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PROGRESS OF SANKARA GOVERNMENT ASSESSED

London AFRICA CONFIDENTIAL in English 10 Dec 86 pp 4-5

[Text]

'I am looking for funds to move Burkina Faso to the Pacific Ocean, somewhere near **Australia**,' says Captain **Thomas Sankara**, the country's president. 'There we will not have neighbours who accuse us of fomenting a plot against them.'

Sankara's radical government causes discomfort among some of his neighbours, notably **Mali**, **Côte d'Ivoire**, and **Togo**, which accused Burkina Faso of implication in the 23 September coup attempt in Lomé (AC Vol 27 No 20). Sankara's personal humour and charm - not to mention his politics - have captivated many young Africans, and his government remains a potent symbol of revolution both within Burkina Faso and within the region.

Sankara came to power on 4 August 1983, supported by key factions of the armed forces. He was immediately popular with youth in particular, capitalising on the widespread feeling that the country suffered from **French** neo-colonialism. Sankara promised to bring citizens further into the decision-making process. He aimed to shift the power of the government away from the hereditary chiefs and the civil service and to enfranchise new groups, especially the young and women. Both in this programme and in his personal charisma, as well perhaps as in the more sinister aspects of his rule, Sankara is reminiscent of the young **Sékou Touré**.

Sankara's government, the *Conseil national de la révolution* (CNR), is well-entrenched, despite two reported coup plots in May 1984 and June 1985. These uprisings were repressed vigorously. Seven people were executed in connection with the first coup attempt, and dozens arrested and tortured after the second. The man responsible for the secret police is the fearsome **Vincent Sigué**. The security services evoke considerable fear among Burkinabè. This is compounded by the fact that the precise membership of the governing council, the CNR, remains a secret.

It certainly includes Sankara and the three friends who with him form the country's ruling group. Apart from Sankara, they are Justice Minister Capt. **Blaise Compaoré**, Defence Minister Major **Jean-Baptiste Boukari Lingani**, and Economic Development Minister Capt. **Henri Zongo**.

Sankara has succeeded in gaining a reputation as an uncorrupt and dynamic president. He has made a radical attempt to shift the base of state power from those groups on whom it previously depended and to create new constituencies. Broadly speaking this has damaged the interests of the chiefs, civil servants, political party activists, trade unionists and big traders. Crucial to this policy has been the institution of a new organ of government in the Committees for the Defence of the Revolution (CDRs), set up in every village and urban quarter. The CDRs have displaced the traditional chiefs as the key elements in local government, and indeed chiefs were originally excluded from membership of the CDRs. But the CDRs are also a more centralised organ of government than the chieftaincies. The local committees were created by a decision of the National General Secretariat of CDRs, which continues to control them under the leadership of Capt. **Pierre Ouédraogo**, an important member of the new apparatus who is unpopular with almost everyone except Sankara. The CDRs are obliged to conform to the ideology of the Political Orientation Speech made by Sankara on 2 October 1983 and revered as the 'revolutionary guide for the people's happiness.'

The government has become much more centralised. Radical measures are ordered from the top, in the military manner. Fundamental measures imposed in this way, without formal consultation, include the nationalisation of land, the abolition of the hated capitation tax, the imposition of heavy taxes on civil servants, and the suspension of most private sector

rents during 1985. There was even a plan, never promulgated, to oblige husbands to give half their incomes to their wives.

While the government has nurtured the CDRs, it has gradually excluded the small left-wing political parties which were instrumental in its early days. This process began in August 1984 with the dismissal from the government of the most important left-wing party, the pro-Soviet *Ligue patriotique pour le développement* (LIPAD) and the arrest of many of its members. Some former LIPAD chiefs have been brought back into favour after their release, such as **Arba Diallo**. He was Sankara's first foreign affairs minister and is now a presidential adviser. Former Information Minister **Adama Touré** has also been rehabilitated. A schoolteacher by profession, he once taught both Sankara and Compaoré. However the future of his brother former LIPAD leader **Soumane Touré**, released from detention in September 1986, is still unsettled. He is a close friend of Sankara. Another notable rehabilitation is that of former President **Sangoulé Lamizana**, who is president of a national elders' association. His daughter is married to Defence Minister Lingani.

Government ministries are now shared among four parties, all that remains of the original union of the left. They are:

- The *Organisation révolutionnaire militaire* (ORM), formerly known as the *Regroupement des officiers communistes* (ROC). This party, created in 1978, includes all army officers. It enables the government to politicise the officer corps more easily and has undermined support for LIPAD.
- The *Union des luttes communistes* (ULC). Led by Higher Education Minister **Valère Somé**, this is especially strong in the University of Ouagadougou. Its members resent the recent dissolution of university CDRs by Pierre Ouédraogo.
- The *Union des communistes burkinabè* (UCB). This was created by Sankara himself, with the aim of weakening the ULC. The UCB's leader is in fact the rector of the University of Ouagadougou, a close friend of Sankara and Pierre Ouédraogo.
- The *Groupe communiste burkinabè* (GCB), a faction of the pro-Albanian communist party. The GCB is close to Compaoré. It represents the faction of the communist party which is willing to work with the Sankara government.

The communist party, the *Parti communiste burkinabè*, has never been close to the Sankara government. Its traditional base at the University of Ouagadougou has been under attack. Many party members have lost their jobs and student members of the PCB have lost their government grants. There is no other formal opposition within the country. The only non-government newspaper, *L'Observa-*

teur, had its offices burned down in 1984. The powerful trade unions have been tamed and grouped in the *Union des travailleurs burkinabè*.

The government has weakened the old political parties of the left by encouraging splits. It has however introduced new political constituencies, notably through the revolutionary CDRs, under Pierre Ouédraogo's close control, and by the emancipation of women. While the CDRs are regarded in some areas as unrepresentative and brutal, the theme of women's emancipation has tapped a rich seam of support. Every CDR has at least one female member. There is also a parallel women's organisation, the *Union des femmes burkinabè*. Moreover the present government contains no less than five women, of whom the most powerful is probably **Josephine Ouédraogo**, minister of social affairs and solidarity.

The Sankara government has also begun to restructure the army, another pillar of the old régime. All the old military academies have been closed down and only one new one has been created, at Po, the paratroopers' base from which Sankara launched his coup. The officer corps has been augmented by the promotion of young officers committed to the revolution. At the same time, the role of the army has been changed by the creation of a popular militia. Every citizen aged between 20 and 35 is now liable to national service.

Civil servants now go to work in track suits on Mondays and Thursdays in preparation for the sport sessions which have been introduced in all ministries and public companies. This is part of an attempt to inject new life into the civil service, which parallels an effort to stamp out corruption. The government has established popular tribunals to deal with official corruption in particular and also to replace the French-style legal system which it inherited. Nevertheless, there have been some lapses:

- Lieutenant **Daouda Traoré**, appointed in early 1985 to take charge of public sector rents, was rumoured to have embezzled large amounts of money. At one point the rumour was so intense that he was obliged to appear on national television to give an explanation.
- In June 1986 an army plane, taking off from Garango, ran into a crowd and killed at least 30 people, or 20 according to official figures. The government said that this happened during a military training exercise. In fact the plane had been commandeered for private use by Lingani, the minister of defence and number three in the government hierarchy, to take him to Garango for a family funeral.

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CSO: 3400/48

TRUCK DRIVERS FACE DANGER IN UGANDA, SUDAN

Nairobi THE WEEKLY REVIEW in English 6 Feb 87 p 13

[Text]

KENYAN drivers of the long distance hauliers operating to Sudan through northern Uganda claim that they do so at the risk of losing their lives, vehicles and cargo because the security situation in the war-ravaged areas of Kenya's twin neighbours has deteriorated so much so that acts of banditry are a recurrent phenomenon. According to the chairman of the Kenya Transporters Association (KTA), Mr. Mwangi Mathai, and the Sudanese ambassador to Kenya, Mr. Omar el-Sheikh, the situation is not that bad, and the few cases that have been highlighted in the press are but isolated incidents. Mathai issued a press statement last week saying that his association had no complaints about the travel arrangements made by the Sudanese and Ugandan authorities to provide escort services for Kenyan transporters plying the routes through their war-torn areas. Omar also made allusions to similar arrangements last month following reports in the Kanu-owned *Kenya Times* that about 74 long distance hauliers and their crew were stranded in southern Sudan since late last year following the eruption of fresh violence in the area.

Mathai's statement came in the wake of a report by the *Sunday Standard* of February 1 that his association was set to meet this week to discuss the security of long distance drivers in northern Uganda after press reports that fighting in the region had escalated in the areas around Lira and Kitgum. Earlier, it had been reported in the local press that the roads in those areas had been rendered impassable by the anti-Ugandan government rebels. Mathai dismissed the *Stan-*

dard report, saying that the meeting was not in any way necessitated by the insecurity in Uganda and Sudan but was just a routine meeting. Said he, "Some isolated problems of sundry nature must be expected to occur from time to time in transit but these should be viewed in their right perspective". He argued that some of these problems, like the collapse of the bridge linking Nimule and Juba in Sudan which had reportedly stranded 100 trucks in the rebel-held area near the border with Uganda, were not of the nature that would require the association to appeal for government intervention because "bridges collapse all over the world". The difference, however, is that it has not yet been ascertained that the bridge was not destroyed by the combatants operating in the area, and that the situation there is far from normal, despite the escort arrangements made by the Sudanese government. The attacks on Kenyan drivers that have so far been reported in the local press have occurred despite the fact that the convoys are guarded by soldiers of the regular armies of the two governments. For example, last December, seven Kenyan drivers were shot dead by uniformed men near Pakwach in northern Uganda when their convoy consisting of 40 trucks was heading for Juba, Sudan's second largest city. Again, early last month, it was reported by the *Kenya Times*, that armed rebels operating around Tororo in Eastern Uganda attacked a convoy of Kenya-bound buses, killing five policemen detailed to escort the Kenyans in the vehicles back to Kenya, following the Ugandan government's decision to repatriate them

to their homes. This showed that the attacks by the rebels were not confined to freight trucks alone but are also extended to civilian transports.

The transport problems in the two countries are brought about by the fact that the governments there are fighting wars against guerrillas opposed to them. In Uganda, armed rebels said to be loyal to former president, Dr. Milton Obote, who was overthrown nearly two years ago, are fighting for the downfall of Museveni's regime, while in southern Sudan, Dr. John Garang's Sudan Peoples Liberation Army (SPLA) is fighting for the secession of the region from the rest of the country. For the rebels, trucks carrying foodstuffs and other goods destined for the region's famine stricken inhabitants are legitimate targets. At times the drivers of the trucks are also caught in the crossfire between the antagonists and cannot move for fear of their lives. Said one such victim who managed to escape, "We found ourselves inbetween two hostile parties. Either way was not open to us due to the heavy fighting going on in the area (southern Sudan). We were virtually stranded at the spot and have gone without proper amenities since then". Such tales are legion but the authorities on either side seem intent on playing down the gravity of the situation prevailing in the regions. ■

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CSO: 3400/47

MINISTER'S WARNING TO 'DISGRUNTLED ELEMENTS' PRAISED

Nairobi KENYA TIMES in English 27 Jan 87 p 6

[Editorial: 'Whose 'Spokesmen' Are These Gentlemen...?]

[Text] Kenya's Local Government Minister, Mr Moses Mudavadi, has warned all those disgruntled elements, particularly the ones who have been hiding behind church smokescreens, to desist from their vain attempts aimed at destabilising our Government and society.

Addressing a constituency goodwill delegation at the weekend, at his Mululu home in Emuhaya, the Minister disclosed that the authorities were aware of the ulterior motives of the self-disgruntled elements who have been "singing to the tune of their foreign masters."

As Mr Mudavadi so rightly lamented: "These characters are all-out to frustrate national unity and ruin development."

Indeed, as we all know, some of the vocal clerics who have been politicising highly-slanted anti-Party "sermons," misinterpreting the Kenyan constitutional stipulation of freedom of conscience and expression, have been doing so with a view to pleasing their chairborne foreign mentors abroad.

It is particularly disturbing to note that some of the erratic clerics have been trying to usurp the functions of their churches' respective synods and other caucuses, vainly trying to pose as "spokesmen" and feigning unique fanaticism in the process. If they won't shut up voluntarily, surely, there's nothing wrong in gagging them.

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CSO: 3400/47

CLANDESTINE MOVEMENT MEMBERS JAILED

Nairobi DAILY NATION in English 4 Feb 87 p 32

[Article by Andrew Kuria]

[Text]

The organising secretary of the Nakuru branch of the Kenya African National Union, Kimunya Kamana, and another Nakuru businessman, Remijioh Mwangi Mathenge Kagia, were jailed for four years each yesterday for taking an unlawful oath and being members of a clandestine movement.

But in mitigation, Kamana said that two "prominent" Nakuru politicians were also members of the movement. "During the day they condemn the movement but at night they meet with members of the movement," Kamana told the court.

The two businessmen, both aged 59, were sentenced by the Chief Magistrate, Mr H. H. Buch, in Nairobi, and given 14 days to appeal.

During submissions, the Assistant Deputy Public Prosecutor, Mr Bernard Chunga, said that a former MP for Nakuru North, Mr Koigi wa Wamwere, had been a member of the movement.

Mr Chunga said that Mr Wamwere had addressed a crowd during an oath-taking ceremony in a forest in June, 1985.

Kagia was charged with three counts: Taking an unlawful oath on May 8, 1985, joining the clandestine movement and failing to stop seditious publication being printed and distributed.

Kamana admitted that last June 15 at Ngachura in Nakuru he took an unlawful oath and became a member of the clan-

destine movement.

Mr Chunga said that while Kagia was a businessman in Nakuru he befriended another businessman, Herman Marine Nderi (already jailed for a similar offence).

The two had started discussing politics and Nderi had talked about the Government's shortcomings. The court heard that it was in April 1985 that Kagia learnt of the existence of the clandestine movement.

Mr Chunga said that later while visiting Nderi, Kagia met with a lawyer, Mr Mirugi Kariuki (now in detention) and had heard more about the movement. Kagia was invited for a ride in the lawyer's car on May 8, 1985.

"They drove to Kariuki's house where they found other people gathered. The accused was taken to an inner room at the servants' quarters where he found a man wearing an overcoat. He was told that he was going to take an oath to bind himself to the movement," said Mr Chunga.

The court heard that Kagia, without being forced or compelled, took the oath and recited words binding him to membership of the movement.

"Kagia was aware of the object of the movement, which was to bring to downfall the Government of Kenya. He made subscription towards the movement," said Mr Chunga.

The court heard that in August 1985 Kagia and another man distributed copies of the seditious publications.

In mitigation, Kagia said he

was a father of six children all in school. He said he had been loyal to the Kenya Government and the President, and prayed for mercy. He said he was sorry for having been misled by people he thought were intelligent and who were younger than him.

Referring to Kamana's case, Mr Chunga said the businessman had met the detained lawyer, Mr Kariuki, when he (accused) had a civil case.

Later, in June 1985, Kamana met Wamwere at the lawyer's office. During discussions Kamana had learnt of the clandestine movement. Later on the same day, Kamana and Mr Wamwere drove into a forest and joined a group of 30 people.

Mr Chunga said Mr Wamwere addressed the crowd, telling them that members of the group would now start taking an oath to bind themselves to the movement.

Mr Chunga said that last June 15 Kamana was taken to a house in Ngachura near Nakuru where he was oathed. He became a member of the movement and pledged to keep it secret.

In mitigation, Kamana said he had an 85-year-old father and an 80-year-old mother who he was taking care of. He said he had a large family.

Kamana said he had failed to report the incident because two prominent Nakuru politicians used to condemn the movement during the day but met with the members of the group at night.

Kamana said he was sorry for having been involved, and urged people involved in the movement to surrender to the Government.

NEW MWAKENYA JAILINGS REPORTED

Nairobi THE WEEKLY REVIEW in English 6 Feb 87 pp 7-9

[Text]

THREE more people were last week sentenced to various prison terms in the continuing crackdown against members of the underground political movement, Mwakenya. Among them was a controversial Nakuru politician and businessman, John Maina Kamangara, 37, who was jailed for 15 months for failing to report the publication and printing of a seditious document known as "*Pambana*". During the hearing of the case, the name of another controversial Nakuru politician and former detainee, Mr. Koigi Wamwere, who is now living in self-exile in Norway, was mentioned; it was the first time Wamwere had been mentioned as being associated with Mwakenya. Also mentioned was the runaway novelist, Mr. Ngugi wa Thiong'o.

The assistant deputy public prosecutor, Mr. Bernard Chunga, told the court that Kamangara was introduced to the activities of Mwakenya by Wamwere in 1985. Chunga told the Nairobi chief magistrate, Mr. H.H. Buch, that Kamangara and Wamwere had discussed the shortcomings of the Kenya government, and the publication of seditious documents, whose objective was to bring down the government by causing disaffection and hatred. Chunga said that Kamangara was also told that the seditious publications were being published and printed by Mwakenya.

Soon after he quietly left the country mid-last year, Wamwere wrote a letter to Kenyan newspapers, claiming that the reason he had left the country was that the Kenya government was after him. He said that after he stood as a candidate in the parliamentary by-election in Nakuru North last year, the government had

denied him his human and democratic rights, making it difficult for him to survive.

It was the second time that wa Thiong'o's name had been mentioned since the move against Mwakenya began early last year. It was first mentioned by a Karatina-based author and publisher of Kikuyu plays and folklore, Mr. Gakaara Wanjau, the only Kenyan so far to have confessed to involvement with Mwakenya and then to have been freed, who said that he had learned of the existence of Mwakenya through wa Thiong'o. Last week, Chunga told the court that Kamangara learned through Wamwere that *Pambana* was being distributed by wa Thiong'o.

A fortnight ago, another Nakuru politician and a close associate of Wamwere's, Mr. Mirugi Kariuki, was also implicated in Mwakenya involvement. Kariuki, who is currently in detention, was mentioned by Chunga as having introduced a jailed Nakuru councillor, Joseph Karuiru Miano, to the Mwakenya movement. Kamangara, Wamwere and Kariuki have all contested the Nakuru North seat in the past but only Wamwere has ever been successful.

Kamangara has been recurrent brushes with the law since his 1983 bid to enter parliament, when he was several times questioned by the authorities on remarks he had made during public campaigning. Soon after the elections, he was jailed for six months for behaving in a manner likely to cause a breach of the peace when he threatened to kill the then Nakuru town Kanu women's wing chairperson, Mrs. Rahab Wanjiru Evans. The day before his conviction and sentence, President Daniel arap Moi publicly denounced

Kamangara for preaching tribalism. Kamangara, who had reportedly told Evans that she had sold the Kikuyus to the Kalenjins during the 1983 election, was rebuked by the trial magistrate, now a High Court judge, Mr. Justice R.S. Omolo, for aiding the perpetration of tribalism and for making remarks that had caused concern to the president.

After his release from prison, Kamangara maintained a low profile until early last year, when the Nakuru North seat fell vacant following the suicide of Mr. Francis Kimosop. In the subsequent by-election, Kamangara was picked up and questioned about his candidature. Two months after the election, won by Mr. Edward Bommett, both Kamangara's and Kariuki's homes were thoroughly searched by Nakuru police on warrants issued by Nakuru senior resident magistrate Mr. Isaac Wambilliangah. Two months later, Kamangara was arrested and jointly charged with seven others with holding an illegal meeting at Rongai. He was released on bond after a few days in remand and his case was fixed for hearing next month, but he was subsequently re-arrested. Nothing was heard of him until last week, when he was jailed on his own plea of guilty.

Kamangara pleaded in court for leniency, saying that he is a diabetic and has six children and a mentally-ill wife. He told the court that he was remorseful and that he had condemned wa Thiong'o for distributing seditious documents.

Also jailed last week was a trainee journalist with the Nyegezi Institute of Mass Communication in Arusha, Tanzania, James Achira. Achira was sentenced to two years in prison for being a member of the Mwakenya movement and supporting it financially. Achira, who has worked in the past on a freelance basis with both the *Nation* and the *Standard* newspapers in Nairobi, admitted having been initiated into Mwakenya in 1981 and participating in the group's activities from then until he was arrested.

A former police constable and the proprietor of a security guards firm in Nakuru, Herman Marine Nderi, was

jailed for 4½ years on a charge of taking an illegal oath to bind him to a clandestine movement.

The three convictions brought to about 60 those jailed in connection with Mwakenya since March of last year. Eight other people have been detained.

On Wednesday of this week, another Nakuru politician stunned a Nairobi court when he claimed in mitigation that the powerful Nakuru Kanu branch chairman and nominated MP, Mr. Kariuki Chotara, has been involved in the Mwakenya oath-taking activities. The Nakuru Kanu branch organising secretary, Kimunya Kamana, who was sentenced to four years imprisonment for taking an oath to bind himself to the movement, also mentioned another influential Nakuru politician, Cllr. William Lasoi of Bahati Ward in the Nakuru county council. Kamana who admitted taking the illegal oath, claimed that, after he took it, he informed both Chotara and Lasoi about his involvement, and that they seemed to appreciate and acknowledge it.

Also jailed on Wednesday was a Nakuru businessman, Remjioh Mwangi Mathenge, who received a four-year sentence for taking the same oath.

Kamana 59, attracted public attention in July of last year when he announced that nine councillors of the Nakuru municipal council had been suspended from their Kanu offices. Among those the branch had suspended, according to Kamana, were the mayor, Cllr. Daniel Kanyi, and his deputy, Cllr. Raphael Korir. On the same day that the purported suspensions hit the headlines, President Daniel arap Moi rebuked Kamana and directed that he be disciplined for acting contrary to the Kanu constitution.

In a matter of days, Chotara announced the suspension of Kamana, even before the branch executive committee had met and ratified it. Kamana's suspension and the suspensions of a number of Nakuru politicians were lifted in November by recommendation of the party's disciplinary committee, and the Kanu National executive committee approved it.

/9274

CSO, 3400/47

FARMERS NOT PAID FOR MAIZE CROP

Nairobi KENYA TIMES in English 27 Jan 87 p 3

[Article by Francis Muroki]

[Text]

PREPARATIONS for this year's maize crop in Trans Nzoia District may come to a standstill because some 200,000 farmers in the area have not been paid for their last year's crop by the National Cereals and Produce Board.

The Trans Nzoia District Kanu branch chairman, Mr Masinde Muliro said yesterday that this may affect the entire country's food situation if the government does not step in now and ensure that the farmers have been paid their dues.

Addressing a press conference in Parliament Buildings, Mr Muliro, who is also the MP for Kitale East, said he represents one of the major maize growing districts in Kenya.

He said close to three quarters of a million bags of maize have not been paid for by the National Cereals and Produce Board, and this has greatly affected the farmers who cannot go about their daily matters, which include paying their children's school fees.

"The non-payment of maize to the farmers in Trans Nzoia district has caused a major social problem in that children selected to join secondary schools have not been able to report to the schools for lack of fees", he said.

Saying that Trans Nzoia

District is the backbone of food production and nothing should be done to detract the farmers from this noble cause of food production, Mr Muliro said the NCPB should only buy maize for strategic reserves.

The National Cereals and Produce Board must buy all the maize it requires as strategic reserve, whatever remains should go to the millers direct, who should stock sufficient maize for their stores for the purpose of milling throughout the year", he said.

Mr Muliro congratulated President Moi on his timely and welcome directive on maize payments. He said maize farmers heeded the call by the government of the policy on food self-sufficiency, and today Kenya is one of the few countries in Africa that is able to feed itself.

/9274

CSO: 3400/47

FRUIT, FLOWERS EXPORT EARNS SUBSTANTIAL EXCHANGE

Nairobi SUNDAY TIMES in English 1 Feb 87 p 6

[Article by Martin A. S. Mulandi]

[Text]

FRESH horticultural exports by air have continued rising steadily compared to previous years. Horticultural produce from Kenya flown by air to Europe and the Middle East increased from 3,224 tons in 1970 to 36,211 tons in 1986 realising free on board value of K£ 0.3 million and more than shs 630 million respectively.

This represents a substantial foreign exchange earning for the country and makes horticultural exports one of the most important foreign exchange earners. If we include the freight charges paid to foreign carriers, the total foreign exchange received in the country exceeds shs 850 million. This does not however, include processed pineapples, passion fruit juices or other processed horticultural products. For the first time exports of bananas and pineapples were undertaken by sea.

Although this growth has been significant, the industry has continued encountering constraints like, inadequate cargo capacity compared to production capacity, high cost of production as a result of low yields compared to other competing countries, high cost of packaging, lack of proper handling, pre-cooling and storage facilities prior to export.

The main importing countries for Kenya fresh horticultural produce in 1986 were

United Kingdom (43.71 per cent), West Germany (13.93 per cent), France (13.07 per cent) Belgium (4.7 per cent), Holland (12.63 per cent) and Switzerland (2.25 per cent). In 1986 United Kingdom was the largest market for Kenyan fresh horticultural produce, importing 15,827 tons. The Federal Republic of Germany was the second largest market in Europe with 5,042 tons.

France was the third largest market with 4,731 tons followed by Holland 4,574 tons and Saudi Arabia 1,933 tons. Other noticeable markets which imported rather low quantities of Kenyan horticultural produce were Italy, Sweden and the United Arab Emirates. The continuous drop of the United Arab Emirates is as a result of a ban on mango imports from Kenya.

Tropical fruits exported from Kenya including pineapples, mangoes, and avocados had an export volume of 5,928 tons in 1986, earning more than £7.2 million. The main off-season vegetables exported to those countries are French beans and courgettes.

French beans had a total volume of 9,096 in 1986, earning £9.9 million. Vegetables of Asian origin which are mainly exported to the United Kingdom had an approximate export volume of 8,264 tons, earning £ 5.4 million.

