FOREIGN FIRMS IN SOUTH AFRICA — FRENCH

17/1/75 — 18/9/81

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France   Figaro 17.1.75

Une mine d'or pour l'historien

A qui sait les lire, les petites annonces apportent quantité d'informations économiques. Les lecteurs s'amuseront à les chercher dans la page de 1875. Tous seront frappés par une atmosphère générale fort distincte de l'actuelle. On voit, par exemple, qu'il s'agit moins, en 1875, de prouver son savoir-faire que son savoir-vivre ; il faut montrer que l'on appartient à la bonne société, et cela, surtout si ce n'est pas comme maître mais comme serviteur.

Pour aller plus loin dans l'information économique, il faut quelques éclairages de base. Par exemple, comment comprendre cette annonce relative aux « Grands bains très confortables sur place et à domicile », si l'on ne sait pas qu'en 1875 les salles de bains privées étaient encore rarissimes, même dans les appartements les plus luxueux ; les personnes qui voulaient prendre un bain chez elles s'adressaient donc à un entrepreneur qui venait à l'heure convenue avec sa baignoire portative, son eau chaude et, bien entendu, les convoyeurs nécessaires à ce déménagement !

Comme aujourd'hui, où elles sont devenues un indice officiellement reconnu du volume des offres et des demandes d'emploi, les petites nnonces de 1875 sont surtout intéressantes du point de vue du Travail ; mais on verra que les postes de précepteurs de que les postes de précepteurs, de dames de compagnie, de concierges et de comptables apparaissent alors beaucoup plus fréquemment qu'aujourd'hui. Cela tient évidemment pour une part au fait que **Le Figaro** était alors un journal « mondain » ; mais cela est dû surtout au fait que l'usage des petites annonces est entré désormais dans les mœurs du grand public.

Ces annonces sont aussi très intéressantes quant aux prix et aux capitaux dont elles font état. référence pour apprécier ce que représentait en 1875 un loyer de 600 F par an, ou ce que pouvait être une dot de 20.000, 100.000 ou un million de francs.

Cette référence doit être trouvée dans les salaires ou dans le coût de la vie. Il faut savoir ainsi que l'indice général du coût de la vie a été multiplié par 600 de 1875 à la fin de décembre 1975, ce qui, en francs nouveaux, donne le coefficient 6. Il faut savoir aussi que le salaire horaire moyen total du manœuvre dans les villes de province était en 1875 de 2 centimes et demi. La durée moyenne du travail étant de 11 heures, cela donnait un salaire journalier moyen de 2,50 F. Les chiffres comparables sont aujourd'hui de 8,80 F pour le salaire horaire, et, avec huit heures de travail seulement, de 70,40 francs pour le salaire journalier.

On peut comprendre dès lors que le loyer d'un appartement certainement modeste de trois pièces, quai Bourbon à Paris, soit 600 francs par an, représentait 2.650 heures de travail de manœuvre soit environ 23.000 de nos francs actuels.

La ligne de petite annonce coûtait 1,50 F en 1875 ; soit sept salaires horaires, elle coûte aujourd'hui sept francs, soit moins d'un salaire horaire, pour les demandes d'emploi ; par contre elle monte jusqu'à 71 F pour le tarif « affaire », ce qui fait huit salaires.

Le numéro d'un journal quotidien était vendu 15 centimes soit 2/3 de salaire horaire ; on sait qu'il est aujourd'hui de 1 F soit 1/9 de salaire horaire. La maigre grammaire de Larrive et Fleury est annoncée à 75 centimes, soit trois salaires horaires et demi.

Pour apprécier les dots et les capitaux, il faut savoir et se rappeler que les gros revenus ont augmenté depuis un siècle beaucoup moins que les petits on peut en donner pour exemple le traitement des conseillers d'Etat, bien représentatif des salaires des cadres de direction. Le conseiller d'Etat gagnait 16.000 francs par an en 1875 époque à laquelle il n'y avait pas d'impôt sur le revenu ; il gagne aujourd'hui 120.000 francs soit 7,5 fois plus, mais il a à reverser à l'Etat l'impôt sur le revenu dont chacun peut calculer le poids. Ce coefficient de 7,5 est à rapprocher de celui de 28 pour le salaire journalier ; il est de peu supérieur à celui de 6, qui mesure l'élévation du coût de la vie de 1875 au début de janvier 1975.

