were made for their treatment;

(3) whether any injured passengers [illegible] transported to a district surgeon [illegible] (a) to which district surgeon and [illegible] by what means;

(4) what period elapsed between the [illegible] currence of the accident [illegible] examination of the injured [illegible] the district surgeon and [illegible] treatment at a hospital.

†The MINISTER OF POLICE:

(1) Yes, at 21h00.

(2) Yes. The [illegible]

[illegible] van for examination and thereafter to the Military Hospital in Wynberg for treatment.

(3) No, there were no passengers.

(4) (a) Approximately 50 minutes.

(b) Approximately 1 hour and 35 minutes. It took the ambulance about 10 minutes to remove the motor cyclist to the hospital.

FRANÇAIS I

Cours de Langue

Faites accorder les p

1. La petite fil foule, cherchait ses parents.
2. Si vos amis a eçu) avec plaisir et nous aurio
3. Les matelots, et nous les avons (vu) partir.
4. Les reproches ont tout de même profondément
5. Des complime nent plus qu'il en a (mérité
6. Il avait déj mencé) à s'enfoncer.
7. J'aime les village m'ont beaucoup (p
8. Des version nois.
9. Trente mill son, il y a quarante-ci é).
10. Les argumer lement (pesé) sur sa décisio

Même exercice.

1. Je voulai
2. La tempêt le canot de sauvetage nt, paraît-il, (sauvé) q
3. Les croisades eurent des cons t ni (prévu) ni même (soupçonné).
4. Je leur ai (téléphoné) et ils serait (livré), ce soir, l'armoire que je leu
5. Soyez indulgents avec lui, car des peines, ucis, il en a (eu).
6. Vos tantes, je les ai (aperçu) à la gare, je les ai (vu) prendre l'autobus et je suis bien (surpris) qu'elles ne soient pas encore (arrivé).
7. Je n'oublierai jamais les jours difficiles que nous avons (vécu) pendant l'Occupation, les privations que nous avons (subi), les dangers que nous avons (couru) et les périls auxquels nous avons heureusement (échappé).
8. Comment, vous les avez (rencontré), vous les avez (reconnu) et vous ne leur avez pas (parlé)!

Sake-Rapport — RAPPORT, 11 Junie 1978 — 3

SA voer minder steenkool uit na Japan

36

74

SUID-AFRIKA sal vanjaar effens minder steenkool na Japan uitvoer, weens die bedrukte toestand waarin die staalbedryf daar verkeer.

Dit is die mening van mnr. Allen Sealey, hoof van die steenkoolafdeling en uitvoerende direkteur van Rand Mines, wat onlangs van 'n besoek aan Japan teruggekeer het.

„Die Japanse staalbedryf vertoon op die oomblik 'n sombere prentjie. Uitvoer van staalprodukte is verminder weens 'n afname in die vraag en weens druk van die EEG op Japan om die peil van sy uitvoer na Europa te verlaag. Die Japanse meulens verwag nie 'n ommeswaai in die nabye toekoms nie," het mnr. Sealey gesê.

„Die Japanse skeepsboubedryf — 'n groot verbruiker van plaatstaal — verkeer veral in 'n bedrukte toestand, en ondanks 'n taamlik bloeiende motormark, is die huidige voorspellings dat die Japanse staalproduksie vanjaar heelwat minder as die 100 miljoen ton van verlede jaar sal wees," het hy bygevoeg.

Mnr. Sealey sê dat die Japanners verlede jaar te veel grondstowwe bestel het, en in 'n poging om voorraad te verminder, het hulle verskaffers van steenkool gevra om 1978-aflewerings tot 85 persent van verlede jaar se lewerings te verminder.

„Dit beteken dat Suid-Afrika sowat 1,63 miljoen Engelse ton steenkool in 1978 na Japan sal uitvoer, of ongeveer 70 000 ton minder as verlede jaar," het mnr Sealey gesê.

Hy het egter daarop gewys dat Suid-Afrika se verdienste aan vreemde valuta met die verkoop van die steenkool min of meer dieselfde op R60 miljoen sal bly aangesien die Japanse staalmeulens tot 'n prysverhoging van R1,39 per ton toegestem het ten opsigte van alle 1978-aflewerings, wat natuurlik vir die verminderde tonnemaat vergoed.

.../2

SUNDAY TIMES, Business Times, April 9, 1978.

Carter's export policy attacked

74

BUSINESS TIMES

INTERNATIONAL SCENE

By IRENE SAUNDERS

WASHINGTON — Excessive oil imports are not the only reason the US dollar has been plummeting on world money markets recently. While the Carter Administration insists that the dollar's problems would disappear if Congress would only pass the energy Bill, some economists believe that an essential ingredient to curtail the huge dollar outflow is a national export policy.

Rimmer de Vries, of New York's Morgan Guaranty Trust Co, says: "I think we have a negative policy on exports. We sometimes discourage agricultural exports because of domestic price pressures; we discourage military exports for political reasons; we discourage trade with Eastern Europe; and we have the problem of Arab boycott legislation."

But if the US is to put its dollar on a sound footing — and at the same time begin to solve its domestic unemployment and inflation problems — it must find a way to pay for the oil it imports by expanding exports by tens of billions of dollars, says one industry observer.

Until it does so, the United States is likely to be a major obstacle to world-wide economic recovery.

At home, the US failure to supply its share of products to the world economy is costing American workers hundreds of thousands of jobs, companies millions of dollars in profits, and businesses billions of dollars in additional activity.

The general domestic response to the deteriorating US trade picture — February's trade deficit was a record $4,52-billion — has been highly protectionist in nature.

Labour unions and business executives demand import restrictions on goods they see as threats to their domestic markets. But there is no call to increase sales of US products abroad.

"There is no concern at all about exports," says Senator Adlai E. Stevenson of Illinois, who is trying to stimulate some interest by holding hearings before the Senate Banking Committee on international finance.

"The objective of the Humphrey-Hawkins Bill is jobs, and it has been estimated that each $1-billion of exports creates 40 000 jobs," he notes. "But Humphrey-Hawkins has something in it for everybody, except exports, and that demonstrates our indifference to this sector."

Assistant Secretary of Commerce Frank A. Weil estimates that only 20 000 American companies engage in export activities, but that an additional 20 000 that could be profitable at it are not doing so.

Aside from the underlying American disinterest in stimulating exports, analysts cite short-term reasons for the lag in product outflow. The current trade gap partially reflects the slower economic recovery in Japan and Europe that is coincident with the top of the US business expansion.

This is manifest in a strong demand in the US for foreign products, while demand for US exports abroad remains weak. As global business cycles progress, the situation should reverse — and dramatically improve the trade balance, as happened in 1975 when the US achieved a $11-billion surplus.

Current American policy on the trade deficit is that the cheaper dollar should ameliorate the trade imbalance by giving a competitive price edge to American goods in world markets, while at the same time making imports more expensive at home.

This is taking place to some degree. John A. Armbruster, general manager for Asian operations of a Tenneco subsidiary, for instance, expects to compete more favourably in Taiwan and South Korea against Japan this year because of the depreciating dollar.

And computer manufacturer Hewlett-Packard Co is realising increased sales because of the dollar declines, according to assistant treasurer George F. Newman.

It appears now, however, that the Administration and Congress are becoming more aware of the role that exports can play in improving the US trade balance.

President Carter is expected to commission an inter-agency task force during the coming month to draft a national export strategy.

And the Administration has already asked Congress for a record $15-billion raise over the next five years in the Export-Import Bank's loan ceiling. The bank provides financing for most of the capital goods the US exports.

Even before Congress takes action on the proposal, the bank's new chairman, John L. Moore, has been taking steps to make the US as credit-competitive as it has become price-competitive.

Interest rates have been shaved to as low as 7,5 per cent from 8 per cent or more, and the bank's share of financing has risen from a standard 45 to 80 and even 100 per cent in one case.

But the fact remains that there are still many, many impediments built into the US system that interfere with the proliferation of American exports.

Anti-trust statutes prevent US companies from forming consortia to bid against similar associations of European or Japanese corporations.

And legislation that prohibits US firms from certifying in contracts with Arab nations that the goods for sale have not been fabricated in Israel has resulted in the loss of hundreds of millions of dollars in sales abroad.

Furthermore, the Administration has proposed so-called "reforms" of the US tax code that call for ending the deferral of US taxes on profits of foreign subsidiaries and increasing the personal income taxes on Americans. Should Congress approve them, the export situation would not be improved one bit.

Said Hewlett-Packard's Newman, "As a general rule, it seems to be getting more and more difficult to export."

Toeka al bedank, sê Motsuenyane

RAPPORT 19/3/78

(74)

Deur KOBUS SCHOLTZ

HY het verlede jaar al uit die S.A. Stigting bedank, onmiddellik ná die inperking op 19 Oktober van soveel swart leiers uit Soweto, sê mnr. Sam Motsuenyane, 51, tot op daardie datum die enigste swart raadslid van die Stigting.

„Ek kon nie langer voortgaan nie. Trouens, ek het vroeër die jaar, so teen Julie, reeds 'n eerste keer bedank, maar die direkteur, mnr. Peter Sorour, het my beweeg om my bedanking terug te trek."

Vandeesweek, vir die eerste keer, het die S.A. Stigting sy bedanking as raadslid openbaar gemaak.

Mnr. Motsuenyane, voorsitter van Nafcoc en die African Bank of South Africa, sê hy moes sy posisie as 'n leier in die swart gemeenskap oorweeg. „Om geloofwaardigheid onder sy mense te behou, kon ek nie langer dien in 'n organisasie wat nog steeds oorwegend wit belange op die hart dra nie."

Maar dis nie waar, soos beweer word, dat hy geswig het onder druk om uit die Stigting te bedank nie. „Dit was hoofsaaklik die druk van my eie gewete wat my finaal tot die stap gedwing het."

Mnr. Motsuenyane was vyf jaar lid van die Stigting. „Toe ek aangesluit het, het ek gedink daar sal nou vinnig beweeg word om die swartman in al sy fasette by die Stigting se werk te betrek.

„Maar tot vandag toe bly die vernaamste funksie van die Stigting om die beeld van Suid-Afrika na buite te dra. Hulle werk in die buiteland, maar nie genoeg binnelands onder swartmense nie."

Mnr. Motsuonyane sê hy moes eenvoudig bedank omdat die samestelling van die Stigting so is dat hy nie standpunt kan inneem oor netelige sake nie. „Sodra dit gebeur, spat die hele ding uitmekaar. Ons verteenwoordig te veel verskillende sieninge en belange."

Die Stigting het ook nie sedert sy aansluiting ander swartmense gewerf nie. „Alle uitvoerende posisies in die Stigting word nog deur blankes beklee.

„Ek het gevoel ons probeer 'n beeld van Suid-Afrika verkoop, wat nie die werklikheid reflekteer nie en wat bowendien onverkoopbaar is."

Oor ander swart leiers wat aangedui het dat hulle steeds lid van die Stigting wil bly, soos prof. William Kgware, rektor van die Universiteit van die Noorde, sê hy: „Ek is verbaas dat prof. Kgware in die openbaar so ver gekom het om wel oor die Stigting te praat.

„Meeste swart lede van die Stigting — hulle is maar 'n handjievol hoor — was tot dusver geneig om 'n onaktiewe rol te speel. Dit het nie vir hulle veel beteken nie."

Hy sou graag sien dat die Stigting so saamgestel word dat hulle 'n pressiegroep om verandering kan word. „Met die geld en intellektuele krag wat die Stigting verteenwoordig, kan hy met die Regering oor noodsaaklike veranderings onderhandel.

„As die Stigting nou tot die offensief oorgaan, kan die aangesig van Suid-Afrika baie gou verander word."

Mnr. Mutsoenyane het ses kinders en woon in Garankuwa, buite Pretoria. Sy bank, met hoofkantoor in Johannesburg, het reeds vier takke landwyd: in Soweto, Umtata, Pretoria en Garankuwa.

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'76 - A Survey of Labour
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s. This was agreed upon.

Administrative arrangements (F.W. away to March 1976)

As Dr. Wilson would be away from the University until the first week in March 1976 Mr. Norman Bromberger would act as Head of the Division of Research and be available to make decisions.

Books It was agreed to hold this item over until the next meeting.

Structured contact: Dr. Wilson proposed that:

1) A time should be made for informal tea daily
2) Monday lunch meetings should be continued
3) Formal meetings should be held once a month or once every two months. The first of these formal meetings to be held in the middle of March.

74 FM 17/3/78

MARKETING SA ABROAD

Shaky foundation

The SA Foundation seems to be in danger of losing credibility — both at home and abroad — because of its reluctance to tackle government on contentious policy issues.

It has, for example, received a vote of no confidence from the doyen of black businessmen, Sam Motsuenyane, who has resigned from the Foundation's council. He says, "I don't think membership of the Foundation does any good to my credibility either in SA or overseas.

"When I — and other blacks — originally joined the Foundation, the impression that most black people in SA had was that it was a white organisation out to whitewash SA's faults," Motsuenyane tells the *FM*. "We had hoped that by bringing blacks in we could move the Foundation away from that sort of image. But even after having admitted black members, it still seems involved in a cosmetic exercise. It doesn't take any stand against blatant injustices — it doesn't have a structure that allows this. And two or three blacks haven't altered the structure.

"Events last year made me rethink my position, and I decided to resign — despite a terrific amount of persuasion against my resignation on the Foundation's part."

Conservatism

The nub of the problem lies both in the conservatism of most businessmen and the Foundation's politically heterogeneous support — at times its strength, but also sometimes a crippling handicap.

A glance at its annual report — the Foundation met for its annual convention at Johannesburg's Carlton Hotel this week — shows that the board of trustees includes shades of political opinion as diverse as those of Harry Oppenheimer and Max Borkum on the one hand, and churchman O'Brien Geldenhuys and Broederbond boss Gerrit Viljoen on the other.

In order not to alienate pro-government members, the Foundation has traditionally stepped softly whenever the question of attacking government policy has been raised.

This stance has changed a little in recent years. And ironically, perhaps the most outspoken challenge to government came during the presidency of Jan Marais, now a Nat MP.

But while current president Basil Hersov spoke bluntly in his presidential address about official ham-handedness and insensitivity in administering policy — with particular reference to the death in detention of Steve Biko — he did not criticise the principle of detention without trial, to name one example of the Foundation's wary approach to political issues. And some people have alleged that the Foundation has too often in the past been concerned more with SA's image overseas than with injustice within the country.

Motsuenyane . . . disillusioned with cosmetics

At a press conference in Johannesburg this week, foreign pressmen peppered the Foundation's director-general, Peter Sorour, with questions about the organisation's stance on government policy. Obviously unsatisfied with Sorour's answers, one journalist openly commented: "It's a camouflage job." Said another: "You seem to be double-heading the Department of Information."

What path should the Foundation follow? Motsuenyane tells the *FM* that he believes it should concentrate on programmes towards real change at home — which would automatically produce results that will have "the correct marketable image" abroad.

Will this — and similar advice — be heeded? John Chettle, the Foundation's man in the US, tells the *FM* that it has been suggested that the Foundation commission studies into a variety of policy options. But the idea, he adds, is at present only in an "embryonic" stage.

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FOREIGN RESERVES

74 FM 10/3/78

Has the tide t

Last month's R8m rise in the gross foreign reserves may only be a swallow. Taken together with other pointers, it more likely heralds a genuine change of season.

The reserves (net of window dressing) have been sliding for five depressing years. This year could see them gently rising — in which case business confidence, and the investment scene, could finally recover some of its long-lost sparkle.

Since just before the end of 1977, the net reserves have been advancing appreciably. More recently still, borrowers, especially South African banks, have been surprisingly successful in foreign capital markets. And though export prospects have dimmed, SA is without doubt heading for another current surplus this year. If gold remains strong, the surplus might not be smaller than last year's R800m-R900m.

There are hazards of course. If the money supply is allowed to rise rapidly on the June quarter (as some fear), short-term interest rates could plummet. That could cause an even greater outflow of short-term capital — unless the rand were devalued and allowed to float. (That, the *FM* believes, would be the sensible reaction.)

Another hazard is that the world economy may slip much faster into recession than even the gloomiest prophets anticipate. (Again, devaluation would be the correct response, we believe.)

Finally, anyone's forecast can go wildly wrong simply through a lack of enough solid information. A Reserve Bank spokesman comments: "During February the current account surplus was not fully taken up by the outflow of funds, and that's about all we can say at the moment. There may be a slight improvement in the capital account, but we must warn against interpreting figures from one month only — it is necessary to observe a trend over a much longer period."

A sensible warning. But for once those who ignore it could prove to be right.

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SPAIN — SA TRADE (74) FM 10/3/78

Surreptitious señores

Behind a planned low-profile visit of Spanish state representatives to SA is growing anxiety in Madrid over the widening trade gap with SA.

This situation comes only eight weeks after Economics Minister Chris Heunis made an unannounced — and unpublicised — 24-hour Madrid stop-over for a bout of mutual ear-bending on the problems and future of commercial relations between the two countries.

Problems focus on the historic imbalance of trade in SA's favour, now running at about 3:1. A worsening of this ratio is feared by Madrid.

Over the next two or three years future imports from SA look like letting this precarious balance deteriorate even further unless Spanish suppliers get a much better grip on the local market. A trade push is on the cards with electronics and special steel fabrication joint ventures, similar to the Premier Metal-Trabosa deal (*Business Brief*, last week), imminent.

No reason is being given by Pretoria or the Spanish Embassy on why this mission (scheduled to start on Monday but now postponed) is coming, even though it includes negotiators on industry, foreign affairs and fishing.

Indications are, however, that during the next two or three years the minerals import bill from SA will get out of hand. Uranium purchases alone are expected to run away with foreign currency as Spain switches on five more nuclear power stations by 1982 to join the nine already in commission.

Madrid also needs steam coal to supplement long-standing Polish, Russian, Indian and Australian shipments as the old Asturian coalfields run down.

In 1976 SA sold goods worth R95m to Spain and in return bought items totalling R27m. Provisional figures for last year show roughly the same trade. Between 1970-75 the ratio was kept at 2:1 in SA's favour. It's easy to see why Madrid is trying to correct the imbalance in two-way trade.

Spain's rapidly expanding, surprisingly sophisticated and generally underestimated industry has plenty to offer — almost as much as the wavering French — so closer co-operation could be timely and rewarding.

Nothing will be signed during these exploratory talks though the Spaniards will try to break out of their traditional pattern of supplying machine tools, textiles and furniture. SA's exports to Spain are dominated by minerals — mainly asbestos — cereals, wool, skins and hides.