Cut flowers including carnations, roses, alstromeria,

molucella and static exported in 1986 reached a quantity of 8,264 tons earning £11.5 million. Cut flowers are now playing a major role in this industry and we expect a record increase in the next two years after the introduction of roses which are increasingly becoming popular.

More than 75 per cent of the exports are air-freighted from January to May and October to December. These periods coincide with the European winter season when the bulk of the exports is made on European off-season produce.

TROPICAL FRUITS:
The main tropical fruits exported from Kenya are pineapples, avocados and mangoes. The exports of passion fruits, pawpaw and melons are growing.

Among the tropical fruits, mangoes had the highest quantity exported in 1986. Their total exports amounted to 2,941 tons of which 59.85 per cent was exported to Saudi Arabia, 17.45 per cent to the United Kingdom, 2.66 per cent to France and 5.50 per cent to West Germany.

Pineapples were exported throughout the year, but had least quantities in the months of March, April, September, October, November. The main variety grown in Kenya is the "smooth cayene".

The export of mangoes to the Middle East has drastically reduced considerable waste and farmers are realising a very high price compared to the period when we only exported to Europe. Further expansion of the market will depend on our ability to introduce better varieties like apples, Tommy Aitkens, Kent,

Van Dyke, etc.

Total exports of avocados amounted to 2,150 tons in 1986. France and the United Kingdom were the most important markets for avocados and absorbed 30.55 per cent and 29.73 per cent of Kenya avocados respectively. West Germany followed with 22.50 per cent and Holland with 7.88 per cent. Avocados were mainly exported from April through September 1986.

The main off-season vegetables exported from Kenya are French beans and courgettes. Total export of French beans in 1986 reached 9,096 tons. France and the United Kingdom were the main importers of French beans absorbing 37.10 per cent and 36.50 per cent respectively; followed by Belgium which absorbed 13.93 per cent. The greater quantities of French beans were exported throughout the year. The export of French beans could be increased substantially if the quality is maintained and especially the introduction of new seeds.

Export of courgettes continued to drop and reached 2,307, the bulk of it to the UK. Other countries, especially after the entry of Spain to the EEC are taking an upper hand. Our survival is only in superior quality.

ASIAN VEGETABLES:

The main Asian vegetables grown in Kenya are mooli (Chinese radish), tindora (ridge guard), drumstick, dudhi, Chinese cabbage, chillies, birinjalis (aubergines), okra, karela and herbs such as limbo and curry leaf. These vegetables are exported throughout the year and their demand is fairly evenly

distributed. Total exports of these vegetables amounted to 9,320 tons in 1986 of which 90.21 per cent was exported to the United Kingdom. The bulk of these vegetables are grown by small-holders and no doubt an improvement in quality will contribute to further increases. It is in this area that inspection services need tightening.

CUT FLOWERS:

Cut flowers were mainly exported to West Germany which absorbed 42.38 per cent, Holland 42.96 per cent, United Kingdom 6.07 per cent and Switzerland 2.50 per cent. Cut flowers are available for export between September and May. However, of late export of flowers continue during the summer months.

CONCLUSION:

To ensure further upward trend of fresh horticultural produce for export and the total earnings from the horticultural industry, it is expected that the present markets will expand further and additional markets found to meet the needs of the industry as production increases. The need to diversify to sea-transportation is more demanding than ever. The need to increase our processed product range is also overdue if we can overcome certain cost constraints as packaging and yields at the production level.

The introduction of export varieties of higher value will continue to ensure that available cargo space is effectively used in terms of foreign exchange remitted per unit exported. Most of the present produce will need continued improvement in quality.

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CSO: 3400/47

NEW HOUSING CONSTRUCTION TECHNIQUES AWAIT IMPLEMENTATION

Nairobi KENYA TIMES in English 4 Feb 87 p 11

[Article by Solomon Monyenye]

[Text]

THE University of Nairobi is engaged in a very important research on low cost housing for developing countries but the results of the research are unlikely to be put into use unless the government makes major changes in housing policy in the country.

The Housing Research and Developing Unit (HRDU), one of the departments in the College of Architecture, University of Nairobi, is experiencing uneasiness over the delay in accepting the kind of houses the research findings are recommending. According to the director of HRDU, Dr P. M. Syagga, the present by-laws governing the construction of housing in the urban areas are such that they militate against the kind of houses the university research is recommending.

One of the most important breakthroughs the HRDU has made so far is, as was clearly demonstrated during the Nairobi International Show, the application of appropriate technology for the construction of low cost houses. So far the unit has proved that the country can cut down the cost of building a decent permanent house by 50 per cent of

what it normally costs using concrete blocks, stones, cement, sands, mareba tiles, asbestos or corrugated iron sheets.

The appropriate technology is utilising the local materials which are in plentiful supply as an alternative to the very expensive material now in use for the erecting of permanent houses.

According to Dr Syagga, the materials that has so far been researched on and found suitable through demonstration projects throughout the country by HRDU include stabilised soil blocks, natural fibre cement tiles, and sisal-cement sheets. These materials when used have cut down the cost of a house by 50 per cent. This has been proved during the construction of various teachers' houses in Busia and South Nyanza districts, houses in Korogocho Primary School, Nairobi, Kawangware Community Centre and Karen Technological Research Centre in Nairobi.

But the use of these alternative materials in urban areas on a commercial basis is bound to hit a snag. Under the existing local government by-laws, there is no way the fin-

dings of the research are going to benefit the wananchi in the towns unless these building by-laws and standards are revised.

According to the existing by-laws, said to have been formulated way back in 1948, only concrete blocks, stones, cement, sand, corrugated iron sheets, mareba tiles and asbestos can be used to erect houses in the city and other urban centres. The use of the alternative material researched upon by the HRDU will, therefore, be illegal unless the by-laws are revised.

The National Housing Corporation which is a front runner in the site and service scheme in Kenya is, according to Syagga, most "allergic" to alternative housing technologies. But the results of the research work by the HRDU are now available for implementation to lower the cost of housing programmes in the country. Whether or not the NHC will now readily respond favourably to the results of the research findings and the government to enact the necessary legislation for the implementation of research recommendations remains to be seen.

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CSO: 3400/47

BRIEFS

GEOTHERMAL ENERGY EXPLORATION--Geothermal exploration will be intensified as a cheaper alternative energy source, the Minister for Energy and Regional Development, Mr Nicolas Biwott, said yesterday. Mr Biwott said that for many years, Kenya had invested heavily in hydro and thermal energy "which have proved to be very expensive." The Minister said this when he officially opened a three-day technical meeting on the Exploration of Geothermal Energy in Kenya at Unep headquarters at Gigiri, Nairobi. Kenyan, British and Italian experts are attending the meeting, sponsored by the United Nations Development Programme (UNDP). They will also visit potential geothermal sites in the Rift Valley. The participants will evaluate the exploration of geothermal power potential in Kenya which was started in November 1984 under a cost sharing agreement between Kenya, UNDP, Italy and with technical assistance from Britain worth \$3,374,366. Mr Biwott said the Olkaria Power Station with a capacity of 45 MW, accounted for 16-1/2 percent, of the total electricity generated in Kenya today. He said Sh 1.6 billion had already been spent on Olkaria. The Government, Mr Biwott said, decided in 1984 to continue geothermal energy exploration. This led to the signing of an agreement with Japan for studies on Eburru area and the expansion of Olkaria. He said the programme was aimed at carrying out detailed geothermal study of Suswa-Longonot and Menengai-Bogoria areas to identify feasible sites. Mr Biwott said the programme would also provide for the training of Kenyans in geothermal exploration and development to strengthen the Government's capacity to run power plants. [Text] [Nairobi DAILY NATION in English 6 Feb 87 p 11] /9274

TELECOMMUNICATIONS INSTITUTE--A telecommunications institute for Africa is to be established in Kenya. Chief executives and telecommunications administrators from Eastern and Southern Africa were meeting in Mombasa yesterday to work out the mechanism for setting up the institute. The Permanent Secretary in the Ministry of Transport and Communications, Mr Peter Wambura, said the institute is to be known as the African Advanced Level Telecommunications Institute. The meeting at a Mombasa hotel is sponsored by the Kenya Posts and Telecommunications Corporation. Mr Wambura said Kenya had recognised the need to train telecommunications experts and had started a vigorous training strategy for personnel at the Mbagathi Central Training School in Nairobi. He said people from other countries were also trained there on bilateral arrangements. He said the Mbagathi School was set up because Kenya realised that trained people would be the key to adapting to the continuously changing technology and the large financial outlay required in telecommunications.

The PS thanked international groups involved in the development of telecommunications such as the International Telecommunications Union, the Preferential Trade Area and the United Nations Development Programme. He said their goodwill was in keeping with 1981 Lagos Plan of Action to develop African and regional infrastructure. The managing director of Kenya Posts, Mr Kipng'eno arap Ng'eny, said the sub-regional telecommunication network has grown tremendously, and required trained technicians to operate and maintain the equipment. [Text] [Nairobi DAILY NATION in English 5 Feb 87 p 3] /9274

ITALIAN AID FOR BUSES--Italy is to make available Sh140 million to help buy 100 Fiat buses for Nairobi's public transport system. The visiting Italian State and Foreign Affairs Minister, Mr Francesco Forte, announced at a meeting with Kenya's Finance Minister, Professor George Saitoti, that the first 50 buses would be procured from the Italian commodity fund. The grant will cost the Italian Government Sh59.2 million. The second lot of buses will be funded from the Italian counterparts fund and will cost Sh80 million, Mr Forte said. The meeting was held on Thursday. Italy has also given Kenya a Sh60 million grant for a fish farming project in Lake Turkana. The Tourism Minister, Mr Andrew Omanga, disclosed this yesterday when he received Mr Forte. He said fish production had been falling. The highest yield ever achieved was 17,000 tonnes in 1976. Since then the lake had produced about 10,000 tonnes a year. Most of the fish was tilapia with the Nile perch yield the second largest. "It is with this reason that the Government has considered the possibility of establishing tilapia farming programmes on the shores of the lake," Mr Omanga said. The programme will also supply fingerlings. Later the Italian minister, accompanied by Ambassador Luigi Valenza, handed over 1.1 million doses of polio vaccine to the Kenyatta National Hospital. The consignment was received by a representative of the Ministry of Health, Dr Dominic Mutie. The vaccine was donated through Unicef's regional director, Dr Mary Racelis. [Text] [Nairobi DAILY NATION in English 31 Jan 87 p 3] /9274

KIAMBERA HYDROELECTRIC PROJECT--The giant 140-mega-watt Kiambere hydroelectric power project on the River Tana will be ready to supply power early next year. According to Energo-Project of Yugoslavia senior engineer, Mr Jack Scovil, the company will complete construction of the dam by June this year. A few more months will be needed to fill the 17-mile reservoir with water. Speaking during a weekend visit to Kiambere by Kenya Institute of Mass Communications lecturers, Mr Scovil said the reservoir would form the second largest man-made lake in Kenya. Accompanying the KIMC staff was Mr Nginya Ngaruma, the public relations officer of the Tana and Athi Rivers Development Authority who said TARDA had tendered for the Sh4 billion Kiambere project which will solve the country's power-problems. Mr Ngaruma said TARDA, in conjunction with Government ministries, was working hard to combat heavy siltation in the Mount Kenya catchment area. He said an estimated 5 million tons of silt had found its way to the sea. On the development of the lower Tana, Mr Ngaruma said TARDA was planning to establish a 16,000-hectare rice project at the Tana delta near the coast. The principal of KIMC, Mr James Wanjau, praised the Government and TARDA for the development efforts along the River Tana. [Text] [Nairobi DAILY NATION in English 27 Jan 87 p 10] /9274

CSO: 3400/47

CUBANS ACCUSED OF ATROCITIES

Monrovia THE MIRROR in English 22 Jan 87 p 2

[Text]

There are new reports from Angola of atrocities committed against the citizens of Angola by Cuban troops. A former department chief of a hospital in Huambo has said that Cuban doctors are unnecessarily amputating civilians' limbs in retaliation for resistance successes in the ongoing war.

Sergeant Aurelio Queiros Kaley, the former chief of the Huambo Hospital, has provided detail of the violations. He reported that two Cuban majors are unnecessarily amputating the upper and lower limbs of Angolan citizens who were visiting the hospital for normal treatment. The Cubans frequently amputated in retaliation for successful attacks against Cuban units in Huambo carried out by the forces of UNITA the National Union for

the Total Independence of Angola. He cited specific cases of these bloody retaliatory actions

There have been a number of reports of human rights violations committed by the 35,000 Cuban forces stationed in Angola. The Cubans are frustrated by the growing battlefield successes of the UNITA forces.

Miguel Garcia, a Cuban soldier who deserted to join UNITA, has testified that Cuban troops were told by their officers to burn every house during a sweep and to shoot any villager who protested. Garcia also said that at least on two occasions, villagers who were suspected of supporting the resistance were taken up in helicopters and hurled out.

As a result of these kinds of atrocities, support for UNITA is growing among the Angolan public. As one Cuban soldier said,

"The people here, they do not want us. They turn their faces from us and you feel their hate.

Angolans are also disturbed by what Jonas Savimbi, the Chief of UNITA, has called "Cultural Genocide." Savimbi reports that on Fidel Castro's orders 10,000 young Angolans under 10 years old have been literally kidnapped and sent to Cuba against their will for training. Many of their parents do not even know what has happened to them.

The ruling MPLA, the People's Movement

for the Liberation of Angola, and the Cubans have tried to portray the atrocities as being UNITA's responsibility. But UNITA representative pointed out that UNITA, which is largely made up of Ovimbunda tribesmen, has little reason to attack civilians, who are almost all Ovimbunda, in war areas.

Jonas Savimbi has reported that a growing number of Cuban troops have deserted to UNITA's ranks. Savimbi said that the troops were disappointed when they found out they had been lied to about the reasons for being in Angola.

As Miguel Garcia, the Cuban deserter, said: "In Cuba, we were told we were coming to fight the South African racists. When we come here and find the enemy is not a White Racist but a black man."

The reports of Cuban atrocities in Angola have come at a time when growing evidence has been accumulating of similar human right violations back in Cuba. People who spent years in Cuban jails have reported abusive treatment by Castro's regime of political prisoners and blacks. Fidel Castro appear to be exporting more than a revolution.

BRIEFS

BRAIN DRAIN TO RSA--Lusaka--The University of Zambia is facing a staff crisis because lecturers are leaving for South Africa and other neighbouring states. The Deputy Vice-Chancellor of the University of Zambia (Unza), Mr Ben Mweene, said the situation was serious. The teaching staff were leaving Unza to work in universities in the South African homelands where salaries are "very lucrative." Others were leaving to work in Swaziland, Lesotho and Botswana where salaries were much higher than those in Unza. Mr Mweene said the problem arose about 15 months ago when lecturers started leaving. He attributed it to the deteriorating value of the kwacha, noting that universities in the south paid much more--and this allowed their staff superior standards of living. Mr Mweene said it was difficult to recruit expatriates to fill up crucial academic positions in Unza because of the high costs involved. [Text]
[Durban THE DAILY NEWS in English 5 Feb 87 p 9] /9274

FOREIGN RESERVES GROW--Gaborone--Botswana's foreign reserves are now standing at about R2,4billion, it was announced here. This was sufficient to cover 24 months' imports at current levels and at the prevailing rate of exchange, said a bank spokesman in Gaborone. He said the increase in reserves was mainly due to the improved diamond sales of the Central Selling Organisation. [Text] [Johannesburg THE STAR in English 2 Feb 87 p 3] /9274

CSO: 3400/209

MORGENZON TO BE HEART OF ORANJEWERKERS' WHITE HOMELAND

Johannesburg FINANCIAL MAIL in English 13 Feb 87 p 62

[Text]

Morgenzon, a small dusty village in the eastern Transvaal, is the embryo of the white homeland which a group of conservative extremists, the Oranjewerkers, want to build. The village with its gravel roads and a few dilapidated shops lies within the Bethal-Ermelo-Standerton triangle.

Appropriately enough, one of the moving forces behind the Oranjewerkers is Hendrik Verwoerd, son of the late architect of grand apartheid.

The Oranjewerkers do not represent or belong to any political party, but have strong links with the Afrikaner Weerstandsbeweging (AWB). They await unification of all conservatives in the country. This they hope will happen before the coming election, for only then can they successfully fight what they see as the threat of a black government resulting from government policy.

The Oranjewerkers' movement was launched in Pretoria in June 1980, and its headquarters moved to Morgenzon two years later. A strange choice, it might seem, but the group's secretary and accountant, Ben van den Berg, says that all options had been thoroughly considered.

He says Morgenzon will be the heart of future industrial development. Historically, it belongs to the Afrikaner and resistance against the Oranjewerkers there is relatively weak. Morgenzon centres on a farm whose owner specified in a deed of transfer years ago that no black, coloured or Indian might hire or own property on it, something not far removed from the principle of the Group Areas Act.

"We are working towards an Afrikaner nation — not a white nation; that would be racism," says Van den Berg, echoing AWB leader Eugene Terre'Blanche's sentiments.

The Oranjewerkers believe they are fulfilling a religious calling. They believe South

Africans have erred for 300 years in relying on black labour and not separating nations "as God ordered us to do."

Van den Berg insists his movement is not racist, "but we must not hope that the Afrikaner minority will survive in a black majority. The whites do not know the blacks. We do not hate them; we are not against them — we are for ourselves."

Before joining the Oranjewerkers, Van den Berg was a hospital secretary in Lebowa. That experience convinced him to work for the creation of a white homeland. "The blacks have a country of their own — a place where they can call the tune. Afrikaners want the same privilege, but we have to work for it," he explains.

The Afrikaner nation can be preserved only by being completely self-sufficient, he says. Whites must stop employing blacks, who will then be forced to move away in search of jobs.

But hardly any of Morgenzon's residents seem to support the Oranjewerkers' ideals. Francis Naude, whose husband owns the only hotel in Morgenzon, says they are impractical and inhuman.

"We do not have enough work at Morgenzon to start a *Boerestaat*," she says. "The employees of the Oranjewerkers are often second- or third-grade Afrikaners. Whites have been spoilt by cheap labour and would rather be jobless than earn black wages."

But Van den Berg says: "Whites will have to do their own dirty work to preserve their identity. When we started to employ blacks, we had to start sharing our property with them. Now they want us to share our country. Black labour is not cheap labour — we will pay with our country."

While Naude is outspoken, others keep mum, evidently for fear of harming their businesses. One angry shopowner says the

Oranjewerkers shop in neighbouring towns rather than deal with people who openly question their ideals. "They want us to support them, but they won't support us."

Another woman says the principle of ousting people from their homes is inhuman. But she does not believe that the Oranjewerkers pose a threat to the community: "They are ridiculous and we can only laugh at them."

Van den Berg blames the press for splitting the Morgenzon community. He says everyone unconsciously supports the Oranjewerkers, but people have been indoctrinated by the media. He compares the Oranjewerkers to Escom and Anglo American Corporation. He cannot therefore understand why people support those organisations but oppose the Oranjewerkers' development scheme so strongly.

Jorrie Jordaan, another ardent Oranjewerker, owns a whites-only fibreglass factory. He says his staff of four whites has proved that whites can get along without black labour. But he has trouble selling his main product — super tubes.

"Our State President has bugged up the economy and people cannot afford luxuries any more . . . I hate all racists and kaffirs." Jordaan, says Van den Berg, has such a good sense of humour.

The Oranjewerkers are adamant about staying and surviving in Morgenzon. They're attempting to ensure this by buying up property and "importing" supporters. The group claims to have about 2 500 members, but Van den Berg believes that support stretches far beyond that. They own property worth some R100 000 and "the municipality will not be able to ignore so many taxpayers."

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CSO: 3400/224

BRIEFS

JUDGES' SALARY GOES UP--The salary of an ordinary judge would go up from \$81,000 to \$101,500, under a Bill published in Parliament yesterday. The Judges' Remuneration Amendment Bill said the salary of a Judge President would go up from R86,500 to \$107,000; that of an Judge of Appeal from \$88,000 to \$108,500; and that of the Chief Justice of SA from R98,000 to \$122,000. [Text] [Johannesburg BUSINESS DAY in English 20 Feb 87 p 5] /9274

GOVERNMENT ASKS FOR ADDITIONAL BILLIONS--Government is asking for an additional R2.8bn to cover the amount by which it exceeded last year's R36.1 bn Budget. The Additional Appropriation Bill, to be debated in Parliament on Friday, deals with extra amounts needed to cover spending by government and the provinces in the current financial year. All State departments, excluding Sats and the Post Office are asking for R1.94 bn on top of the \$32.56 bn originally estimated. The four provinces are asking for R853.8m more than the R3.56bn originally estimated. [Text] [Johannesburg BUSINESS DAY in English 18 Feb 87 p 1] /9274

CSO: 3400/224

COMMENTARY WARNS PIK BOTHA OVER HOMELANDS POLICY

Johannesburg CITY PRESS in English 22 Feb 87 p 2

[Commentary]

[Text]

IF South Africa is a true Western democracy as most white politicians want us to believe, Foreign Minister Pik Botha would have been out of his job this week.

He would have lost his job for indecisiveness. Put mildly: for not acting firmly on the Ciskei-Transkei tragedy which reached a bizarre crescendo.

Add to all this the Botswana-Bophuthatswana charade. To our dismay, Botha has also distanced himself from this political hot potato.

Though we carry no flag for homelands, we are also painfully aware that they cannot be wished away. Nor can we pretend that they do not exist. That would be too simplistic.

There is this unbreakable umbilical cord between us and our brethren in the homelands, born out of the whiteman's blind ideological obsessions.

That is why we are filled with anger and outrage when Botha refuses to act. Like it or not, the homelands are Pretoria's making. Anything that happens there, SA must be held responsible for. Morally and otherwise.

We are also baffled as to why the well-known strongman and tough-talking image of Botha's when dealing with foreign governments was missing this week.

He must be careful. What is happening in Bisho and Mabatho can easily spill over to our comfortable South Africa. History has proved that these things have a ripple effect.

Or has Botha been deluded that this week's homeland events involved black states which, in essence, are not a threat to white South Africa?

/9274
CSO: 3400/222

'A-TEAM' VIGILANTE LEADER DECLARES TRUCE WITH COMRADES

Johannesburg CITY PRESS in English 15 Feb 87 p 1

[Article by S'bu Mngadi]

[Text]

IN a dramatic turn-about, "The Boss" – leader of the notorious "A-Team" vigilantes – has called for peace with the "comrades" in Durban townships.

"The Boss" this week conceded that the bloody fights between the warring factions were a "futile exercise".

In an exclusive interview with *City Press*, the 27-year-old leader of the "A-Team" said he wished to remain unidentified at this stage.

He said his decision to declare a truce with the "comrades" came after a recent *City Press* report highlighting the "genuine concern" of the community for the war to come to an end.

"The report really moved us," said "The Boss".

However, he was quick to warn: "This must not be construed as throwing in the towel. If the 'comrades' and their leaders wish to continue the fight, let it be. We have the means to fight a full-scale war until the end."

He said he has called for a truce because he deemed it in the best interests of the community and also because "my organisation subscribes to the noble ideal

of a liberated South Africa which we have been blamed for suppressing".

Community leaders were expected to meet this weekend to consider the vigilantes' peace initiative.

During the interview, "The Boss", a qualified teacher, vehemently attacked the Press for failing to present an objective picture of the "war".

He revealed that the history of the "A-team" dated back to 1983, when it was formed as a secret protection squad following the gruesome murder of his father, a Lamontville high school teacher.

The group went public in September 1985 – but, said "The Boss", they regarded their name as a meaningless label given to them by the community.

"The Boss" said that an attack on the Mpanza family, which claimed the life of a colleague, Langa Zondi, in September 1985, was a turning point. "Bloody violence soon erupted as vigilantes defended themselves."

When reminded that, in fact, it was the "A-Team" who first attacked pupils and community leaders before the Mpanza incident, he leapt from his chair and barked: "You outsiders are the main instigators of all the trouble in our area."

He maintained that the vigilantes never attacked,

but only defended their members.

However, he agreed that many people in the "A-Team" were employed by the State – but denied that they were police informers. "They are just ordinary people. The State employs a lot of people but in any group, at least one will have a State link."

The group had no declared leader – except for "The Boss", who acted as spokesman. Allegations that they worked in cahoots with the security forces were unfounded, he said.

"Eight of our members have been arrested for possessing unlicensed firearms, but they were not charged after appearing in court three times," he said.

Meanwhile, the PFP's director in Natal, Roy Ainslie, described the initiative as a giant step towards the establishment of peace in the area.

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CSO: 3400/222

TRANSKEI ENERGY DEPARTMENT IN ECONOMIC CRISIS

Johannesburg CITY PRESS in English 22 Feb 87 p 3

[Article by Stan Mzimba]

[Text]

TRANSKEI'S Department of Works and Energy cannot get credit facilities from either local or South African concerns because the government does not pay its accounts, a commission of inquiry into the operations of the department, chaired by Advocate Gerald Alexander, was told in Umtata this week.

The department is in a crisis as the maintenance of equipment at hospitals, schools and government buildings is said to have come to a halt.

A witness told the commission that the Transkei government owed R64 000 to a company for the period May-June last year.

City Press later learnt that a business owned by one of the commissioners was owed thousands of rands by the department.

The commission also heard that no laundry equipment in any of the territory's hospitals was functioning. The Umtata General Hospital and Butterworth Hospital send their laundry to East London.

"In the hospital near Tsolo laundry is done by hand, while at another hospital, huge oil drums are used to boil the washing," the witness said.

The commission was further told that the next major problem was the malfunctioning of air conditioners - even in the mortuaries.