Cela étant, le lecteur constatera combien les prix de vente des immeubles de Paris et de province étaient faibles en 1875. Il pourra rêver de cet hôtel du faubourg Saint-Honoré offert à 330.000 francs ; de cet autre, boulevard Malesherbes, offert à 310.000; de cette maison de Chatou à 24.000 ; de cette maison de Blois à 8.000 francs. Se rappelant ce que nos journaux nous ont dit récemment du prix du terrain jouxtant l'immeuble du **Figaro** sur les Champs-Elysées, ils s'étonneront de l'annonce offrant en 1875, pour 580.000 F, 1.300 mètres carrés sur ces mêmes Champs-Elysées. Cela fait un prix de 440 francs le mètre carré, plus de 100 fois inférieur au prix d'aujourd'hui

Inversement, si l'on pense au placement des capitaux, l'investissement en terrain à bâtir apparaît ainsi de beaucoup le meilleur ; il a assuré par rapport au coût de la vie une plus-value de l'ordre de 1 à 17, tout en ayant donné au cours du siècle des revenus annuels fort substantiels. Par contraste, le louis d'or n'a donné qu'une plus-value de 1 à 2,5 sans revenu ; quant au lingot, son cours n'a suivi que de justesse la hausse du coût de la vie, et reste très spéculatif.

Le tableau ci-contre résume ces constatations. Elles confirment ce que devraient savoir tous les économistes, et même tous les citoyens

Jean FOURASTIÉ,
de l'Institut

Du franc germinal au franc nouveau

Lorsque l'on compare les prix de janvier 1975 aux prix de janvier 1875, les premiers en francs (nouveaux) de 1975 et les seconds en francs (germinal) de 1875, on trouve les coefficients de multiplication suivants :

Terrains à bâtir	100
Salaire horaire total du manœuvre	39
Salaire journalier total	28
Loyers à Paris (aujourd'hui avec « confort »)	20 à 30
Prix d'une ligne de « petites annonces »	5 à 40
Prix d'un louis d'or	15
Prix de l'or en barre	7
Coût de la vie (213 articles)	6
Prix d'un numéro de journal quotidien	6
Traitement net d'impôt d'un haut fonctionnaire	5,5
Un livre non illustré	4
Un bain à domicile	0,1

L'éventail de la dispersion des prix est donc de 0,1 à 100, c'est-à-dire de 1 à 1.000.

FRANCE, S.AFR[ICA] IN ENTE[NTE] CORDIALE

SUNDAY TIMES Correspondent

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

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

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

France also wants a bigger share of the South African trade cake. Last year it was a mere R340-million — only one-fifteenth of total French trade with the African continent.

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

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

France has also invested millions towards the price of four container ships for Safmarine. These ships will ply the Cape Town-Le Havre route.

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

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

Britain's abandonment of the Simonstown treaty comes at a moment when France has decided to maintain a military presence in the Indian Ocean, and not abandon the vital area like Britain.

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

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

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

Reliable sources said that one of the main purposes of Dr Mulder's flying visit to Israel last week was to discuss the issue with senior Israeli leaders.