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71

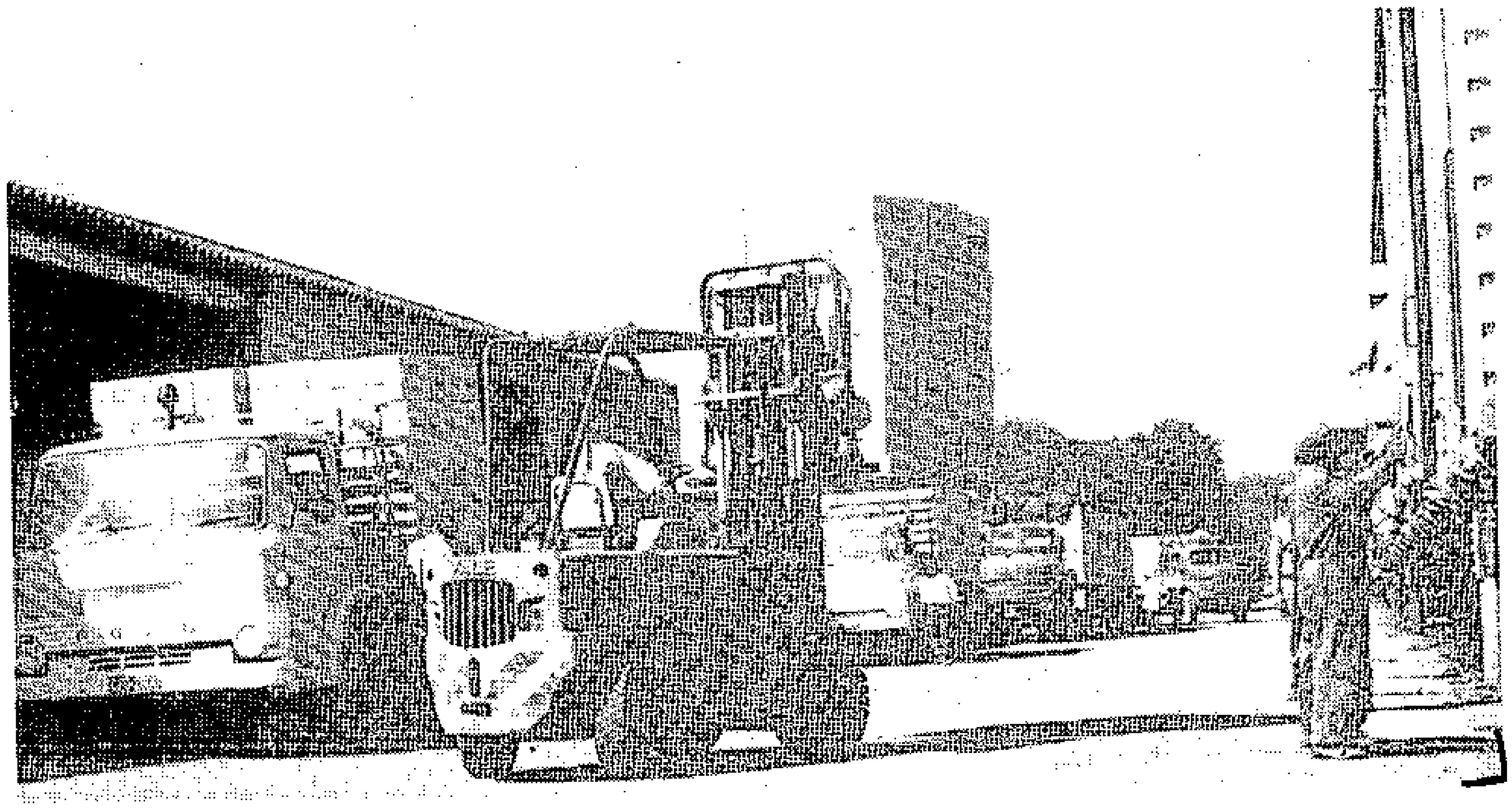
AIRFREIGHT ~~general~~

We fly our weight

FM-17/5

It's hard to take sides in the controversy over whether airlines should give exporters of perishable products more space in their planes' holds.

No one denies the demand for space far exceeds allocations. "Sometimes we want to tear our hair out," exclaims one big freight agent. "We could double our export volume if the airlines would give us the space." One exporter of fresh vegetables (mainly green peppers, aubergines, chillies and avocados) reckons he could export about 30 t a week: "But if we're lucky, we do about 12 t" he says. And a spokesman for SAA concedes "there is undoubtedly a big volume of perishables on offer." Already, fruit, vegetables, meat, eggs and flowers make up about three-quarters of the goods air-freighted abroad out of Johannesburg.



Fruit for export . . . plenty more on the ground

Exporters also complain that to qualify for an export rebate (12c/kg on fruit and vegetables and about 4c/kg on flowers), they have to give preference to SAA. That's no problem in the peak season, when the national carrier is unable to meet demand, and diverts large quantities to other airlines.

But in the mid-year off-season, SAA has plenty of space, and the foreign airlines get virtually no business — other than that for the African capitals which only they service. This means, allege the exporters, that most carriers — other than SAA — have little incentive to improve services.

Though UTA had its arm twisted by SAA earlier this year to cut out its Wednesday service to Paris (and thus up to 7 t of cargo), plans are afoot to lay on more freight capacity. As an experiment, SAA intends taking out some seats on one of its Brussels flights to increase cargo space. Lufthansa now occasionally uses "combi" 747s on the Johannesburg run. And as from April 1 a new SAA flight to Lisbon and Madrid and heavier payloads on other flights will mean an extra 47 t of freight space per week.

In fairness to the airlines, there are at least three disincentives to giving the perishable exporters a better service:

- Their trade is seasonal. By June-July the airlines have plenty of spare cargo capacity. And passenger demand during October-April normally doesn't justify extra scheduled services.
- The dearth of southbound cargo makes it uneconomic to lay on more freight-only flights than the three already operated each week (one each by SAA, Lufthansa and UTA). What's more SA's distance from its major markets preludes special flights.
- Perishables are hardly the airlines' most profitable business. The normal freight rate is only 65c/kg, compared with R2,40/kg for general cargo. Not surprisingly (though to exporters' consternation), fresh produce is thus often the first to be unloaded if there are other priorities.

Perhaps a solution would be for producers and exporters to cut their margins to allow airlines to up tariffs. This might encourage the latter to try harder to provide more space in the holds.

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Cape Times 9/3/78

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Richard's Bay to boost coal exports to 20m tonnes

JOHANNESBURG. — The Richard's Bay coal terminal, at present capable of exporting 12 million tonnes of coal annually, will raise its export capacity to 20 million tonnes a year by mid-1979 in phase II of the project.

The SAR and the coal terminal will be ready to handle the increased tonnage progressively from November of this year.

Saying this in his annual review, Mr W G Boustred, chairman of Amcoal, also disclosed that Amcoal representatives in company with representatives from other groups met senior government and SAR officials last November.

On the basis of information given at the meeting and other advice made available since, provisional export permissions have been granted which will allow for the export of some 40m tonnes annually by 1983-85.

If the feasibility and viability of handling the extra 20m tonnes of coal can be established, a phase III coal export programme will be developed.

"The industry was told that the first priority of this programme would be the shipment of the outstanding tonnages, already allocated to the phase II exporters, of which Amcoal is one, on a provisional basis," Mr Boustred said.

The SAR was optimistic that these tonnages could be handled and that it was the intention to conduct experiments with longer unit trains to determine the extra tonnage of coal that could be handled over the existing line by this method.

"The group is investigating the best source from which to exploit its additional three million tonnes of export permission, and the Richard's Bay coal terminal company is undertaking preliminary studies to determine the optimum method of expanding the coal terminal facilities from 20 to 40m tonnes and a first estimate of the cost involved."

Referring to Amcoal's participation in the coal export market, Mr Boustred said the multi-product Kleinkopje mine — now being developed near Witbank at a total cost of R109m in 1976 money values — has been designed to achieve the annual two million tonnes of confirmed government export permission when full production is reached in 1983.

"This forms a part of the total provisional export permission of five million tonnes a year which has been granted to our group on the basis of a 20-year export activity."

Further, this initial two million tonnes annually would form a part of the additional eight million tonnes a year which the Railways and the Richard's Bay coal terminal would be able to handle as a result of the phase II coal export expansion programme.

Mr Boustred said the Transvaal Coal Owners' Association's export effort was emphasized by the fact that they provided 4,4m tonnes of coal out of the total TCOA exports for 1977 of 8,6m tonnes.

"An important element in the success of the export effort has been the achievements of the SAR in providing and operating the unit train system to Richard's Bay. We place on record our appreciation of their efforts in this regard. The SAR's performance in carrying coal to the inland markets also deserves praise."

The 15,6m tonnes of coal supplied from group collieries to Escom's power stations in the Transvaal and Free State during 1977 represented an increase of 1,2 million tonnes or 8,3 percent over the previous year.

Arnot continued to be the group's largest supplier to Escom, with sales totalling 5,74m tonnes in 1977. Both the underground and opencast mines performed satisfactorily and supplied the power station with its full requirements in addition to raising the ground stockpile at the station from 310 000 tonnes to 794 000 tonnes.

The second of six 500 mW generating sets at the Kriel power station was commissioned in 1977 and the third and fourth sets were expected to be commissioned in February and July 1978 respectively.

It was anticipated that coaling from the Kriel opencast mine would commence during the second quarter of 1978.

An offer by the group to invest an additional R10m in Kriel was accepted by Escom. This amount, which would yield a satisfactory rate of return, was invested during the year, bringing the group's investment in the colliery to R64m.

Sales to Escom from New Largo, Springfield and Cornelia collieries totalled 7,12m tonnes. Springfield had its most successful year ever with sales of 3,74m tonnes.

The total estimated cost to completion of shaft and mechanization projects at these three collieries was R16m of which Escom was funding an estimated R14,9m.

Following the substantial increase in the domestic coal price in mid-1976, the industry initiated major steps to provide the productive capacity necessary to meet domestic demand and to eliminate the periodic shortages experienced in recent years.

Amcoal commissioned additional capacity at Springbok Colliery and brought into ... a new opencast pit at ...

FM 24/2/78 (74)

MINERAL EXPORTS

Up and down (210)

If anyone ever had doubts about the huge contribution which minerals continue to make to SA's export earnings, they can shed them now. Provisional figures issued by the Minerals Bureau show that earnings from the export of SA's major minerals jumped by nearly 30% last year — from R3 600m in 1976 to around R4 700m.

The R1 100m increase is the main reason for the improvement in the current account of the balance of payments last year. Failure to maintain such a performance could have serious repercussions for the value of the rand.

Apart from that stalwart, gold, the biggest increase in export revenues came from iron-ore, platinum and uranium, coal, and diamonds. Gold alone accounted for roughly R435m, while the remainder added R525m to SA's earnings abroad.

What is the outlook for 1978? The activities of speculators make forecasting a risky process — especially in the gold and platinum markets. But experts are bullish about gold at least.

Many expect the price to break the $200 barrier in 1978 and to average out at around $180 for 1978 as a whole. On that assumption, SA can expect a R700m increase in gold receipts — from roughly R2 800m in 1977 to R3 500m this year.

The future of platinum also looks bright. Current free-market prices are around $230 an ounce, and experts are predicting that they will reach $250 in the near future. The average price last year was in the region of $160. So if volume doesn't drop, and the price indeed averages out at $230, receipts should move up by roughly 45%, or R150m.

The Russians

But much depends on the Russians, who are not at present selling platinum on world markets. It has been suggested that they are having technical difficulties with their smelting operations. More esoterically, there has also been speculation that after the USSR struck a large number of Olympic medallions from platinum, it decided to cast 15 rouble coins in competition with gold coins like the Krugerrand. Whatever the cause, the longer the Russians are out of the market, the better it is for SA.

Uranium also looks fairly bullish (see *Business brief*). In 1977, exports were roughly R120m. Experts forecast R100m on top of that in 1978.

On the other hand, the prospects for coal and iron-ore are not so good. Iron ore exports are heavily dependent on the fortunes of the Japanese steel industry, which is still very much in the doldrums. A spokesman for Iscor believes that exports in 1978 will be much the same as for 1977, at 12m tonnes — despite earlier hopes that an extra 2 3m would be sold on world markets other than Japan this year. But the depressed state of the world industry has probably put paid to such prospects.

Coal exports also depend mainly on the Japanese steel industry. But already the Japanese have told SA that their demand for low ash blend coking-coal has fallen from 2,2m tonnes to 1,17m. This is a drop of nearly 5% in the volume of exports reached in 1977 (12m). Despite this setback, coal exporters hope that coal earnings will hold a steady level, or even increase slightly in 1978. But they don't hold out much prospect of obtaining anything like last year's 250% increase.

Diamonds, as usual, are full of sparkle. They are already selling at premium prices (after jumping 35% last year) and experts are predicting that De Beers will announce another price increase soon.

FOREIGN TRADE (74) FM 24/2/78

Up with Krugerrands!

On paper, SA had a surplus of R14m on current account last month. But when the crude Customs and Excise figures are adjusted to take account of seasonal factors, the surplus jumps to R118m. The bulk of this (R80m, seasonally adjusted) is the result of a tripling of Krugerrand sales.

While bullion exports are not included in SA's trade figures, sales of Krugers to foreigners are. A rough calculation shows that last month actual (unadjusted) Krugerrand sales must have brought in more than R100m, as against R26m in January 1977.

In January last year, only 11% of total gold production went into Krugers. Last month, the figure was 37%. The upshot of this switch to the production of more Krugers is that SA will earn proportionately less from selling bullion.

Was January 1978 a good or bad month for SA's trade when viewed against January 1977? To compare the two necessitates making allowances for the big switch into Krugers. If this is done, the seasonally-adjusted trade surplus in January 1978 falls from R118m to R35m. The figure in January 1977 was R18m.

So things are looking a *little* brighter.

Rapport 19/2/78 (74)

SPAAR R100 M. SÓ VIR SA

DIT is uiters noodsaaklik dat alle moontlike pogings om buitelandse valuta te bespaar, aangewend moet word. As hy sy deel bydra tot die Koop Suid-Afrikaans-veldtog, kan die verbruiker 'n besparing van meer as R100 miljoen op Suid-Afrika se invoerrekening vir 1978 teweegbring.

SO het mnr. Johann Verheem, direkteur van die Verbruikersraad, aan Sake-Rapport gesê in antwoord op 'n vraag oor die rol van die Verbruikersraad in die Koop Suid-Afrikaans-veldtog.

Hy het gesê dat Suid-Afrika reeds die stadium bereik het waarin die blindelingse aankoop van ingevoerde verbruikersgoedere net nie langer geregverdig kan word nie, en dit is die belangrikste rede waarom die Verbruikersraad die veldtog geloods het. 'n Groot deel van die verbruikersgoedere wat ingevoer word, word in Suid-Afrika vervaardig en is vrylik hier verkrygbaar.

Volgens voorlopige syfers van die Departement van Doeane en Aksyns het Suid-Afrika se totale invoer in 1977 R5 127 miljoen bedra. As hierdie syfer gesien word saam met die verslag oor die potensiaal vir invoervervanging en -verplasing wat verlede jaar uitgebring is deur die AHI, SEIFSA en die GKN, is dit duidelik dat die uiteindelike potensiaal vir invoervervang deur verbruikersaankope selfs hoër kan wees as R100 miljoen.

Die verslag is die totale waarde van goedere wat ingevoer word, maar deur plaaslike produksie vervang kan word, dus waar oorskotproduksievermoë bestaan, R610 miljoen. Met die uitbreiding van bestaande produksievermoë en die nakoming van sekere vereistes, kan die syfer opgestoot word tot byna R1 100 miljoen.

Benut

„As ons net op die eerste syfer van invoervervanging (R610 miljoen) let en in gedagte hou dat verbruiksgoedere sowat 15 tot 20 persent van totale invoere uitmaak, is dit duidelik dat as die verbruiker aandring op plaaslik vervaardigde goedere sodat die vervaardigingsektor sy ledige produksievermoë kan benut, 'n onmiddellike besparing van meer as R90 miljoen op invoer moontlik is," het mnr. Verheem gesê.

„So 'n besparing sal die Regering die geleentheid bied om nog meer van sy korttermynverpligtinge in die buiteland na te kom om Suid-Afrika se globale betalingsbalansposisie op 'n sterk en gesonde grondslag te plaas.

„Dit sal ook 'n gesonde uitwerking op die binnelandse werkloosheidposisie hê wat in totaliteit gesien, 'n nie-inflasionistiese stimulant vir die binnelandse ekonomie sal wees," het mnr. Verheem bygevoeg.

Maklik

Op 'n vraag watter verbruiksgoedere ingevoer word wat reeds in Suid-Afrika vervaardig word of wat in die huidige omstandighede maklik hier vervaardig kan word, het hy die volgende voorbeelde genoem: Suiwelprodukte (invoervervangingspotensiaal R15 miljoen); Glas- en glasware (invoervervangingspotensiaal R7,6 m); erdewerk, porselein en keramiek, (potensiaal R45 miljoen); klerasie en tekstieleindprodukte (potensiaal sowat R25 miljoen); elektriese huishoudelike toerusting (potensiaal R7,3 miljoen).

Daar moet net op gelet word dat ons in totaal van twee verskillende syfers praat. Die een is die werklike invoer vir 1977 (R5 127 miljoen). Na raming is die verbruiker se regstreekse aandeel hierin, sowat R770 miljoen.

„Hierdie invoer van R770 miljoen kan om verskeie redes nie sonder meer deur plaaslike produksie vervang word nie. Daarom let ons nou op die syfer van R610 miljoen wat in die verslag van die AHI, SEIFSA en die GKN genoem is wat invoer verteenwoordig wat wel in Suid-Afrika vervaardig kan word sonder enige vergroting van produksievermoë. Hier is die verbruiker se aandeel en sy verantwoordelikheid minstens R90 miljoen. As 'n mens dan die goedere bybring wat reeds in Suid-Afrika vervaardig word, maar wat ook ingevoer word, styg die verbruiker se aandeel en verantwoordelikheid tot heelwat meer as R100 miljoen," het mnr. Verheem gesê.

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Goodacre, P.J.	77	Af(ABS
Goodman, V.L. Miss	77	EI(3 *
Goodman, Z.J. Miss	77	EI(2-*
Goodwin, L.E. Miss	77	PsIC(F
Graves, G.A. Miss	77	Af(3*
Greeff, J.R. Miss	77	EI(3nx
Green, E.B. Miss	77	EI(3nx
Greenberg, L. Miss	77	HbInt(
Greener, J.A. Miss	77	EI(2-
Gurney, M.L. Miss	77	Af(3*

14/2/78

HANSARD NO. 3. COLS 107–108

74

South African export to Common Market Trade Partners

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

(1) (a) Whether the value of South African export to the Common Market Trade Partners has increased or decreased during the period 1976 to 1977 and (b) what was the increase or decrease;

(2) what is the total value of the export to these countries for 1977.

The MINISTER OF FINANCE:

(1) (a) The value has increased.

(b) R443 851 100.

(2) R2 535 862 514.

NOTE: It should be noted that the figures are preliminary and subject to alteration.

(74) FM 16/2/78

TRADE TIDE TURNS

For the first time in the history of French-SA trade relations, the balance between the two countries is in our favour. For 1977, France sent us Fr 2 439m worth of exports but received from us Fr 2 470m of SA goods in return.