On hearing this advocate Alexander indicated that he would order a crisis report from all hospitals around Transkei as soon as possible.

Another witness said: "The whole system will soon breakdown. It has now reached crisis proportions. There is no maintenance in the whole of Transkei - it is non-existent," he said.

Another witness said out of 11 laundry machines at the 750-bed Umtata hospital only two were in working order.

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CSO: 3400/219

COLGATE TO AID EMERGING BLACK BUSINESSES

Johannesburg BUSINESS DAY in English 18 Feb 87 p 3

[Article by Mick Collins]

[Text]

COLGATE-Palmolive has formed a RIm trust to help emerging black enterprise.

MD Gerry Knocker said yesterday all the expertise of Colgate-Palmolive would be made available to assist the black entrepreneur.

"It is vital that we look towards a more equitable re-distribution of wealth in this country."

Nocker said that by transferring technology and opportunity to the black business community, his company could play a major role in the development of SA.

"We have made RIm available to the trust in order that entrepreneurs may have easier access

to finance without encountering any of the red tape that lending institutions normally require of prospective borrowers."

The trust will support manufacturing and service sector industries on the East Rand and provide access to resources such as premises, equipment and raw materials.

"Our intent in concentrating on these sectors is an attempt to give impetus to the creation of jobs which we believe is essential for the economic well-being of our country."

Colgate has seconded its former director of human resources Deryk Magid to the trust as executive director.

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CSO: 3400/222

MZIMHLOPHE HOSTEL SQUATTERS TERRORIZED BY VIGILANTES

Johannesburg CITY PRESS in English 22 Feb 87 p 4

[Article by Sandile Memela]

[Text]

MZIMHLOPHE hostel squatters this week alleged that they were caught in a spiral of terror and fear as vigilantes harassed and raided their homes in an attempt to swell the organisation's ranks.

A group of families told *City Press* at a clandestine meeting that the squatter community was gripped by terror and fear because of vigilante attempts to gain control of the area.

They said the struggle for control of the area by vigilantes has made life unbearable. A number of families are reported to have quit the squatter camp in an attempt to escape the wave of terror and harassment that has gripped the area.

They claimed the vigilantes were Inkatha members or supporters.

However, the Chief Minister of KwaZulu and president of Inkatha, Mangosuthu Buthelezi, this week demanded proof that the vigilantes were Inkatha supporters.

"I have, on numerous occasions, called for peace in the area. I have also visited Mzimhlophe in an attempt to diffuse the situation and have instructed colleagues

to personally investigate the issue and speak to residents," he said.

Buthelezi refuted allegations that Inkatha members were vigilantes. "Inkatha is committed to non-violence," he said.

"I condemn acts of wanton brutality by individuals or groups and I know nothing of allegations regarding Inkatha members in the area.

"Can you provide me with irrefutable evidence and not merely hearsay?" he said.

Buthelezi added that political violence in the townships only escalated after the formation of the UDF three years ago.

"Who had heard of the barbaric 'necklace' until then," he asked.

The squatter camp consists of a dingy row of closely packed matchbox houses between Meadowlands, Zone 1, and Mzimhlophe Hostel. It is populat-

ed by families who lost their homes in the 1979 Kliptown floods.

The area is a buffer zone between Mzimhlophe Hostel and Meadowlands - two areas that have been the scenes of violent conflict between hostel inmates and township comrades.

The area is daubed in pro-Inkatha graffiti and the organisation's colours are sprayed on walls and wooden fences.

Residents claimed this week that there was a tug-of-war being waged between vigilantes and comrades to gain the community's support.

"We are in a terrible predicament as both vigilantes and comrades demand that we join their side," said a resident, who asked not to be identified for fear of reprisals.

The urban representative of KwaZulu, and Inkatha regional member, Zora Khumalo this week dismissed the allegations as unfounded.

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CSO: 3400/222

BOPHUTHATSWANA DEFENSE FORCE EXPANDING

Pretoria ARMED FORCES in English Feb 87 p 11

[Text]

The Bophuthatswana Defence Force has just issued a full colour publication listing some of the developments that have taken place recently within the force.

The School Cadet programme is expanding and judging by the photographs the boys are issued with boots, bush hats, webb belts and an overall which fits.

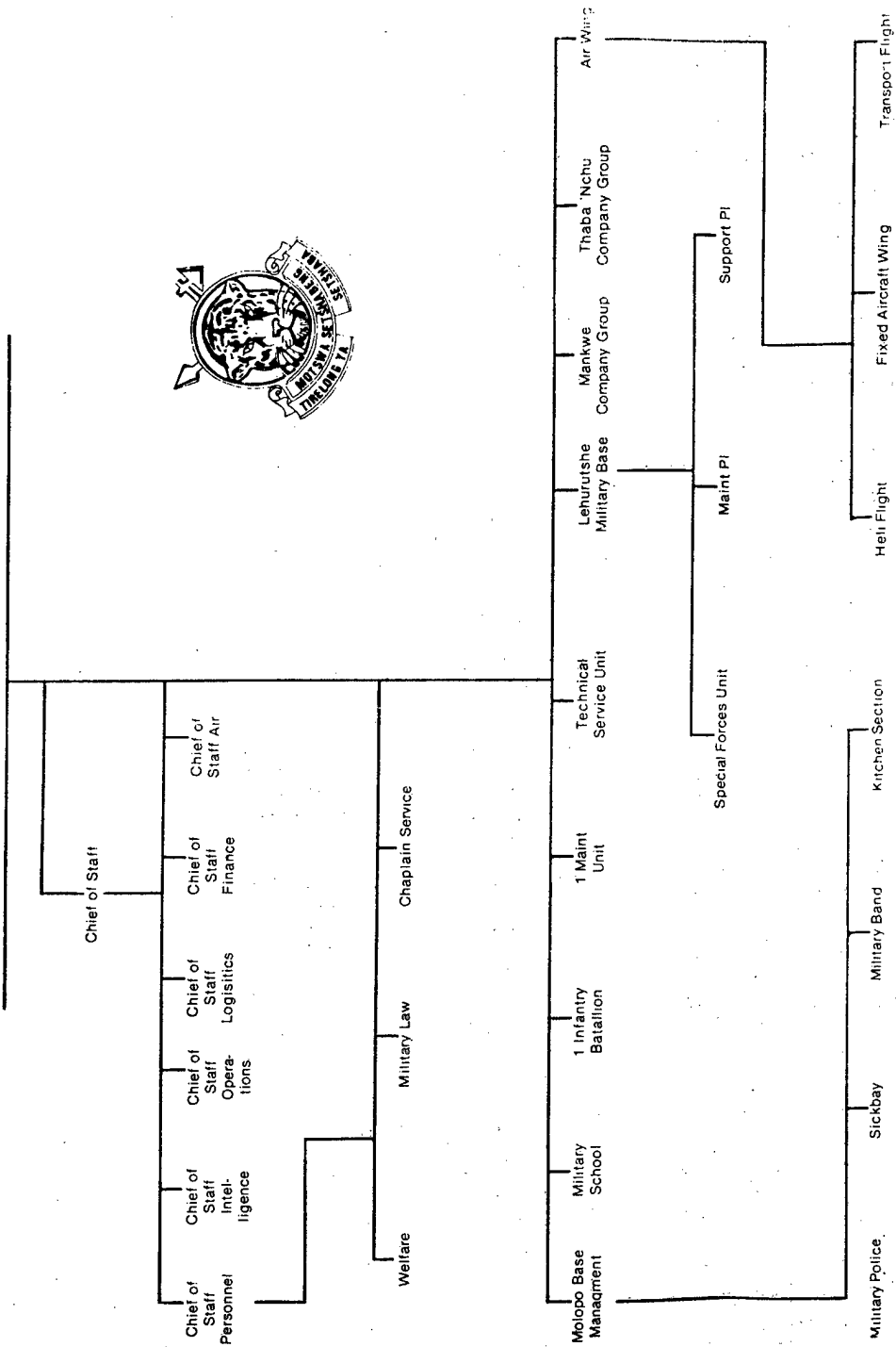
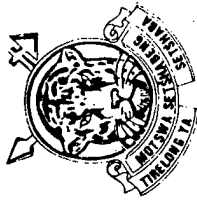
The Special Forces Unit is now operational with a number of the members having completed their parachute training and are now able to act in the role of a quick airborne reaction force. This year the next batch of men will commence their parachute training to increase the size of the Reaction Force.

The Air Wing has been expanded with the addition of CASA transport aircraft and the first four Bophuthatswana pilots have been selected for training in South Africa.

In addition another element has been created that falls under the command of the Chief of the BDF and this is the Bophuthatswana National Security Unit. At present the BNSU has a strength of over 600 and is deployed in the six Military Regions falling under the direct control of a BNSU Sub-Unit Headquarters which has been established in each of the Military Regions. The BNSU is tasked with the protection and security of essential installations in Bophuthatswana.

The BDF has its Headquarters and support elements at the Molopo Military Base and three other bases are at present maintained in other centres.

MINISTER OF DEFENCE
CHIEF OF THE BOPHUTHATSWANA DEFENCE FORCE



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 CSO: 3400/219

BRIEFS

NORTHEAST VENDA RAVAGED BY DROUGHT--Pafuri--While many parts of the Transvaal have recorded record rainfall figures, several parts in the far northern area are still in the grip of a devastating drought. One of the worst hit regions is the north eastern corner of Venda, near the Pafuri entrance to the Kruger National Park. In this ravaged district, temperatures soar to over 40 Deg C and the smell of death is in the air. Cattle, donkeys and goats have died at regular intervals, and church and welfare agencies are fighting a losing battle against starvation in several remote villages. But children still gamely walk many kilometres to attend school, returning home in the heat of the day. "The rain will come, and then we will be able to plant again," said Mr William Mayenga, who works at a foot-and-mouth disease checkpoint at Modimbo. But many others have lost hope and tried to find employment in the lush south, where fruit is in abundant supply. White farmers living in the corridor between Venda and the Limpopo River allege that some of the cattle rustling occurring there is launched from Venda, due to the hunger crisis. For this reason, several ranchers have been lenient in pressing charges. But the farmers claim most of the culprits come from Zimbabwe and that Mozambican refugees are also responsible for many of the thefts. Despite heavy downpours inside the Kruger Park, there has been little relief in the Venda villages. It is clear some kind of decisive government action will have to be taken to aid these remote communities. Agriculturists say the soil will take years to recover from the ravages of the present drought. [Text] [By Dirk Nel] [Johannesburg THE STAR in English 19 Feb 87 p 9] /9274

CSO: 3400/219

RADICAL OPPOSITION GROUPS REVISING STRATEGIES

Johannesburg SUNDAY TIMES in English 22 Feb 87 p 2

[Article by David Jackson]

[Text]

SOME radical opposition groups in South Africa are reviewing their political strategies after the emergence of the new reform "alliance".

The move — still hesitant and unco-ordinated — marks a dramatic shift away from the protest and boycott politics of recent years.

In one remarkable development the UDF's "white" affiliate, Jodac (Johannesburg Democratic Action Committee), is considering putting up candidates in white general elections — though not necessarily this one.

And in another dramatic move Mrs Sheena Duncan, Black Sash chairman, has written to members saying she believes white politics is more fluid than at any time in three decades, and that opposition groups should review their strategies to see what support they can lend to getting rid of the National Party Government.

Different

A series of tenuous alliances is enticingly in prospect after behind-the-scenes talks between Afrikaner academics and businessmen, individual members of non-political groups such as the Black Sash, and the UDF and some of its affiliates.

These "New Radicals" — set to introduce a different ingredient to white poli-

tics — are seeking to define a "strategy for power" by working within the present parliamentary system.

One plan now being considered in extra-parliamentary quarters is that Independent candidates should not oppose PFP or verligte candidates but fight the Conservative/HNP seats.

This weekend a workshop of extra-parliamentary groups is taking place in a bid to give teeth to the strategy.

It is aimed at influencing white voter attitudes through an undeclared anti-apartheid front, which would include existing anti-Government forces such as the PFP, the NRP-Indaba platform and verligte Nat MPs.

The plan is long-term and not aimed specifically at the coming May elections.

But the "new dealers" hope the bandwagon effect could force a situation where the ruling National Party is defeated in a no-confidence vote by all three chambers in Parliament — or through a failure to get its Budget vote through.

Convention

With the "left" holding a parliamentary majority, the strategists argue, the next phase would be the calling of a constitutional conference — loosely along the lines of the since-discredited "national convention" idea.

The protagonists caution that the movement is only a "a very loose groundswell of opinion" and that there

is intense debate and division among the various protest-group factions. There is no suggestion at this stage of seeking any formal alliances with reformist groups.

But a tangible indication of the new thinking comes in a watershed document issued by Mrs Duncan, of the Transvaal Regional Black Sash, a movement that has always taken pains to stay outside the party-political arena.

Fluid

The paper sets out thoughts "designed to provoke debate and to help those of us who work in the white constituency to see whether or not these (1987) elections can possibly be used to take South Africa a step forward towards justice and democracy".

Mrs Duncan — a past national president of the Black Sash — says that extra-parliamentary opposition in the white community can "exert a great deal of influence and may just possibly turn the situation around because of the effect it can have on the composition of doings inside Parliament".

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CSO: 3400/223

SADF SUICIDE RATE CALLED 'HORRIFYING'

Johannesburg THE SUNDAY STAR in English 22 Feb 87 p 4

[Article by John MacLennan]

[Text]

THREE times as many servicemen attempted suicide in the South African Defence Force than had died in military operations and training exercises last year.

This week the Progressive Federal Party's defence spokesman, Mr Brian Goodall, labelled this state of affairs shocking and called for a thorough probe.

He said the "horrifying" statistics released in Parliament this week had been caused by the SADF's inability to deal with recruits who had difficulty in integrating.

A total of 362 national servicemen tried to kill themselves last year, according to figures released in Parliament by Minister of Defence General Magnus Malan. According to information previously released in Parliament, 115 died in operations and exercises during the same period.

In addition to suicide attempts by national servicemen, General Malan said, 11 Citizen Force and 56 Permanent Force members had also attempted suicide. A total of 24 SADF personnel committed suicide last year: 18 national servicemen, four Permanent Force and two Citizen Force.

Mr Goodall, who was moved to ask for the statistics because of the experience of parents whose son had committed suicide during national service, said he believed the rate could be cut if servicemen could talk out their problems with sympathetic people in the SADF.

Another factor, he believed, was that many servicemen were involved in inner turmoil because they did not support the Government and felt they had become part of the Government system.

Mr Goodall's view is that the SADF is doing the best it can, but that it is just not good enough and the figures prove it. It could, as a small start, begin liaising with organisations such as Lifeline.

The SADF's Directorate for Public Relations said in a statement that the Defence Force was a microcosm of South African society.

The figures represented only the smallest fraction of one percent of the Defence Force's daily strength and "in all probability a negligible fraction if compared with the figures for South Africa as a whole".

"The Defence Force is concerned about the suicide and attempted suicide figures and for this reason everything humanly possible is done to combat the problem. It is generally accepted that the highest incidence of suicide attempts occurs in the age group of 17 to 19.

"All suicides and attempted suicides have to be reported to the SADF Medical Service without delay so that they can evaluate and analyse them to determine trends. The Medical Service adopts a multi-disciplined approach to the problem. A team made up of doctors, psychologists, psychiatrists, social workers and chaplains are involved in the treatment of a patient.

"In addition, the leader element of the Defence Force has been taught to recognise the symptoms of stress and to refer soldiers who appear to exhibit these symptoms to the multi-discipline team. Therefore there is at all times a full range of medical expertise available to any member of the Defence Force who may need help."

A spokesman said the SADF was not aware that there had been any sharp increase in suicides. The figure for 1985 was 16 suicides, as compared to 18 last year.

Dr Abe Gangat, consultant psychiatrist and lecturer in the division of psychiatry of the Department of Health, said the suicide figures for national servicemen were alarming.

Dr Gangat, an expert on suicide, said that while successful suicides were highest among older people, attempted or parasuicides were highest among younger people.

Whites in this country had one of the the highest suicide rates in the world. Latest statistics (from 1983) showed that 20 white South Africans per 100 000 of population committed suicide as against 12,5 percent in the United States and 8,2 percent in Britain. Whites also had a far higher suicide rate than other population groups.

In 1983, seven per 100 000 coloureds attempted suicide and 6,5 per 100 000 Asians. Figures for black population were not available.

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CSO: 3400/215

GOVERNMENT TO RESTRICT STUDENT NUMBERS IN UNIVERSITIES

Johannesburg SUNDAY TIMES in English 18 Feb 87 p 1

[Text]

A GENERAL restriction would be imposed on student numbers at universities, Education and Culture Minister in the House of Assembly Piet Clase announced yesterday.

University principals and the official Opposition expressed concern last night at the move.

Clase said an investigation showed it would not be possible for State expenditure to keep pace if universities were allowed to continue growing at the present rate unless other equally important sectors were adversely affected.

He had no intention of encroaching on universities' autonomy on admissions, Clase said, but "the State will link its subsidy to universities to a restriction on the number of full-time equivalent students that are deemed to be in the interest of the country and within the means of the Treasury".

Clase said the failure and drop-out rate at universities indicated admission requirements could be applied more strictly to effect a more economical disbursement of State and other funds.

"It is further evident that the proportion of students admitted to technikons and universities respectively will have to be adjusted. In order to provide the necessary technological manpower required for the development of the country, it is imperative that a larger number of students be admitted by technikons without impairing the universities."

A spokesman for Clase said last night

the extent of the restriction had not yet been decided.

University of Cape Town vice-chancellor Dr Stuart Saunders said that, while he recognised the economic problems facing SA, he had reservations about whether imposing "an arbitrary limit on undergraduate numbers is the correct way of handling a complex problem".

University of Natal principal Prof Peter Booysen said it would not be in the national interest to expand technikons at the expense of university training.

Booyesen said the university had a philosophical difference with the Minister's statement in that he was referring to the 11 so-called "white" universities in South Africa.

"The University of Natal does not perceive itself to be a white university — it is serving all population groups. If you look at the needs of all the groups, then you do not come to the conclusion that there is over-production," he said.

PFP education spokesman Roger Burrows said the Minister's decision had been reached against the background of racially segmented education.

"There is a considerable danger that unless this is realised one would accept the facile argument of the Minister that the existing universities reflect the needs of the whole SA population and that students need to be diverted to technikons," he said.

"There is also a grave danger that race could once again be a criterion for admission to universities."

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CSO: 3400/223

UNREST AFFECTS 260 SCHOOLS

Johannesburg BUSINESS DAY in English 24 Feb 87 p 5

[Text]

PARLIAMENT — At any given time last year unrest disrupted an average of 260 schools out of more than 7 300, the Department of Education and Training (DET) said in its report yesterday.

It said the areas most seriously affected were Johannesburg and the Eastern Cape.

In most cases classes were resumed "after discussions had been held with the communities concerned aimed at gaining their co-operation".

The report says critics often apply unrealistic criteria when comparing black education, which is still in "an early growth phase", with "well-established education departments for other population groups".

An assessment of per capita expenditure on education for blacks should take into consideration the dissimilarity in historical background between education for blacks and for other population groups, and the dissimilar growth rate, enrolment position, and age composition of teachers and pupils.

The report said for "various good reasons" the per capita expenditure could not be the same at this stage.

The different education departments did not necessarily use the same criteria to calculate the per capita figure. About 80% of an education department's budget was allocated to salaries, and 78% of black teachers had lesser qualifications than their counterparts in other departments.

Per capita spending was not a predetermined formula that was part of a "vicious conspiracy wantonly and deliberately to impede the black man's progress". It was the result of a combination of planning, progress and achievement in any given year.

The 10-year programme aimed at parity in "education provision" with other education departments was "in the process of development". — Sapa.

INCREASING STRIKE ACTIVITY SEEN TO HAVE SMALL IMPACT

Johannesburg THE SUNDAY STAR in English 22 Feb 87 p 6

[Article by Malcolm Fothergill]

[Text]

HOW serious is South Africa's burgeoning number of strikes?

Less serious than might be thought from a casual glance at the figures, suggests Dr Kobus van Zyl, director of the National Manpower Commission.

While the average number of strikes has risen sharply since 1970, the picture painted by the average number of man-days lost as a result of strikes is far less gloomy, he says.

Figures he quotes in an article in "Productivity SA" do not include 1986's totals, which were well up on 1985's in every respect.

But they show clearly that although strikes have become far more frequent in South Africa since 1970 they still have a long way to go before they reach the severity of the 1922 miners' strike.

On an international scale, too, South Africa's strikes are still fairly small beer.

"Even taking into account the comparatively

sharp increase in industrial action in the RSA over the past few years, strike activity is still relatively low compared with that in other (developed) countries," says Dr Van Zyl.

"This holds for both the frequency and severity rates."

However, he sounds two warning notes:

● **ONE** is the question of how much strike activity a developing country such as South Africa can afford.

● **TWO** is the fact that while there is a general tendency in most other countries for strike activity to decline, the trend in South Africa is in the opposite direction.

If this trend continues, South Africa might soon be in the league of countries with a medium propensity to strike — that is, with an average of between 100 and 500 man-days lost a year for every 1 000 workers.

The average in South Africa from 1980 to 1985

of 60,2 man-days lost per 1 000 workers was well below that of many developed nations.

Australia's figure, for instance, was 536,4; France's was 136,4; Ireland's was 488,5; Italy's was 918,9; Britain's was 435,5; and the USA's was 228,8.

Among nations with the lowest average number of man-days lost were the Netherlands (10,3) and West Germany (26,4).

The number of employees involved in strikes per 100 000 of the economically active population is also lower in South Africa than in many other nations.

From 1974 to 1983, the figure for South Africa was 1 089,5. This shot up to 2 146,5 in the period from 1980 to 1985 and must have risen even further last year.

Yet it still has a long way to go to match Italy (56 121,6), Australia (20 930,1) or Britain (6 615,4).

As for the timing of

strikes, Dr Van Zyl says the number of strikes, the number of workers involved and the loss in man-days might differ from month to month, but all three norms follow a seasonal pattern.

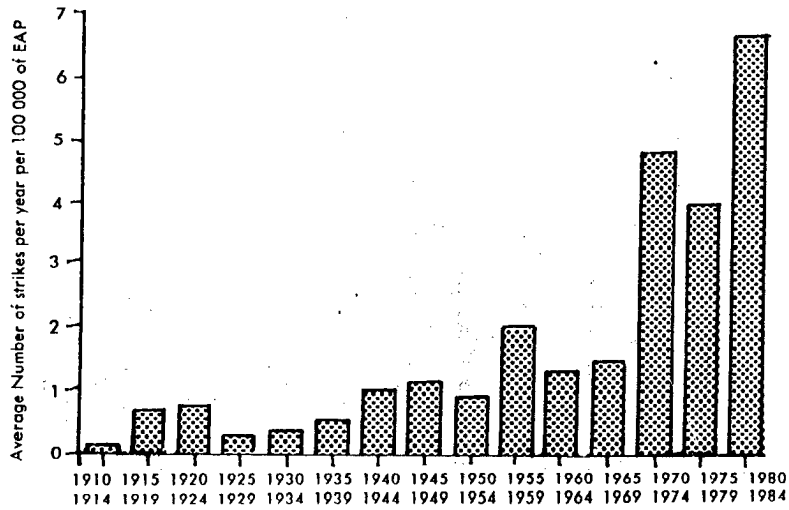
"There are definite distribution trends in that strikes tend to occur more in the June/July period and notably less in the November/December/January period."

This finding echoes the experience of other countries.

In Britain, for instance, it has been found that most major labour stoppages begin in spring and autumn. The months with least strike activity there are December and July.

Looking to the future, Dr Van Zyl says the granting of full trade union rights to black workers and the removal of influx control might tend to increase future strike activity, but other factors including the high unemployment rate and the financial weakness of unions will tend to inhibit it.

AVERAGE NUMBER OF STRIKES PER YEAR PER 100 000 OF THE EAP (FIVE-YEAR INTERVALS), SOUTH AFRICA, 1910-1984



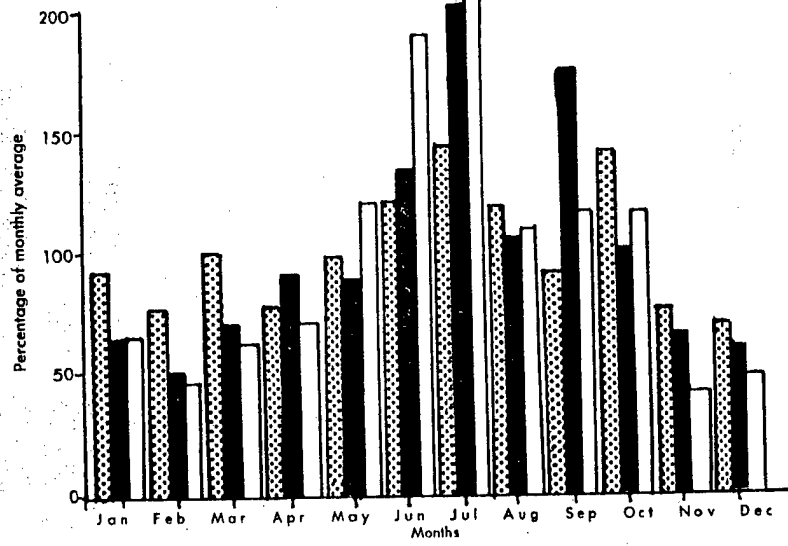
SOURCES:
 1. Central Statistical Services
 2. Department of Manpower

AVERAGE LOSS OF MAN-DAYS AS A RESULT OF STRIKES PER YEAR PER 1 000 OF THE EAP (FIVE-YEAR INTERVALS), SOUTH AFRICA, 1910-1984



SOURCES:
 1. Central Statistical Services
 2. Department of Manpower

**THE SEASONAL DISTRIBUTION OF STRIKES, RSA
1980-1984**



SOURCE:
Department of Manpower

Number of strikes  Workers involved  Loss in man-days 

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RECENT WHITE-ON-BLACK VIOLENCE IN PRETORIA DEPLORED

Johannesburg SUNDAY STAR in English 22 Feb 87 p 6

[Article by Sejamothopo Motau]

[Text]

PRETORIA has long had the dubious reputation of being among the most conservative and racist cities in the country but recent shocking events are fast making it the racist capital of South Africa.