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

(69)

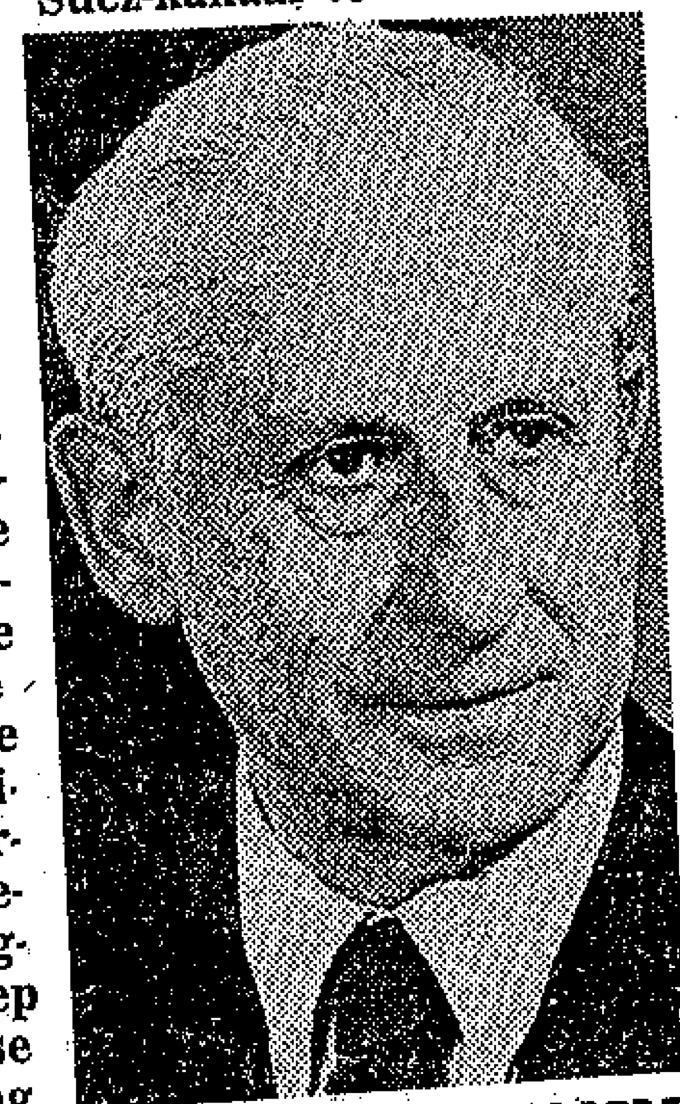
Nóg Franse slae kom

SAKE-RAPPORT 22/6/75

VERDERE roeringe op beleggings- en ander fronte kan in die nabye toekoms van Franse kant verwag word. In opvolging van vorige Franse sendings na Suid-Afrika was hier só pas twee belangrike geldmanne en drie van hul makkers om hulself van toestande te kom vergewis.

Die twee hoë bankbase mnre. Michel Caplain, voorsitter van die Compagnie Financière de Suez, en J. Maxime-Robert, voorsitter van die Banque de l'Indochine asook van die Franse Bank van Suidelike Afrika, het net voor hul vertrek gesê dat hul besprekinge nog eens die belangstelling van die Suez-groep en sy filiaal, die Franse Bank, in die uitbreiding van die SA ekonomie en in die uitbouing van sakebande met Frankryk bevestig het.

Die Suez-groep is jare gelede gestig om die Suez-kanaal te bou. Daarna het hulle nywerheids- en ander belange bekom en ook sterk tot die bankwese toegetree. Verlede jaar het dié groep en Banque de l'Indochine hul belange saamgegooi.



MNR. MAXIME-ROBERT

Later vanjaar word die naam van die nuwe bankgroep verander tot Banque de l'Indochine et de Suez. Die nuwe samestelling maak van hom die grootste private bankinstelling in Frankryk.

Die onlangse sending, met magtige kapitaal agter hom, het met hul besoek samesprekinge gevoer met politici en vooraanstaande sakemanne. En hulle is doodtevrede met wat hulle gehoor en gesien het.

Vandaar dat 'n mens roeringe kan verwag. En dit sal dinge van formaat wees dit is seker.