SA has thus become France's number three African supplier, after Algeria and the Ivory Coast.

The preliminary official figures published in Paris last week also showed that imports from SA jumped by 60,6% over the year, having risen from Fr 1 538m in 1976 to the 1977 peak.

Coal was first on France's shopping list, with 4,8 Mt worth Fr 764m (1,9 Mt; Fr 336m) followed by wool and skins Fr 195m, and fruit — mainly citrus — Fr 184m.

Total mineral imports from SA, which amounted to 65% of all imports in 1976, have now gone over the 75% mark.

(14) FM 10/2/78

EXPORT INCENTIVES

Protest mounts

The new export incentive proposals submitted to Economic Affairs Minister Chris Heunis late last year (*FM* Jan 27) have raised a storm of protest.

The *FM* learns that delegates to Safto's series of meetings two weeks ago, (which discussed the pros and cons of the proposed new incentives) generally agreed that the system suggested by MIF director Jannie van Huyssteen's study group is unworkable. The Transvaal Chamber of Industries has fired off a protest to Heunis outlining its members' reservations. And it seems several big primary producers are unhappy with the proposals. "If there's a choice, we'd rather stick with the present package", says one exporter.

What's more, the Private Sector Export Advisory Committee, which met last week to consider the study group's report, has in the words of one man, "thrown it out."

The study group called for all present tax concessions and subsidies to exporters to be replaced by three categories of financial assistance: automatic compensation for those receiving customs and excise duty rebates, drawbacks and refunds; a 10% subsidy on value added by the exporter to his raw materials; and discretionary assistance for those who at present rely on such handouts as rail subsidies, cash grants for marketing research, and so on.

Among exporter' gripes:

- Difficulties in calculating the value-added component of production;
- Worries that someone will lose out; Under the present scheme, government allocates about R115m per year. The study group reckoned its proposals would cost around R165m a year. What if government allocates that amount, but exports rise so fast that the money runs out, ask exporters? "We would like to know that the minister is prepared to overspend, if necessary", says one man.

Heunis . . . you can't please them all of the time

Big exporters are particularly concerned. The study group found that some 10% of exporters receive 80% of the benefits, while most sectors are given little or no assistance. Might the big 'uns not lose out if the money were more evenly spread around? Steel producers in particular, are apparently worried on this score.

- Some of the incentives will be based on the extent to which exporters pay more than "world prices" for their raw materials. How does one determine world prices?
- The lack of certainty. Marketing and promotion expenses (which form a major part of an export campaign) would fall under the "discretionary" category. Would exporters be told in advance of the assistance they could expect? And would there be a guarantee what the numbers would not be changed later on?
- Finally, many complain there has been insufficient public discussion of the study group's proposals. Indeed, few people have seen its full report. Until Heunis releases the report they say, it's difficult to come up with meaningful alternatives.

Meanwhile Heunis says he is still awaiting the comments of the Private Sector Export Advisory Committee.

TRADE FINANCE FM 3/2/78

(74)

Bonny over the ocean

The gap between overseas interest rates and local rates is narrowing steadily. But there's no need to panic.

It is still considerably cheaper to borrow abroad rather than locally, and should remain so for a while yet.

This is comforting news for Pretoria, since the current value of short-term foreign trade finance to SA importers and exporters is estimated at some R2bn. Even a small switch could knock the foreign exchange reserves clean out of the window.

For purposes of comparison between domestic and overseas rates it is necessary to look at the two dominant foreign short-term markets available to SA borrowers separately — the Eurodollar market and the acceptance credit market in the US.

Eurodollar rates are generally slightly higher than domestic dollar rates. Since SA can't borrow directly in this market local banks obtain funds for their clients through lines of credit established with foreign banks. This form of finance is generally for small amounts only and usually runs for up to 180 days and sometimes up to 360 days.

The cost of finance is expressed by Libor (London inter bank offer rate) plus a negotiable margin determined by the overseas bank, plus a further margin added by the SA bank, plus 1% forward cover. Interest is payable in arrears. The overall cost can, however, be trimmed if:

- Finance takes the form of a promissory note (to avoid withholding tax, but not stamp duty); and
- No forward cover is taken out.

Total cost of foreign finance in this market must then be compared with the prime overdraft rate in SA plus whatever margin applies to any particular borrower, and *not* to the equivalent acceptance rate in New York.

With current Libor for 180 days at 7,81% and for 360 days at 7,9375% foreign finance in the Eurodollar market is still between 1% and 2% cheaper than what would be available to the same borrower locally.

Large borrowers, on the other hand, make direct use of acceptance credits in the New York market. Here the base rate is the "clean acceptance rate" in New York — for example the current 180 day rate is 7,5% — to which a margin of around 0,42% must be added because interest is payable in advance, plus 1% forward cover, plus commissions added by both the New York and local banks. But, with the rand depreciating alongside the dollar, most companies now choose not to take forward cover.

Besides, the total cost must then be compared with the local six-month bankers' acceptance rate plus a margin of around 2%: there are very few companies borrowing at the rate quoted on six-month BAs in the money market. This puts the effective cost of local six-month acceptance credit at around 11,4% (six month BAs are trading at around 9,4% in the money market), which must be compared with a cost of some 9,5% in New York.

As long as the gap stays positive it pays to borrow overseas.

The big balancing act

FIN. MAIL 3/2/78 -14

GUESSES FOR 1978

	1977 Rm	1978 Case 1 Rm	1978 Case 1 assumptions	1978 Case 2 Rm	1978 Case 2 assumptions
Merchandise exports	6 273	6 743	+7½%	6 430	+2½%
Gold exports (including Krugerrands)	2 812	3 507	at $180	3 020	at $155
Services receipts	1 559	1 676	+7½%	1 598	+2½%
Merchandise imports	—6 907	—7 736	+12%	—7 943	+15%
Services payments	—2 972	—3 269	+10%	—3 418	+15%
Net transfers	90	100	+11%	90	—
Current account balance	855	1 021		—223	
Net capital flows	—1 019	—1 019	—	—1 019	—
Change in net gold and foreign exchange reserves	—164	2		—1 242	

need to repay short-term credit. In the first three quarters of 1977, a net R967m of short-term capital left the country — and only R168m (net) of long-term capital came in to compensate.

Traditionally, SA has relied on large inflows of long-term investment capital to provide the foreign exchange to pay for imports and short-term debt redemption. But, if foreign investors don't play that role in 1978 — and currently there are no signs that they will do so — it will again be a case of financing a weak capital account via a strong current account.

Unfortunately, many economists are pessimistic about the underlying strength of the current account. They believe that the export boom has passed its peak and that imports will increase rapidly. Certainly, exports will be hampered by the continuing world recession.

Moreover, the social and business pressures of unemployment and the recessionary squeeze are working on Horwood and forcing him to plan a stimulatory budget — even if only mildly so. In any case, government's revenues this year have been lower than expected, suggesting that Horwood will have to plan for more money — mostly, one fears, through inflationary means.

Inflation, in its turn, will make SA's exports more pricey while imports will be relatively cheaper. The resulting tendency to increase imports and decrease exports could give another knock to the balance of payments.

Even without an inflationary budget, export prospects are not looking too bright. Agricultural exports (see box) are likely to fall, while mineral exports are unlikely to pull in a great deal more than in 1977. Between them, these two categories accounted for more than 70% of total merchandise exports for 1977.

Despite all the complexities, the *FM* has attempted an estimate of a tentative balance of payments picture for 1978 (see table). The starting point is the estimated result for 1977. Recently Horwood announced that last year's current account on the balance of payments would be in surplus to the tune of R700m or more. The *FM* estimates a surplus of roughly R855m for the year.

These figures are based on published data for the year issued by the Chamber of Mines and the Department of Customs and Excise as well as previous years' figures published by the Reserve Bank.

It is from these, plus projections put forward by major banking houses and opinions of specialists in SA's major trading industries, that our table is built.

We estimate a surplus on current account of roughly R1 000m for the year (see case 1 in the table for a breakdown and a list of assumptions). For comparative purposes, we have included another estimate based on rather more pessimistic assumptions.

While, hopefully, fairly accurate indications of current account prospects can be tentatively drawn, the capital account is much more volatile — dependent as it is on political events within and without SA. Our estimates have taken a very middle-of-the-road view of capital flows based on the averages for the first three quarters of 1977. This estimate has been used for both the 1978 estimates.

All in all, the figures show little cause for optimism, but much for concern. It would certainly be foolish to consider that the balance of payments problem has been solved; rather we should be thinking of ways of shoring it up.

Short of major political change, there's no way we can persuade foreign investors to change their attitudes towards SA. So, for the year ahead, we must rather try to improve our import curtailment and export incentive programmes.

EXPORTS ARE VITAL

Exports are the key to growth. Here's a roundup of the prospects for some major commodities.

- Maize: the existing price is fairly steady at roughly R95 a ton and is expected to remain so. Production was hit by drought in December but the situation doesn't appear too bad now. Figures published in *Maize and Grain Sorghum News* indicate a possible 5% decrease in export proceeds from R219m in 1977 to R207m in 1978.
- Deciduous fruit: hail damage has reduced the estimated size of the export apple crop. Despite this, the prospects seem fairly cheery due to bad crops in Europe.
- Citrus: the Citrus Exchange starts exporting in April. This year, the crop is slightly up on last year's production levels but prices may be lower.
- Wool: export sales for 1977 are estimated at roughly R180m. A Wool Board spokesman says that a drop to R150m is anticipated for 1978.
- Sugar: recent reductions in export quotas have drastically restricted the amount of exportable sugar from 1,3 Mt in 1977 to 680 000 t in 1978. Prices "are anybody's conjecture" says Sugar Association general manager Peter Sale. There is not much prospect of improvement in the short run and export earnings are expected to halve from 1977's R237m.
- Copper: opinion was divided in the copper industry as regards prospects for 1978. But even the optimists only see a slight rise in both prices and production, and no marked expansion can be expected in 1978.
- Diamonds: there is unlikely to be any "great improvement in sales" this year; the consensus among analysts in the industry seems to be that revenue from exports has reached a plateau. However, the 17% price increase last December is likely to raise export receipts — possibly by that amount.
- Coal: no significant increase in coal exports is expected, but export earnings should increase by roughly 5% (R13m) in 1978.
- Platinum: the price is in an uptrend, rising from $140 in early 1977 to a high of $222 an ounce last month. Although production will be lower, a modest increase in foreign exchange receipts is likely.
- Iron ore: with the world's steel industry in the doldrums there is no room for price increases nor volume increases. And therefore no hope of increasing export receipts.
- Asbestos: industry sources believe that earnings will be up 5% on 1977 figures (roughly R7m).
- Nickel: the industry, according to one producer, "is not in a happy state." World stocks are 50% above their normal levels as a result of very poor demand last year. Industry sources do not believe that there will be any real improvement this year — unless world steel recovers.

FM 27|1|78 (74)

A new export ball-game

ꞌ **complete** overhaul of government's xport incentives is on the cards, if conomic Affairs Minister Chris Heunis ccepts the proposals of the study group e appointed a year ago.

The main finding of the group — haired by MIF director Jannie van luyssteen, and including government nd private sector members — was that he present system of export incentives, aving become cumbersome to administer, complex for the exporter and deficent in its cost effectiveness, should be placed."

The scheme proposed by the group ms at simplicity, certainty and uniformity. It recommends that only three cate-

Heunis . . . final decision

ries of financial assistance should be ailable to exporters:

Automatic compensation for those o pay more than prevailing world es for raw materials. The idea is to e SA exporters the same competitive e as those in other countries.

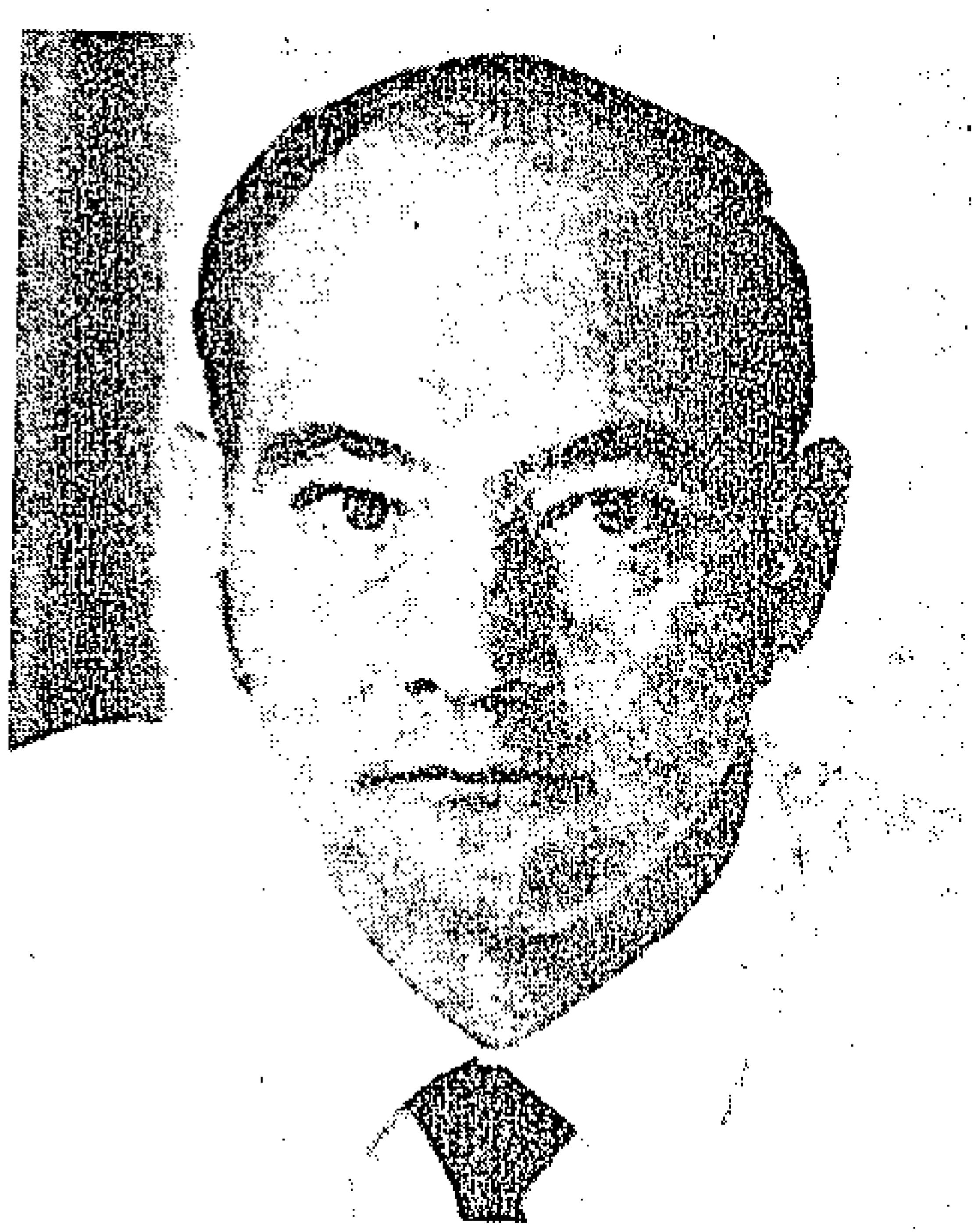
A subsidy of 10% on value added by exporter to his raw materials. This, s the study group, "is to compensate export sectors for the overall costreasing effects of SA's policy of proing domestic industry." (What an nission!)

Should the assistance in the first two egories be insufficient "in relation to interests of the country", the authori- should be empowered to give an a, discretionary *bonsella*. The wool stry is mentioned as one that may lify for this something extra.

What does all this mean in practice? mong the present incentives which would be incorporated in the value-added component of the new scheme are: the finance charges aid scheme, iron and steel industry export subsidy, financial assistance for warehousing and visits of foreign buyers, and the interest subsidy on stocks held in foreign warehouses.

Customs and excise duty rebates, drawbacks and refunds would qualify for automatic compensation under the first category.

Finally, discretionary assistance (which the study group urges should be entrusted to a "competent, advisory body" similar to the Board of Trade) would apply to existing freight rate subsidies, assistance at foreign trade fairs,



Van Huyssteen . . . for change

the electricity subsidy for mineral beneficiators and cash grants for marketing research.

The group also proposes that, to avoid disruption, there should be a one year transitional period during which the new system would operate in tandem with the present one.

Estimated cost of the new incentives (applied to 1976/77 export figures) would be around R165m, compared with outlays under the present régime of R115m in that year. Says the study group hopefully: "The net loss to the fiscus would however be less since the total national production and therefore the entire income tax base would rise."

The proposed new system of export incentives has already drawn flak from Safto chief Wim Holtes. In a recent circular to members, the organisation observes that there are "considerable attractions" in the group's recommendations, but points out the new incentives are entirely based on production costs.

They therefore, according to Safto, "have no relationship to the actual foreign market situation in which excessive costs have often to be incurred years before actual sales (and subsequent incentives) can be enjoyed by the exporter."

To enable members to air their own views, Safto has organised a series of meetings this week in Johannesburg, Cape Town and Durban. And the Private Sector Export Advisory Committee meets next week to finalise its recommendations to Heunis.

Holtes . . . flak from Safto

● The study group also considered the torrent of complaints which followed the retrospective withdrawal 18 months ago of the tax concession on exporters' packaging expenses.

It concluded that this step had caused "considerable damage" to SA's export effort, and urged that selective, temporary assistance be granted to exporters hardest hit by the withdrawal. However, the group refused to heed PSEAC's request that it be reintroduced.

FOREIGN TRADE FM 27/1/78

Well in the black (74)

The preliminary trade figures for 1977 should bolster confidence in SA's economy. Last week's statistical release from the Department of Customs and Excise shows that the balance of trade — excluding gold exports and arms and oil imports — was in surplus to the tune of a healthy R676m for the year.

This is a R2 055m turnaround from the position at the end of 1976, in which year SA had a deficit of R1 379m.

December's export figures — on a seasonally adjusted basis — were the highest for the year, at R602m. Seasonally adjusted imports for the month stood at R436m, however — the fifth highest monthly figure.

The most striking thing about the overall figures is the great improvement in the second half of 1977. By June the trade balance stood in surplus at a mere R122m. Three-quarters (R416m) of the jump to R676 took place in the final quarter.

On the export side, the most significant increases came from sales of live animals and animal products, minerals, chemicals, precious stones and metals, and base metals.

But the most interesting features of the year's results are the 33% and 51% increases in exports of machinery and electrical machinery, and transport equipment. Imports of these goods were down 15% and 19% respectively.

On the import side, the worst record was held by the vegetable products sector, which *grew* by 45% over the 1976/77 period.

Sake-Rapport 29/1/78

Help uitvoer só

(74)

'n GEHEEL en al nuwe reeks aansporingsmaatreëls om die land se uitvoerders te help is ons voorland. Dit is as mnr. Chris Heunis, Minister van Ekonomiese Sake, gehoor gee aan die aanbevelinge van 'n studiegroep en pleidooie van ekonome en uitvoerders.