Blacks in Pretoria do walk on the same sidewalks as whites — and they have done so for many years. They stand in the same post office lines. There are even restaurants and cinemas where black and white people can enjoy a meal or movie side by side.

But the racism that has given the administrative capital of South Africa its bad name, persists. On occasion, the monster rears its ugly head in violent ways.

Last weekend, several black people were hurt, at least five seriously, when they were attacked by white young men armed with pangas, wheel spanners, crowbars, knobkieries, and in one case a golf club, in and around Waterkloof.

Police have arrested four white men in connection with the attacks and they are expected to appear in court tomorrow.

So far, only four of the victims have laid charges.

One victim, Miss Dorah Moloko (28), said she was struck on the head with an iron bar by one of two white men who accosted her and her boyfriend in Drakensberg Street.

Miss Moloko now lives in fear of more attacks. So do some of the white people who have reported attacks on their employees.

Two months ago, a middle-aged domestic worker,

Mrs Maria Rametsi, died after being run down by a car while in a park in Monument Park. According to sources, a young white man became angry at the presence of black people in the park and drove his car at black children there. The children ran away and the vehicle hit Mrs Rametsi.

Police have linked three white men to her death. The case has yet to come before the courts.

The white-on-black violence in Waterkloof has drawn heavy fire from Mr Rowan Haaroff, PFP regional chairman and a candidate in Pretoria's Sunnyside constituency in the coming white general election.

He said such behaviour bedevilled race relations. "I believe this to be the work of Right-wing radicals who want white-by-night and also by day suburbs.

"These are the sort of people who would rightly decry ANC bombs that injure innocents, but themselves injure and sometimes kill innocent people."

He said there was an inescapable feeling among black people that the police did not act as promptly or as effectively when they complained.

"The case of the woman run over and killed in Monument Park is a case in question," Mr Haaroff said. "Blacks would contrast this with the Niemann case in which the two alleged murderers were shot dead by police within hours."

The problem with this perception, he said, was that it was also shared by white radicals who believed they could get away with their crimes against black people.

Unisa psychologist Professor G Rademeyer believes the type of racist aggression displayed at the weekend may be the result of feelings of insecurity and "directionlessness" among the young people involved.

Given the present political situation, he said, some whites may feel insecure about their future and vent their feelings in aggressive behaviour. They may derive a sense of power from their violent actions.

An explanation for racist aggressiveness may also be found in a view espoused by an Afrikaner pastor, the Rev Eddie Bruwer of the NG Kerk in Afrika.

Mr Bruwer believes the apartheid ideology that has served as glue for the Afrikaner middle class has been destroyed. This has evoked a strong sense of insecurity among Afrikaners, as shown by the scampering for new alignments in the political arena.

This sense of insecurity could manifest itself in aggressive behaviour since there is a power struggle between the powerful white middle class and the hapless black "underdogs". The white middle class feels threatened by the black "have-nots".

Pretoria abounds with other examples of the racism that has led to the closure of several cinemas. Such acts may be described as psychological violence.

The barring of an Indian national serviceman, Seaman Nicholas Narayansamy, from boarding a municipal bus in Pretoria with two white colleagues is a classic example.

The case of the Hoërskool Menlopark is another. There was also the case of the two students from Christian Brothers College who were refused permission to play squash at the same school.

The incidence of racist incidents in the city seems to increase by the day.

Now there are reports by black train commuters that a group of whites have declared some streets in Sunnyside for "whites only".

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CSO: 3400/223

U.S. SANCTIONS PULLING CARGO VOLUMES TO RECORD LOW

Johannesburg BUSINESS DAY in English 18 Feb 87 p 3

[Article by Hamish McIndoe]

[Text]

SHIPPING lines plying the US trade routes from SA are in for a dismal year as sanctions pull cargo volumes down to record lows.

Nedlloyd, which operates a service via SA to US west coast ports, has seen its cargo volume shrink by 75% since last year's embargoes.

And shipping expert Bob Robertson estimates US trade has fallen by an average 40% after a similar decline two years ago from "unofficial sanctions" and adverse exchange rates.

Says Nedlloyd regional manager Joop Wedepohl: "Our bread-and-butter cargo to the US of steel, iron and foodstuffs — all on the embargo list — has simply disappeared."

Nedlloyd has changed its sailing schedule to help counter the

loss. "We are now stopping at new destinations, but it would be nonsensical to let the competition know where they are."

Safmarine is minimising its cargo losses by generating new trade on goods not embargoed by the US and by filling the gap left by the collapsed US Lines.

Says Safmarine senior GM Tony Farr: "It's a matter of maintaining sailing frequencies and trying to ship more goods that are not embargoed."

It is an open question whether the Far East has made up for lost US trade. Says Ahrenkiel operations director John Lamert: "The level of trade to Far East ports has increased, but this may be the result of clearing the backlog of goods waiting to be shipped from the Christmas

break."

Precise details of just how far SA's exports to the US have slumped may never be known. Trade and shipping figures from government departments, the lines and trade organisations have virtually dried up.

A spokesman for the SA Foreign Trade Organisation says: "There is nearly always a backlash on some company when trade information on sensitive markets, such as the US, is disclosed to the Press."

□ SAPA reports Iscor has no intention of closing down its Sishen-Saldanha project because of sharply reduced export volumes. A spokesman said the venture was still profitable.

Iron ore exports have fallen from the 18-million tons a year projected when the scheme was launched to 9-million tons.

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CSO: 3400/221

COUNTRY'S ECONOMY COMPARED TO TAIWAN'S

Johannesburg THE SUNDAY STAR (Finance) in English 22 Feb 87 p 7

[Article by Malcolm Fothergill]

[Text]

COMPARING the economic performances of South Africa and Taiwan is an unpleasantly humbling exercise for a South African.

Although the Gross National Product of both countries is similar, as is the large public-sector involvement in industry, Taiwan's 2-percent rate of inflation and 7.5-percent rate of growth in recent years make South Africa's lopsided, inflation-ridden economy look sick.

Yet no less a personage than Mr CC Kan, economic counsellor to the Republic of China's Embassy in South Africa, predicts confidently that within the next few years South Africa will outstrip Taiwan in every economic sphere.

"The difficulty facing South Africa is only temporary," he says in an article in "Stainless Steel", journal of the Southern Africa Stainless Steel Development Association.

"As soon as the clouds move away, the RSA will ... overtake the ROC."

In spite of the huge disparity in physical size,

Mr Kan sees several similarities between the two countries.

One is in GNP, which in Taiwan's case was US\$60 billion in 1985; South Africa's was US\$54.3 billion.

Another is industry's share of GNP — 45 percent in the case of Taiwan, 48 percent in the case of South Africa — and the large public-sector involvement in industry in each country.

In terms of invested capital, Taiwan's public sector accounts for 44.7 percent of total industrial development, while that of South Africa accounts for 45.5 percent.

A third similarity is that both countries rely heavily on exports. In 1985, Taiwan's exports constituted 51 percent of its GNP; South Africa's exports constituted 33 percent of GNP.

Among the differences, one of the most striking is that manufacturing makes up 80.5 percent of Taiwan's industry, against 1.5 percent for mining; in South Africa, manufacturing makes up 40.5 percent and mining

44 percent.

The effect is that much more investment is needed to create value in South Africa than in Taiwan.

Comparing Taiwan's textile industry to South Africa's gold-mining makes this clear.

In 1985, Taiwan's textile industry exported goods worth about US\$7.54 billion from a total investment base of US\$600 million.

South Africa's gold production, which was valued at US\$7.5 billion, needed an investment base 62 percent bigger.

In addition, Taiwan's textile industry employed 10 percent fewer workers than did South African gold mines.

"Moreover, textile workers work comfortably in air-conditioned plants, while miners have to work underground, often 2 000 m below the surface.

"This does not mean that South Africa should give up gold-mining. Without South African gold, which supplies more than 60 percent of

the free world's demand, economic order would be disrupted worldwide.

"The RSA should rather place more emphasis on manufacturing and start beneficiating its raw materials to a greater extent.

One Taiwanese system Mr Kan believes could be used to good effect in South Africa is the "centre-satellite" system, in which dozens of small factories make components for finished products put together by someone else.

After listing several differences between Taiwan and South Africa, including unemployment rates and the fact that while 85 percent of Taiwan's goods are exported, 85 percent of South Africa's goods are for domestic consumption, Mr Kan says the comparisons are not intended to discourage South Africa.

"The RSA's abundant labour and rich mineral resources are valuable assets, while the ROC is limited by its small land space and saturated population; it has no or few natural resources."

BICSA DIRECTOR GENERAL DISCUSSES CASE FOR UK INVESTMENT

Johannesburg FINANCIAL MAIL in English 20 Feb 87 p 91

[Interview with Bicsa Director General Nick Mitchell; date and place not given]

[Text]

As Director General of the British Industry Committee on SA (Bicsa), Nick Mitchell is in the front line of the battle to convince British opinion that there is a case for continued UK investment in this country. He spoke to the FM last week while on a visit to see for himself what's going on in SA.

FM: What role can Bicsa play in current South African developments?

Mitchell: Bicsa has 45 members. They represent one third of all UK companies investing in SA, but they control two thirds of all investment. I've come here to speak to the Federated Chambers of Industry, the Afrikaanse Handelsinstituut and Assocom as well as influential businessmen, government ministers, officials and others.

The key message is they should do more to highlight positive developments in this country. There are many excellent social responsibility projects going on which are leading to the "creative erosion" of apartheid.

Do you have any message for government?

The government is sick and tired of being lectured to by outsiders. However, I must say our own case for continued involvement can only be justified if there is positive change. A continuous block on any reform would make it difficult for some UK firms to stay. We're eagerly awaiting post-election developments.

Is British public opinion listening to your views?

We receive a fair hearing in the serious press. For example, a biased programme on Gold Fields recently was heavily criticised by reviewers. South Africans like Fleur de Villiers and John Kane-Berman have helped to present a balanced view.

We are making some headway with the moderate sanctions lobby, which includes some church leaders, the UK Trade Union Council, opposition MPs and local authori-

ties.

The dismissal of the Indaba proposals is a setback to our aims because it is felt to be a most encouraging initiative. We are also sorry to lose Denis Worrall who has been a highly respected and regarded ambassador.

I must emphasise that we are not simply anti-sanctions. We applaud film companies which refuse to show films in segregated cinemas and we support any pressure which will not seriously damage the economy.

Your organisation has been associated with advocating a "Marshall Plan" for SA. What does this entail?

The term "Marshall Plan" is misleading as the original was a government sponsored plan to rebuild a war-torn society. We don't have a master plan, but we do want to develop initiatives as alternatives to increasing sanctions. In this connection we liaise with the US Corporate Council and the BDI (German Chambers of Industry).

In particular, I believe a huge amount can be done to narrow the gap between black and white education. Inferior black education has made it very difficult for companies to get an adequate supply of skilled people and middle managers.

Are any of your members considering new investment in SA?

At the moment there's a voluntary EEC ban on new investment and our members would abide by that so as not to embarrass the British government.

What plans have you made to talk to black leaders?

The Urban Foundation has organised a meeting with leading black opinion formers here. There's nobody we're not prepared to talk to.

We would talk to the African National Congress (ANC) and believe our own colonial history shows it's better to talk to organisations sooner rather than later.

However, it would be wrong to see the ANC as the only significant black group — we would be equally happy to talk to Inkatha, for example.

KLEU COMMITTEE IMPORTANCE IN 'SANCTIONS BUSTING' BUSINESS

Johannesburg FINANCIAL MAIL in English 20 Feb 87 p 95

[Text]

SA has moved smoothly into its age of sanctions as expertise from the public and private sectors merged and co-operated. "Sanctions busting" has become a new and highly effective business which clearly bolstered Finance Minister Barend du Plessis in his prediction that SA would again produce a current account surplus in 1987.

Those getting goods in and out of SA against the new international rules — businessmen, accountants, lawyers, political insurance brokers, public authorities and the inevitable fly-by-nights — are understandably tight-lipped.

The most important single body in the sanctions business is probably the Kleu Committee on export incentives (*FM* February 13). It is investigating each sector of commerce and industry to see how the annual R500m cost of export incentives can be more effectively spent.

Clearly the advent of sanctions is at the top of Kleu's agenda. Apart from technical issues such as how to simplify the process of claiming incentives, Kleu will be looking at how exporting businesses most hit by sanctions can best recoup extra expenses associated with sanctions.

Cost is virtually synonymous with sanctions. As Ernst & Whinney's Pat Quarby points out, businesses in export and import markets, or both, have to painstakingly investigate three main issues: method of payment, the physical passage of the goods, and the shareholding structure of the company involved.

The costs vary according to the type of goods exported or imported. Highly visible consumer goods, because of the potent emotional impact of SA sanctions — particularly in the West — carry the highest cost. Trad-

ers of more basic products such as coal *know* it's from SA but do not deliver it in that form to consumers.

A vital point for Kleu to consider is that the sanctions game is decades old and well known. A Johannesburg-based political risks broker points to trade with countries behind the Iron Curtain, and more recently events in Libya involving "Gaddafi bonds" as reasons why his London underwriters did not bat an eyelid at the new SA sanctions blanket.

What Kleu wants, essentially, is continuing improvement on SA's 1986 trade figures. Exports of R42 billion and imports of R27 billion produced a trade surplus of R15 billion and a R6 billion current account surplus. Some R13 billion worth of exports can be traced to metals and minerals, with gold accounting for a further R10 billion.

The international metals and commodities markets rate as the most sophisticated after financial markets, and they carry the feature of intrinsic self-immunity to sanctions. And SA's export prodigy — military hardware produced in real rather than simulated war zones — operates in a market with amoral rules.

SA, after all, has been under an oil and arms embargo for some time without visible suffering. The exception is increased cost: SA must pay a premium on imports and discount exports to neutralise the castigation if the foreign trader is caught with his fingers in the cookie jar.

There are more encouraging pointers for the future of SA's trade. Last year's statistics show that the largest increase in import-export trade came from Asia. The Far East appears more pragmatic than the West about SA sanctions: Asian businessmen and governments tend, rightly, to put their own economic welfare first.

But even the West opens itself to numerous opportunities through its double standards. Despite last week's US call for an international multilateral programme of sanctions, the US will continue to import certain SA metals. From that, unfortunately, comes the implication of a certain danger.

A foreign business threatened competitively by SA goods may spill the beans that SA is trading in that market. Back home, by the same token, a local worker who sees embargoed goods being imported by his company may do likewise.

By all accounts Kleu is doing a sterling job, due largely to the composition of his committee. It includes Bryan Clarke of the CSIR, John Parsons of the NPI, Richard Savage of Reunert, Wim Holtes of Safto, Colin McCarthy of Stellenbosch University and Hennie Reynders.

SA is busting sanctions, and there's no point in blowing the trumpet on details.

The real tragedy of sanctions missing from the Kleu canvas is the amount of money that will be made by unscrupulous middlemen. Foreign operators are already said to be ordering goods by the container-load, but investigations by political risk brokers find front-companies with no tangible assets.

/9274

CSO: 3400/226

TRIMARK TO BUY KODAK LABORATORIES

Johannesburg BUSINESS DAY in English 20 Feb 87 pp 1, 2

[Article by Kay Turvey]

[Text]

TELTRON associate Trimark Agencies is to buy Kodak laboratories in a deal scheduled to be concluded early next week, industry sources say.

The deal, which has been agreed to in principle, comes after Eastman Kodak's decision last year to pull out of SA.

The American photographic giant hopes to have withdrawn fully by the end of June.

Kodak is believed to have lost heavily on the sale of its operations because of the hastiness of its pullout.

Other factors influencing the loss include the piecemeal basis on which the company's operations are being sold.

Trimark will take over Kodak's nine colour laboratories in major centres countrywide.

It is understood there are to be no retrenchments, with the buyer agreeing to take over the existing staff of between 160 and 170.

Teltron, part of the Premier stable,

recently acquired a 60% holding in Trimark Agencies.

Kodak was the first company to tie its withdrawal to a total ban on the sale of its products in SA.

Shipments of Kodak products are to end by April.

This will not affect laboratory operations.

Specialist laboratory equipment is to be sold with spares already in stock.

Staff members are to be trained in equipment maintenance.

SAPA reports Kodak's head office building on Black River Parkway in Cape Town has been sold for R2,45m.

A large part of the building would be let as offices, said a spokesman for Brouwer and Associates, which negotiated the deal.

The buyer is a Cape Town businessman, who was represented in negotiations by Peter Cohn.

The factory will be used for manufacturing.

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CSO: 3400/218

CHAMBER PRESIDENT WARNS AGAINST TRADE BALANCE COMPLACENCY

Johannesburg FINANCIAL MAIL in English 20 Feb '87 pp 94, 95

[Text]

Although the balance of trade last year was 9,4% up on the 1985 figure and it shows every prospect of continuing to grow, there is no room for complacency.

Exports by value increased 15,1% in the year to R41,797 billion but imports went up by 18,5% to R26,894 billion, and import growth may well outstrip exports in the future.

Johannesburg Chamber of Commerce president Pat Corbin says while most South African exporters have good reputations for quality and reliability, some marginal exporters may have gone into foreign markets for the wrong reasons.

"Some firms started exporting because of the low rand and they have already found their margins eroded by inflation and a steadier currency."

Renfreight national sales manager Tony Kee says much of the export bonanza can be ascribed to stockpiling by other countries and seasonal factors. "We've seen a huge fall-off in imports from Europe in the last few weeks, but that's because of the big freeze there."

Kee believes established exporters have increased their foreign business, but he's disappointed with new exporters' performance. "In the best of times it takes a year to set up export markets, but some overseas importers are now reluctant to be seen trading with SA."

"Europeans have a long fuse and they take a long time to change their trading habits. But we're not doing anything to make them more patient with us. Many European businessmen consider us to be a chronically unstable country."

He says that "anything can be done through middlemen," but all these moves add heavily to costs.

Corbin adds that there is a "political discount" on South African goods, which now have to be considerably cheaper than rival products even though quality may be comparable.

Trade watchers also warn that it would be wrong to put too much faith in the Far East. Last year, South African exports to the region increased by 24%, but imports increased by a massive 42%.

Kee says Far East countries would not risk their trade with the US and Europe to preserve relatively unimportant links with SA.

But he says there is still room for growth. The chemical industry, a high quality and efficient industry, has particular potential.

Another threat to local exports could come from countries trying to correct negative trade balances. Recently Sri Lanka, which has a negative balance of more than R30m with SA, said it would try to reduce its chemical, fertiliser and iron and steel imports from SA.

Others take a more pragmatic line — Mauritius had a negative balance of trade with SA of R134m (R138m to R4m) in 1986, but is not unduly concerned. "We also receive about R30m from South African tourism," says Mauritius Trade Representative Jean-Michel de Senneville. "Machinery that is vital for our economic development accounts for much of our imports from SA."

Corbin says more exporters are turning to counter-trade and will have to consider accepting goods at least in part exchange if markets are to remain secure.

Kee adds that much could be done in export promotion if incentives were simplified and standardised. "At the moment, export incentives aren't readily comprehensible and they tend to be changed frequently while markets are being opened up." ■

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CSO: 3400/226

ACTIVITY IN INTERNATIONAL SHIPPING MARKET

Johannesburg BUSINESS DAY in English 24 Feb 87 p 20

[Text]

THE SA shipping market saw good activity last week, although there was still a certain amount of tonnage looking for early March employment, Afro-mar says.

There were a few fixtures in the coal trades last week, but activity was generally at a lower level.

A combination cargo of 130 000 tons was arranged from Mobile and Richards Bay to Japan at US\$7,80 for early March loading, and a similar cargo was arranged for later March dates at US\$7,70.

A 30 000t cargo was arranged by a trading house from Richards Bay to Taiwan at US\$10 for fairly prompt loading. A cargo of about 30 000t to 35 000t was fixed from Richards Bay to Santander at US\$9 for a prompt position but subsequently failed.

Continental charterers took a Cape-sized vessel on timecharter with delivery on the Continent for an SA round voyage at US\$1,35.

Israeli charterers fixed a cargo of around 40 000t to 50 000t from Richards Bay to Ashdod but details of the deal were not disclosed.

There was good inquiry in the grain sector and several deals were arranged, although charterers were not keen to give details.

There has been pressure on cargoes to the East and charterers have therefore stabilised rates by taking slightly larger vessels of around the 35 000t size and fixing at about the same levels as paid previously for the 28 000-tonners.

There are still several large cargoes to be covered to Japan including one of 42 000t for middle April for which US\$13,25 is indicated.

Korean charterers are also wanting to lift a 20 000t cargo at the end of March or early April. An interesting inquiry was that of 14 000t to be shipped from East London to Mexico for a first half of March position.

A 15 000t cargo of rice was quoted from Pakistan to Beira on a prompt position. Rice was also being quoted out of Bangkok to the Comores with a cargo of just over 13 000t to be moved on an early position, and there was a further movement out of America to Mozambique together with a small amount of beans and wheat.

There was a 15 000t cargo of fertiliser being quoted from Richards Bay to two ports in Turkey for March shipment. Four cargoes, each of 25 000t of steel slabs, were being quoted from Durban to San-

tos in Brazil, for which a rate of about US\$7 was indicated.

Timecharter featured quite highly this week with a number of fixtures being arranged, although not always being reported. A 40 000t vessel was taken by Japanese charterers to cover a coal cargo from Richards Bay although the rate was not reported.

Several vessels were negotiated for the purpose of lifting grain cargoes, with a 34 000-tonner being taken on this basis at US\$6 500 daily for a March cargo to Japan. A 37 000 dw vessel was taken on private terms for a trip to the US. Local traders took an early vessel of about 21 000 dw for a trip to the East at US\$2 800 daily.

Liner type tonnage of around 15 000 dw was taken for trips to the East and to South America. A 26 000-tonner was fixed for a trip to Israel.

Canadian charterers came into the market for a lake-sized vessel for delivery to Southern Africa in the second half of March for a trip to the Lakes or the US East Coast.

Turkish interests had a requirement for a vessel of around 17 000t cargo capacity for a trip to Turkey with steels and generals.

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CSO: 3400/217

BUSINESS LEADER DISCUSSES OUTLINE FOR NEW CONSTITUTION

Johannesburg FINANCIAL MAIL in English 13, 20 Feb 87

[Two part article by Hans Middelmann, Cape Town businessman and civic leader]

[Part I; 13 Feb 87 p 64]

[Text]

Politics, as now practised in SA, leads us ever closer to disaster. We all know it and fear it. Even government supporters are aware of it, and the outside world is convinced of it.

Yet bizarre as it is, in the forthcoming election government will be returned to power — the awesome power that it wields, to the best of its limited ability, over those masses of South Africans who never elected it. It cannot claim that it enjoys the consent of those it governs.

Net emigration, 18% inflation, a state of emergency, inability to meet our foreign obligations (despite a favourable balance of payments), high unemployment and a muzzled press are only some of the signs of the worsening position.

But this deterioration happened while government was actually repudiating and dismantling some of its own worst apartheid legislation and promising further reforms.

This confirms the view that while apartheid is ostensibly the major cause of the deterioration, the root cause lies much deeper: in our political system as such. This system today enables the ruling government virtually without constraint to enact any legislation it considers politically expedient. In this way it legislates arbitrarily for the lives and rights of the majority of the population who have no redress either through the courts or the ballot box.

That is why piecemeal reforms can no longer get us out of our mess. What is required is not "steps in the right direction," but a fundamentally new political system which serves all South Africans on an equal, non-discriminatory basis.

SA has reached a phase in its history that occurs in any nation's life. What we experience now has happened before elsewhere, in different circumstances of course.

In all such previous cases, as in our situation today, pressures on the entire population steadily rose because rulers made arbitrary laws and were out of touch with the masses.

When the pressures reached crisis point unfortunate nations had bloody revolutions on their hands; if the revolutionary forces won they usually turned out to be even more arbitrary rulers than those replaced.

Fortunate nations, on the other hand, at their time of crisis had some patriotic people of undoubted integrity, not political self-seekers, who across political divisions convinced each other — and the nation — that a totally new dispensation would bring peace and prosperity. Those farsighted people had come to realise that the key to a situation of conflict lay in diffusion of power rather than in its concentration.

As a result of this insight — and the realisation that no single faction could rule without major coercion of all others — they managed to bring about agreement on the basic and well-tried principles of a constitution under which the most diverse groups could live peacefully.

We have today among us numerous such patriotic people of all colours and of undoubted integrity who, if they got together, could point the way to the new South Africa. It is clear that the need for fundamental, instead of incremental, reform is recognised. There are innumerable South Africans and various groups working on solutions to the problem.

To name but a few:

- The KwaNatal Indaba which, on a regional basis, was successfully concluded;
- Louw and Kendall's book *The Solution* which has become a best seller and is widely discussed;
- The Federated Chamber of Industries' Charter of Social, Economic and Political Rights and Assocom's declarations, which have been widely accepted; and
- The "Let South Africa Speak" movement and other similar citizen activities designed to create fundamental constitutional change.

All these efforts now need to be co-ordinated and given substance in a single movement.