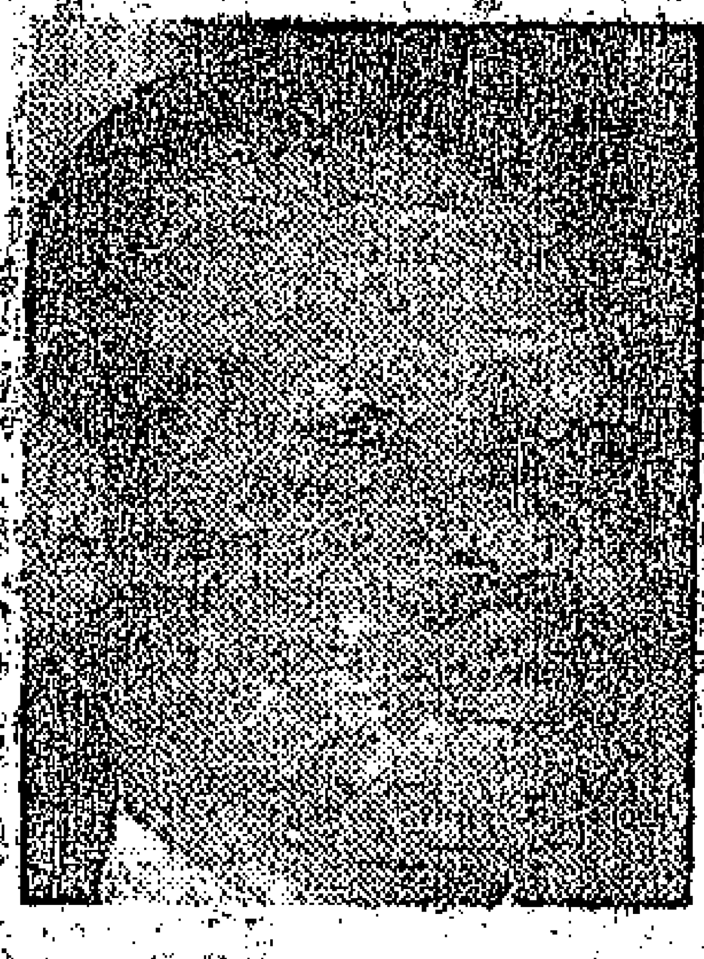
69

STAR 11/7/75

HOMELANDS VENTURES ON THE MOVE

Michael Chester, Financial Editor

Investors from at least five of the main European nations have started to lay plans to pursue the possibility of launching new ventures in the South African homelands.



CHIEF MATANZIMA — missions are coming.

Paramount Chief Kaizer Matanzima disclosed in Paris that a number of French bankers and industrialists he had met were now planning a series of missions to the Transkei to evaluate investment opportunities.

The Paris correspondent of The Star reported today that the Banque Nationale de Paris, one of the biggest in France, had confirmed it had now begun investigations into the potential of the Transkei as an investment zone.

The bank was reported to be considering the financing of a Transkei motor plant to assemble Berliet trucks. Chief Matanzima held talks with executives at the Berliet factory outside Lyons during his current tour of Western Europe.

The Chief Minister also said he had a "positive reaction" from French banking and business circles to his proposals to provide the Transkei with a port capable of handling export-import shipping.

NEW PORT

Mr Franko Maritz, managing director of the Xhosa Development Corporation, who accompanied Chief Matanzima on part of the tour, said on return to South Africa today that there now appeared very real chances of the creation of a new big port along the Transkei coast.

He said speculation that the site would probably be Port St Johns was off the mark. Port St Johns was impractical, he said. But there were several alternative possible points along the coast that were to be studied.

The response among potential investors in the wake of the tour — highlighted by special seminars in both London and Holland — had been "most encouraging."

Missions to the Xhosa homelands were also now being planned by investors in Britain and the Netherlands and were expected to arrive around November.

"The climate is perfect at the moment to talk to European investors about ventures in Southern Africa," said Mr Maritz.

"It is not only labour costs that is a big consideration in their thinking — it is the prospect of labour stability.

"Investors in Britain in particular are thoroughly fed up with the unrest among labour forces and the excessive demands of the UK trade unions.

"Also, investors are looking at the potential of the Transkei as a launching pad for export drives into Black Africa. Some of them even see chances of export programmes back into Europe itself."