Mnr. Piet van Schaik, 'n ekonoom van Nedsual en 'n man wat in 'n doktorale tesis groot aandag aan hierdie aspek gegee het, sê dat die hele reeks bestaande aansporingsmaatreëls geheel en al herskryf moet word.

Ons bestaande aansporings gaan uitvoerders nêrens bring nie. Die primêre doel daarvan moet wees om uitvoerders in 'n beter mededingende posisie as uitvoerders in ander lande te plaas.

Die land se bestaande maatreëls stel die posisie van die plaaslike uitvoerder net reg. Hy is niks beter daaraan toe nie.

Mnr. Van Schaik meen dat die uitgangspunt by aansporings meer op die beloningsaspek moet wees. 'n Uitvoerder moet beloon word nadat hy gepresteer het.

Soos dit op die oomblik is, is daar talle lande wat met hul aansporings die uitvoer van mededingende lande neutraliseer. In Nederland word groter hulp verleen as die aansporings van 'n mededingende land die Nederlandse uitvoerder se aansporings neutraliseer.

Anders as die geval in Japan, waar aansporingshulp van owerheidskant 'n geheim is, is Suid-Afrika se aansporingsmaatreëls daar vir almal om te sien en die nodige aanpassing kan gemaak word.

Dit is ook duidelik dat die algemene gevoel is dat Suid-Afrika se bestaande aansporingsmaatreëls bra onverbeeldingryk is. Dan is daar ook nog voorbeelde van teenstrydighede wat blykbaar geen oënskynlike oorsaak het nie.

In Kanada is daar byvoorbeeld 'n spesiale stelsel om die uitvoer van kundigheid te bevorder. In hierdie land verleen die regering 'n toelaag van 70 dollar per dag terwyl 'n projek in die beplanningstadium is. As die Kanadese tender suksesvol is, moet hierdie hulp terugbetaal word. Slaag dit egter nie, is dit die Staat se verlies.

In Suid-Afrika is daar voorbeelde van uitvoerhulp wat verleen word om 'n betrokke mark in die buiteland te verower. Maar dikwels speel verpakking 'n baie groot rol, veral waar die oorsese mark nie vir dieselfde soort verpakking as die Suid-Afrikaanse een vatbaar is nie.

'n Studiegroep onder voorsitterskap van mnr. Jannie van Huyssteen, direkteur van die Motor-Industrieë-Federasie, het op die hele saak van aansporings ingegaan en sy aanbevelinge glo reeds aan mnr. Heunis voorgelê.

Die koste van die uitvoermaatreëls word op die oomblik op sowat R165 miljoen per jaar geraam. Maar die algemene gevoel is dat dit hopeloos onvoldoende is.

Cape Times 13/1/78

74

Blow to canned fruit exports

PROFITABILITY on exports of canned fruit will be cut back in the current year because of the recent hikes in electricity, sugar and steel prices, Canned Fruit Export Board manager, Mr N J Lawson, told Reuter.

He said the board's prices for the year have been set "slightly higher" than last year, but the increases do not cover the rise in production costs. He added that the recent depreciation of the rand allows the foreign buyer to maintain volumes at no extra actual cost.

Competition in the European market remains stiff he said, noting that Australia has announced its intention of stepping up exports to the EEC, while Greece is able to capture more of the market through its alliance with the EEC.

Negotiations

Negotiations with the EEC and the General Agreement on Tariffs and Trade with regard to tariff barriers into the EEC continue, but there have been no recent positive developments, and it may take a number of months before any changes take place.

In November, Mr Lawson told Reuter gross realization to the industry this year should reach R90m (80m), and he said yesterday there was no reason to doubt this would still be achieved, though net takings would certainly be reduced.

The chairman of the Canning Fruit Board, Mr B J Napier said in a statement the "considerable" increases in the prices of raw materials to the industry have been noted with "great concern".

Although he was "not unduly pessimistic" about prospects at the present stage, the economic implications of the price hikes to the industry must be strongly emphasized to ensure awareness and survival.

He noted the local industry depended on the export market for up to 90 percent of its turnover, and was subject to high tariffs and stiff competition. Under these circumstances, the cost increases could merely be met by increasing the price of the final product, he added. — Reuter

World sugar surplus will hit SA exports

Own Correspondent

DURBAN. — South Africa will know later this month the size of its sugar export quota. It could be as low as 713 125 tonnes which could mean at current prices that export earnings would be slashed in half to about R125m.

The problem lies in the 26 million tonnes of sugar which have not been sold on world markets. This is nearly one third of annual production.

Discussions start on Monday in London where an eight-man South African team of Government and SA Sugar Association officers start a two-week round of talks at the International Sugar Council.

Mr Anson Lloyd, chairman of the Sugar Association said yesterday that the council had the power to cut by up to 18,5 percent South Africa's basic quota of 875 000 tonnes. He felt that this would be the case in view of the world surplus.

Exports in 1977 were 1,3 million tonnes which earned R244 million, and in 1976 exports were 859 835 tonnes.

The quota levels can be adjusted rapidly as there is provision for the sugar council's executive committee to meet in London at short notice and adjust to altered market conditions.

This month's meeting will discuss the sugar stabilization fund levy now set at about R7 for each tonne exported. This will go towards loans to finance the stockpiles which every exporter will have to make.

Sugar price

Mr Lloyd said it appeared that the sugar price would take longer than had been anticipated at the September Geneva meeting to reach the lower level of £140 a tonne.

This level determined the extent of the quotas and the size of the stockpiles. It was unlikely that it would reach that price until the second half of this year.

Once the price reached the higher levels specified in the agreement sugar stocks would be sold.

One of the major exporters — the European economic community — with over three million tonnes to export was not a signatory to the international sugar agreement. Mr Lloyd said it was hoped that the EEC would come into the agreement.

Slave states\S

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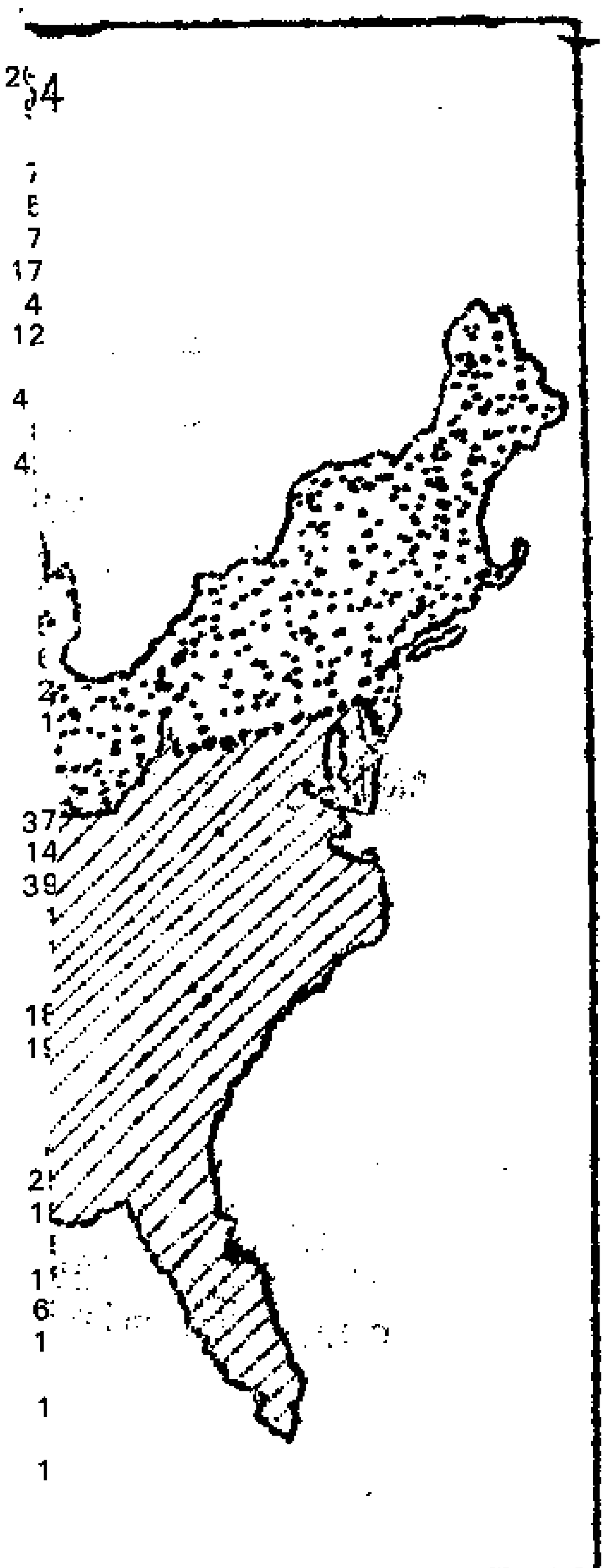

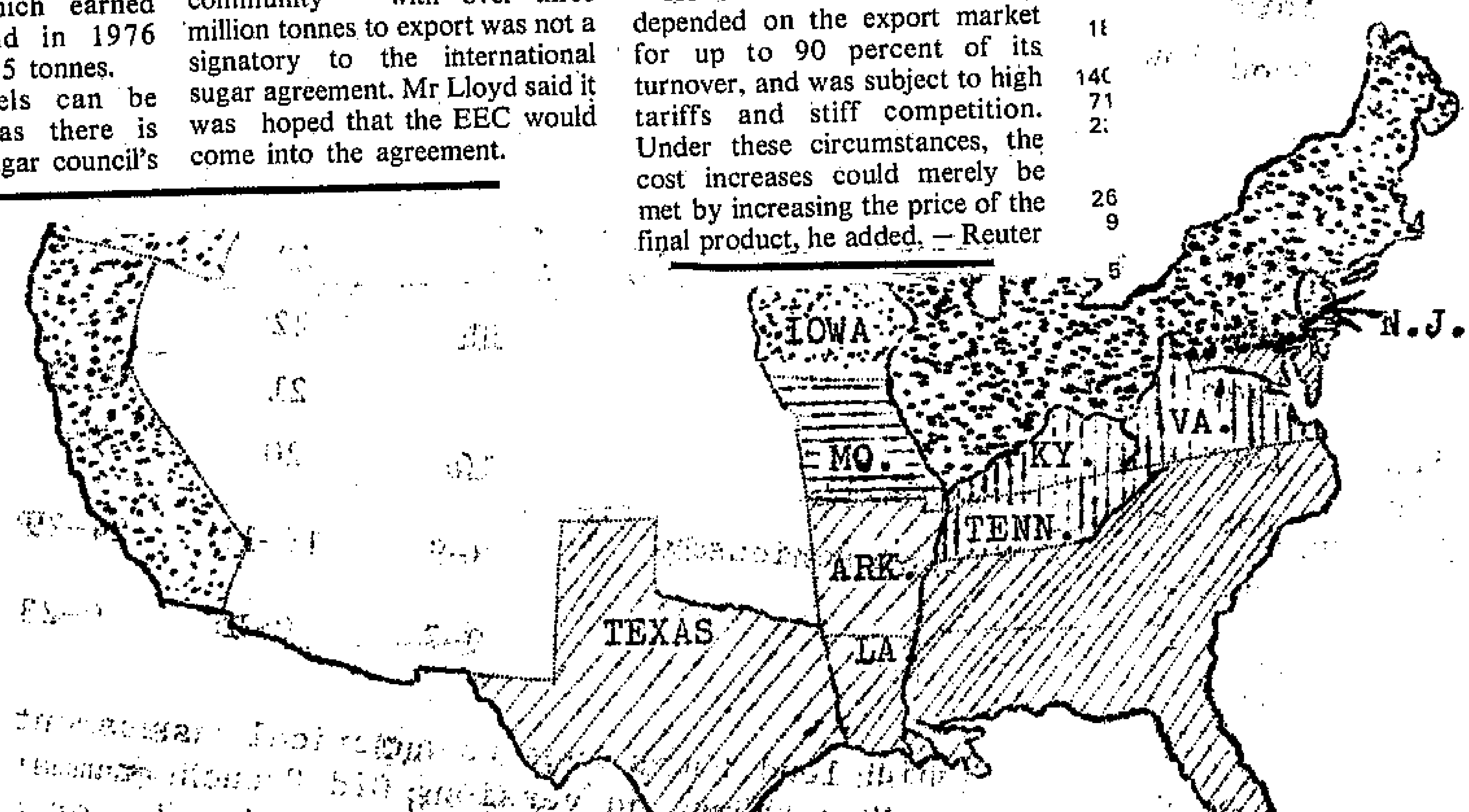

	ELECTORAL	POPULAR (in thousands)
Lincoln (Rep.)	180	1,866
Douglas (Dem., No.)	12	1,383
Breckin- (Dem., So.)	72	848

76 FM [illegible]

JAPAN TARIFF CUT

Crumbs for SA

The Japanese government announced last month that, as part of efforts to [illegible] its [illegible] it will [illegible] customs tariffs on more than [illegible] products, and lower non-tariff [illegible]. What's in it for SA?

Japan . . . the orange is probably American

Not much it seems, even though Japan is our second biggest export market. Most of the items involved, such as aero engines, colour film, cars and computer equipment are of little interest to SA exporters. Though the list also includes some SA exports, such as beef, brandy, wine, citrus and anthracite, it's unlikely the new concessions will drastically improve SA's penetration of the Japanese market.

For instance, the Japanese are traditionally not big wine and brandy drinkers, and imports from SA total no more than a few tens of thousands of rands. Nonetheless, a KWV spokesman notes that the reduction in tariff is "good news, since the duty has always been a problem".

The Citrus Exchange isn't exactly excited over Tokyo's increase of the annual citrus import quota from 15 000 t to 22 000 t. For the past two years, no SA oranges have been sold in Japan. One reason is that by the time Outspan fruit is ready to be shipped, most of the quota has been used up by American citrus producers. What's more, strict Japanese sterilisation regulations are a strong disincentive to SA exporters.

Phytosanitary regulations have also prevented SA meat exporters from breaking into the Japanese market. Says Meat Board export manager Larry Heystek: "We've tried hard to negotiate a veterinary agreement with the Japanese, but they haven't been interested."

Tokyo's announcement that it is lifting all controls on anthracite imports will also not bring new benefits to SA suppliers. "We're selling them everything we can already", notes the Anthracite Producers Association export manager Brian Staples. Last year association members shipped about 200 000 t of anthracite to Japan, and, says Staples, "we don't expect any problems in selling this year."

It's unlikely of course, that the Tokyo government would go out of its way to grant favours to Pretoria. The Japanese have in the past protested strongly against SA's invocation of Article XXXV of Gatt, which means that the rules of the General Agreement are not applicable to trade between the two countries. Imports from Japan are thus not entitled to most-favoured-nation tariff treatment.

Pretoria has no intention of bowing to Japanese protests. Secretary for Commerce Tjaart van der Walt tells the *FM*: "We have recently reconsidered this matter, but did not find it possible to revise our position."

74

SA stands to gain from abolition of surrender rule

RDM 22/12/77

By NEIL BEHRMANN

LONDON. — The British authorities' decision to abandon the 25% dollar premium surrender rule on foreign securities should have a favourable impact on South African shares, say brokers in London.

Exchange control regulations force British investors to pay an effective premium of 39,5% at yesterday's level when they buy foreign securities — South African, Australian, American and others. When the securities are sold, 25% of this premium must be surrendered.

Following European Economic Community meetings in Brussels, Brussels has decided to abandon the 25% surrender rule from January.

This is one of several changes in British exchange control. The controls have been eased because foreign inflows of money and North Sea oil have changed the outlook for the British balance of payments.

Under EEC requirements, Britain was due to alter exchange controls on trade and capital controls within the community.

Brokers believe that eventually the British authorities will abandon the premium on foreign investment, too. Before June, 1972, sterling area countries like South Africa and Australia were unaffected by British exchange controls. But from then on sterling area countries were subject to the premium.

In March, 1974, sterling area countries followed the precedent of Europe and America and fell under the 25% surrender rule.

The exchange control on South African shares — and deteriorating political conditions in Southern Africa — contributed to the decline in share trading between Johannesburg and London.

The 25% surrender rule was introduced when gold shares were at their peak around March, 1974. The investment premium fluctuates and was quoted at 92,5% yesterday. But this premium is calculated on a notional sterling dollar rate of $2,60 to the pound. With the pound currently trading at $1,88 to the dollar, the effective premium is 39,5%.

This means that a British resident must pay a premium of 39,5% on South African and other foreign securities. If he sells these securities, he must surrender 25% of the premium. In effect this adds about 9% to 10% to dealing costs.

Brokers believe that from January 1, the change will make trading in South African shares easier. Over the past two years American and Continental investors have been the predominant foreign market force in South African share deals, partly because of the British regulations.

In the medium and long term, the gold price and political factors are still the major considerations.

Some stale bulls, free of the dealing penalty, may be encouraged to sell South African holdings on any rally during the new year.

The securities rands discount — the market barometer of foreign political attitudes to South Africa — has increased in the past few days and is as high as 39%.

Brokers say that the Canadian trade move, the Steve Biko inquest and continual adverse publicity are affecting foreign investment sentiment.

The chairman of the London Stock Exchange, Mr Nicholas Goodison, hopes London can now get back into the old sterling area markets, which include South Africa.

He said the damage done to the LSE caused by the 25% surrender rule had been particularly severe in the past three years because the old sterling area securities were included in the dollar premium net.

Abolition of this major deterrent would go a long way to restoring London's position as a major capital market, said Mr Goodison.

Hollard Street brokers are hopeful, but cautious, about the effect on gold shares, reports **ELIZABETH ROUSE.**

While the psychological and financial effect of having to surrender 25% of the dollar premium has been removed, the effect of political events in Southern Africa remains a deterrent to potential investors.

However, the braver jobbers may come back to the gold-share market and that means a lift for gold counters and an improvement in trading volume from London.

Cash anomaly bridles banks

(74) S. Express 11/12/77

WHILE banks will only allow a person to remit R100 abroad every year, the Post Office allows a person to remit R50 a month — R600 a year.

This is an anomaly Exchange Control authorities are aware of but maintain that they are not concerned about at the moment.

It is a situation that is irritating the banks for, although in legitimate cases a person can exceed the R100 gift allowance a year, the bank's overseas gift allowance is carefully controlled.

An application to send R50 overseas via money order from the Post Office is far more relaxed. One has to fill in a form in triplicate stating one's name and address and those of the payee.

That's all — no passport, no written statements or verifications.

According to a Post Office spokesman, these forms are collated at the main accounting branch before payment is made to the foreign country and are checked to see that the R50 a month allowance is not exceeded.

Exchange Control realises that this is an area open to abuse but contends that the facility is available for illiterates and those who don't maintain bank accounts who wish to send small amounts of money overseas. And, says a spokesman, "We are watching the situation."

The facility is sure to be used by those trying to move small amounts of money but the total volume is small when compared with that handled by the banks.

However small it is vexing bank managers who have to go through the rigmarole and then only be able to allow their clients R100 a year while it is so much simpler, and more rewarding, at the Post Office.