It would spell out in simple, explicit words the broad base of universal individual liberty on which a new constitution for SA would have to be based if the 30-odd million people between the Cape and the Limpopo are to live peacefully together and prosper.

The classic words on which the oldest and most successful constitution was based over 200 years ago in America may serve our case and can hardly be improved upon: "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed: that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute a new government, laying its foundations on such principles, and organising its powers in such form, as to them shall seem most likely to effect their safety and happiness."

True, these words were written in different circumstances, but they apply word for word to our situation.

But what is needed to give substance to these ideals? Firstly, it requires the drafting of a clear model of the new South African constitution, the principles and mechanics of which can be understood by all. It also requires an exploration of the ways its general acceptance by all South Africans can be assured and, finally, how the transition from the present outdated system to the new dispensation can be legally and peacefully ef-

fectured.

Above all, the main problem with a new political structure is to get it accepted by the majority of South Africans. Successful new dispensations have always been introduced as a result of a popular movement of some kind.

It is here that the private sector, in the personal, rather than the corporate sense, through a number of outstanding personalities, men and women, black and white, could now make an historic contribution to a great future for our country.

If a few successful leaders in their respective fields — and that clearly includes labour leaders and professional people — working directly together and drawing on the vast resources and resourcefulness of their sectors, would start a popular movement with clearly defined aims, the benefit to the country would be enormous.

Following the definition of aims (which has largely been done already, but needs firm co-ordination), a large and professional public relations programme by the private sector would be launched with the support of the media.

One would expect that the various private sector organisations would join and support the movement, keeping in mind the large issues rather than details on which they may differ.

After all, it is not in our power to change the basic attitudes and variety of our population. Under whatever political dispensation, the Boesaks, Bothas, Buthelezi, Eglins, Hendrickses, Gumedes, Mandelas, Malans, Marais, Rajbansis, Tambos and Treurnichts (to name but a few well-known representative figures in alphabetical order), will be part of the South African nation for the foreseeable future.

At present some of these politicians are in a position to rule most of the others, who naturally resent it and try to overthrow the oppressive regime. The resultant situation of increasing conflict is there for all to see.

It is in our power to reach agreement on a system under which they can co-operate, where no one has to give up his language, religion or voluntary life style, and none can be subjected to arbitrary laws made by any of the others.

[Text]

The disaster that threatens South Africa is unlikely to be averted by the re-election of this government in the forthcoming general election. It is not the individuals forming government that are at fault, but rather the system that allows, or rather forces, them arbitrary legislative control over the lives and rights of the majority of the population who have no redress either through the courts or the ballot box.

The present constitution is founded on the premise that there are race groups with irreconcilable interests which must be kept apart — and that the white group, to preserve its own "identity," must dominate the others. This can never be acceptable to the broad mass of South Africans.

The impoverishment and instability of our country is likely to accelerate under the present system. Only by discarding the race group principle and substituting the individual as the prime object of concern can we transcend the struggle for power now being waged — a struggle no group can win and which will progressively impoverish us the longer it continues.

If we could release, on a non-discriminatory basis, the latent energy and talent of all South African people (not the peoples of South Africa — who ever heard of the peoples of America?) we would not have to have a *foreign* minister to visit parts of our country pretending they are independent and foreign, nor would our rand be worth less than half a dollar.

A constitution based on the primacy of the individual, as distinct from the race group to which he is deemed to belong, is not only essential to resolve the present conflict — it would also create the conditions for rapid economic growth. It would do this first by re-integrating the South African economy with the outside world, eliminating sanctions and attracting foreign investment. Second and more important, it would make available a vast, at present unused, productive potential and remove the need for massive unproductive expenditure to maintain the present system against external threats and internal disaffection.

For a new constitution to earn general acceptance it must provide for universal adult suffrage — one man, one vote. Nothing less will do.

It must also break with the past by limiting the power of government. It must protect the individual against the tyranny of unchecked parliamentary majorities which have been the ruin of many nations.

New Constitution

The constitution must be rigid, with an independent judiciary empowered and charged with the duty to annul unconstitutional Acts, particularly any that infringe a Bill of Rights embodied in the constitution.

The Bill of Rights would give every citizen equal opportunities, including equal access to education, as well as:

- Freedom to apply his or her talents and resources to what he or she perceives to be the best advantage;
- Freedom of movement and the right to own property anywhere in the country;
- Freedom of association, of thought and expression, and
- A free press.

The principles outlined so far are the basis of the constitutions of all stable and prosperous countries in the world. When it comes to the mechanics of the election of parliament, government and the president, and the degree of the diffusion of executive powers, solutions vary from country to country.

The following part of the model of a new South African constitution is drawn with the objective of ensuring formation of a workable parliament and government. It is drawn against the background of our history of enforced racial separation and the wide geographic, economic, linguistic, religious and cultural diversity of our population.

A combination of the best and most appropriate features of the American, Swiss and German constitutions, it is only one of a number of possible variations. It is not prescriptive and is offered here as an example of the kind of solution that can be envisaged in practical terms.

Our model constitution would in the first place provide for a federal structure. It would consist of, say, 10 component states, as determined by a boundary commission; all territorially consolidated, with no enclave of one to be found in another. Broadly they would probably coincide with already accepted demarcations, such as northern Transvaal or western Cape, and would be geographically, not ethnically, defined. Each state would have its own constitution subject to a basic conformity in the appointment of a governor and a legislative structure consistent with that of the federal legislature.

There would be a two-house Legislative Assembly.

The Senate would consist of 60 senators, six from each state, elected for six years, one third of whom would retire every two years.

The House of Representatives would consist of 300 members, elected for four years,

Of those, 150 would be elected by constituencies; the other 150 on a proportional vote and state basis, with a minimum of 10% of the state vote required for any party.

Three members of either house would be elected to the presidency for a three-year term by simple majority of both houses. No two members of the presidency may be from the same party and, by rotation, each would hold the office of president for one year. The other two would be vice-presidents.

The presidency appoints for three years the Ministers' Council or Cabinet, whose members need not be members of the legislature, subject to ratification by the Senate.

This structure is designed to bring together in a single, workable system elected representatives of all shades of opinion and geographical diversity. It would make one-party government impossible, and, in line with the common interests of the diverse population, would make multi-party government desirable and necessary. The rotating presidency should ensure that one year the president could be black, another year, white.

It should be clear that if the white group is to give up its present unfettered right to use the power of the State to coerce all other groups — a power it will have to surrender sooner or later in any event — all groups within South African society must perceive that it is in the general interest to bring the use of power under control, irrespective of who may acquire the authority to wield it. Absolute power corrupts absolutely, as Lord Acton said. If power is to be in the hands of the people, the ordinary citizen must be protected against the whims of those who presume to exercise that power in the name of the people.

Distribution of wealth

Bearing in mind that the majority of South Africans have been and are at an economic disadvantage, any new dispensation must include enabling provisions to deal with this problem.

These cannot, of course, be based on the simplistic view that a redistribution of existing wealth over the whole population would be the answer.

Any solution must proceed from the insight that the production of wealth must precede its distribution. No government anywhere has been as efficient and successful in producing wealth as those in countries where there is free interaction of all the complex components of an economy.

Where, in other words, all people have equal access to opportunities and can freely interact in the economy, and neither the State nor powerful employer or employee

groups can manipulate it. To ensure this is one of the economic functions of the State.

The other function is helping the poor and the disadvantaged. This can come only from general revenue, from taxation of those who create the wealth of the country. Aid must be given directly to those in need. If the State distorts the economy through manipulation of prices and wages or other measures ostensibly in favour of the needy, it inevitably destroys some of the wealth it is trying to redistribute.

Economic council

For this reason the model of the new constitution envisages the creation of a Council for Social and Economic Reconstruction under the chairmanship of the governor of the Reserve Bank.

It is to consist of 15 members, appointed for five years by the presidency from lists submitted by the creators of wealth — that is, private sector organisations, including trade unions.

The council's task will be to consider and report on the Budget and all Bills apportioning federal funds to the states before the Bills go before the legislature. This would ensure that parliament was fully aware of the consequences if it intended to distribute wealth that did not exist, as many countries have done to their detriment.

Assuming the principles of a new constitution along the lines described here would gain the support of the majority of South Africans, how could a peaceful transition to it be achieved?

The answer has been found on many occasions in circumstances which seemed more intractable than ours today.

If it can be convincingly demonstrated that there is an alternative to an intolerable position, some of the very people who misguidedly helped to create it will help dismantle it.

How else did we get rid of the Immorality and Mixed Marriages Acts?

What then must we do? Prosperous societies with the highest quality of life, materially and culturally, are those that embody the principle of individual freedom. Freedom is the indispensable condition for economic growth and productivity. As has been said: "For, human potential being approximately similar everywhere, it is organisation and institutions which determine winners and losers among human groupings."

If we want to be among the winners, our political institutions must be restructured according to a totally new constitution.

To realise this vision of a new South Africa requires its propagation now by a popular movement. Because our political system has become skewed and divisive, the initiative for this movement can only come out of the economically active population which is not directly involved in politics, but desperately needs a framework in which it can fulfil its aspirations.

This widely diversified private sector, comprising workers, professional people, farmers, traders and industrialists, constitutes the powerful engine that keeps SA going even in adverse circumstances.

The private sector achieves these results because it is innovative and has learned, where it is most successful, to be way ahead of official political thinking. It acts in the knowledge that if clear, impartial organisational structures are understood and accepted by those who work within them, the results are rewarding in human and material terms.

It needs a handful of people of stature, of different colours, to bind themselves together to get this process under way. The model constitution envisages a rotating presidency to ensure that factually and symbolically black and white South Africans work together at all levels to their mutual benefit and for the good of their country.

Private enterprise has long ago discovered that this can be done successfully, and has organised itself accordingly. Its greatest challenge is now to use its initiative and resources to propagate and accomplish the essential fundamental reform of our political structures.

/9274

CSO: 3400/227

BRIEFS

SWEDEN CUTS IMPORTS--Harare--Swedish imports from SA fell by more than 70% in the past two years as part of Sweden's sanctions campaign, Zimbabwe's news agency Ziana claims. Sweden imported about R32.5m worth of goods from SA between January and September last year, against about R112m in 1985. [Text] [Johannesburg BUSINESS DAY in English 23 Feb 87 p 3] /9274

NO SHORTAGE OF JOBS FOR ENGINEERS--In spite of the brain drain, there is no shortage of engineers in South Africa. The Federation of Societies of Professional Engineers manpower survey shows there are still two jobs for every engineer entering the profession. Although the recession has reduced the number of jobs available, fewer graduates are entering the profession. Immigrants took up a fifth of the available jobs in the past 15 years, but their numbers have dropped. The federation says there is growing demand for agricultural engineers. If economic activity revives, civil engineers will not be able to cope with the work load. More electronic than electrical engineers are qualifying annually--causing fewer than 1.2 jobs for every electronics graduate. There are more than four jobs for every new electrical engineer. [Text] [Johannesburg SUNDAY TIMES in English 22 Feb 87 p 11] /9274

CPI INFLATION RATE DROPS 2 PERCENT--Inflation, as measured by the consumer price index (CPI), dropped by 2% to 16.1% in January, Central Statistical Services said. This was the lowest year-on-year increase since July 1985, when the increase was 15.9%. The increase was 18.2% in December and 19.2% in November. The CPI rose 1.4% in January to 248.3 compared with a 1% rise in December to 244.9 indicating that inflationary pressures have not yet eased. The lower year-on-year rate was mainly because of the above-average monthly 3.1% increase in the CPI in January 1986, when inflation reached a peak of 20.7%. This year's increase therefore was taken off a high base. Between January 1986 and 1987, the rate of increase in the price index was 16.3% for the lower income group, 16.4% for the middle income group and 15.9% for the higher income group. Food prices contributed to more than half the 1.4% increase in the CPI last month, rising 3.1%--the highest since January 1986, when they rose 4.4%. [Text] [Johannesburg BUSINESS DAY in English 24 Feb 87 p 1] /9274

SAMCOR DENIES SEVERING FORD LINKS--Ford (UK) and Samcor may be about to sever links, says British media reports reacting to the drop-off in business between the two. However, Samcor, which traded in SA as Ford SA until 1985, has rejected the reports in the GUARDIAN and the MORNING STAR as unfounded after contacting Ford (UK). Samcor's group MD Spencer Sterling said: "Journalists pursuing the story which was raised in the publication ANTI-APARTHEID NEWS, were told that Ford of Britain's trade with SA was declining for sound commer-

cial and economic reasons and figures were given to support this. "It was made clear to journalists that no decision to stop trade with Sancor has been taken." Another Sancor spokesman said the contractual agreement with Ford (UK) could not immediately be terminated. But he made it clear that if Ford (UK) terminated its supply agreement, Sancor would be able to source the same parts from other countries. "It's better not to say where," he said. Sancor supplies of spares and components from Ford (UK) amounted to R130m in 1986, down on R150m in 1985. [Text] [By Mick Collins] [Johannesburg BUSINESS DAY in English 24 Feb 87 p 3] /9274

CSO: 3400/218

TELKOR ACQUIRES AEI HENLEY

Pretoria ARMED FORCES in English Feb 87 p 17

[Text]

Telkor (Pty) Ltd, the telecommunications and electronic engineering arm of Reunert Limited, a Barlow Rand company, has bought PABX manufacturer and marketer AEI Henley Africa (Pty) Ltd.

It was acquired from GEC South Africa which is 50% owned by GEC UK. The acquisition which dates back to October 1, makes AEI Henley 100% South African-owned.

"We see this acquisition as complementary to our present business. Being a hi-tech company with a telecommunications background, we believe our strength lies in the flexibility of being South African-owned", says Dave King, group managing director of Telkor.

A big slice of Telkor's business is in telecommunications. It also manufactures and supplies very large PABX systems. The company installed an 11 500 line system, the largest in the southern hemisphere, at Johannesburg railway station in 1983.

It also developed locally, the coin-operated telephones now used in South Africa and installed Transkei's rural radio telephone system.

AEI Henley now holds a significant share of South Africa's electronic PABX market. Its range meets the needs of small, medium and large undertakings.

The Micro Electronics Division (MED) is primarily concerned with the design of electronic systems using semi-custom integrated circuits. A device designed by MED, the SA857 scan and signal interface circuit, won a Shell Design Award in 1985. AEI Henley's Data Division markets very competitive modems, protocol converters and Beltel terminals.

MANUFACTURING COMPANY TO INVEST R45 MILLION IN KWAZULU

Pretoria SOUTH AFRICAN DIGEST in English 6 Feb 87 p 14

[Text]

A major South African manufacturing company, Metal Box, is to make a R45-million investment at one of the KwaZulu industrial estates in the Tugela Basin.

The information is contained in the latest issue of the *Developer*, the quarterly publication of the KwaZulu Finance and Investment Corporation (KFC).

The Chief Minister of KwaZulu, Chief Mangosuthu Buthelezi, urged industrialists to invest in the Tugela Basin.

The article says the KFC continues to establish one new factory every nine working days at its Tugela Basin industrial estates of Isithebe, Ezakheni and Madadeni.

The establishments create 10 new jobs every working day, the article

says.

The KFC says its industrial marketing division reports a level of interest and activity which has never been higher.

Late last year it was handling an average of 46 inquiries a month from industrialists interested in establishing themselves on the KwaZulu estates, compared with only 30 a month the previous year and 40 the year before.

The corporation says 19 new factories have already been established or are being established during the current financial year. Thirty-three applications for factories have been approved.

The KFC says the new factories are expected to create a total of 2 378 jobs.

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CSO: 3400/208

BOOSTING TREATMENT CAPACITY AT HARTEBEESTFONTEIN GOLD MINE

Johannesburg FINANCIAL MAIL in English 6 Feb 87 p 98

[Article by Brendan Ryan]

[Text]

Hartebeestfontein gold mine is one of the few top-quality gold shares near the financial reach of the smaller investor. This is thanks largely to the ten-for-one share split in 1984 — without that the current share price would be about R240 and not R24. Small investors have another, cheaper route into Harties through Zandpan, which holds 22m Harties shares. Each Zandpan share is worth about 16,9% of a Harties share, and should trade at a fixed ratio to Harties, although it sometimes moves out of line.

Hence, there is considerable investor interest in the mine. Harties is currently building a new R135 m gold recovery plant to treat low-grade surface material, and is restructuring underground operations following the decision to temporarily close two shafts and boost production from others.

The moves create interesting possibilities for the mine, particularly the 50% boost in treatment capacity to result from the new plant. However, controlling mining house Anglovaal says the life of the mine remains at about 20 years, based on exploitation of the Vaal Reef horizon at unchanged rates from present production levels.

That the gold recovery plant is being financed from internal funds has implications for Harties' dividend flow. This in turn affects Anglovaal, as the mine is a major contributor to the group's income. Anglovaal manager, Rob Wilson, says the internal funding should not be a major constraint, depending on gold prices received. Still, the effects became apparent in results for the year to end-June; Harties held back R16,1m (14c a share) in distributable earnings to help fund the plant. A further R28m was

retained in the six months to end-December.

The dividend for the year to end-June was a record at 110c a share and the best since the 102,5c paid in the 1981 year. Last interim the payout was increased to 60c a share from the previous comparable interim of 45c. So far, the rand gold price has more than compensated for the restraints on distributable earnings. Next year the plant will be completed and capital expenditure should fall off rapidly once it is commissioned.

During 1985 Harties' management radically changed their traditional approach to running the mine when the decision was taken to mothball the Nos 8 and 2A shafts. Mine manager Allister Clayton says the aim is now to have only four shafts hoisting to surface — the Nos 4, 5 and 7 shafts and the newly-completed No 6 north shaft system.

"Previously we placed great emphasis on flexibility of our mining operations, and the ability to select mining faces and therefore maintain the grade," he says. "The disadvantage of that approach was that shafts were under-used, which pushed up working costs. We have increased output from the Nos 5 and 6 shaft areas to make up for tonnage previously drawn from the Nos 8 and 2A shafts.

"Doing this has involved a boost in the face advance of mining operations in these areas from about 5,5 m/month to about 7,5 m/month. Our target is to push this to 8 m/month," he says.

The reduced mining flexibility does present some problems. One is that the mine is less able to control its recovery grade. Harties had managed to contain the drop in average recovery grade remarkably well over

the past 10 years through ore sorting on surface to upgrade mill feed, and through flexibility underground. Average recovery grade was 11,3 g/t in 1977, and 9,6 g/t in the 1986 year. Grade hit a low of 9,1 g/t in the 1985 September quarter, but has since recovered steadily to 10 g/t in the 1986 December quarter.

"We are finding higher grades than originally anticipated in the deeper areas of 6 north. We are currently drawing 70 000 t of ore a month out of the 6N shaft, and it will be pushed to 103 000 t/month in 1987 and eventually to 120 000 t/month," says Clayton. "However, once this area has been mined out the grade will return to its declining trend as we move into remaining western areas of the mine's lease."

One thing that will not change is the mine's underground production. It will remain at the current level of about 750 000 t milled per quarter for the rest of Harties' estimated 20-year economic life.

The new treatment plant is scheduled to be commissioned in January 1988 and has been planned to tie in with the remaining life of the mine. The plant increases Harties' treatment capacity by nearly 50% but its operations in treating surface material, with an average yield of about 1,3 g/t, would probably not be economic on a stand-alone basis once underground mining has ceased.

That would appear to rule out using the new plant to treat some of the other reefs in the lease area, such as the Livingstone-Johnstone series. These, at grades between 2 g/t and 4 g/t, are of much lower grade and are patchier in value than the rich and consistent Vaal Reef that the mine exploits.

Harties is drilling the south-western corner of its lease area to assess its potential. Two initial boreholes gave good values on the

Vaal Reef of 2 878 cm.g/t and 1 423 cm.g/t, but results from the two latest boreholes, TL 49 and TL 50, showed the Vaal Reef to be faulted out. Extension of the mine's life beyond 20 years depends on this drilling and on what exploration work may reveal west of Harties' lease area, in an area controlled by Anglovaal's exploration arm, Middle Witwatersrand Areas (Mid Wits).

Clayton says this area was mined at the turn of the century by New Klerksdorp Mining Co, exploiting the Ada May reef at shallow depths and recovering about 5 g/t. It could be a source of low grade ore for Harties.

Harties' unit working costs are high, hitting R109,24/t milled in the December quarter. With the economic advantages expected from the re-organisation of underground mining operations, Clayton hopes to hold future increases below the rate of increases in the consumer price index.

Working costs could be boosted by a potential problem which the mine may encounter some 10 years down the track. This concerns the cost of pumping water from the mineworkings. Harties does not have a water problem at present because its workings are kept dry by pumps at Gencor's neighbouring Stilfontein mine. However, Stilfontein is nearing the end of its life and, depending on the gold price, could close down within eight to 10 years.

As the deepest point in the Klerksdorp area lies inside the boundaries of Harties' lease, the mine is expected to encounter water inflow problems. It will have to cope either by installing its own pumping capacity, or by taking over the Stilfontein pump stations in the same way that Grootvlei on the East Rand runs the pumps at SA Land's No 1 shaft.

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CSO: 3400/212

ESCOM'S ASH WASTES TO BE USED IN INDUSTRY, BUILDING

Johannesburg BUSINESS DAY in English 5 Feb 87 p 10

[Text]

ESCOM is getting rid of mountains of ash from its coal-fired stations by selling it to private enterprise for use in industry and construction.

Escom's ash marketing drive was highlighted at an international symposium which began in Pretoria yesterday.

A host of local and overseas scientists are attending the CSIR's five-day think-tank on handling and possible further usage of coal ash, which is otherwise just a waste product.

Escom said in 1986 its power stations produced 16-million tons of ash.

Restricting

The Escom programme to use and market coal ash will be linked closely with the requirements of local industry and aimed at restricting the impact of Escom's activities on the environment.

A spokesman said: "Escom is a world leader in the burning of low-grade coal at its power stations. It does this in order to release high quality coal for export and use in

the metal and chemical industries.

"The disadvantage of burning low-grade coal is that an enormous amount of pulverised fuel ash is produced as an end product — at some stations as much as 20 000 tons a day.

"We welcome the initiative of private enterprise in collecting and utilising coal ash which can be a valuable material with many uses in industry, construction and even agriculture."

Potential uses of coal ash include making concrete, mineral extraction, grouting, fertiliser, tile and ceramic production, and as an ingredient of mineral wool, paint and toothpaste filler.

In SA, ash is already being used in road building, concrete structures and also in brick-making — chiefly for stock and experimental face bricks.

At power stations it is used for building roads and tracks, reservoir walls and for mud and dust control.

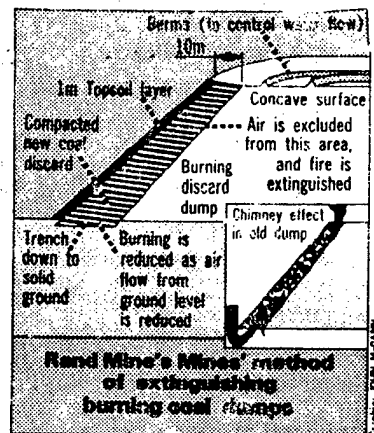
During the past 23 years, Escom, in co-operation with the coal mining industry, has gained consider-

able experience in disposing of ash in underground mine workings.

Environment

Ash from Escom's new Lethabo power station will be put into the open cast mine at New Vaal Colliery.

An investigation was made into the possible impact of the ash on the environment and into dust, noise and water pollution before it was decided to dispose of the ash there.



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CSO: 3400/208

NEW WAY TO CUT POLLUTION FROM COAL DUMP FIRES

Johannesburg BUSINESS DAY in English 5 Feb 87 p 10

[Article by Peter Stacey]

[Text]

A SYSTEM developed by Rand Mines for the prevention and control of fires in coal waste dumps, has cut smoke from two burning dumps by 80%.

Digby Wells, manager of the group's environmental protection department, says the system has been remarkably successful at the group's Welgedacht colliery at Utrecht, as well as at Wolvekrans opencast mine near Witbank.

Burning waste coal dumps have long been a serious pollution hazard. Dump fires also destroy a potential future energy source.

"Waste" coal from washing plants, which extract high grade clean coal for export, is stored on huge dumps. The waste may contain 40% and higher fractions of incombustible minerals, but the balance is coal, and highly susceptible to spontaneous combustion. Once alight, the dumps can burn for decades.

With new dumps, a compacting process to cut air voids and a layer of topsoil are used to prevent spontaneous combustion. At a later stage, when technology and economics make feasible the use of the lower grade coal, the topsoil can be stripped off and the coal reclaimed.

However, until now no economically viable and effective means of stopping existing fires had been devised.

The Rand Mines approach allows continued deposition on existing dumps — and puts out fires at the same time.

The first stage of the operation is to grade a strip down to hard ground at the base of the burning dump. This not only provides some topsoil for later use, but also eliminates the permeable region of soil through which

air could feed through to the fire.

New waste material is then compacted in layers around the base of the dump — sloped inwards to carry rainwater into the dump. Water control is a major component of the operation. While compaction aims at achieving the critical air voids level of 15%, moisture in the dump further fills the voids.

The top of the dump is also graded, with a slope to the centre, and berms (ridges) may be constructed to hold water in the dump. This has the added effects of limiting erosion of the sides and avoiding water pollution.

Built up

The compacted waste is gradually built up all the way to the top of the dump, with a 1m topsoil layer at the outside. The new side is sloped at 30 degrees and planned to give a minimum 10m width of compacted material at the top — this figure gives a two times margin of safety over the estimated 5m air penetration limit.

The old practice of simply "dumping" material from a tip and letting it spill down the side of the dump meant large pieces of coal and rock gravitated to the bottom and smaller particles stayed at the top. This created a chimney effect, with air filtering through at the base and hot gas escaping higher up.