Mr Maritz was also optimistic about a new flow of investment from West German industrialists with whom he held talks.

The Rome correspondent of The Star reported that Chief Matanzima was due in Milan today on a three-day tour of Italy.

He will in particular be holding talks with the huge Bertrand textile company, of Biella.

A Bertrand spokesman said: "Our company has a very strong interest in investing in the Transkei. We have already drawn up a programme for the development of textile factories there for fabric distribution on the South African market."

I understand the first phase of the Bertrand proposed plant will involve an investment of more than R2m but the ultimate investment plan grows to R12m.

(69)

French interest in SA mining

ARGUS 17/7/75

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

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

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

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

PRESIDENT

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

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

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

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

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

Natal Mercury 20/2/76

KwaZulu's R11m boost

African Affairs Correspondent

CHIEF Gatsha Buthelezi announced yesterday that a French mining company would soon invest R11 million in KwaZulu.

He said the company, operating under the name Sithebe Mica (Pty) Ltd., would mine mica and sericite in the Nkandla district. Work would start within three months.

The company was also seeking to open a factory at Sithebe, though its headquarters was in Johannesburg.

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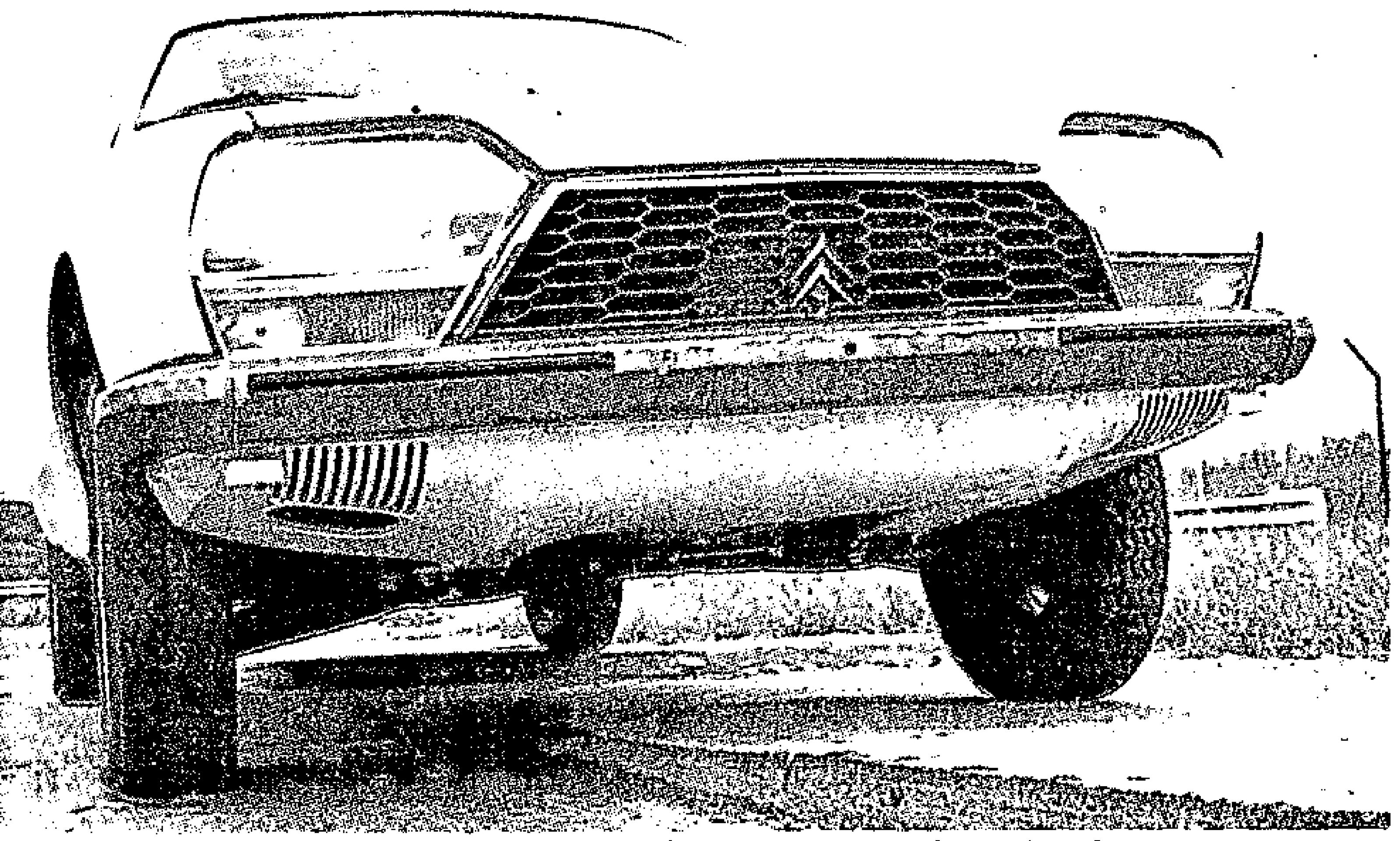
Sunday Times
BUSINESS TIMES SURVEY
APRIL 11, 1976