Bekende sakeman uit land geskop

Rapport 11/12/77 (74)

MNR. WILLY DEVOS, 'n bekende en welgestelde Belgiese sakeman met vriende in die voorste kringe van die Nasionale Party, is vandeesweek uit Suid-Afrika gedeporteer nadat hy vroeër vanjaar weens bedrog en valuta-oortredings skuldig bevind was.

Hy is Maandagoggend by sy luukse-huis op Alberton in hegtenis geneem deur luit. Jan Herholdt van die maatskappye-afdeling van die Polisie en op John Vorster-plein aangehou.

Die 37-jarige Willy Theodoor Devos se deportasie het die Johannesburgse sakegemeenskap soos 'n bom getref.

Die polisie meen dat hy reeds duisende rande onwettig uit die land gestuur het.

MNR. WILLY DEVOS. . . vandeesweek uit die land gesit.

As sekretaris van die Vriende van Vlaandere (VVV) was hy ook landwyd bekend. Hy sou juis Dinsdag saam met sy vrou na Europa vertrek het as toerleier van die Transvaalse Jeugkoor, wat in België en elders gaan optree.

Die polisie het hom om twaalf-uur na sy kantoor op Alberton geleide gedoen sodat hy koorlede se reisformaliteite kon afhandel — en hy is daarna in dieselfde vliegtuig land-uit. Hy en sy vrou sal egter nog hul pligte as toerleiers nakom. Hulle word ook deur 'n Afrikaanse predikant vergesel.

Kerkkringe

Mnr. Devos en sy vrou was bekendes in Randse kerkkringe.

Hy was besturende direkteur van die internasionale reismaatskappy Europareizen en ook lid van die Belgies-Suid-Afrikaanse Kamer van Koophandel.

As sekretaris van die VVV en plaaslike verteenwoordiger van die organisasie se Belgiese eweknie, vrienden van Suid-Afrika, het Devos homself as

* VERVOLG OP BL. 15 *

Sakeman uit land

* VERVOLG VAN BL. EEN *

'n soort nie-amptelike kulturele ambassadeur vir Suid-Afrika gesien. Hy het dikwels na homself as 'n „skadu-ambassadeur" verwys. Die twee organisasies is gestig om kulturele bande tussen Suid-Afrika en België te bevorder en te handhaaf. Deur hulle lê sowat 1 200 Belge en Suid-Afrikaners jaarliks by mekaar besoek af.

Slagter

Die welvarende sakeman, wat as 'n slagter hierheen gekom en in 'n huis van R45 000 geëindig het, is waarskynlik die eerste slagoffer van die regering se voorneme om onverbiddelik op te tree teen mense wat geld onwettig uit die land stuur of met valuta konkel.

Hoewel Devos homself as 'n groot patriot voorgedoen het, het hy nooit Suid-Afrikaanse burgerskap uitgeneem nie.

Hy was trouens besig om planne te beraam om die land in 1978 te verlaat om sy sakebedrywighede in Europa voort te sit.

Die egpaar se drie kinders het op Alberton agtergebly, waar hulle op skool is.

RAPPORT is gister meegedeel dat Devos se vriende en kennisse in die Nasionale Party — daar is LV's en 'n Senator onder hulle — vertoë tot die Minister gaan rig om sy deportasiebevel te herroep. Hy is egter reeds op die Departemente van Binne- en Buitelandse Sake se swartlys. Sodanige vertoë gaan dan ook deur die polisie teengestaan word.

Hoewel Devos reeds in April skuldig bevind is — onder meer op twee aanklagte van bedrog — het hy in stryd met die maatskappywet nog voortgegaan as besturende direkteur van Europareizen.

Die Vriende van Vlaandere het 'n paar weke gelede begin met 'n ondersoek na sy bedrywighede.

Devos was ook 'n persoonlike vriend van die Belgiese konsul in Johannesburg, mnr. R. T. Tiberghein, wat na België teruggeroep is. Hy vertrek vandeesweek.

Afgesien van die aanklagte van bedrog is Devos ook daaraan skuldig bevind dat hy valuta sonder die magtiging van die Tesourie uit die land gestuur het. Hy het aanvanklik skuld op al die aanklagte ontken, maar sy pleidooi later na skuldig verander.

Devos het 'n Belgiese egpaar, mnr. J. T. en mev. J. A. Aerts, se paspoorte gebruik om R4 800 op bedrieglike wyse te verkry.

Vakansie

Die wissels is deur die Trust-Bank op Alberton uitgemaak. Die Aerts-egpaar, wat met vakansie sou gaan, maar nie geld nodig gehad het nie, het die wissels afgeteken en dit is daarna deur Devos uit die land gestuur.

Op die aanklagte van bedrog is hy tot R2 000 of 12 maande tronkstraf gevonnis. Die ongemagtigde uitstuur van valuta het hom 'n vonnis van R1 500 of 9 maande tronkstraf op die hals gehaal. Die maksimum-vonnis vir oortreding van die valuta-beheerregulasies is R10 000 of vyf jaar tronkstraf, of albei.

RAPPORT het ook vasgestel dat geld by 'n vorige geleentheid by 'n rekening wat Devos in België aangehou het, inbetaal is.

Die Bank van Brussels in Ostende het bevestig dat 'n bedrag van R1 500 onlangs op sy rekening — Nr. 384 0261 36938 — inbetaal is. Die geld is deur 'n ontevrede immigrant wat na België teruggekeer het, by die bank inbetaal.

Daar bestaan ook bewyse dat Devos mense genader het om geld vir hom uit die land te neem. So 'n persoon het Vrydag 'n verklaring aan die polisie gedoen.

Rekenings

Persone met permanente verblyfpermitte — soos Devos — kan nie sonder owerheidstoestemming oorsese rekenings aanhou nie. Devos het dit nie gehad nie.

Daar word gemeen dat Devos reeds in 1973 met sy bedrywighede begin het.

Die room van die Belgiese gemeenskap het hom die laaste tyd vermy en hy is uit verskeie klubs en organisasies geskop. Beweerde wanbedrywighede het ook aan die lig gekom nadat hy gevra is om by 'n sekere klub te bedank.

Hy was egter nog baie in tel onder verskeie vooraanstaande Suid-Afrikaners vanweë sy pogings om voortdurende kontak tussen die twee lande te bewerkstellig. So het hy in Oktober 1975 sestig lede van die Vlaams Economisch Verbond na Suid-Afrika gebring.

Sake-Rapport 4/12/77

Invoere moet nóg laer

74

Deur VIC DE KLERK

DAAR is min kans vir 'n uitvoergeleide oplewing in ons ekonomie aanstaande jaar. Groei sal moet kom van invoerverplasing, wat op sy beurt moet saamval met 'n matige stimulering van binnelandse bestedingspeile.

Die ruilvoet van ons buitelandse handel kan ook in 1978 en 1979 verswak nadat dit die afgelope twee jaar 'n belangrike bydrae gelewer het om te verhinder dat die reële inkomste per kop nie te ver daal nie.

Die ruilvoet meet die prysbewegings van in- en uitvoer en 'n verswakking beteken maar net dat die pryse van ingevoerde goedere vinniger styg as dié van uitvoer.

Dit is die mening van die twee outeurs, mnr. Attie de Vries en dr. Johan Cloete, van die Buro vir Ekonomiese Ondersoek van Stellenbosch se ekonomiese vooruitsigte vir 1978.

Hulle verwag 'n reële ekonomiese groeikoers van 2,9 persent vir 1978, teenoor slegs 1,6 persent vir 1977. Die persentasie-bydrae van die verskillende sektore tot die reële ekonomiese groeikoers vir 1977 en 1978 behoort volgens hulle soos volg te wees:

	1977	1978
Primêre sektor	**11,7%**	**0,2%**
Sekondêre	**−4,5%**	**3,8%**
Tersiêre	**−2,4%**	**3,5%**
Totaal	**1,6%**	**2,9%**

Albei die opstellers stem saam dat die vooruitskattings vir 1978 aan die bokant is van wat die moontlike bydrae kan wees. So byvoorbeeld aanvaar hulle 'n normale landboujaar en daarom slegs 'n klein daling in die bydrae van landbou teenoor die baie goeie 1977.

Maar selfs onder 'n normale jaar kan die daling 5 persent wees en namate die seisoen aan die ontwikkel is, kan die reële daling selfs 10 persent wees.

Ook wat die bydrae van mynbou, goud uitgesluit, betref, kan hul skatting aan die hoë kant wees, veral as die wêreldekonomie volgende jaar nog verder moet verswak.

En dan lyk die swaai van 'n negatiewe bydrae van 4,5 persent vir die vervaardigingsektor tot 'n plus van 3,8 persent binne een jaar ook baie styf. Dit kan net bereik word as daar 'n aansienlike mate van invoervervanging en -verplasing is.

Doelbewus

Maar in hierdie verband glo dr. Cloete dat invoerverplasing net sal plaasvind as daar 'n bevredigende binnelandse vraag is. Sonder so 'n vraag sal nyweraars traag wees om doelbewus van hul bestaande oorskotvermoë te omskep vir die produseer van goedere om invoer mee te vervang.

Maar om 'n groter binnelandse vraag te skep, kan ook maklik weer invoer stimuleer sonder dat verplasing plaasvind en dan het die land weer opnuut betalingsbalansprobleme. Dit is om hierdie rede dat dr. Cloete 'n voorstander is van strenger invoerbeheer om saam te val met die groter binnelandse vraag.

As hierdie sienswyse saamgelees word met hul voorspelling dat omsetbelasting eers laat in 1978 in werking sal kom en dat die staat se finansies steeds onder druk is, kan aanvaar word dat die huidige bobelasting van 15 persent op invoer nie reeds met die volgende Begroting opgehef gaan word nie.

Star 9/12/77

French to launch SA chamber

74

Labour Reporter

Leading French business interests in South Africa expect to launch a French Chamber of Commerce early next year, to make the most of France's still unexploited trade potential in South Africa.

A steering committee, representing 80 to 90 percent of French business interests in South Africa, was formed early this year and proposes to form the chamber after the festive season.

The participants, who are very sensitive to political pressures, have drawn encouragement from the recent establishment of an American Chamber of Commerce and from that of a Belgian one earlier this year.

One of the men involved, who asked not to be identified, said France was the fourth biggest trading nation in the world — close to Germany and Japan, and bigger than Britain.

But it lagged way behind Britain, Germany and Japan in its South African trade links.

Money smuggling deals uncovered

RDM 9/12/77 (74)

By EMIELIA JAROSCHEK

DETAILS of a R1 100 000 currency smuggling racket by a shipping company director who has fled South Africa have been uncovered by the Johannesburg Commercial Branch.

Police said yesterday key figures in the massive racket — done under the pretext of shipping imports — left for America and Europe before police launched investigations.

It is one of several large currency smuggling operations to be uncovered.

The R1 100 000 was moved from South Africa this year through two separate operations—one involving Swaziland connections which got R296 800 out of South Africa.

The second involved a faked R800 000 import clearance through a city shipping company formed to charter ships.

Cape Times 6/12/77

74

Sent out money, man fined

Staff Reporter

A CAPE TOWN chartered accountant, Lucas Aggouras, 55, was found guilty in the Regional Court yesterday of illegally sending foreign currency out of the country.

Aggouras, who pleaded not guilty, was fined R200 or 20 days and sentenced to six months suspended for four years.

The magistrate, Mr J G Vermeulen, said he viewed the offence in a very serious light.

"There was no actual drainage of foreign reserves, only a potential loss," he said.

Earlier, evidence was given that Aggouras sent 1 000 dollars of American Express travellers' cheques out of South Africa to his sister and brother-in-law in Greece on March 9 this year.

Lifeblood

Mr Johannes Neethling, an exchange control inspector at the Reserve Bank in Pretoria, told the court foreign currency was the lifeblood of any country and a loss of it could give rise to a high rate of unemployment and public unrest.

The court heard earlier that Aggouras was a "very good man and worked at all times, besides being scrupulously fair".

Mr W B Badenhorst appeared for the State and Mr R M Marais SC, instructed by Mallinick, Ress, Richman and Co, appeared for Aggouras.

Sunday Express Business

4/12/77

74

Tax confusion worries top SA exporters

EXPORT EXPRESS

THE Government must decide whether it wants to promote exports or not. That is the view of many of South Africa's top exporters.

There is great dissatisfaction among businessmen engaged in exporting about the uncertainty surrounding some Government-allowed tax incentives.

Certain incentives allowed in the past have now been withdrawn but, after appeals from the business community, they are now under review. But there is no certainty about what is and what is not allowed, and businessmen do not care for uncertainty. Some feel so unhappy about the situation that they believe it impossible to contemplate exporting in such uncertain circumstances.

Earlier this year the Economic Affairs Minister, Chris Heunis, appointed a working committee to look into export incentives but mid-year under the Income Tax Act, two incentives were withdrawn — the allowances for administrative expenses incurred for exporting and the packaging costs associated with exporting.

Heunis has recently agreed after representation to consider re-instating the packaging allowance, retrospectively, but has left exporters in the air about the admin allowance.

As one aggrieved exporter put it: "The people involved in exporting are top people — not clerks — so salaries and expenses are material. And as to this allowance being abused and difficult to police, all the authorities have to do is to ask for an auditor's certificate that the expenses are valid."

It is difficult for exporters to operate under these conditions. Exports involve pricing into the future. How does one price not knowing whether one is going to be allowed a packaging and admin rebate?

And to add insult to injury the withdrawal of the incentives goes back 18 months so businessmen have to take account of this extra and unexpected cost as well.

Another exporter commented: "This uncertainty is a disincentive to exporting. Businessmen are exporting for profit and not knowing which way the Government is going to jump next halts export performance.

"The Government must decide if it wants us to export or not. Perhaps it should do what the Brazilians do — guarantee the incentives for a number of years."

The working committee looking into the incentives is due to report shortly — a report that is awaited with great interest.

Krugerrand sales soaring

RDM 3/12/77

74

By DON ROBERTSON
Mining Editor

SOARING Krugerrand sales earned South Africa an estimated R71-million last month and overseas demand is so great that supplies could well dry up by next month.

Overseas sales in November amounted to 511 000 coins with South African sales taking the total for the month to 519 020, the highest achieved since April, 1975, the month in which British banned imports of the coins.

November sales beat the October figure of 405 000 coins sold overseas and the 453 000 sold in November last year, and in the first two days of this month orders for well over 200 000 coins have been received.

Commenting on the November sales, Mr Don Mackay-Coghill, manager of Intergold, says that unless there is a let-up in demand over the festive season, Intergold could well run out of coins in mid-January before supplies are again available after the Mint's seasonal close-down.

With total sales at 2 718 234 for the first 11 months of the year, it is almost certain that 3-million will again be beaten. Last year sales totalled 3 004 945, a figure which was down on the 4 803 925 in 1975.

The current state of the American economy — the United States takes about 50% of overseas sales — and an especially successful advertising campaign are largely responsible for the continued rise. So successful was the advertising campaign that Intergold considered cutting back on expenditure. This decision, however, was pre-empted by three major American television networks which have decided to ban Krugerrand jingles.

The gold used in the minting of these I oz coins absorbed about 25% of total gold production last month which effectively robbed the free market of this supply, a factor which can only be beneficial for the gold price.

The monthly International Monetary Fund sales at just over 500 000 oz make up for this loss, but the effect is that there is still this shortage on the market.

The 1977 total coin sales at an expected 3-million or more represent about 15% of the annual production, which is estimated at 22 500 000 oz.

The enthusiasm for Krugerrands in the second half of this year has been significant, reflecting in no small way the ills of world economies. In the first six months of this year, only 969 264 coins had been sold, but current orders indicate that the demand will continue.

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Star 23/11/77

Iscor to plead 'hardship clause'

74

Geoff Murray

TOKYO — Iscor will send two of its top officials to Japan early next month to seek local steel mills' support in tiding over a current deficit operation. But they are unlikely to receive too much encouragement.

Steel industry sources said the men were expected to arrive here on December 7.

The sources said there was appreciation in Japan of the difficulties being experienced by Iscor in promoting new iron ore mine development at time of oil crisis. However, the South African company wanted to have prices reviewed under a contractual "hardship clause."

The Japanese are reluctant to do this because of their own domestic difficulties as well as a fear that this will simply prompt a flood of similar requests from other mine owners.

Improvement to R260m

NM Bus. 20/11/77

S.A. reverses trade balance

(74) / ~~21~~

PRETORIA — South Africa had a favourable trade balance of R260,4 million in the first nine months of this year, compared with a deficit of R1 161,6 million in the corresponding period last year, according to the preliminary statement of trade statistics released here yesterday by the Department of Customs and Excise.

Exports totalled R4 165,5 million free on board in January-September, compared with R3 352,8 million last year.

Imports (also free on board) totalled R3 905,1 million, as against R4 514,4 million in the same period last year.

Figures relating to the physical movement of gold bullion, oil imports and imports of defence equipment are not included in the trade statistics.

Imports from Africa dropped from R228,8 million to R224,2 million, while exports to African countries increased from R336,4 million to R392,4 million.

Imports from Europe dropped from R2 491,5 million to R2 140,4 million but exports to Europe increased from R1 864,7 million to R2 232,3 million.

Imports from U.S.

Imports from America dropped from R1 058,8 million to R838,3 million, while exports to America increased from R535,8 million to R749,6 million.

Imports from Asia dropped from R653,4 million to R632,3 million, while exports to Asia increased from R561,3 million to R719,6 million.

Imports from Oceania dropped from R65,7 million to R52,6 million while exports to Oceania increased from R32,9 million to R43,1 million.

Imports of unclassified goods increased slightly from R16,2 million to R17,3 million while exports of such goods dropped from R2,3 million to R1,5 million.

Exports of ships and aircraft stores increased from R19,4 million to R27,0 million. — (Sapa.)

N. Mercury 15/11/77

(74)

The Natal Me

Exports to grow by 25%

JOHANNESBURG — South Africa's exports are likely to grow by about 25 percent in the 1977/78 year — whether or not further trade sanctions are introduced, says the S.A. Foreign Trade Organisation (Safto) in its annual report.

This is below the 33 percent growth in merchandise exports in the year ended June 30. It says the expected slowing in export growth is in line with the less buoyant prospects for major world economies.

It notes that its export growth forecast does not take into account any extension of trade restrictions against South Africa which might result from increasing international pressures.

If further restrictions were introduced, there would probably be no immediate effect on the total national export performance, which is still dominated by product availability problems and world prices.

They would affect individual exporters in their market development and diversification programmes. Companies which already have sophisticated international marketing arrangements will obviously be in a far better position to overcome such problems.

Safto suggests that boycott threats could well encourage exporters to market their products or services exclusively on the basis of foreign market acceptability and to plan their foreign distribution arrangements on an international basis.

The report includes a special study of South Africa and world trade, which it calls "disturbing" its findings that South Africa's export trade has been out of phase with basic trends in the pattern of world imports in an important aspect during the last six years.

The study shows that while South Africa has been sending a growing proportion of her total non-gold exports to the world's major industrial countries, these countries have been taking a declining share of world imports.