By blocking the chimney at the bottom, Rand Mines' system has an almost immediate effect on the fire. It may not be extinguished, but it is effectively choked and pollution is drastically cut.

The fire is extinguished when the cladding reaches the top.

SPRAY-ON FIREPROOF SEALANT DEVELOPED FOR MINES

Johannesburg BUSINESS DAY in English 24 Feb 87 p 13

[Article by Peter Stacey]

[Text]

A SPRAY-ON fireproof sealant for mine tunnels, Ceramospray, is to be manufactured in SA.

One of the target use areas is ventilation sealing of underground tunnels — a sensitive area since the Kinross fire disaster.

A spokesman for the manufacturers, Cullinan Refractories, says the material is non-toxic, non-flammable and asbestos free.

The use of the ceramic and mineral fibre blend sealant in mines will be a first for SA. To date, overseas usage has been mainly for structural fireproofing.

Tests by the SA Bureau of Standards are at present under way for certification and fire rating, as are negotiations for distribution of the product by a major mining supply company.

Cullinan market development manager John Carroll says gearing up for production of the new product range —

which includes variants for use in other industries — has cost a modest R200 000. The low cost in new capital is because production dovetails well with existing product lines and equipment.

An attractive property of the sealant is its low heat transmissivity — thus helping control temperatures underground. It can also be used as a lagging material, particularly for keeping cool chilled water — an area for which polyurethane foam and PVC sheeting have been used in the past.

The new material, which is sprayed on as a slurry, is well suited to mining use. The component proportions have been tailored to cope with the high rock face temperatures in South African deep-level mining. Carroll says Ceramospray requires minimal reinforcement and is resilient and hence resistant to fracturing due to ground movement.

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CSO: 3400/213

GLASS RECYCLING PROJECT REPORTED

Pretoria SOUTH AFRICAN DIGEST in English 6 Feb 87 p 14

[Text]

Consol Limited, the largest producer of glass packaging in South Africa, has launched a new R350 000 project to encourage glass recycling.

Involving sets of three space-age igloo containers for green, white and brown glass the objective is to solicit consumer support for glass recycling.

"The South African glass industry annually produces 360 000 tons of glass packaging," says Consol environmental affairs manager Mr Hennie Barnard.

"At present we recycle 50 000 tons of used glass a year, but this is only 26% of what we are capable of handling."

Investigations abroad indicated success with the igloo-type bottle bank being used in Europe.

A pilot project was introduced in South Africa and results were excellent.

Now new bottle-bank depots are being opened on the Reef at the rate of two a month.

Each depot is run for the benefit of a community organisation, such as child welfare, animal protection and environmental conservation, which receives an income proportional to the volume of glass collected.

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CSO: 3400/208

NEED TO DEVELOP STAINLESS STEEL INDUSTRY ADDRESSED

Johannesburg FINANCIAL MAIL in English 16 Jan 87 p 66

[Text]

As the sanctions campaign against SA forces a closer look at the beneficiation of the country's mineral wealth, attention is turning increasingly to chrome.

Government is now being urged to take the initiative in developing a viable, export-based stainless steel industry. Experts say this has the potential to increase current earnings from chrome ore exports seventy-fold.

In the face of strong demand for so many of its primary products, SA has lagged behind the rest of the world in the drive to add value to exportable raw materials.

For instance, while SA has almost 70% of the world's known chromium reserves, it currently provides less than 1% of international stainless steel production.

Raw chrome ore earns some R100/t on world markets while ferro-chrome sells for about R1 000/t. But it is during the third and fourth stages of beneficiation that earnings really rocket.

Stainless steel plate currently sells for R3 000-R3 500/t while finished products can earn R6 000-R7 000/t — or about 70 times more than raw ore.

"Government should support or subsidise a major stainless steel manufacturing plant along the lines of Iscor or Sasol," says Mintek president Aiden Edwards. "While this could involve an investment of R1 billion to R2 billion it would set off major growth in the stainless steel industry."

With investment of that order, and considering the current economic climate, State aid is seen as the only possible stimulant for the industry. Support would also be needed while the industry finds its feet in the early, high-risk stage while fighting its way into international markets. Edwards says the private sector could go into partnership with

government, or the industry could be privatised at a later stage.

While there's much to be said against the State adding to the list of protected industries, mineral experts argue that the benefits in export earnings and job creation, particularly in the special case of chrome, outweigh the dangers.

South African chrome exports last year topped R1 billion for the first time, with ferro-chrome sales accounting for some R750m. But with the West virtually dependent on SA and Zimbabwe for its strategic chrome supplies — the only other major source is Russia — clearly SA has not yet played its chrome card.

"Chrome — like manganese and vanadium — is a strategic mineral for Western armaments industries," notes George Malan, executive director of the Stainless Steel Development Association. "But, whereas other State-supported projects like ADE, Sasol and Asprene were started for strategic reasons, an indigenous stainless steel industry makes straight economic sense."

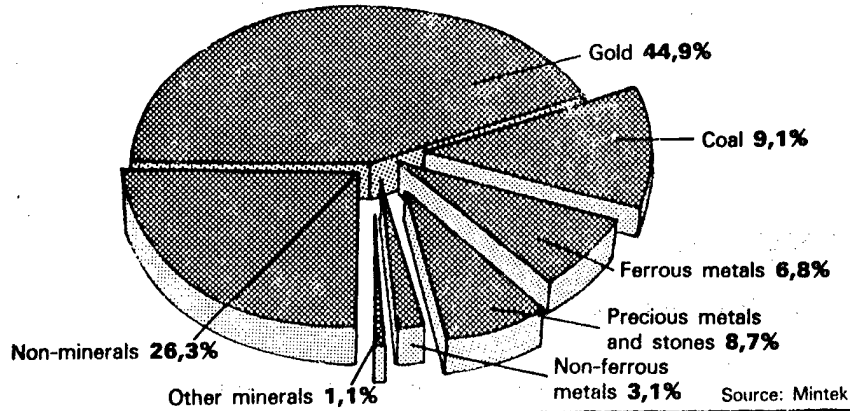
Gavin Millar, Middelburg Steel and Alloys marketing strategy manager, says a stainless steel plant with a capacity of 100 000 t a year, similar to his group's plant at Middelburg, would now cost R800m-R900m and would take two to three years to reach breakeven point.

"Flat stainless steel exports from such a plant could earn R300m-R350m a year while providing about 2 500 jobs. But if the investment led to more downstream production, earnings would rocket and many more jobs could be created. The major problems at this stage, Millar adds, are sanctions threats, the confidence required for such an investment, finance and lack of skills.

Joint ventures with Eastern countries such as Taiwan or Korea could be part of the

SA's mineral wealth

Export earnings 1985: total Rm 33 994



solution. But Millar cautions against this, pointing out that the partner could pull out at a critical stage if the climate changes. The major benefit of a joint venture would be the skills rub-off and marketing connections.

Edwards is adamant that an investment in a stainless steel plant should be seen as a long-term commitment, while he sees sanctions and other political problems in SA as essentially short- to medium-term problems.

"We have to look beyond our immediate constraints," he says. "By investing in the future of our minerals industry we will ensure future growth, job creation and a thriving local manufacturing industry. Adding value to our mineral riches is the precondition for future economic growth."

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CSO: 3400/212

MOTOR INDUSTRY SALES FIGURES UP

Johannesburg FINANCIAL MAIL in English 13 Feb 87 p 89

[Text]

The motor industry breathed a collective sigh of relief with the publication of January car sales figures. They showed sales of 14 059 units, 16,4% up on December. Performance was also 1,4% ahead of January, but still way short of January 1984, when more than 23 000 units were sold.

National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen says sales picked up after a slow start to the month. He expects this trend to continue with the tax cuts announced in the mini-budget and the resulting boost to disposable incomes.

Total vehicle sales in January were also up — by 10,6% on December and by 2,7% on January 1986. The heavy commercial sector registered a 24,1% improvement over the same period, but light commercial sales fell 1,9% to 5 898.

The real winner in the car market was Volkswagen, whose sales increased by 57,7% to 2 977 units. The month provided double cause for celebration for VW with the Golf-Jetta range nudging the Toyota Corolla from its best seller slot by all of five units. The next three places were taken by the Cressida, the BMW 3 series and the Mazda 323.

Mercedes-Benz sales fell 38,5%, but car marketing director Peter Cleary says this was due to dealers running out of stocks. "At the beginning of January they had only two weeks' supply and more cars arrived only in the last few days of the month because of our Christmas shutdown."

BMW, one of the two companies to register an improvement last year, increased January sales over the previous month by 93,3% to 1 251 units, increasing its market share to 8,9%. Marketing manager John Jessop says 2 000 orders are outstanding for the 3 series and the 5s are fully spoken for until April or May.

WAYS TO EXPAND, MODERNIZE FIGHTER, ATTACK FORCES ADDRESSED

Pretoria ARMED FORCES in English Feb 87 pp 24-29

[Article by Helmoed-Romer Heitman]

[Text]

The development and fielding of Cheetah has been a magnificent effort by Armscor and the SAAF. Nevertheless, all it has actually done is to buy us a little more time in which to address the critical question of how to expand and modernise our fighter and attack forces.

The Cheetah programme per se has done no more than upgrade the fighter fleet for the medium term. It has not addressed the inadequate number of fighter and attack aircraft and it has not addressed the long term requirement for new technology aircraft. These twin questions must retain the highest priority in our defence procurement planning if the SAAF is to be able to create the necessary preconditions for effective Army operations in any but a truly low-intensity environment.

Interim Programmes

Given the arms embargo, it is highly unlikely that we will be able to obtain "post-Mirage" generation combat aircraft from overseas. We will therefore have to look towards satisfying the SAAF's requirement for such aircraft either internally or in co-operation with one or more of the other "pariah states" such as Chile and China. In either event, such a programme will make enormous demands on the available expertise and funds.

Given the realities of developing a new combat aircraft — even without the bureaucratic and "best is the enemy of good enough" delays of most western programmes — we are unlikely to be able to field the new aircraft in the user

term. There are, however, several measures open to us which will serve both to upgrade the SAAF's present capability and thereby bridge the gap between our present force and the introduction of the new type, and to lay the technical foundation for the development and manufacture of indigenous combat aircraft.

Some possibilities which should be receiving attention are:

1. Obtaining old Mirage IIIs, Vs or 50s, Daggers or Kfirs which we can then rebuild to Cheetah standard, thereby enlarging our fighter without embarrassing the original owners of these aircraft;
2. Upgrading the Mirage F-1s, primarily by fitting new and additional avionics and weapons systems;
3. Upgrading the Impala Mk IIs in the light attack role, and possibly rebuilding some Impala Mk Is into two-seat light attack, fast FAC and/or EW aircraft;
4. Developing the necessary systems to allow Impala Mk IIs to be operated in the defensive counter-air and/or anti-helicopter roles under certain circumstances;
5. Developing systems and weapons to allow the optimum utilisation of these aircraft;
6. Limited upgrading of the small remaining Buccaneer and Canberra fleets. Both types would also seem to suggest themselves as ideal ELINT or EW support aircraft. Employing them in these and reconnaissance roles

would arguably make the best use of their characteristics — vis a vis the fighter force — while preserving these valuable aircraft rather than exposing them to air defences in attack or CAS sorties.

New Aircraft

In planning our future fighter/attack/interdiction force, we must accept that we will not again be able to afford a balanced fleet of fighter, attack/interdiction, maritime strike and light attack aircraft. This would have been extremely difficult even without the complication of the arms embargo. Under circumstances where we will have to go much or all of the way by ourselves, such a balanced fleet is simply not in the realm of the possible. The best that we can aspire to is a two-type force comprising a multi-role fighter and a light attack aircraft derived from the new generation trainer.

The Fighter

The upshot of this is that our next generation fighter will have to be a multi-role aircraft in the truest sense of that word. It — or variants of the basic aircraft — will have to be able to conduct virtually the full spectrum of operations, including offensive and defensive counter-air operations; strategic, operational and battlefield interdiction; photo and other reconnaissance missions; close air support and maritime strike operations.

This paragon of aviation virtues will thus have to take on the tasks of the various Mirages and their updated versions, those of the Buccaneers and Canberras and also some of the tasks of the Impala Mk IIs in the conventional and semi-conventional scenarios.

Fortunately it will be possible to identify some priorities among the various missions. While our new fighter will have to be able to handle all of them, some can be accorded lower priority:

1. Close air support;
2. Strategic interdiction;
3. Offensive counter-air operations;
4. Maritime strike.

The first three mission types would expose the fighter to the heaviest concentration of enemy air defence assets and would therefore involve loss rates which our relatively small Air Force cannot accept. We should be seeking alternative means of accomplishing them. Again,

fortunately, such alternative means are available within our technical and financial constraints:

1. The close air support mission can be divided up among the new light attack aircraft, attack helicopters and the Army's new long-range artillery. This would essentially involve an adaptation and expansion of the USAF JAWS concept, with the artillery — both G-5/6 and Valkiri — addressing concentrated targets and the attack helicopters and light attack aircraft so to say "nibbling at the edges" of enemy concentrations, where his air defences would be less dangerous. The light attack aircraft could also take on some proportion of the battlefield/tactical interdiction task.

2. Strikes on enemy air bases and on his base areas, ports and installations could to a great extent be handled with cruise missiles and/or short-range ballistic missiles. The latter would have the advantage of much lower vulnerability to counter-measures. In the interim, we should be developing stand-off weapons for our attack aircraft which would allow the engagement of such targets from outside the range of the bulk of their air defence assets. The long-term picture would thus see missile and stand-off weapon attacks on such targets as the norm, with the latter only being flown where a missile attack would not produce the desired result. Direct attack by fighters would be the rare exception.

Maritime strike can safely be accorded low priority because we do not seek to dominate the sea areas around us. Operations requiring a truly specialised maritime aircraft will therefore be relatively infrequent. Given that we will be developing an all-weather aircraft partly optimised for operational interdiction missions, our new fighter should itself give us an adequate maritime strike capability.

We can therefore safely optimise our new fighter for the defence counter air, tactical and operational interdiction and reconnaissance missions. While this is still an extremely broad mission spectrum it allows a more directed approach to developing the aircraft.

The resultant aircraft will still offer good CAS capability, operations of this nature not being that far removed from the requirements of tactical/operational interdiction missions. Its major weakness in the offensive counter air and strategic interdiction roles will probably lie in marginally inadequate range/payload performance — only marginally.

because in our theatre the operational interdiction role will itself require excellent range/payload performance. This matter could be effectively addressed by means of aerial refueling. Our new fighter should thus offer adequate capability in the low priority roles despite its optimisation for other missions.

Should it prove necessary, we could later develop specialised derivatives for the strategic interdiction, offensive counter-air and maritime strike roles. While these will still be less than optimal for their roles, they would offer us an efficient way to extend our air capability.

The Trainer

The Impala replacement will not have to be taken as close to the edges of our financial/technical capabilities envelope. It will essentially still be an advanced trainer cum light attack aircraft, albeit somewhat more capable in the latter role than its predecessor.

Phasing

While the Impala replacement requirement for the advanced trainer and light attack roles is not as urgent as that for a new-technology fighter/attack type, it could well prove advantageous to address it first. This would allow us to gain valuable experience and expertise without running the risk of disaster inherent in a "high technology" programme. This programme is also one which we could address soon and bring to fruition quickly — thereby allowing us to gain the benefits of dealing with the Impala successor first without unduly delaying the development of a new fighter which could, in fact, begin in parallel.

The Impala Successor

In developing an Impala successor, we should ideally look towards a project which will allow us to build on the experience of upgrading the Mirages and Impalas. This will both reduce the risks inherent in the project and compress its time frame. Essentially, we should therefore be looking towards what amounts to a "Super Impala" programme, expanding our existing technology and blending it with some new technology, rather than striking out fully into new areas at this early stage.

An approach that immediately suggests itself is that followed in the development of the Skyfox out of the T-33. This would allow us to stretch the existing Impala technology into a potent light attack aircraft something akin to a

"mini A-10". Specific advantages which such an aircraft would offer over the present Impala Mk II, include:

1. Enhanced range/payload performance — twin engines and additional fuel in a portion of the former engine bay and air intake ducts;
2. Enhanced semi-prepared/rough field performance — the A-10 type layout greatly reduces the danger of foreign object ingestion by the engines and the additional power facilitates operation from shorter/rougher runways with a useful load;
3. Twin engine safety, further enhanced by the A-10 type of layout which reduces the danger of battle damage to an engine by means of masking and greatly reduces the likelihood of both engines being damaged simultaneously.

Operation from semi-prepared or rough fields could be further enhanced by adopting an air intake system similar in concept to that of the Mig-29. This allows the main intakes to be blanked off while taxiing and during the take-off run, air being drawn in through supplementary intakes on the top surface of the wing roots, thereby greatly reducing the danger of foreign object damage. In the case of a "mini A-10" type of "Super-Impala", the same effect could be achieved by means of a cowling which swivels up from under the engine pod to blank off air flow from below or directly ahead — something like half of a thrust reverser mounted below the front of the engine pod.

A "Super-Impala" developed along these lines would require no radically new technology and could be developed on the basis of a scaled-up Impala. It could make use of an improved version of the same basic engine and, probably, much the same avionics, navigation and weapons delivery systems which would already have been developed in the course of upgrading the Impala Mk IIs. It would therefore represent a low-risk first step in developing indigenous combat aircraft — and, indeed, their engines — while providing the SAAF with a useful light attack aircraft cum advanced trainer. An EW cum all-weather/night attack version of the two-seater would again seem to be an interesting option, particularly given the additional internal volume, electrical power generation capability and endurance as compared to the original Impala.

The Mirage/Cheetah Successor

Any fighter development programme will absorb such a vast proportion of our limited funds that we can under no circumstances afford to develop the wrong aircraft.

One implication of this is that we will have to make every effort to develop an aircraft that will be relatively independent of major air bases. This is essential in the light of present trends in an offensive counter-air operations — particularly with regard to stand-off weapons and medium-range ballistic missiles, and the various direct-action and delayed-action munitions and mines which they can deliver. Both persistent and non-persistent chemical warheads are also a danger here. We cannot afford to follow the major air forces down the road by pouring vast amount of scarce funds into the development of technological immobilised in the opening hours of a conflict by strikes on their bases.

The Basic Options

There are therefore only three basic directions open to us: Vertical take-off and landing (VTOL or VSTOL), short take-off and vertical landing (STOVL) and short take-off and landing (STOL).

Vertical Take-Off and Landing

The full VTOL or VSTOL option is not really open to us as our requirement demands both mildly supersonic and excellent range/payload performance. There is at present no aircraft in service which combines meeting those requirements with VTOL or VSTOL characteristics and there is precious little work being done in this area. Any attempt to follow this route would therefore require us to break almost totally new ground — something which neither our base of expertise nor our funding will allow us to consider seriously.

Short Take-Off and Vertical Landing

The obvious STOVL example to follow would be the still-born AV-16 which would have grown into a truly remarkable combat aircraft had it not been supplanted by the less ambitious AV-8B. STOVL would, on the other hand, again be an extremely difficult and expensive road to follow — indeed, it would in many aspects still be a case of breaking trail, as there is not much experience in this area anywhere. Also, nothing less than an AV-16 equivalent would meet the

case, given the air combat requirement inherent in our requirement.

The successes of Harriers and Sea Harriers against Argentine A-4s, Mirages and Daguers must not be allowed to mislead us in this regard — the Argentine aircraft were laden with bombs and operating at the extreme edge of their payload-range envelopes. Under more normal circumstances, the situation would certainly have been rather different: While the Harrier and the Sea Harrier would undoubtedly prove difficult to shoot down, it is unlikely that they would enjoy similar successes against fighters *employed as fighters*. The basic Harrier/AV-8 standard will therefore not suffice to meet our needs in this regard. This aircraft also continues to suffer from a serious range/payload problem when evaluated against the multi-role requirement which our new fighter must meet and the distance of this region.

An attempt to develop a STOVL multi-role fighter for the SAAF is thus also something that is unlikely to produce a useful result within the pertaining time and funding constraints.

Short Take-Off and Landing — STOL

Fortunately we do not really have to go down the VTOL or even the STOVL road. Our generally flat terrain and favourable climate, and the very low force:space ratios which will pertain in any conventional or semi-conventional clash, all combine to make the STOL alternative both attractive and adequately survivable. STOL is also an area where there is already a considerable body of design, development and operational expertise and experience.

Forward Operation

Our future multi-role fighter must therefore be designed with an eye to forward operations from small civilian airfields and airstrips, from suitably prepared stretches of road and, when necessary, from semi-prepared rough strips with only minimal ground support equipment and facilities.

The way ahead in this approach has been amply signposted by, among others, the road and rough field operations of Swedish fighter and attack/interdiction squadrons flying Drakens and Viggens; the road operations of Swiss fighter squadrons flying Hunters, F-5s and Mirage IIISs; USAF A-10 operations

from forward helicopter bases (grass fields) and stretches of freeway; RAF Germany's occasional freeway operations with Jaguars and the Soviet dirt field operations with Mig-23s and now also with the very impressive Mig-29s. The types of aircraft involved in these operations have demonstrated that a multi-role fighter with both respectable air combat and attack/interdiction capability can be operated within such parameters.

Apart from the take-off and landing performance and ground handling requirements which arise from this, the design will also have to make provision for simple support, servicing, maintenance and repair. Specific aspects would include self-starting, on board power for pre-sortie preparation and for maintenance, the maximum use of line replaceable units in the aircraft's systems, extensive self-test and "self-repairing" capability, and for ready interchangeability of some airframe and engine components within an aircraft and between aircraft.

Two good examples of what can be achieved in the latter two areas are the A-10 and the F-15. The A-10's engines, main undercarriage components, ailerons, flaps, vertical and horizontal tail surfaces, elevators and rudders can all be "flip-flopped" or fitted to either side of any A-10, thereby greatly reducing the demands made on parts storage and supply during operations. The F-15's engines, in turn, consist of a number of interchangeable sections, allowing only that section of an engine which is actually giving trouble, to be replaced and flown or trucked back for major maintenance.

Flight Performance

Without going into any technical detail, it is possible to form a basic concept of what is needed. Certainly Mach 2 + or even sustained highly supersonic performance should not be an essential requirement. This would only serve to complicate the design and the development of the aircraft and increase its cost and complexity, without any commensurate practical benefit. The aircraft will, however, need to be moderately supersonic if it is to cope with its counter-air tasks and operate in the face of modern ground-based air defence systems.

The primary flight performance requirements would essentially be excellent agility, acceleration and handling both at low level in the attack role and at both

low and high altitudes in the counter-air role; and outstanding Hi-Lo-Lo-Hi and Lo-Lo-Lo range with a useful air-to-ground payload.

Range and endurance will, in fact, be problem areas in the development of this aircraft despite the flexibility of deployment which its STOL capability will grant it. Firstly, it will never be as simple as a COIN aircraft or even the proposed "Super-Impala", and will therefore not be able to operate quite as far forward as routinely as such aircraft. Secondly, the basic aircraft must also allow for the operational interdiction and offensive counter-air roles which will demand considerable range/payload performance off short runways. The fact that such operations will be flown Lo-Lo-Lo in many, and certainly Hi-Lo-Lo-Hi in most cases will make further demands on the fuel capacity.

Internal Weapons Bay

An internal weapons bay such as that of the Buccaneer, could well merit consideration — offering an enhanced trade-off between speed (internal weapons carriage), which should allow fighters to be outrun at low levels, and range (fuel in the weapons bay), or a combination (internal weapons carriage and external drop tanks). The speed advantages of such an arrangement have been amply demonstrated by the Buccaneer, not least in the course of various Red Flag exercises and in Germany. That an internal weapons bay of useful dimensions is possible in a fighter-sized aircraft has, in turn, been demonstrated by the Q-5/A-5, an 11.5 tonne aircraft capable of delivering four internally carried 250 kg bombs over a Hi-Lo-Hi radius of 644 km with two underwing tanks — despite being powered by relatively thirsty engines.

Two Man Crew

Given the demands of low-level operations and the modern EW environment, we should seriously consider the two-man option. Single-seat aircraft seem likely to impose insupportable demands on their pilots in the not very distant future, despite the advances in avionics. If anything, the continuing advances in avionics and assorted mission electronics seem likely to increase the load on the pilot by making aircraft more capable in a greater variety of roles and within an ever-widening performance envelope in each role.

A further advantage of a two man crew in our case would be that simple electro-

tics would achieve the same or better results than state of the art electronics in a single-seat aircraft — the development of the avionics/electronics package for the new aircraft would thus not have to push the edges of our research and development and our manufacturing capabilities in this field too far into the high cost/high risk area.

All-Weather Operation

Despite our favourable climate, we should look to providing a measure of all-weather cum night attack capability in the new aircraft. This would grant us a small additional edge to set against the enemy's greater numbers and, probably, greater sophistication in some systems. This requirement would also tend to argue for a two man crew, at least for those of the new aircraft acquired for the attack, reconnaissance and maritime strike roles, assuming that we will develop distinct variants of a basic aircraft, rather than one fully multi-role aircraft.

Twin Engines

The demands made on the new aircraft by the requirement to fly long-range all-weather missions with a heavy payload off short, semi-prepared strips, seems to argue for a twin-engined aircraft.

A twin-engined layout would also allow the necessary power to be delivered by two relatively low-powered engines which would be less costly and risky to develop and probably also more suited to operation from and maintenance on rough forward air fields. A possibility which suggests itself in this regard, would be to essentially "reverse engineer" the basic SNECMA Atar 09K-50 engine of the Mirage III D and F-1, on which we have already gained considerable operating and maintenance experience. Initially, the new engine might well be designed to deliver slightly less power than the original, thereby allowing a safety margin in deference to our lack of experience in engine design and manufacture. Given twin engines, the new aircraft should still have adequate thrust. A later development of this engine could then be retrofitted to take advantage of the additional power and would also be eminently suitable for retrofitting to the then remaining aircraft in the Mirage fleet.