CITROËN REBORN

edited by
NIGEL ROBINSON



A Citroen GS Club goes through its paces on the Alrode test track.

Move from PE a test of skills

E FIRST Citroen came the track at Peugeot's rode factory on Monday, nuary 12, this year.

The move of Citroen from rt Elizabeth and its es- olishment near Johan- sburg was an intricate eration costing almost ,5-million.

Unlike most mergers tween the companies ewhere in the world last ar, the South African erations were totally in- rated.

The main problem was the

December, 300 additional Peugeots were built.

"This allowed the transfer of these people — who had some training in body building, welding and spray painting and who had some familiarisation with the factory — as the nucleus of the labour on the Citroen track.

"Peugeot production was then cut-back in January, February and March when Citroen production began," he said. "Our plan, with the expansion and relocation of Citroen, was based on the fact that we couldn't afford to affect Peugeot production. We virtually had a three-month overlap period available in which to get everything moving before the first Citroen came off the line in January," Mr Clow said.

Plant and equipment were moved from Port Elizabeth after the close-down in

• Continued on Page 6.

Peugeot merger did it

THE TOTAL integration of Citroen and Peugeot (PACSA) in South Africa has now ensured the long term survival of Citroen, according to Mr George Ward, managing director.

After the amalgamation of the two companies in France it made good sense to totally merge the South African operations — from a manufacturing and marketing point of view.

He said that financial considerations played a very important role: "The merger makes the survival of the two products more certain in the long term than perhaps would have been the case otherwise."

The cost

The cost of the merger was in the region of R2,5-million and now PACSA has decided to consolidate.

"We believe that it is a time for consolidation. It's ... has that potential in this sector because it has been proved elsewhere in the world by fleet owners. It's a question of education and people understanding the product," he said.

Mr Ward said that Citroen is enjoying a very high percentage of repeat business proving its acceptability, and that the merger gives the public two very different concepts of body style and engineering design.

The adoption of Citroen has not caused any major changes in the organisational structure of the company.

"The Citroen is just part of our range and is not something tacked on. It is complementary to the Peugeot range and allows us a share of a market segment in which we were not previously represented."