It has been the oil producers, the smaller economies of Europe and some of the Third World countries that have shown the fastest import growth. In most of these markets South Africa's export growth has lagged.

The study says South Africa is currently doing very well in exporting mainly primary products, chiefly to the really big markets. "And although the big markets may be losing some of their vigour, they nonetheless dwarf the small markets."

It warns that it would be dangerous for South Africa not to be party to any further significant growth in exports to Opec, non-industrial Europe and the Third World.

Both the government and individual export companies in South Africa need to keep a careful watch on developments in world trade over the next few years it says.

"If current trends continue, South Africa could face increasingly difficult markets in the industrial countries, while being virtually unrepresented in the fastest import growth areas of the world."

Transport is a major problem area for the exporting of manufactured goods. Referring to a survey into export-inhibiting factors which it carried out earlier this year, Safto says major exporters regard the transport factor, and specially the impact of high rail and sea freight rates, as the single biggest deterrent to their export growth. (Sapa.)

French ship ban blow is softened

E.C.T.

74

12/11/77

Defence Reporter

FRANCE'S REPORTED announcement that it has no power to stop South Africa from manufacturing French-designed weaponry locally indicates, if taken at face value, a softening of the blow that cost the Republic two new corvettes and two submarines.

While details of the various arms-manufacturing licence agreements between the Republic and other countries have never been made public, it is no secret that a number of South African weapons are of overseas origin, although manufactured here.

In fact, one vital weapon — the Cactus or Crotale anti-aircraft missile system, designed to shoot down aircraft carrying out low-level attacks — was a joint French-South African venture, and is now in service in both countries' armies.

French statement

The French statement, issued by Defence Minister Yvon Bourges, reportedly said: "South Africa has acquired the licence and has all the blueprints" of Mirage F1 jet fighters, Panhard armoured cars and Cactus missiles, and added: "France no longer has any say in the matter."

It is possible the French attitude might set a precedent for any other arms-manufacturing licences held by South Africa, although these, too, have never been made public.

If this is so, it means that, at least as far as the air and ground forces are concerned, the Republic is more or less self-sufficient in spite of the mandatory arms ban imposed this month by the United Nations.

However, the navy remains seriously affected by the ban on the warships, which would have increased its ability to guard the oil route around the Cape and also to patrol the South African and South West African fishing limits, which were recently extended to 200 nautical miles.

Fruit exports slump in volume

RDM 10/11/77 (74)

CAPE TOWN. — South African deciduous fruit exports declined 31,3% to 177 920 tons in the 1976/77 season from 258 982 tons the previous year, says the chairman of the Deciduous Fruit Board, Mr P G van Breda.

Gross proceeds from exports amounted to R131-million (R136-million), from which payments to producers of around R67-million (R61-million) will be made.

Because of the smaller crop, total costs dropped to R40 500 000 from 75 700 000 of which shipping expenses represented 73,8% (56%). Nevertheless, shipping costs were R8-million lower than for last year.

The apple crop at 115 573 tons came to about 60% of last year's 192 621 tons, but turnover in rand terms declined by only 3%.

Apple prices on a CIF basis were generally about 65% higher than last season, although the fruit was not of a particularly high standard.

The export pear crop increased by 9,2% on last year's 36 515 tons, realising 30% more than last year.

Gross realisations for pears in North America rose, but net returns fell far short of European levels. A contributory factor to this was the higher freight rate.

The diversion of apples to North America is having a considerably beneficial effect on European prices.

The board continues to dominate the Middle East market, although indications are that competition may become much stiffer from other Southern Hemisphere countries.

The board has maintained its position in the Far East and has made further exports of apples to Taiwan. However, he declines to detail the quantities involved.

Table grape production appears to be static. The steady increase in European demand is expected to continue, causing prices to rise initially, until further competition is attracted to the market.

Grape exports fell by 24,1% from last year's 24 916 tons. Realisations are expected to decrease by around 20%. The board is considering as a new development the marketing of 40 000 boxes grapes in the Middle East next year.

Peaches and nectarines were not of such good quality as last year, and wastage, particularly in large fruits was high. Continuity of supply was also problematic.

Export volumes of plums dropped 22% from 4 118 tons the previous season, but proceeds declined by only 7% with the growth of the Continental market continuing.

The season's apricot export crop increased by 80% and prices declined only 7%, indicating the strength of the market. — Reuter.

74

74

Cape Times 10/11/77

Oil ban on SA if Rhodesian talks deadlocked

Own Correspondent

NEW YORK. — The UN Security Council will be asked to impose an oil embargo against South Africa if the current Rhodesia negotiations are still deadlocked by the end of the year.

Lieutenant-General Prem Chand is now under orders to report back to the UN Secretary-General, Dr Kurt Waldheim, by late December. If he and the resident commissioner-designate for Rhodesia, Field Marshal Lord Carver, show no progress by then, the oil ban will be demanded. General Chand is Dr Waldheim's representative to Rhodesia.

The council's sanctions committee has heard proposals for a two-pronged embargo under the punitive Chapter Seven of the UN Charter.

This would order states to take all steps to ensure that oil sold by the South African subsidiaries of their oil companies does not get to Rhodesia — then impose an embargo on the supply of oil to South Africa itself till it provided effective guarantees that no oil was being sent to Rhodesia.

The committee is due to report back to the council tomorrow on the tightening of sanctions, though council members say this will be delayed to give Lord Carver and General Chand more time.

The move is calculated to cause maximum embarrassment to Security Council powers Britain and France — whose government-controlled oil companies BP and Total are active in South Africa — and to key non-Arab oil producer Iran.

Other oil giants in South Africa are American-controlled. One of them, Mobil, has been under constant assault as the alleged top conspirator in a sanctions-busting supply system for Rhodesia. In recent private hearings of the sanctions committee, material has been presented seeking to prove the others equally responsible.

Iran is keenly concerned about the pressure it is now coming under, particularly since the launch of the Organization of African Unity's oil embargo campaign.

So far, the OAU mission has visited Venezuela and Ecuador, who are both determined to support an embargo.

At the end of this month, the OAU mission will visit the Middle East oil states and also Indonesia.

In the past week, Iran quietly joined other Opec members in twice voting for resolutions that included a request for oilproducing countries to stop supplying South Africa. In the past, it has abstained on such votes.

Lobbyists for the oil ban have even used South African legal opinion to argue before the Security Council committee that oil comes within the existing arms embargo, if rigorously applied.

They cited a July 14, 1976 argument by prominent attorneys, J J Fagan and J P van Niekerk, that as a vital military need a South African court would probably include oil within the definition of "munitions of war" in the Official Secrets Act.

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RDM 9/11/77

US considering more measures against SA

(74)

WASHINGTON. — The United States Secretary of State, Mr Cyrus Vance, told a group of black American leaders on Monday that the Administration was considering more measures to intensify economic and diplomatic pressures on the South African Government.

Mr Vance reportedly told the group that the Administration might seek, in cooperation with other countries, an oil embargo against SA. This was one if 11 proposals Mr Vance received in an hour-long meeting with the newly formed Coalition for Human Rights in South Africa. The coalition was formed shortly after last month's bannings and arrests.

The coalition chairman Mr Franklin Williams, is a former ambassador to Ghana. He said Mr Vance had told the group the Administration was also considering the withdrawal of all US economic attaches from SA.

Mr Vance said last week that the State Department was recalling a commercial affairs attache from Johannesburg but he was expected to return to his post. The recall was in connection with a review of US-South African economic ties.

Mr Vance told the group that the Administration had not decided how to respond if Israel decided to ignore the mandatory arms embargo imposed against SA last week by the United Nations.

Mr Williams said Mr Vance had ruled out a proposal by the coalition that the US downgrade the level of its diplomatic representation in SA by withdrawing its ambassador.

Mr Williams described the Administration's response to SA's security crackdown as "weak".

The coalition called on the Administration to seek multinational cooperation in the enforcement of the arms embargo. To deny licences to US corporations for the manufacture of arms in SA.

To deny US export-import bank loan guarantees involving SA.

To end US-South African scientific and technical exchange programmes. Sapa-AP.

Clarity on embargo soon

By RICHARD WALKER

NEW YORK. — Within two weeks the United States would release a directive stating exactly what it would stop supplying to South Africa under the new mandatory arms embargo, a US official said this week.

On Monday the official declined to discuss the grey areas of "related material" outlawed under the ban. This includes dual purpose equipment such as civilian aircraft and electronic equipment that can be converted to military use.

Details would be disclosed in the directive, which would be issued jointly with the Commerce Department, he said.

Meanwhile, haggling is developing over the ban, which was imposed by the UN on Friday.

In a television interview on Sunday, Israel's Prime Minister, Mr Menahem Begin declined to endorse it, although all UN members are under orders to comply with it.

The UN Security Council president, Mr Rashid Kikhia of Libya, said he was looking to the US to take the lead in enforcing the ban.

An important factor would be how much pressure it put on nations such as Israel and on non-UN members, such as South Korea and Taiwan, who have good relations with the Republic.

Switzerland is another important country that is not a UN member.

The Apartheid Committee chairman, Mr Leslie Harriman, of Nigeria, has hailed the embargo as "historic", though "only a first and minimum step".

GUY BERNARD reports from Washington that the US Ambassador to the UN, Mr Andrew Young, said he thought the UN arms sanctions "sent an important message to South Africa".

Addressing US Government employees on Monday, he said: "The next step is for us to wait and see how they respond to that message."

"John Vorster is over the hill" he said, and added that there were enough people in South Africa "to give leadership to their country".

"We are saying by the sanctions that that kind of leadership ought to emerge."

Fourie in US talks

By RICHARD WALKER

NEW YORK. — The South African Secretary for Foreign Affairs, Mr Brand Fourie, has arrived in Washington for talks with senior State Department officials.

The Minister of Finance, Senator Owen Horwood, arrives on Thursday to address a business seminar in New Orleans.

The main purpose of Mr Fourie's visit is believed to be the negotiations on South West Africa.

Swapo has told the Western powers that it will stop talking unless South Africa agrees to withdraw all but a maximum of 2 000 troops during a UN-monitored election.

The five Western Security Council powers were due to return to Pretoria a week ago for further talks on South West Africa. The trip was cancelled because of the pending Security Council vote on an arms embargo.

74

French won't deliver 4 warships to SA

74

Cape Times 9/11/77

PARIS. — France yesterday announced that it would not deliver two corvettes and two submarines ordered by South Africa.

Four days of feverish speculation ended at 5pm Paris time when the French Defence Ministry issued a short official statement saying: "France will no longer supply South Africa with arms, and this includes two covettes and two submarines ordered by Pretoria two years ago."

The vessels, under construction in French naval shipyards, are worth R800m.

Last night the South African Ambassador in Paris and a spokesman for the Minister of Defence, Mr P W Botha, said they had not been informed officially of the French decision.

The ambassador, Mr Louis Pienaar, said: "I find it very strange that I have received no official statement to give to my government over France's arms policy. I must say that I take exception to the fact that I am kept informed only through press reports and not by the French Government."

As Mr Botha travelled to Bethlehem, OFS, to make a speech at a political meeting, a spokesman declared: "The minister declines to comment on the alleged French statement.

"I have just spoken to the minister and he told me that there are channels of communication between his department and the French Government and till he has received confirmation of such a decision, he will not comment. After he has received such official comment he will react."

The French decision to keep the ships follows the UN Security Council decision to impose an arms embargo on South Africa. The resolution called on all nations to review existing arms contracts with the Republic.

Meanwhile in Paris, both the French Defence Ministry and the SA Embassy have denied that the Good Hope, one of the two corvettes nearing completion, had tried to break out of the port of Lorient to sail to South Africa.

Last night the Good Hope was moored in the naval arsenal which was sealed by a drawbridge. A French warship was alongside to prevent her sailing.

Official denials of the breakout attempts are not backed up by Lorient people. They insist a break-out attempt was made. (In 1969 five Israeli gunboats, ordered and paid for, escaped from Cherbourg successfully. Two senior naval commanders were sacked. Clearly the Lorient commanders have no wish to experience a similar fate.)

In a BBC world service news broadcast, Mr Pienaar said: "The French Government has certainly taken certain steps to ensure that this ship couldn't be taken out. All I know is that the first sea exercise, set for Monday, has been cancelled, and all future exercises have been cancelled. She will not go to sea.

"On Saturday the French Navy brought alongside a boat to bottle the ship up, to stop her moving, and today (Tuesday) they moved her to another place."

Cape Times Defence Reporter, Willem Steenkamp, writes:

Sources close to the government told me last night that it is highly unusual for the French Government — which is known for its punctilious adherence to diplomatic usage — to make such an announcement without first conveying news of the decision to the other party concerned.

The first speculations about the ban came as long ago as Monday night, when the BBC claimed it had official confirmation from the French Government that this was so.

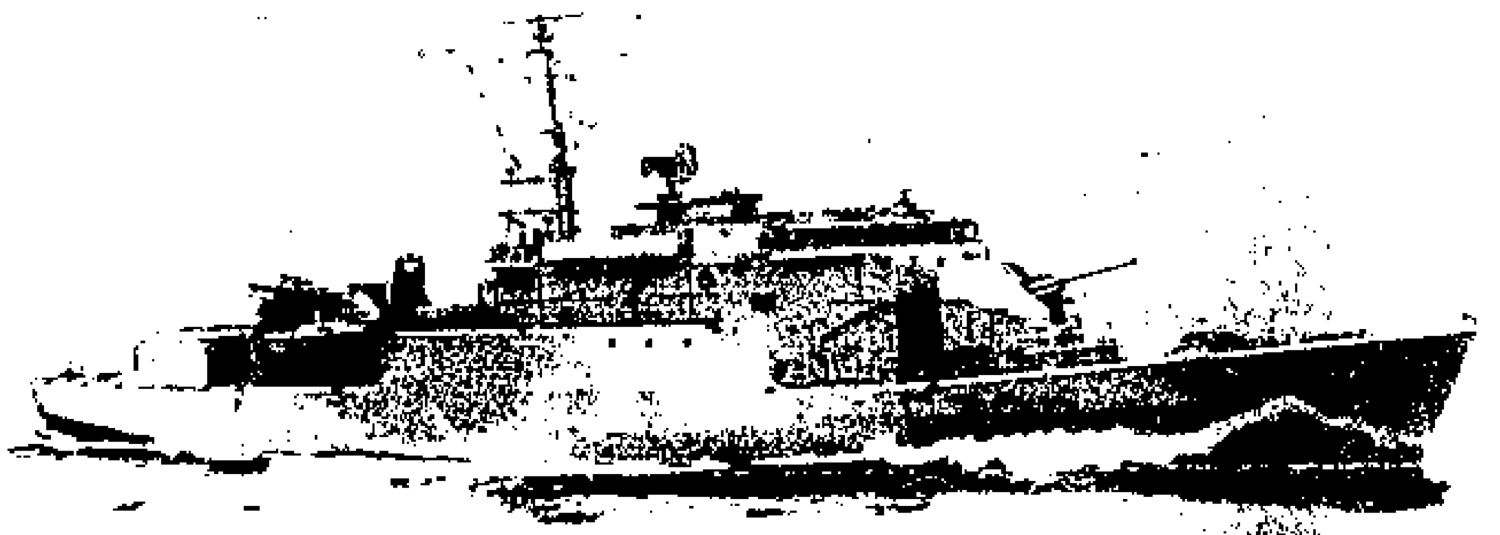
If implementation of the ban had been delayed a few months, it is possible that South Africa would have received at least one of the four vessels.

Work on them is so far advanced that one of the corvettes, SAS Good Hope, is in the final stages of fitting out at the Lorient naval shipyard and was due to be commissioned early next year.

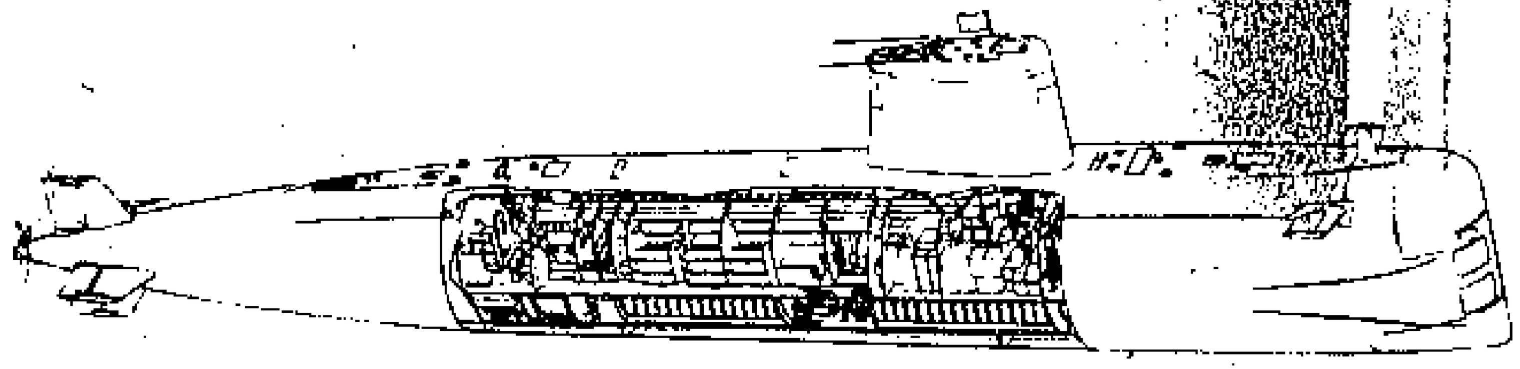
It has been known for some time that France was building two corvettes and two Agosta-class submarines for South Africa, all ordered during 1976.

The vessels would have increased the Republic's coastal anti-submarine and seaward strike force considerably. The corvettes displace 1 170 tonnes fully loaded, and according to the authoritative Jane's Fighting Ships, mount guns, missiles and torpedoes.

The submarines, which displace 1 470 tonnes on the surface, have a surfaced range of 9 000 nautical miles (double that of the smaller Daphne-type submarines already possessed by the South African Navy) and are capable of 20 knots under water — four knots faster than a Daphne can travel on the surface.



South Africa was to have had two frigates like this one. Vessels of this class displace 1 170 tonnes fully loaded and are specially designed for coastal anti-submarine work.



The Agosta-class submarine, of which South Africa was to have had two, has a surfaced range of 9 000 nautical miles and is capable of 20 knots under water

When the submarine contract became known just over a year ago, French officials were quoted as saying that the exclusion of naval weapons from a freeze on weapons announced in 1975 was a recognition by France of the vital role South Africa played in protecting the Cape as a result of the Russian naval build up in the Indian Ocean.

According to authoritative sources, the frigates would have been delivered in 1978 and the submarines in 1978 and 1979.

By last night the fate of the French manufacturing licences — and, by implication, those of other countries — acquired by South Africa remained obscure.

Meanwhile, it is likely that some adjustments will have to be made to South African defence planning as a result of the ban on the four warships.