Supporting the New Aircraft

If we are to successfully operate our new fighters and light attack aircraft to

the best advantage, we will also have to ensure that the command and control system can actually make effective and efficient use of its inherent flexibility of deployment — and that the logistic and technical support systems can sustain such operations.

The emphasis on the command and control side will lie on good communications between the tasking headquarters, the various widely dispersed forward air fields and the forward control system. This would not be beyond the limits of our technical resources, but will probably require some streamlining of our methods. An airborne command facility could be a great help here, an airborne surveillance radar system even more so.

The logistic support of such operations will require an expansion of the TAU concept to provide for the speedy preparation of forward air fields — in some cases including the preparation of taxiways, parking areas and even runways; the flexible deployment and redeployment of technical support and of supply assets over a relatively thin, crowded and probably insecure road net; and the actual support of combat operations from these widely dispersed localities.

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The logical extension of the STOL fighter/semi-prepared base concept will therefore also include increased demands on the SAAF transport and helicopter fleets, which will present the most effective way of delivering time-critical — generally, but not necessarily, low-bulk — items to the forward-deployed fighters. Our future STOL fighter and light attack aircraft will therefore generate a requirement for additional transport helicopters and for a Dakota replacement. The combination will, however, allow us to generate formidable air power when and where needed on the battlefield, and to do so with relative immunity to enemy offensive counter-air operations.

Fortunately a basis of experience already exists as a result of forward based helicopter operations in support of the Army in counter-insurgency operations and pre-emptive strikes. The secret will lie in drawing on that experience and applying it to the support of fast jets. Once we have done that, a basic two-type fleet such as has been outlined here should be able to effectively and efficiently meet our requirements.

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CSO; 3400/211

BLACK URBANIZATION, NEED FOR 'INWARD INDUSTRIALIZATION'

Johannesburg FINANCIAL MAIL in English 20 Feb 87 pp 33-34

[Text]

Few countries have had as many crackpot economic theories visited upon them, in the name of suspect political or social ends, as we have had here. For instance, decentralisation was

supposed to reverse the flood of blacks to the cities by the late Seventies. It didn't. Import substitution was supposed to make us more strategically self-sufficient. It did, partially, but at a cost that makes the candle hardly worth the effort.

The latest in this run of catchphrase economic panaceas is "inward industrialisation." Precisely what it means depends largely on who is explaining it. To us it seems rather like old wine in new bottles: there could be some limited good about it but beware the packaging.

We are indebted to the Old Mutual's *Economic Monitor* for a definition of it: "Inward industrialisation is domestically generated growth based upon supplying basic consumer products to the rapidly urbanising black population, with the increasing labour force coming from the rural areas simultaneously finding employment in these industries."

The *Monitor* comments very sensibly that this is not so much a policy as an economic process which was a major growth generator for centuries in Europe. It dubs Reserve Bank Deputy Governor Jan Lombard as its father here. Jan has a habit of attracting controversy.

Essentially, the reasoning of its protagonists is that the capital boycott and trade sanctions will inhibit traditional export-led growth while the population continues to grow — and is likely to make even greater demands on increasingly limited resources. Therefore, other means must be found of making the most of what we have.

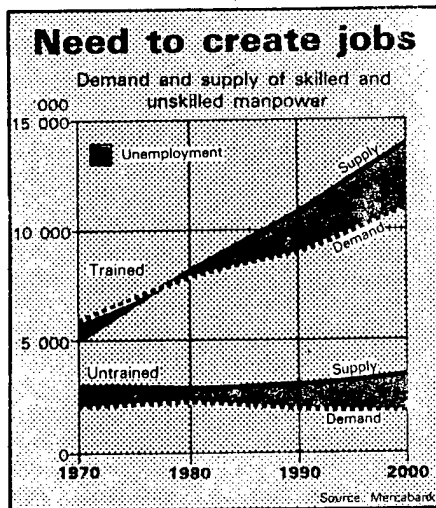
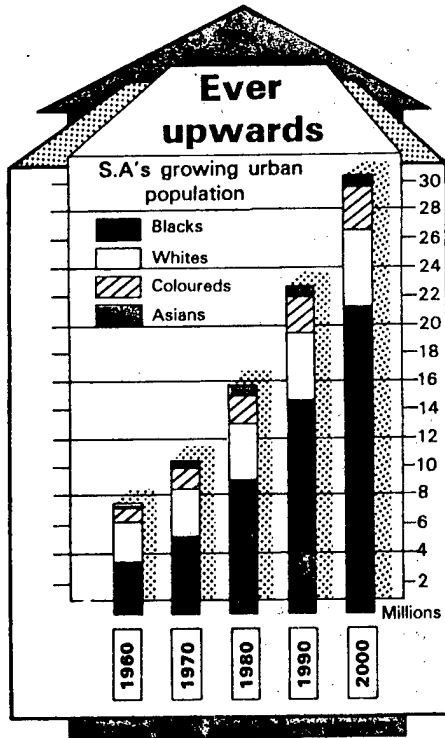
The logic to that is incontestable. SA's black numbers are not merely growing, they are urbanising (see graph). This country's urbanised population will jump from its current 10m to 30m by the year 2000 — and 21m will be black. The current 12m total workforce is expected to increase to 18m by then — and Small Business Development Corporation (SBDC) MD Ben Vosloo estimates that even a 3,2% annual growth rate (hardly likely) could accommodate only some 10m people in the modern sector. This would leave 8m (or more) either unemployed or on the streets looking for work.

As most reasonable people know, the answer lies in deregulation, privatisation and small business development — internationally, the recipe for success. The small business and informal sectors have proved worldwide to be the most efficient job creators. But only if they are left to get on with it with an absolute minimum of government interference.

If that's the essence of inward industrialisation, it deserves widespread support.

Government has fortunately shown some signs that it recognises this, after decades of interventionism and effective socialism. Apart from the reality of urbanisation, virtual economic stagnation over the past few years has also served to concentrate some influential minds.

Acceptance was signalled at the November 7 1986 "summit" between businessmen



and government. Out of it came the Economic Advisory Council's (EAC's) proposals on long-term economic strategy. For, significantly, the EAC accorded "increased job-creating growth" the highest priority.

Acceptance is one thing — reality another. Although the Group Areas Act has

been put on the back-burner for the election, it remains one of the major legal hurdles to true economic and political freedom. And, apart from Group Areas, thousands of other laws, by-laws, ordinances and regulations — accumulated over the past 40 years — need to be scrutinised for adaptation or rejection. Not only central government legislation, but also municipal zoning, licensing and registration ordinances restrict, prevent or hinder economic growth and development.

Vested interests in bureaucracy, in the private sector and in politics will probably hinder this process through careful and powerful special pleadings.

Deregulation would provide the initial opening for small business and informal-sector developments to take off in black urban areas, leading to an increase in production of basic consumer goods. Backyard service industries, free trade areas and sharply reduced First World standards would all form part of the new economic scenario. Fuelling this development would be an expected sharp rise in black spending power over the next 13 years (see graph).

Mercabank's May 1985, economic *Focus* estimated private consumer spending to grow from 1980's R31 billion to R75 billion — at constant 1980 prices — by 2000. Of the latter some R28,5 billion (40%) would be spent by blacks, while black spending power for food could be as high as 60%. For liquor, and clothing and footwear the respective percentages could be 55% and 50%.

Another spark for grassroots economic growth is the massive need for low-cost housing. Current estimates point to a backlog of 550 000 housing units, and the recent launch of the SA Housing Trust has already made some R1,2 billion available for black housing in the short to medium term.

In housing, low skills levels will be no real brake to job creation and economic growth. Meanwhile, legalising the informal sector will lower existing barriers to entry into the economy and thereby provide the initial thrust for increasing sophistication and practical, further development of skills.

Other benefits would be reduced cost structures, increased competition and lower prices; a proliferation of smaller labour-intensive concerns; low-import, non-inflation-

ary demand for local goods and materials; and the fact that all this growth would be less dependent on international business cycles and less vulnerable to sanctions.

Playing a central role in the new initiative is the Competition Board (CB), which has been briefed to collate various deregulatory initiatives under the aegis of Danie Steyn's new Economic Affairs and Technology Ministry. While acting in a purely advisory capacity, the CB is not standing pat.

"We were co-instrumental in the recent promulgation of new, streamlined health regulations affecting the food industry, while we also recommended on deregulated taxi licensing," says CB member Evert van Eeden. "We are now looking into trade licensing and shop hours ordinances, while the creation of free trade zones in certain industrial parks is also receiving top priority."

Specific restrictions on black traders in black urban and rural areas are being investigated, with the aim of creating equality before the law for black businessmen. Hundreds of local government by-laws and regulations are also being scrutinised to create a more streamlined system.

"These are highly complex and time-consuming investigations," comments Van Eeden.

The CB has the option of recommending action in terms of the Temporary Removal of Restrictions on Economic Activities Act (TRREA), which empowers the State President to abrogate certain laws or regulations for a maximum period of three years, should these prove to be inimical to job creation or economic growth.

And, apart from internal investigations by the SBDC, the Free Market Foundation (FMF) and other deregulation lobbies, most State departments have also been instructed by government to look into the deregulation and streamlining of often antiquated legislation. The newly-created advisory Small Business Council has meanwhile also started its own investigations, using expert regional committees in each of SA's nine development regions. Its brief: to look into the necessity of relaxing restrictive regulations hampering small business development.

But there is another essential ingredient. Vosloo comments: "Greater financing support is needed. The creation of an effective venture capital market, utilising institutional savings for small business development, is essential. We might also issue our first Small

Business Bonds on the capital market by the middle of the year."

Since its inception in 1981, the SBDC has only received some R125m in State aid — while countries like Japan, Taiwan, the US, the UK, West Germany, France and most other Western or developed countries spend billions in support of their small business sectors. "We need at least R100m-R200m a year," is Vosloo's view.

Nevertheless, the SBDC expects to have assisted about 7 000 borrowers by the end of the year, with a total outlay of R356m, while some 130 000 employment opportunities will have been created or saved over that period.

Other conditions will also have to be met to make inward industrialisation a success. We have already dwelt on the need to remove the Group Areas Act. Equally important is a return to normality in the townships and the rapid reduction of inflationary pressures so that there is an improved incentive to save and invest.

However, it is also important to realise the limitations of inward industrialisation. The measures outlined here need to be taken. But they will not substitute for the robust thrust needed from export-led growth and improved international competitiveness.

Nor, even if the process is moved ahead swiftly, will it have much impact on imports. Even then most of our imports will be in the form of capital equipment for the mines and industry and for high technologies and advanced bio-technologies.

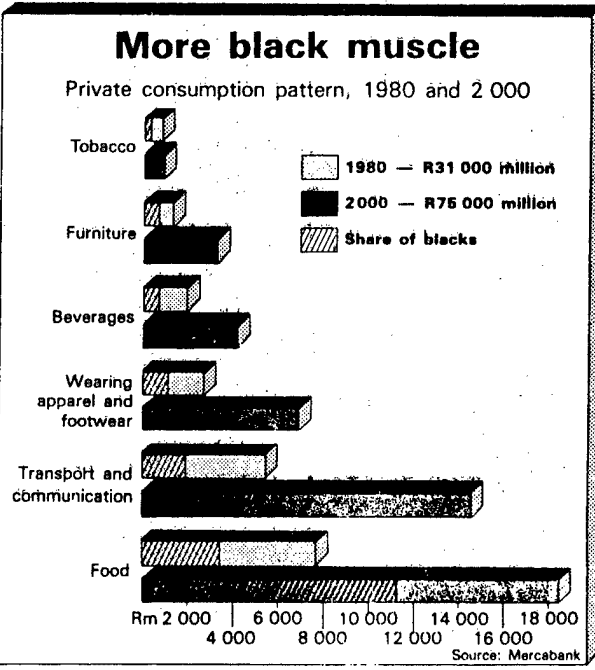
But blacks need to be drawn into the process of wealth creation and the future shortage of jobs is likely to be so large that everything must be done to reduce it.

A danger with catchphrase economic policymaking, too, is that heresies can easily be committed in its name: there are those prepared to argue that to be effective inward industrialisation must include tariff protection and subsidisation. Nothing could be further from the truth. So it might be wise to talk about deregulation when deregulation is meant.

Perhaps the most encouraging thing about inward industrialisation, however, is that if it be accepted as government policy, there is no purpose in covert implementation of influx control through squatter laws. For that would simply interfere — as does the Group Areas Act — with what government was setting out to achieve.

Finally, it must be said that despite the pressure groups and the special powers the president has to

deregulate, very little has yet happened to suggest that inward industrialisation has been accepted seriously by government. Pretoria's spirit may be willing, but clearly its flesh is weak. ■



19274
CSO: 3400/226

SANLAM: CONSUMERS' EXTRA PURCHASING POWER MAY BOOST GDP

Johannesburg BUSINESS DAY in English 23 Feb 87 p 3

[Article by Chris Cairncross]

[Text]

SANLAM remains cautiously optimistic the small boost for consumers in the mini-budget will go some way towards easing the economy's uphill struggle.

Sluggishness that still exists is tied to the poor financial position of the man-in-the-street: his spending ability has been curtailed and his tax burden has reached proportions where he is not only reluctant to spend, but also incapable of spending more, says Sanlam chief economist Johann Louw.

He believes the latest measures announced in the Part Appropriation Bill should go a long way to improving consumer confidence and business sentiment.

"We expect the extra purchasing power placed in the hands of the general public will give private consumer spending a firm push."

Louw says this could lead to GDP growing by 3% this year, compared with the meagre 1% recorded in 1986.

In keeping with economic thinking generally, Louw believes the inflation rate will tail off to about 17% over the year.

This will only happen if the external value of the rand maintains its present firmer trend, and if in-

creased domestic spending does not put significant pressure on consumer prices.

As the economy moves into a stronger recovery phase trend, imports are expected to increase appreciably over the year.

Export performance, on the other hand, is expected to be further disrupted by sanctions.

The combined picture suggests the balance of payments, which recorded a surplus of about R7bn in 1986, will come under pressure — exacerbating economic growth.

Looking ahead to May's main Budget, Louw reckons it is unlikely government will budget for less than a 15,5% increase in expenditure for the 1987/8 year.

This compares with the 22% jump recorded for the 1986/7 year, announced by Finance Minister Barend du Plessis in the Additional Appropriation Bill tabled in Parliament last week.

If it is accepted that government wants to limit the deficit before borrowing to about 4% of GDP, the surplus on the current account could be about R6,6bn.

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CSO: 3400/217

ECONOMIST PREDICTS DECREASING PRICE SPIRAL HOPE FOR CONSUMERS

Inflation Rate To Stay Low

Johannesburg THE SUNDAY STAR in English 22 Feb 87 p 8

[Article by Sheryl Raine]

[Text]

PUNCH-DRUNK consumers who are suffering from a spate of price increases can take comfort in the predictions of one leading economist that inflation is likely to slow down in the short term and give them a small but welcome breather.

Dr Azar Jammine, chief economist of Econometrix, believes that for purely statistical reasons the rate of price increases this year is likely to fall a little, mostly because of sharp price increases experienced this time last year.

"There are several indications as to why the inflation rate could stay relatively low in the short term," he said.

"Wages have been lagging behind inflation for more than a year and this must eventually impact on the inflation rate.

"The money supply has been lagging and growing at a relatively slow rate over the last year.

"The rand is at a higher level than it was a year ago for the first time in three years."

These factors should help keep the inflation rate relatively low this year but this did not mean it would stay low next year or the year after.

However, the present consistency of the rand meant that products dependent on imported components — cars and household appliances for example

— were unlikely to show the same dramatic price leaps as they did last year.

"I have long blamed the concentration of local industry for the rate of inflation," said Dr Jammine.

"In 1980 we had a dramatic inflow of funds into the country which could not be reinvested abroad. Large companies put it into taking over smaller companies.

"There was a massive build-up of power in a handful of corporations and institutions.

"Fixed prices rather than market forces are now determining the price of goods. When demand is high, suppliers increase prices but they never bring prices down when demand drops.

"In fact, when demand drops suppliers push up the price again to maintain revenue. There is no danger of loss of market share because they own most of the market anyway.

"When you have the supplier fixing the price because of his monopolistic position, he can please himself. All that is determined for him is level of output and amount consumed.

"This has been the trend over the last six to seven years and it is now having an impact.

"The private sector has kept blaming the Government, and justifiably in many respects, for inflationary price-fixing with its various control boards. Prices have been fixed in relation to production costs rather than demand.

"Now private enterprise is also fixing

prices and the same inflationary development is taking place, only on a bigger scale.

"In the longer term I believe the inflation picture is gloomy. Longer-term worries include:

- A concentration of power in a few large corporations which push up fixed prices.

- Trade-union pressure for higher wages intermeshed with political action on behalf of outlawed political groups to disrupt the economy.

- Attempts to close the wage gap artificially without increasing productivity among lower-income groups.

- The most important factor is that the Government has been increasing its role in the economy and is likely to continue doing so.

"In the longer term, to pay for increased expenditure, the Government will have to consider various methods.

"It could raise taxes which ultimately depresses economic activity; borrow money from institutions which would ultimately mean raising taxes to pay the interest; privatise various sectors but this entails confronting some fundamental problems and is going very slowly; print money, which is tremendously inflationary.

"The Government has a dilemma on its hands. Either it can spend its way out of political unrest now and risk higher inflation, or slow the economy for the next year or two, ease up on providing social infrastructure, pay the political price and hope overall that this has a favourable effect on inflation.

"I believe it could do something by dramatically changing the tax structure to ease the dilemma. Whether the Margo Commission's recommendations will be radical enough to achieve this, remains to be seen."

Consumers 'Hit Hard' by Price Increases

Johannesburg THE SUNDAY STAR in English 22 Feb 87 p 8

[Text]

THE year is not yet two months old but consumers have already been hit hard by a phalanx of price increases.

This week alone brought a nine to 10,5-percent increase in the beer price and news that postal tariffs will rise from 14c to 16c for ordinary mail on April 1. Other prices which have gone up so far this year include:

- Milk by more than 4c a litre owing to cost increases in the distributive trade.

- Firestone tyres with an average increase of eight percent (following increases by other tyre manufacturers last August).

- Industrial sugar up 15 percent while the retail price of sugar on the Reef rose by about 14 percent.

According to major retailers including Pick 'n Pay and Checkers the prices of as many as 10 000 consumer items are expected to jump by June. These include:

- Meat 15 percent,
- Wine 17 percent.
- Mineral drinks and squashes 10 percent.
- Pasta eight to 10 percent.
- Canned fruit and vegetables five percent.
- Peanut butter at least 20 percent.
- Biscuits eight percent.
- Milk powder and associated products 10 percent.
- Detergents 12,5 percent including soap powder and dish-washing liquid.

- Paperware 10 percent.
- Toiletries eight percent.
- Chocolate, sweets 20 percent.
- Gouda cheese 10 percent.

The Government has shelved major tariff increases until after the white election.

But SA Transport Services tariffs are expected to go up in June and telephone and other posts and telecommunications services at the end of May.

The price of hotel accommodation is also expected to rise this year according to the Federated Hotel, Liquor and Catering Association (Fedhasa).

New car prices will continue to rise depending on the various cost pressures exerted on manufacturers, but the increases are not expected to be quite as high as they have been in recent years.

Some models have even dropped marginally in price — like the Golf CSL which dropped by R30 and the 1600 versions of the Ford Courier and Mazda B Series bakkies which came down by R120.

VW is hoping to keep its increase to between 10 and 12 percent this year, depending on the D-mark/rand exchange rate.

Already VW has increased its prices by between two and 5,5 percent.

Mercedes-Benz has already increased prices by four percent on Honda and six percent on Mercedes and it anticipates a total year-on-year rise of about 18 to 20 percent.

BMW expects to raise its prices by five percent on March 1 with two further price rises of four percent in June and September.

A further quarterly rise on December 1 will probably bring the year-on-year price increase to about 18 to 20)percent.

Nissan increased its prices on New Year's Day by three percent. Toyota increased its prices on certain models by between two and 2,5 percent in the first week of February.

GM raised its prices by about 2,5 percent but the GM diesels went up by four percent.

Similar increases were reflected in Samcor's diesels with other models increasing by about two to 2,5 percent.

STATISTICS REVEAL SOUTH AFRICANS SAVING MORE

Johannesburg BUSINESS DAY in English 23 Feb 87 p 2

[Text]

SOUTH Africans are saving more than they did last year but nowhere near enough to counter the erosion of an 18% inflation rate.

Nedfin statistics show that at the end of December South Africans held R6,38bn in savings accounts with banks, almost 4% more than a year ago.

This suggests either they are dipping into their capital to make ends meet or are diverting their savings to alternative investments.

In the December quarter savings with banks grew by R186,5m, or 3% over the previous quarter.

"This increase against an inflation rate of 18% supports the view that South Africans are seriously discouraged from saving when offered negative interest rates," said Nedfin MD Ron Rundle.

"Our figures show that although the nation's savings ratio has declined steadily over the years, people are disinclined to 'save' when they are not offered 'real' returns." Predictably, the selected liabilities of banks declined slightly during the December quarter — for Christmas spending — from R47,65bn to R47,35bn.

However, on a year's basis this represents an increase of 2,2%.

The Standard group holds the largest share of the selected liabilities market (27,3%). This is 1,4% higher than the previous quarter. The Barclays group is not far behind with 26,8%. The Bankorp group holds 17,4% (16,8% previous quarter), Nedbank 15% (16%) and Volkskas 13,5% (14,6%).

/9274

CSO: 3400/217

MOSSEL BAY OFFSHORE GAS PROJECT TO BOOST EAST CAPE ECONOMY

Employment Opportunities for Thousands

Johannesburg BUSINESS DAY in English 20 Feb 87 pp 1, 2

[Article by Mick Collins and Chris Cairncross]

[Text]

IN the most important industrial development in the Cape's history, Economic Affairs Minister Danie Steyn yesterday set the seal on the R4,2bn Mossel Bay offshore gas project.

Opening Soekor's new headquarters in Bellville, Steyn said Cabinet approval had also been given for the construction of a second offshore platform at a later stage, which will boost the capital cost of the entire project by R1,3bn to R5,5bn in 1986 money terms.

Economists and industrialists have welcomed government's decision saying the news has injected new life into SA's staggering economy and brought hope to the economically ravaged Eastern Cape.

The go-ahead for the project is the result of more than 20 years of land and sea prospecting.

Industrialists said yesterday employment opportunities for 10 000 workers would be created as construction neared its peak. There was also a possibility of a further 10 000 jobs being created through satellite industries.

Steyn said the capital injection of about R4bn over four years would initially come from the Central Energy Fund (CEF). "Participation of the private sector is not yet excluded. After completion it will be privatised under the leadership of the CEF."

SA Federation of Civil Engineering

Contractors CE Kees Lagaay said the project would have a dramatic effect on the whole Eastern Cape and the profession at large.

Murray & Roberts group CE David Brink said: "I think it's tremendous news for the construction and engineering sectors. What is encouraging is that there is every intention to maximise local content. We are very excited about other aspects for us which include tugs and helicopters. This is a boost for M & R."

Referring to M & R shares, which jumped to 940c on the JSE yesterday, Brink said the share had moved up about 50% in two months.

"But after our poor results last year it still has a long way to go to get back to previous levels."

Steyn said the gas field had estimated reserves likely to guarantee the project an operating lifespan of at least 29 years.

He said: "Production is scheduled to commence in 1991. Detailed engineering design of the offshore platform is to start in April with the fabrication of components likely to commence later in the year, and actual construction in 1988."

"On-shore managing and engineering contractors will be appointed during the year to allow procurement and fabrication of components for the refinery to also start in 1988."

However, Steyn sounded a warning saying approval did not imply everything would now happen overnight and that thousands of job opportunities would immediately be available in Mossel Bay.

He said: "Most of the initial developments will take place in other centres like Port Elizabeth. It was decided to plan the project in various phases to

ensure that untenable high peaks in the engineering and construction industry are not created."

A mood of optimism prevailed at a "Mossel Bay" meeting of about 140 industrial and civic leaders in PE yesterday.

Delegates were given copies of a report setting out the reasons why the city was most suitable for large-scale fabrication of the rig.

A spokesman said: "The PE region is

well placed to provide the total requirements for fabrication, construction needs and servicing for the Agulhas Bank project." He said the area was depressed and operating at a low level of capacity utilisation with high unemployment.

He said: "The gas project represents a realistic opportunity for private enterprise and the authorities to promote industrial expansion and an improvement in the level of economic activity."

Local Residents Concerned

Johannesburg THE STAR in English 23 Feb 87 p 13

[Text]

MOSSSEL BAY — Development of an oil-from-gas plant 15 km from here has prompted serious concern of a "gold rush" of fortune seekers before enough jobs are available.

The Government has said production should start in 1991 but Mossel Bay residents are not over-optimistic about an expected boom.

A local farmer, who asked not to be named, believed the announcement was a pre-election ploy by the Government.

"Everybody is excited but the Government has told the people of Mossel Bay precisely nothing," he said.

Local farmers would not benefit because their produce was already being taken by canning companies and fruit was trucked in from the Transvaal.

"Our abattoir has been closed so even the meat suppliers cannot benefit, only the meat wholesalers and the larger supermarkets will make more money in the end," he said.

Mr Charles Robertson, chairman of the Mossel Bay Chamber of Commerce, said the town urgently needed more in-

formation to prepare for the expected influx.