The impact of the French ban on South Africa's defence plans is difficult to assess in view of the lack of details at this time, but the following points can be considered:

- It will damage the Republic's capacity to wage conventional maritime warfare and guard the sea-lanes around the Cape along which travels a constant stream of tankers carrying almost all of the oil used by Europe and a great deal of that used by the United States. Russian naval strength in the Indian Ocean is at an all-time peak, while the Western presence — French, British and American — has rarely been weaker in recent times.
- Since it is obvious that long-term maritime planning was predicated on the arrival of the four vessels, certain adjustments in strategy or tactics or both will have to be made, or contingency plans brought into operation. There might also be organizational changes in view of the alteration in the projected composition of the maritime fighting forces.
- The ban might result in a boom for the local shipbuilding industry, which has become increasingly sophisticated in the past few years. However, local shipbuilders are not yet capable of turning out vessels like those which South Africa ordered from France.
- Informed sources state that so far the Republic has not spent any of the R800m it was to have paid France for the four vessels.

Argus 9/11/77

SA chrome is a key factor in America

74

By HARRY B ELLIS

WASHINGTON. — A key factor in President Carter's policy on South Africa is the major dependence of the American steel and chemical industries on chromite ore and other metals from that nation.

'Put economic sanctions on South Africa,' says E F Andrews, vice-president of Allegheny-Ludlum Industries, Inc, of Pittsburgh, 'and you deny yourself close to 90 percent of the world's supply of chrome, because Rhodesia already is under sanctions.'

South Africa is a principal supplier to US industry of chrome, manganese, vanadium, platinum, and other metals essential to a wide variety of industrial processes.

Currently, said an official of the General Services Administration (GSA), the US Government 'is in a deficit position' on stockpiles of chromite ore and the platinum group of metals needed by the US defence industry.

'We don't have enough of these metals to meet emergencies,' the official said.

Says Mr Andrews: 'You must have 11,5 percent chrome (which provides the anticorrosion element in steel) or you cannot have stainless steel. Chrome has been called the most unsubstitutable metal in the world.'

Of US imports of raw chromite ore last year, according to US Government figures, 38 percent came from South Africa, 17 percent from the Soviet Union, 17 percent from Turkey, three percent from Rhodesia, and scattered supplies from elsewhere. The US has virtually no chrome.

By an odd combination of geology and politics, South Africa, Rhodesia, and the Soviet Union — according to US Government estimates — possess 99 percent of the world's known reserves of platinum, 98 percent of vanadium (used as a toughening element in steel), 96 percent of chrome, 85 percent of gold, and also much of the world's reserves of manganese, asbestos, and diamonds.

South Africa is a major US customer, having bought R1,5-billion worth of American goods last year. Government economists reckon more than 50 000 American jobs depend on exports to South Africa.

The US last year bought R900-million worth of goods from South Africa. Through August of this year, US sales to South Africa had fallen 18 percent below the 1967 level, according to a US Commerce Department official, while American imports from South Africa were up 37 percent — reflecting in part, perhaps, the US ban on imports from Rhodesia.

When, with President Carter's support, the Rhodesian embargo was enacted last March, proponents argued that the United States could replace Rhodesian chrome with ore from South Africa, the Soviet Union, Turkey, and other sources.

Steel industry concern over possible loss of critical supplies from South Africa comes at a time of hardship for American steel firms, with thousands of workers laid off.

The Bethlehem Steel Corp, American's largest steel maker, reports a R450-million net loss in the third quarter — largest quarterly deficit ever recorded by an American corporation.

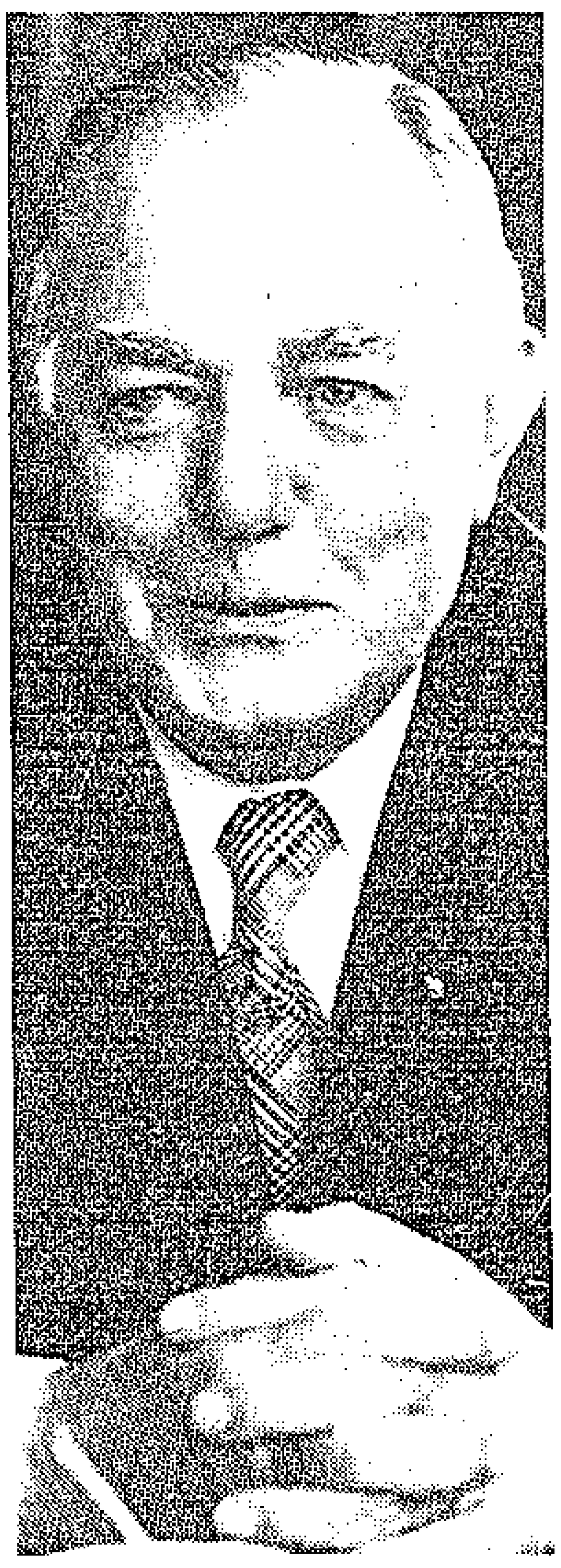
Steel industry leaders are pressing for some form of protection against steel imports from Japan and Europe. So far Mr Carter, buttressed by his chief trade negotiator, Robert S Strauss, is holding out against import quotas, but has ordered the US Treasury to enforce anti-dumping laws strictly. — Christian Science Monitor News Service.

(74) Cape Times 9/11/77

UN arms embargo

Republic won't be seriously hurt — PM

X (74)



Mr Vorster

HEIDELBERG. — The Prime Minister, Mr Vorster, said last night that the countries responsible for the mandatory arms embargo against South Africa must take the blame if this resulted in attacks on South Africa or in violence within the country.

The embargo imposed by the United Nations Security Council last Friday was tantamount to an open invitation to violence, he told a packed public meeting in Heidelberg.

While South Africa had made provision against such an eventuality and would not be seriously hurt or brought to her knees by it, the Security Council had given notice that they were withholding arms from South Africa.

"They must not be surprised that some foolish and misguided nations will take that as an invitation to attack South Africa.

"They must also not be surprised if certain irresponsible elements within South Africa take that as an open invitation to create violence in South Africa," he said.

Violence

Mr Vorster also said that South Africa should not be blamed if people were hurt because they saw the arms embargo as an opportunity to bring South Africa down through violence.

"The responsibility will rest on those people who have done this thing to South Africa.

"If people get hurt in the process, South Africa must not be blamed for it, but those who have incited people to demand of South Africa what South Africa is not prepared to give."

Mr Vorster said the mandatory arms embargo would not seriously hurt South Africa, and neither would any future oil embargo.

"There are those in the world outside who believe that with this mandatory arms embargo they can bring South Africa to its knees," he told a packed public meeting.

"But let me tell them tonight that they have another guess coming," he said to loud applause.

Mr Vorster said South Africa had made adequate provision for both an arms embargo and an oil embargo, having seen both coming decades ago.

Just as he had warned when the United Nations gave arms to terrorists that terrorism could not be confined to Southern Africa

Continued on page 2

Continued from page 1

and would become a world scourge, so those responsible for the embargo would hold the sole responsibility for any resulting violence.

"Those responsible for this embargo, what did they succeed in doing?" he asked.

"What they did was tantamount to an open invitation to certain misguided and militant nations, saying to them: 'We are withholding arms from South Africa.'

"They must not be surprised if some foolish and misguided nations take that as an invitation to attack South Africa," he said.

"They must also not be surprised if certain irresponsible elements within South Africa take that as an open invitation to create violence in South Africa.

"If that happens, then I say tonight that those nations responsible for the mandatory arms embargo, the responsibility is theirs and solely theirs if that happens in South Africa."

Mr Vorsters said the nations responsible must also take into account the fact that the embargo could not be taken off the United Nations' books without the positive votes of Russia and Communist China, something which was extremely unlikely to happen.

"I am pleased and thankful that I can say tonight that as far as this mandatory arms embargo is concerned, South Africa not only saw it coming, but South Africa made provision to be self sufficient as far as these armaments are concerned.

"Those responsible, those who sponsored the motion and those who voted for it, believed that they would seriously hurt South Africa.

"That will not be the case," he said.

"I know also that the militants are in fact at the moment preparing for the next move, are in fact playing around with sanctions as far as oil deliveries to South Africa are concerned.

"Also there, I am pleased to tell you we have made provision over the past years, and that whereas they certainly will create certain difficulties for South Africa, they will certainly not kill us.

"We have made provision so that they cannot kill us," he said to applause.

"But if they come with that sort of a boycott, that will kill Botswana, that will kill Lesotho, and that will kill other African

white man's time in South Africa was running out.

The Progressive Federal Party's call for a national convention involving whites, blacks, coloured people and Indians, to draw up a new constitution for the Republic, would inevitably lead to black majority rule in South Africa.

If all the race groups were thrown together into parliament, it would create chaos as well as lead to a loss of identity and the right to self-determination of all the various peoples.

Only conclusion

Mr Vorster said the PFP's Mr Horace van Rensburg, sitting MP for Bryanston, had during a meeting with Mr Percy Qoboza of the World and Mr Allister Sparks of the Rand Daily Mail, reportedly stated that a national convention would draw the blacks, because they had nothing to lose and that it would also draw the whites because the whites had everything to lose.

This was the talk of a man who believed the whites had already lost and that if they did not go to such a convention they would lose everything they had built up.

Mr Vorster said he did not for one moment wish to suggest that this was what Mr Van Rensburg wanted, but if this sort of thing was continually being presented to blacks, they would in time believe that the time would arrive when they would be able to get everything they wanted in South Africa.

This was the only conclusion blacks could come to when listening to statements of this kind by certain individuals.

Mr Vorster said allegations about the shareholdings of Cabinet Ministers were among the smear stories against the National Party which could be expected in the near future.

An article about ministerial shareholdings would soon appear in the Financial Mail. But since the union in 1910, all ministers in all governments had held shares.

The only difference was that the capitalist ministers in the former United Party government held more shares than was the case at present.

"I myself hold shares in Volkskas, Trust Bank and other Afrikaans companies, just as other ministers hold company shares.

"These are shares which we bought and which it was our good right to buy."

Report by M Acott, Barclays Bank Building, Church Square, Pretoria, and C le Roux, 52 Mutual Building, [illegible] Street, Johannesburg.

VORSTER: BANS

WON'T KILL SA

74

Boycott 'invitation to stir up violence'

9/11/77

The Argus Correspondent

PRETORIA. — The Prime Minister, Mr B J Vorster, warned the outside world last night that an oil boycott would not kill South Africa, but would kill Botswana, Lesotho and other African countries.

He gave the warning in an election speech to more than 700 people at Heidelberg in his Nigel constituency after also claiming to prolonged applause:

'There are those in the world outside who believe they can bring South Africa to its knees with the mandatory arms boycott. I tell them they have another guess coming.'

Claiming South Africa had made provision both for an arms embargo and for any planned oil boycott, Mr Vorster went on to accuse the countries responsible for the embargo of an action tantamount to an open invitation to 'certain misguided and militant nations' to attack South Africa.

Those countries should also not be surprised if certain irresponsible elements within South Africa took it as an invitation to stir up violence.

'If that happens, then those nations responsible for the mandatory arms embargo are solely responsible.'

Mr Vorster said the countries who had voted for the arms embargo should take note also that the UN decision was now passed and could not be taken off the books unless there was a positive vote by Russians and the Chinese communists.

'One cannot think for one moment that they will ever bring out such a vote,' he said.

TOYING

Mentioning that certain countries were toying with the idea of sanctions on the delivery of oil to South Africa Mr Vorster said such sanctions would cause difficulties, but would not kill South Africa. They would kill Botswana, Lesotho and other African countries.'

Rejecting suggestions at question time that South Africa take direct action against neighbouring black states, Mr Vorster said that if South Africa had a market for mealies in such countries then it would sell there, 'but if you have just a certain amount of oil, then you say no.'

SMEAR

Mr Vorster also claimed last night that smear stories about Cabinet Ministers' shareholdings and directorships on Press boards would be used against the National Party in the election campaign.

Apparently forestalling an article in a financial journal, Mr Vorster said that Cabinet Ministers in all governments since Union had held shares.

'They are shares we bought and it is our right to buy them. If people want to make a scandal out of it, then it is not something that will win favour with the voters,' he said.

We have planned for embargo—PM

HEIDELBERG. — The Prime Minister, Mr Vorster, said last night that the mandatory arms embargo would not seriously hurt South Africa — and neither would an oil embargo.

"There are those in the world outside who believe that with this mandatory arms embargo they can bring South Africa to its knees," he told a packed public meeting.

"But let me tell them tonight that they have another guess coming," Mr Vorster said to loud applause.

The Prime Minister said South Africa which had decades ago seen both arms and oil embargoes coming had made adequate provision for both.

RDM 9/11/77

74

JOHANNESBURG, WEDNESDAY, NOVEMBER 9, 1977.

Year-end oil ban threatened

RDM 9/11/77

74

By RICHARD WALKER

NEW YORK

THE SECURITY COUNCIL will be asked to impose an oil embargo against South Africa if the current Rhodesia negotiations are still deadlocked at the end of the year.

The United Nations Rhodesia representative, Lieutenant-General Prem Chand, is now under orders to report back to the Secretary-General, Dr Kurt Waldheim, by late December. If he and the British negotiator, Lord Carver, show no progress by then, the oil ban will be demanded.

In closed-door hearings, the Security Council's sanctions committee has heard proposals for a two-pronged embargo under the punitive Chapter Seven of the UN Carter.

This would order states to take all steps to ensure that oil sold by the South African subsidiaries of their oil companies does not get to Rhodesia.

Then they would impose an embargo on the supply of oil to South Africa itself until it provided effective guarantees that no oil was being sent to Rhodesia.

The committee is due to report back to the council on Friday on the tightening of sanctions but council members say this will be delayed to give Lord Carver and Gen Chand more time.

The move is calculated to cause maximum embarrassment to the Security Council powers, Britain and France, whose government-controlled oil companies, BP and Total, are active in South Africa. It is also designed to embarrass key non-Arab oil producer, Iran.

Iran is keenly concerned about the pressure it is now coming under — particularly since the launch of the Organisation of African Unity's oil embargo campaign.

So far, the OAU mission has visited Venezuela and Ecuador, who both stated a determination to support an embargo.

At the end of this month the OAU mission will visit the Middle East oil states and also Indonesia.

In little-noticed action in the past week, Iran quietly joined other Opec members in twice voting for resolutions that included a request for oil-producing countries to stop supplying South Africa. In the past, it has abstained on such votes.

Lobbyists for the oil ban have even used South African legal opinion to argue before the Security Council committee that oil comes within the existing arms embargo, if rigorously applied.

Meanwhile informed sources said yesterday that the UN Secretary-General, Dr Waldheim, was considering setting up machinery within the UN secretariat to oversee observance of the mandatory embargo on arms shipments to South Africa, reports Sapa-Reuter.

In adopting the boycott resolution last Friday, the Security Council instructed Dr Waldheim to report on its implementation not later than May 1.

Informed sources said the secretary-general has already asked member states to let him know as soon as possible what steps they propose taking to carry out the terms of the resolution, the first-ever sanctions order by the UN against a member state.

Star 3/11/77 (74)

SA apples in for Europe boom

Own Correspondent

BRUSSELS. — The European Common Market has temporarily slashed its customs duty on apples in a move that may herald a bonus for South African exporters.

The EEC's nine agriculture Ministers meeting in Brussels yesterday agreed to cut the tariff from 14 percent to six percent until January 31.

Most of the Ministers wanted the duty removed completely, but they bowed to Italian objections.

Their action is a response to exceptionally high consumer prices (as much as 50c an apple) in the wake of Europe's worst season for 15 years.

In itself the short-term cut has no benefit for South African producers, whose supplies start to reach Europe only at the end of March.

But it underlines how grimly the agriculture Ministers view the drop in EEC production from 6,5-million tons last year to only 5,2-million tons in 1977.

According to an informed Common Market source "the precedent has been set and there is now a real possibility that duties will be cut further for the months when Southern Hemisphere supplies are due."

FACULTY OF ARTS

LANGUAGE LABORATORIES : DAILY LOG SHEET

DATE:

	LAB 1	LAB 1	LAB 2	LAB 2	LAB 1
Language taught					
Lecturer in charge					
No. of students					
Department or Faculty					
Time: from					
to					
Total time - Hours, Minutes					
Faulty machinery					
Control unit No.					
Cassette machine No.					
Headphone No.					
Reel-to-reel machine No.					
Consoles					
Other items					

Remarks (Lab. attendant):

Signature (Lab. attendant): ....

Remarks (Technical Manager):

Signature (Tech. Manager): ....

Daily log sheets to be completed after each session and submitted to TEACHING METHODS U[NIT]

Molecular Biology Building, UCT.

TMU/JJH
11/77

involved than its allies on this question, solution can

Young: SA can survive full boycott

Argus. 8/11/77

74

The Argus Bureau

WASHINGTON. — The US Ambassador to the United Nations, Mr Andrew Young, has acknowledged here that South Africa is 'amazingly independent' and that it could even survive a total boycott for a decade.

This comes after last week's United Nations' mandatory arms embargo against South Africa — an embargo in which Mr Young played a crucial role in forcing a compromise with the Third World.

NEW LEADERSHIP

But at the Department of Health, Education and Welfare lecture series, Mr Young had some hard words for South African Prime Minister Mr B. J. Vorster.

Insisting that South Africa was not a monolithic society, he said: 'I think there is in South Africa not just John Vorster, who is very much intellectually over the hill, but enough people with courage and confidence in their own society to give a different kind of leadership to that country.'

If Mr Young's feelings about Mr Vorster reflect those of the White House — which they often do — renewed speculation about the South African Prime Minister seeking a Washington meeting with President Carter must be wishful thinking.

Meanwhile, Mr Young said he had never known a total boycott that was successful nor a limited one that was unsuccessful.

Political comment in this issue by J M W O'Malley, J R Colman, H G W Tyler and J F Botha. Sub-editing and headlines by T G Ross Thompson. Cartoon by J H Jackson. All of 122 St George's Street, Cape Town.

74

Argus · 8/11/77

Bonn to halve insurance cover on dealings with SA

The Argus Correspondent

JOHANNESBURG. — West Germany is starting to turn the screws on its trade with South Africa through a disclosure today that the Bonn Government intends dramatically to halve credit guarantee insurance on dealings with the Republic.

The effects, however, are unlikely to have any great impact on two-way trade, or investment by Germany in South Africa. This is the view of leading South African spokesmen on trade and credit guarantee insurance generally.

It is felt that the West German move — which means that insurance cover for dealings with South Africa is to be limited to about R18-million for each deal in case of a local customer defaulting — may be seen largely as a political manoeuvre to appease pressure groups from both within Germany, as well as in the European Community and the world in general.

The Bonn Government has recently come under fire since it disclosed that it had dramatically increased guarantees for trade with South Africa to R1 000-million in 1976 — nearly three times the 1975 figure. In the first few months of this year, the German Government credits for exports to South Africa went even higher than the whole of 1976 — exceeding the R1 040-million mark.

West Germany is the second biggest supplier of goods to South Africa. In [illegible] she supplied R[illegible] worth of exports to the Republic with imports by Germany from South Africa topping the R[illegible] mark.

Dr Piet Kiese, general manager of Safto said today that the West German move could influence importing into South Africa but would have no effect on SA's exports to Germany.

He pointed out that credit guarantee usually became important if a country was a defaulter by nature and said South Africa was certainly 'no risk area.'

The economic councillor for the West German Embassy in South Africa, Mr Dieter Sasse, said today that the matter had come under a great deal of discussion in Germany for some time.

'The decision to limit cover sounds far more dramatic than it really is as few German deals on SA today exceed R10-m. Most of the large projects such as Sishen and Saldanha have already gone through and will not be affected.'

French silent on arms ban

X

74

7/11/77

The Argus Correspondent

JOHANNESBURG. — Officially no notification has been received of a French concellation of South African arms contracts and manufacturing licences.

At this stage all reports on the matter were no more than speculation, Commandant P. G. Marais, chairman of the Armaments Development and Production Corporation, said today.

He explained that South Africa had received no official information from the French Government yet.

As a cancellation would have serious financial and other implications it could be expected that lengthy negotiations would first take place.

The existing contract was for between R300-million and R400-million and at present South Africa's main aim was to see to it that she did not suffer any financial loss as a result of French action, Commandant Marais said.

A spokesman for the French embassy confirmed today that the official position of the French Government was not yet clear.

VORSTER SPEECH

Meanwhile, keen interest is being shown in the speech to be delivered in Heidelberg (Transvaal) by the Prime Minister, Mr B. J. Vorster, tomorrow night where he is thought likely to state the Government's views on the embargo decision itself, the implications and the Government's countermeasures.

The Minister of Economic Affairs, Mr J. C. Heunis, said today the Government would use the National Supplies Procurement Act to fight the economic war against South Africa.

The Act, if enforced, will give the Minister access to every industry the country would need to produce products affected by an embargo.

The Minister of Defence, Mr P. W. Botha, was not available today to comment.

UIT
VOER S'

Pryse onder druk

Sake-Rapport 6/11/77

7k

Deur VIC DE KLERK

DIE toenemende kommer oor Suid-Afrika se uitvoer volgende jaar is gedeeltelik verlig deur vandeesweek se mooi styging in die goudprys. Vrydag se vasstelling van 165,50 dollar per ons beteken dat Suid-Afrika nou die hoogste goudprys in rand ooit ontvang.

Volgens die jongste Kwartaalblad van die Reserwebank het Suid-Afrika se uitvoer, goud uitgesonder, gestyg van R3 164 miljoen in 1974 tot R6 436 miljoen in die tweede kwartaal vanjaar op 'n jaarbasis.

Maar ekonome raak nou bekommerd oor ons uitvoervertoning. Hulle wys daarop dat bostaande groot verbetering nie maklik gehandhaaf sal kan word nie. Dan is ons verder besig om 'n té groot deel van ons goedere teen 'n verlies uit te voer.

In sy jongste opinie-opname voorsien Stellenbosch Buro vir Ekonomiese Ondersoek „dat totale uitvoerverdienstes in 1978 waarskynlik baie stadiger sal toeneem as in 1977". En dit is nadat daar reeds voorsiening gemaak was vir 'n aansienlike verbetering in goudinkomste.

DR. BOB DE JONGH. . . . faktore dui nie vir 'n algemene stimulering van die ekonomie in hierdie stadium nie.

In sy jaarverslag onderskryf die Uitvoeradvieskomitee van die private sektor hierdie siening. Net soos die Buro is hy veral bekommerd oor die afplatting in die oplewing van die Westerse ekonomie.

Afgesien van die regstreekse uitwerking wat hierdie swakker ekonomiese vooruitsigte op ons uitvoer kan hê, moet die invloed daarvan op pryse ook ontleed word.

In 'n vorige berig het ons reeds daarop gewys dat 'n baie groot deel van Suid-Afrika se uitvoer deesdae teen 'n verlies verkoop word. Dit is veral produkte soos ystererts, staal en byna alle landbouprodukte wat op die oomblik in die buiteland pryse haal wat die binnelandse produksiekoste nie dek nie.

Mangaan

Hierdie neiging is besig om uit te brei. Die aanduidinge is dat dit op die oomblik nóg slegter gaan met buitelandse staal- en ertspryse, terwyl ander metale soos mangaan, koper en platinum ook nou begin swaarkry.

Daar word deur sommige sakemanne en ekonome geraam dat ons vanjaar ongeveer R2 000 miljoen se goedere teen 'n verlies gaan uitvoer. Dit kan vir 'n jaar of twee gedoen word om die betalingsbalans reg te kry.

Oor die lang termyn beteken dit egter dat die binnelandse verbruiker toenemend die uitvoerverlies moet finansier. Daar was juis vandeesweek 'n styging in die binnelandse suikerprys, onder meer om vir die uitvoerverlies te vergoed, terwyl die binnelandse staalprys seker vroeg volgende jaar ook verhoog sal moet word, want ons voer staal uit teen pryse ongeveer 30 persent laer as die binnelandse prys.

Dit lyk ook nie of Suid-Afrika aanstaande jaar weer daarin gaan slaag om sy invoer op dieselfde lae vlak te hou as die laaste paar maande nie. Bereken op 'n jaarbasis, het ons invoer reeds gedaal van R7 737 miljoen in die eerste kwartaal van 1976 tot R6 551 in die tweede kwartaal vanjaar.

In sy presidentsrede voor die Nasionale Finansieringskorporasie het dr. Bob de Jong juis daarop gewys dat die lopende rekening van die betalingsbalans in die derde kwartaal vanjaar verswak het — ná 'n verbetering in vyf agtereenvolgende kwartale.

Die verswakking was deels toeskryfbaar aan die spesiale invoer van drie skepe. Maar die opbou van strategiese voorrade het ook 'n rol gespeel.

Stoom verloor

Voeg hierby die verwagting dat Suid-Afrika volgende jaar 'n reële groeikoers kan toon van 3 persent teenoor vanjaar se 1 tot 1,5 persent, en dit is duidelik dat daar 'n groter vraag na invoergoedere moet wees.

Verder het die volgehoue verswakking van die Amerikaanse dollar, waaraan die rand gekoppel is, oor die laaste paar maande reeds 'n devaluasie van ongeveer 3 persent in die rand veroorsaak. Dit beteken dat ingevoerde goedere boonop nóg duurder word.

Dit lyk dus of die mooi verbetering in Suid-Afrika se betalingsbalans oor die volgende twaalf maande heelwat stoom kan verloor. Omdat daar nog steeds druk op die kapitaalrekening is en dr. De Jongh verwag dat ons beperkte bruto buitelandse reserwe van R700 miljoen steeds onder druk gaan bly, bestaan daar maar baie min ruimte vir 'n algemene stimulering van die ekonomie.

Dr. De Jong het dit juis vandeesweek beklemtoon.

Maar die goudprys was vandeesweek só stewig dat dit al begin lyk of dié ou metaal ons weer uit 'n ekonomiese en selfs 'n sanksie-knelpunt kan help.

(74) 6/11/77

S. Tribune 6/11/77 (74)

Jubilant blacks promise block on arms from Pretoria

NATIONS CLAIM WEST WOULD BACK REVERSE-FLOW EMBARGO

By HUGH ROBERTON

NEW YORK: African countries have plans to tighten the arms embargo against South Africa by including a ban on the purchase of weapons from South Africa by other countries.

After enforcing a mandatory embargo on the supply of arms to South Africa at the United Nations this week, African representatives said they would press for a "reverse flow" embargo on weapons from South Africa "at the slightest provocation".

The present embargo prohibits all countries from supplying arms, para-military and police equipment, parts and "related materials" to South Africa, but it is entirely mute on the question of weapons from South Africa.

African countries do not claim to have any evidence of a flow of arms from South Africa, but say that even if such a trade is at present nonexistent, it is a potential trade of great significance.

A senior official of the Organisation of African Unity said: "We held back on a number of proposals this week.

"Among them was a reverse-flow embargo which we felt might discourage the consensus which was developing between the West and Africa on the present limited embargo.

"We sounded out the West indirectly on the issue and it appeared they felt a reverse-flow embargo would come close to a form of economic or trade sanction, which they wanted to avoid.

"But we are confident that if developments in South Africa warrant it, we could get Western support for a two-way embargo. They are keen to reduce the potential for the proliferation of weapons and some of them would not object to blocking a possible competitor."

Meanwhile, some Third World diplomats believe this week's embargo resolution itself opened the way for further sanctions.

One of them is India's UN Ambassador, Mr Rikhi Jaipal, an authority on international law who served as president of the Security Council for most of the embargo debate and led the move towards a consensus between the 15 members of the council.

He said of the embargo resolution adopted by the council: "It implicitly promises further action under Chapter Seven of the UN Charter."

But Britain's Ambassador to the UN, Mr Ivor Richard, also a distinguished lawyer, warned that his Government did not share this view and did not interpret the resolution as empowering the UN to take further steps.

Libya's UN Ambassador, Mr Manshur Kikhia, who took over as Security Council president from Mr Jaipal on November 1, said, however, that Third World countries hoped that "the present co-operation can continue and that further action can be taken under this resolution to extend the sanctions."

African countries were especially interested in providing machinery within the UN to monitor the implementation of the mandatory arms embargo, he added.

Don't take too much notice of those Nigerian trade inquiries

S. Tribune 6/11/77

(74)

By ALAN PEAT

POTENTIAL exporters should not pay too much attention to the burgeoning number of trade inquiries from Nigeria, say African trade experts.

Recent months have seen a spate of trade inquiries from Nigerian sources in various private sector publications such as Chamber of Commerce digests. But these are not all they may superficially seem to be.

According to South African Foreign Trade Organisation Africa watcher Heinz Baur, Nigerian trade is virtually impossible except for a "mere handful" of South African companies who can get around the thorny problem of certificates of origin which do not specify South Africa as the export source.

"It is highly unlikely," he said, "that any Nigerian importer could get an import permit for South African goods. An importer just cannot take the risk unless the country of origin is positively obscured."

Why then, if trade with South Africa is virtually out-of-the-question, are trade enquiries from Nigeria being made in this country?

The answer, says Safto economist Ann Forrest-Smith, lies probably in the fact that Nigerians have trade in their blood.

That, and many traders have historical connections with South Africa from the not so distant past. "We suspect," she says, "that many of the inquirers do not even realise that their inquiries have come to South Africa. Many of them are issuing them throughout the world through standard trade channels. Because of that, a lot of them come to South Africa as a matter of course.

But, she adds, the test comes when South African exporters try to take the process a step further, and offer their goods to the inquirer.

"As most of them probably had no intention of approaching South Africa in the first place I don't think the matter could go any further."

For all that export to Nigeria is virtually barred, some companies here do have dealings with that country, says Baur. "If the exporter is prepared to choose his product carefully, and go to some trouble over the certificate of origin, then he might have some success," he says. "But unless they do that it would be better not to consider Nigeria."

Nigerians, he says, are desperate for almost any type of goods. Their country is growing in development, but still has little or no variety of manufacturing industry.

"For that reason," he adds, "they are almost all desperate to buy. But, while the market is there, I would suggest that it is virtually closed as far as South Africans are concerned."

Calls for more export growth

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(74)

By ESMOND FRANK and ALAN PEAT

WHILE THE private sector Export Advisory Committee this week warned that the drive appears to be losing momentum, a leading economist called for the expansion of the country's export base to nourish sustained domestic economic growth.

The committee, which draws its members from commerce, industry, banking and the Foreign Trade Organisation, says in its annual report that falling world demand will lead to a contraction in South Africa's exports.

It points out that while limited reflation is occurring in some countries, the prospects for sustained growth in world trade now look less promising than they did early last year.

This country's main trading partners, says the committee, quoting a revised OECD forecast for 1978, are likely to suffer from slower and more inflationary growth as well as persistent unemployment problems.

Export levels by the end of this year, according to a Safto forecast, should be between R5 600-million and R6 500-million while its forecast for 1978 puts the figure at between R6 500-million and R7 200-million.

Meanwhile, Dr Johan Cloete, chief economist at Barclays Bank, says export growth is urgently required to stimulate domestic growth and aid economic recovery.

He points out that the extent to which export earnings supported domestic demand and general economic activity last year can be gauged from the fact that merchandise exports (including gold) accounted for about 25 percent of the Gross Domestic Product while such an important generator of economic activity as private sector fixed investment spending contributed only 14 percent.

Despite deliberate attempts to promote exports through tax and other incentives, he adds that the country has not really succeeded in enlarging the export base of its economy.

The volume of South African exports, says Cloete, increased at an average annual rate of 5,9 percent over the last 10 years. This is well below the eight percent increase in volume of world exports over the same period.

"One explanation for our failure to achieve an enlargement of the export base of the economy is probably to be found in the well-known thesis that in the long run the terms of trade tend to move against producers and exporters of commodities and in favour of producers and exporters of manufactured goods," he says.

He also attributes South Africa's failure to expand its export base to:

- Increasing competition from other commodity producing countries where exploitation of natural resources has accelerated;
- The restricted availability to local manufacturers of geographically accessible markets in Africa;
- The high unit costs of South African manufactured goods produced by industrialists geared to supply the relatively small domestic market.

Cloete says exports have also been inhibited by the protection of local industry which has resulted in "an allocation of resources in favour of production for the domestic market and against production for export."

And he adds: "A permanent enlargement of the export base of our economy will probably require continued and systematic effort and planning not only to increase exports in general but also to raise the value content of our exports."

Meanwhile, Safto has issued further details of its export predictions for the next 18 months. Seven main product groups are considered, covering more than 70 percent of the country's total exports.

Vegetable products (10 percent of total exports) should show an overall rise in performance over the 18 months. Maize dictates the section, and world crops are good, with prices likely to be down. However deciduous and citrus fruits should maintain or better their performance of the past year.

Processed foods (12 percent) are on a downtrend. Sugar dominates — and the market is oversupplied. Fishmeal and canned fish are likely to be very poor due to bad catches, while canned fruit is likely to meet greater competition in the longer term future.

Mineral products (14 percent) — sharp rises in 1976 and 1977 are expected to continue into 1978. Iron ore and coal exports from Saldanha Bay and Richards Bay are the prime factors.

Chemical and allied products (4 percent) are not expected to show any dramatic upturn due to an over-supply of the main factor, fertiliser.

Paper-making material (2 percent) has a promising outlook. World demand is good and bagasse paper is making a substantial contribution to this sector.

Textiles (6 percent). Wool is dominant and a stable price graph is expected to continue. This follows a dramatic slump in 1974 and 1975.

Precious and semi-precious stones (13 percent). Diamonds dominate, and increasing inflation in Western Europe is expected to keep demand and prices on the rise.

Base metals (9 percent). Weak demand and oversupply are expected to keep returns down.

Machinery (4 percent) is likely to show an upturn.

Exports running out of steam

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Financial Editor

THERE are signs that South Africa's export performance "is losing some of its momentum", according to the Private Sector Export Advisory Committee.

It says that "although exports will continue to rise, the rate of increase during the second half of 1977 and throughout 1978 may well be reduced, largely as a result of a slowing down in world demand conditions."

Members of the Private Sector Export Advisory Committee include the Federated Chamber of Industries, the Handelsinstituut, the Association of Chambers of Commerce, the South African Foreign Trade Organisation, the Chamber of Mines, the Steel and Engineering Industries Federation and the Agricultural Union.

The report for the year to June 30 of the committee refers to a "new wave of protectionism making itself felt" in the world economy.

This might seem ironic as all the members of the committee, except Safto, have joined the "Buy South Africa" campaign to try to save R1 000-million a year on imports within five years.

However, it must be said that South Africa's policies imports have traditionally been far more liberal than those of most other countries.

The report says: "A substantial improvement occurred in South Africa's exports during the year under review. For the first time in four years the current account of the balance of payments was in surplus. This resulted from increased export earnings, and a decline in the real value of imports. A smaller deficit occurred also on the services account of South Africa's balance of paym-nts.

"South Africa's export earnings for the first six months of 1977 increased at a rate of 22,5%. This compares with the rate of increase of 37,9% in 1974, followed by slower rates of improvement in exports of 19,3% and 13,2% in 1975 and 1976 respectively.

"The healthy growth in South Africa's exports over the last 12 months has occurred principally as a result of improvement in overseas economic activity levels, and the coming on stream of major export developments such as Richards Bay and Saldanha.

"The improvement in commodity prices has, however, received a setback and during the period under review commodity prices have tended to move against South African exports.

"Some indications exist therefore that the improvement in export performance is losing some of its momentum. This implies that althought exports will continue to rise, the rate of increase during the second half of 1977 and throughout 1978 may well be reduced, largely as a result of a slowing down in world demand conditions.

"The revised OECD forecast for 1978 indicates general expectations of slow and more inflationary growth with persistent unemployment problems in the majority of South Africa's trading partners.

"While a certain degree of reflation is occurring in countries such as Japan, Federal Republic of Germany, Australia and the United States, the prospects for sustained growth in world trade appear to be less propitious than in early 1976.

"This lower growth trend is in line with the view that the rate of recovery in the international community would falter towards the end of 1976, and that the boom conditions which existed at the end of the 1960s and early 1970s would not reassert themselves.

"Thus an upper turning point in the cycle of international economic activity may well have been reached in spite of the existence of some 15-million unemployed and efforts which have been made to maintain economic momentum in most of the world's major economies.

"It is noticeable also that a new wave of protectionism is making itself felt. This can be seen particularly in retaliatory moves made by the United States and the EEC against the imports of Australian, Japanese and South African steel.

"Protectionism in the developed countries occasioned