"When the announcement was made in 1985 many small businessmen arrived in the town and made it difficult for the locals to survive," he said.

"However, as nothing happened, most of them have left again."

Mr Robertson was concerned that the next phase of the project would come 17 years after the first, which would result in trained people leaving the town. If the phases followed in five-year sequences it would be different.

He felt local builders, garage, cafe and food outlet owners would be the main beneficiaries of the coming boom but admitted it was still too early to speculate.

He was concerned about the coloured population and felt the area should do as much as possible to get them involved.

Miss Elsa Kuyler, spokesman for a large estate agent, said the first announcement had resulted in home and property owners inflating values to unrealistic levels.

"We ourselves have been somewhat premature in one of our developments which we

are finding difficult to sell", she said.

Miss Kuyler said one contractor had requested accommodation for 500 people but the town could not provide it. People only rented out their properties in the off-season and used them themselves during the holidays.

Mr John Edwards, a fishing trawler owner, felt the project would result in congestion in the small harbour.

"Like in the North Sea, we will have to nail everything down once the harbour is full of workers and the sleepy place will be lost forever."

He expressed concern that the platform would be in the middle of the best stockfish grounds. He said the pipeline, with a 10 nautical mile safety zone, would hamper the fishing industry which employed at least 400 Mossel Bay people.

Town clerk Mr Willem van Heerden said at the weekend that no details or any job specifications were known but Mr Karel van Zyl of the Central Energy Fund would be spelling out labour requirements during an information seminar in March.

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CSO: 3400/225

RAND MINES SEEKING TO OPEN NEW MINING PROJECTS

Johannesburg FINANCIAL MAIL in English 13 Feb 87 pp 37, 41

[Article by Andrew McNulty]

[Text]

Rand Mines has a proud heritage. For more than a century it has been known as the Corner House group, a name dating back to the 1880s, when its first headquarters stood on the corner of Fox and Sauer streets in Johannesburg. Profits have not been bad in the past two years. The dividend was raised 25% in 1985 and 21% in the year to September 1986. But the share is among the least favoured in the JSE mining house sector. At R84, it offers a yield of 5,1% compared with the sector average of 2,9%.

Management has obviously been concerned about the image. After research revealed that the public had little clear idea of what the group actually does, considerable time and money were invested on establishing a modern corporate identity. That has apparently worked. But, chairman Dammy Watt concedes, if the share is to be positively rerated the group needs to expand by injecting some large new mining projects.

Until such breakthroughs, the house is left essentially dependent on its expanding coal division; a number of old, low-grade gold mines; mine residue retreatment operations; base minerals, mainly chrome ore; forestry and timber; and a currently unprofitable property division. In 1986, no less than 50% of attributable profits came from coal (see table), a sector now depressed by sanctions, oversupplied export markets and slow economic growth at home.

On the drawing board are two large, grass-roots mining projects. Either could lead to a swift change in outlook if the go-ahead is given. The problem is that, on the limited information available, market uncertainties and high capital costs, most analysts are sceptical about these ventures.

The more imminent could be the Vansa platinum prospect. Rand Mines last year exchanged its Winterveld Chrome Mine for a 42% interest in Vansa Vanadium, which, apart from developing a chrome mine near Steelpoort in the eastern Transvaal, has rights to platinum group metals on its Kennedy's Vale property.

Rand Mines is completing the platinum prospecting programme and a feasibility study. If a mine is developed, the group will subscribe R52,5m cash or the equivalent in mining infrastructure for a 60% stake.

Watt says the valuation should be complete by the target date of June 1987. "I am really hopeful that we'll be able to develop a platinum mine," he says. "The only thing that could switch it off now would be if data from the original five boreholes (drilled before Rand Mines got involved) is shown to be over-optimistic by the new drilling programme. As we are looking at an average of five boreholes that seems unlikely. If there were only one or two, the risks would be greater."

Although the platinum prospect is not on a large piece of ground, Watt says a mine could be as large as Northam, the Gold Fields of SA development. An advantage is that it would not be as deep as Northam, so capital and working costs would be lower.

As one analyst says, platinum may be the group's big card -- a go-ahead announcement could add perhaps R20 to Rand Mines' share price virtually overnight. But the mine would take four to five years to come on stream, almost certainly after Northam, selling into a platinum market whose state is difficult to predict. Despite expectations of expanding demand in Europe, the entry of

new mines could lead to oversupply. So for the moment platinum is largely ignored by investors looking at Rand Mines.

The other really big project — a potentially huge new gold mine south of Johannesburg — is even more uncertain, with benefits still further into the future. If it comes off it would require both courage and imaginative financing by the Barlow Rand group, which controls Rand Mines. No official name has yet been given the prospect, whose mining area would be extensive, probably comprising three defunct gold mines — Crown Mines Reserve (the world's most profitable gold mine during the Thirties), City Deep and Robinson Deep — but also including substantial ground south of them.

Economic and geological evaluation work is complicated by the great depth of the gold-bearing reefs and the large scale of mining operations that would be required. Watt says mining would start at 3 500 m and extend to some 4 500 m, comparable to Western Deep Levels or ERPM at its deepest. This would call for costly refrigeration and ventilation facilities from the start.

What would add to the cost, and complicate mine planning, is that the surface areas are almost totally covered by urban development. It would be impractical to sink high-tonnage vertical shafts; access could be gained through old mine shafts on ground owned by Rand Mines Properties (RMP). These would have to be refurbished to gain access through crosscuts which could extend way south of the original mine lease area.

Given the depths and accompanying costs, grades would have to be relatively high. However, values encountered by the one borehole so far completed were described as disappointing, adding to bearishness on the part of mining analysts. But Watt says: "It's early days yet. Disappointing results of a single borehole don't weigh all that heavily with us. The point of intersection was slightly east of where we expected, so we are not despondent."

A second borehole is expected to intersect reef at mid-year; even that wouldn't necessarily provide much more confidence one way or the other, except that it could confirm that the reef runs to considerable depth and the area is not excessively faulted. A third borehole will only intersect reef in another 12-18 months.

Meanwhile, Rand Mines' exploration department has the advantage of a vast bank of information garnered from old mining records. Geological data from old workings has been extrapolated, enabling a hypothesis to be built up, showing likely positions of reefs and their values.

"Geologists estimate this type of informa-

tion is worth 10-15 boreholes," Watt adds. "Even though the first borehole had disappointing results it showed the reefs were where we forecast. So the geological model proved fairly accurate."

On current indications, Watt estimates total capital costs of the mine at between R1,5 billion-R2 billion. He puts the probability of a decision to go ahead around 50% — perhaps not an unduly gloomy prognosis given what's at stake. He expects the group to formulate plans for this mine towards the end of 1987.

Apart from these two projects, Rand Mines is working on a number of smaller expansions which could improve prospects in precious metals. Another new underground mine at the exploration stage is Barbrook, which holds precious metals claims in the eastern Transvaal. Rand Mines has a 50% interest in Barbrook, with the remainder held by Anglo American. Access could be gained to the almost vertical ore body through a series of adits. Indications are that if a mine goes ahead the development cost would be between R50m-R100m; a decision could be imminent.

There may also be scope for further slimes dump re-treatment projects. Previous expansions have raised income from this source from less than R2m in 1983 to

PROFIT SPREAD

Gold, uranium and platinum	24,7	27,2
Gold recovered from slime residues	10,7	11,6
Coal	55,2	67,5
Base minerals	1,9	6,3
Forestry and timber	2,5	2,9
Property	5,4	0,1
Management and other	10,5	18,6
Attributable profit	110,9	134,2
Earnings (c)	989	1 197

R11,6m in 1986, accounting for 8,6% of total attributable earnings. The only other chance of arresting the present declining trend in overall group gold production appears to lie with expansions to existing mines.

The major producer is 23%-held Harmony, a high-tonnage low-grade mine, which is expanding capacity with extensions to the Virginia gold plant and construction of the new No 4 shaft complex; but this will

only help compensate for the declining recovery grade, and is unlikely to lift gold output significantly. Blyvooruitzicht, with reserves virtually exhausted, has no scope to expand.

Analysts hold mixed views on benefits from expansion at ERPM. Since tying up a funding package last year, it is opening up a new, deep-lying section which will virtually be a new mine. The more bullish view is that it will presage a sharp profit turnaround and considerably longer life; a disadvantage is that Rand Mines only owns 19%. The same may apply to 20%-held Durban Deep, a formerly marginal mine that covers working costs but not much more.

"I'm hoping that once we complete exploration of the south-western portion of Durban Deep's mining title we'll be able to expand into that area," says Watt. "That would extend both life and gold output." Here, too, clarity is expected towards the end of the year.

Flaccid conditions in coal markets have not deterred the group from pressing ahead with a massive capital programme, largely in the coal division. Total proposed capex exceeds R1,1 billion, of which R51,9m is for this year, rising to R92m by 1990 — leaving some R788m to be spent thereafter.

Most spending will be on two Escom-tied collieries, Khutala and Majuba. These are not vulnerable to sanctions and oversupplied export markets — except that sanctions could impede growth in the SA economy — but it will be several years before they contribute to group profits.

However, a strong balance sheet has been built up, with cash holdings last year-end of R266m. Short-term loans totalled R35,2m and long-term loans R332,9m, of which R249m was owed to Escom, which helps finance tied power station collieries, repayable from revenues earned by the collieries concerned.

Cash will be absorbed and borrowings climb as spending accelerates. Watt says that any additional loans taken will be short-term, and temporary. "Our spending programme is well within the strength of the balance sheet," Watt adds. "We don't anticipate any cash bind. Borrowings will peak in about three to four years, and should start declining about two or three years after that.

"In fact, apart from current expansions, we feel we've financial capacity to develop a series of new projects without straining the balance sheet."

With exports taking some 22% of group coal sales of 22 Mt/year, profits from coal are expected to stagnate or decline slightly this year.

The worst-case scenario is that they could fall as much as 20% over the next few years,

especially if sanctions worsen. "Introduction of sanctions by the US and other countries will have an adverse impact on profits, necessitating rationalisation of operations and jeopardising jobs, particularly in the unskilled categories," says Watt.

Not surprisingly, the stock market has realised that Rand Mines in its present state is more vulnerable than other houses to such setbacks. With coal profits under pressure, the rand gold price off peak and capital expenditure set to rise, short-term prospects for earnings growth are limited and scope for appreciable dividend increases is not good.

Essentially, the group is perceived to have been left behind in an exploration scramble

that gathered pace in the mining industry in the early Eighties. It is trying hard to catch up. Watt says the house will continue to pursue new ventures aggressively, by starting new mines or by further acquisitions.

There is even some hope of overseas expansion once conditions are propitious. Success with these efforts could be crucial to the long-term future of parent Barlow Rand, which has designated mining and minerals beneficiation as one of the four pillars of its business.

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CSO: 3400/221

SMALL BUSINESS 'INDUSTRIAL HIVES' SUCCESSFULLY EMPLOY JOBLESS

Johannesburg FINANCIAL MAIL in English 20 Feb 87 pp 93, 94

[Text]

SA's high unemployment rate has certainly caused hardship and despair, even in the relatively affluent PWV. But it also creates opportunity, especially for retrenched workers with skill and some initiative.

Increasingly, they are being offered the chance to start their own businesses in the Small Business Development Corporation's (SBDC) "industrial hives" — the training, entrepreneurship and development centres being opened around the country.

The most recent, at Pennyville, near Soweto, has 100 small businesses, employing 325 people, operating in the old Leisurecor factory. The entrepreneurs range from steelworkers and printers to tailors and coffin makers.

Here fledgling enterprises are given access to expert guidance and equipment which might otherwise be too expensive.

The SBDC claims it costs less than R2 000 to set up a new man in business against R30 000-plus to create a new job in the formal manufacturing sector. It provides the experience for running a business.

The new businesses are allocated to areas varying in size from 12 m² to 100 m² within the old factory, which has a total area of more than 15 000 m². Rental ranges from R5 a day for smaller areas, including water and electricity charges. When it is fully let, the factory will accommodate 180 operations.

The SBDC lists a number of success stories since the first hive was opened just two years ago. For example, a coloured woman who started a textile business four months ago by employing two workers to produce a range of windbreakers landed a couple of large contracts. She has now bought three more sewing machines to keep up with demand and employs seven extra people.

The principal problem for most emerging businesses is marketing, and the SBDC is beginning to provide advice and assistance in

this area. Under consideration is the establishment of display areas, flea markets outside the workshop premises and the listing of businesses in the Contactmaker Catalogue (*Business* November 28).

The SBDC has also opened a legal advice clinic manned by retired attorneys with the back-up of a multiracial panel of 25 attorneys and advocates, both practising and retired.

The clinic specialises in commercial subjects and advises on legal forms of business (such as company or closed corporation), on contracts and delictual matters such as injury through negligence.

Small businessmen have come to the centre from all over the Witwatersrand seeking advice.

The hive of industry concept was first launched in Korsten, near recession-hit Port Elizabeth. Since then five of the original 23 entrepreneurs have moved up from their old premises, including two cabinetmakers, two engineering jobbers and a blacksmith.

Experience has shown that, on average, about 20% of the fledgling businesses fail.

Another 30% are set up by entrepreneurs who come in for a few weeks to handle a specific project or contract.

The Korsten hive has been expanded to 51 units, with another 11 planned. Similar centres are operating in Bloemfontein, Maritzburg and Phoenix, Chatsworth and Athlone in Durban. And now the SBDC has bought two industrial buildings providing 15 395 m² at Blackheath industrial estate near Cape Town. Another project has opened at Stutterheim.

MAIZE FARMERS LOSE MILLIONS DUE TO DROUGHT

Johannesburg BUSINESS DAY in English 24 Feb 87 p 1

[Article by Gerald Reilly]

[Text]

MAIZE farmers have lost up to R540m due to the intense heat and lack of rain in the past three weeks, according to agricultural authorities.

SA Agricultural Union (SAAU) sources estimate that up to three million tons of maize have been destroyed in Western Transvaal, north-western Free State and Eastern Transvaal.

The cost of growing a hectare of maize is estimated at between R400 and R500 by the National Maize Producers Organisation (Nampo).

Nampo's Giel van Zyl told *Business Day* that in early January the crop promised to be one of the biggest on record.

However, the return of drought conditions in mid-January caused enormous damage, and total losses of up to R540m were no exaggeration, he said.

Agriculture Minister Greyling

Wentzel, his deputy Gert Kotze, and senior officials of his department yesterday visited the drought-devastated areas of the western sector of the maize belt, in what opposition politicians see as an extraordinary demonstration of pre-election concern.

In the party, too, was SAAU president Kobus Jooste.

Sources said government was aware of the growing discontent among farmers because of the apparent indifference to their worsening financial plight.

They are unhappy, too, that government is keeping the recommendations of the economic advisory council on the rehabilitation of agriculture under wraps.

The report was submitted to government more than two months ago.

Wentzel had discussions with members of the three big co-operatives, the North-Western Co-op at Lichtenburg, the Central Western Co-op at Klerksdorp, and the South-West Co-op at Leeudoringstad.

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CSO: 3400/218

FLOURISHING BLACK TAXI MARKET BOOSTS MINIBUS SALES

Johannesburg BUSINESS DAY in English 24 Feb 87 p 3

[Article by Norman Shepherd]

[Text]

THE flourishing black taxi market is continuing to boost minibus sales.

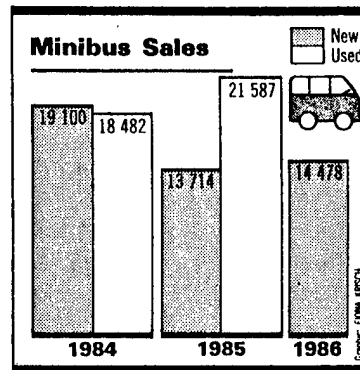
While the predicted boom in sales has not yet realised its full potential, manufacturers agree this market segment is still the fastest growing.

Sales of such vehicles rose 5,6% to 14 478 last year after dipping 28% the year before, says the National Association of Automobile Manufacturers of SA (Naamsa).

A Naamsa spokesman has urged government to implement draft laws on taxis and the privatisation of transport to overcome uncertainty. The result, he says, would be increased minibus sales.

Bakkies trail close behind minibuses in sales growth. In fact, sales of the light commercial vehicle (LCV) sector have not fallen as sharply as those of heavy vehicles and cars.

The Naamsa spokesman attri-



butes this to people buying LCVs, instead of second cars, for business use.

Heavy commercial vehicles last year had the lowest recorded sales crash in 22 years — at 6 349 units.

Some buyers of minibuses are taking the used-vehicle route. Used minibus sales rose to 21 587 in 1985 (the latest figure available) from 18 482 in 1984 (see graph).

But Nissan, Toyota and Samcor expect sales of new minibuses to grow about 5% this year.

While the eight-to-16-seater minibus market is covered, there is a gap in the 16-to-30-seater midibus segment.

Mercedes-Benz claims a small interest in the midibus market, but will not provide figures.

Nissan marketing research and planning manager Peter Coetzee says Nissan stopped importing a 24-seater bus 2,5 years ago when the rand exchange rate made them too expensive.

He says people want more luxury in this line, which reduces seating. Nissan is investigating the market again and negotiating with Japan to see what midibuses are available.

Coetzee says 30-seater buses are used extensively on privatised routes in the UK and that such vehicles could solve SA's transport problems by proving more viable than half-filled 60-seater buses.

Comark is to build six 30-seater buses a month using ADE engines. GM Kobus Vosloo says his sales team has estimated at least 12 units a month could be sold.

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CSO: 3400/218

BRIEFS

BUILDING PLANS DOWN--The value of building plans passed last year decreased by 12.5% to R2,052bn compared with 1985, says Central Statistical Services. The 1985 decrease was 18.5% compared with 1984 figures. However, Building Industries Federation executive director Lou Davis said there were indications of a "speed up" in the industry this year. There seemed to be a substantial increase in activity in the architectural and quantity surveying professions. Added to this was an apparent increase in confidence in the launching of new projects, he said. Davis added that during a depression, jobs were put on the shelf, but these could be immediately activated. He stressed that there was a time lag of a year or 18 months between plans being passed and projects being started. [Text] [By Gerald Reilly] [Johannesburg BUSINESS DAY in English 10 Feb 87 p 2] /9274

CAR PRICES UP--Motor vehicle prices are on the move again--but not all are up. Toyota, Samcor, VW and GM have raised the prices of most models, but one of VW's most popular models has come down R30 and Samcor has cut R120 off the price of two of its bakkies. Toyota passenger cars are up by between 2.0 and 2.5 percent. Most VWs are up by 2.9 percent and Audis by between 2.0 and 3.5. The 1.6 litre VW Golf CSL, however, is down R30. GM's rises are 2.9 percent on smaller cars, 2.5 on bigger ones and from 1.0 to 4.0 on Isuzu bakkies. Samcor's small Fords and Mazdas increase by 2.0 percent, with Ford Sierras up 2.0-2.5 and Mazda 626s up 2.5-3.5. The 1,600 cc one-tonners are down R120. [Text] [Jeremy Sinek] [Johannesburg THE STAR in English 4 Feb 87 p 3] /9274

HOUSE PRICES DOWN 17 PERCENT--House prices for 1986 were 17% down on those for 1985, after adjustment for inflation, according to the latest United Building Society (UBS) quarterly housing review. And although the average price rose slightly during the last quarter of the year, compared with the previous quarter, UBS economist Hans Falkena does not foresee a sharp increase during 1987. The average price of a medium-sized house was about R71,200 in the fourth quarter of 1986--2% down on the same quarter of 1985 but 3% higher than the previous quarter. The average for 1986 was \$71,100. In Johannesburg, average prices for small, medium and larger older houses were R65,866, R79,803 and R120,912 respectively. For new houses, those prices were R69,900, R100,175 and R143,464. [Text] [Johannesburg BUSINESS DAY in English 20 Feb 87 p 3] /9274

PROTOTYPE TV SET--TV and video-hire specialists Visionhire has developed a prototype TV set which enables the viewer to select the desired soundtrack for simulcast transmissions without use of a radio receiver. The company is now negotiating with a local manufacturer to produce the set for commercial use, says Visionhire MD Graham Taylor. Initially, he is looking for exclusive supply of the new sets for at least a couple of months, and they should be available in the next three to six months. He says that with some 10 hours a week of simulcast transmission, generally of top-grade material, users have become aware of the drawback of having to tune a radio every time they want to listen to a dubbed programme in the original language. "Our technical department looked into the problem, and it has come up with a simple switch which enables the viewer quickly to select the original soundtrack for programmes relayed on TV1 or TV4." Taylor says viewers can also record programmes in whatever language they choose. "We believe we are the first company in SA to produce a set with this facility. It is a direct result of the high priority we place on training our technicians and keeping them abreast of developments." Cost: On application. Phone: (011) 786-6012. [Text] [Johannesburg FINANCIAL MAIL in English 13 Feb 87 p 86] /9274

NEW LIGHTWEIGHT WELDING CLOTH--A new lightweight welding cloth, Weldred, has been developed for the local market by Cape-based Kapisit. Lightweight glass cloth has been coated with a special compound to provide a product which is self-extinguishing and which will not burn. Weldred is widely used in factories and on construction sites as welding cloth, but it can also be used as a heat or spray shield and forms an excellent protective cover for equipment, says the manufacturer. Cost: On application. Phone: (021) 31-2151. [Text] [Johannesburg FINANCIAL MAIL in English 13 Feb 87 p 86] /9274

CUTTING PIPE COSTS--Prompted by the inflationary effect of the fall of the rand on imports, Bosal Afrika has gone into production of a range of stainless steel tubing for the automotive, mining, catering, engineering and water-reticulation industries. Bosal says the low rand value has created great demand for locally manufactured stainless steel tubing. "We have the capacity to meet this new demand, and we expect to service a larger section of the market this year," says tube division sales director Tony Wakeford. "After making mild steel tubing for 20 years and stainless steel tubing for in-company use for the last four years we are confident we can offer a product at least equal to anything from overseas." Initially, two grades will be produced: grade 409, developed in the U.S. and used extensively in SA's motor industry for the original-equipment exhaust market; and grade 304, used in the exhaust replacement market and for cosmetic purposes because a mirror finish can be achieved. Cost: On application. Phone: (012) 83-5211. [Text] [Johannesburg FINANCIAL MAIL in English 13 Feb 87 p 86] /9274

NEW RO-RO BOATS--Shipowners have given notice that they are not about to take lying down the increased competition expected to result from deregulation of the road transport industry. Unicorn Lines' (UL) answer to the National Transport Policy Study's recommendations that normal competitive forces be allowed back into the motor transport industry is the introduction to its fleet of two extremely flexible ro-ro (roll-on-roll-off) vessels on the Durban to Cape Town run. Management makes it clear that it expects the two new vessels, the 13,000t deadweight Border and its sister ship Barrier, to win back much of the coastal cargo lost to road and rail hauliers over recent years. The

volume of coastwise domestic cargo carried by sea, they estimate, has shrunk by some 26% in five years. High ad valorem wharfage, generally slower sea transit times, cargo handling hassles and complex documentation has tended to induce shippers to look for alternative transport. [Excerpt] [Johannesburg FINANCIAL MAIL in English 13 Feb 87 p 89]

QUINTON HAZELL PUMPS ARRIVE--Echlin-Charger Manufacturing of Steeledale and Echlin Distributing Co of Electron will soon be se-ling Quinton Hazell water pumps, thanks to a deal in which their parent company, Echlin Inc of America, has bought Quinton Hazell plc. At the moment, Quinton Hazell has no representation in South Africa. Its automotive division, taken over by Bosal some time ago, is not affected by the deal between Echlin--which makes engine and brake systems and power-transmission replacement parts, and Quinton Hazell--which makes parts for European and Japanese motor vehicles. Echlin-Charger promotions manager Mr Ged Eastham said Echlin's South African subsidiaries would benefit from their parent's deal by being able to buy in stock from Britain. The first item on the market, Quinton Hazell water pumps, will be followed by others, possibly components for suspension systems. [Text] [Johannesburg THE SUNDAY STAR (Finance) in English 22 Feb 87 p 4] /9274

LASCON LINKS WITH GERMANY--Lascon Lighting Industries has increased its strength in the architectural lighting sector by securing a manufacturing licence agreement with Hoffmeister-Leuchten of Germany. Lascon has an estimated 60% of the SA lighting market. The Johannesburg-based subsidiary of Power Technologies (Powertech) has expanded its home-grown range of architectural luminaries with products that include a sophisticated ceiling track system previously imported from Finland. Lascon will make Hoffmeister lighting track and will base its concepts on the German system. Architects, lighting designers and specifiers are reported to be happy with the development because it secures supplies in a time of sanctions. The architectural lighting market is estimated to be worth R23-million a year in SA. Karl-Heinz Mackensen, manager of the Lascon's architectural division, says the link with Hoffmeister, and particularly the manufacturing agreement, will increase Lascon's market share in this specialised sector. [Text] [Johannesburg SUNDAY TIMES in English 22 Feb 87 p 9] /9274

HEAVY TRANSPORT INDUSTRY IN CRISIS--The heavy transport industry is in serious financial difficulties and a number of companies are facing bankruptcy, the Public Carriers Association (PCA) said yesterday. PCA executive director Ian Moss said the problems arose after a Supreme Court judgement against the vague wording of certain transport permits. Moss said a White Paper tabled in Parliament to declare government policy on transport showed the system was no longer in line with economic realities. Quoting from the Paper, Moss said some points of intent included: --Reduction of administration costs and unnecessary government interference; --Provision of employment opportunities for all; --Encouragement of small business development. He said at the request of the Minister of Transport Affairs, the PCA is at present giving the matter urgent attention. [Text] [Johannesburg BUSINESS DAY in English 18 Feb 87 p 3] /9274

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