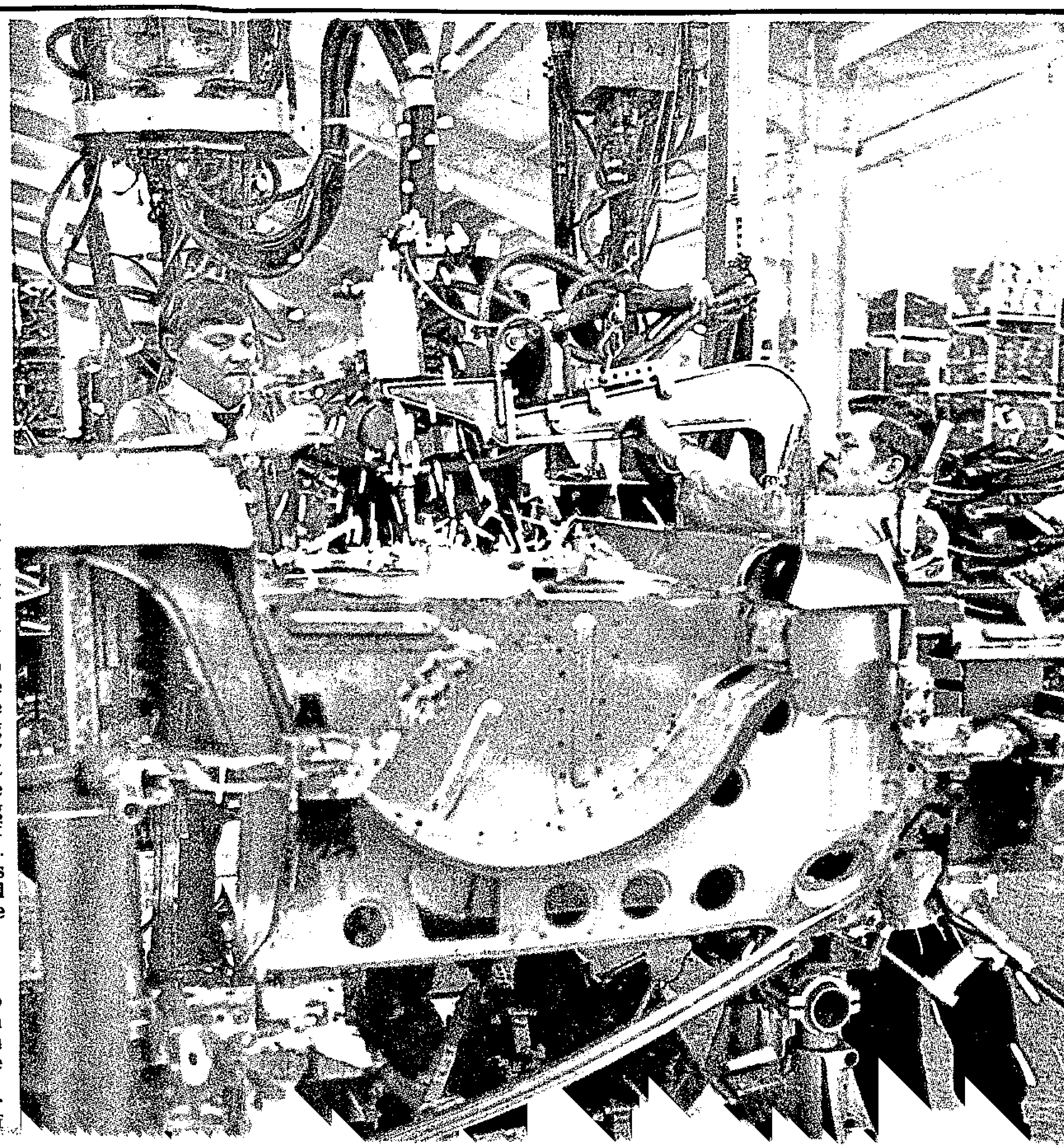
Looking to the future, Mr Ward said the industry ... deputy managing director, added: "All the manufacturers are looking to the long term and see the enormous potential here. There are five million consumers of new vehicles and a potential reservoir of 18-million.

"These people will get into the market someday. The Blacks are becoming more affluent and they are buying an increasing number of new vehicles, not just secondhand. Even now the Black market is increasing more rapidly than that of the Whites," he said. PACSA is confident that its new range of cars will enable it to take a fair slice of the new cake.

High opinion

Mr Terquem has held top posts with Peugeot in France, Canada and Britain and has a high opinion of the South African operation.

"As I see it there are four reasons for the success of



...the Citroen models. Mr Sid Clow, production director, said: "We needed 250 new workers for the launch and, in the last few weeks before our annual shut-down, we engaged some extra labour and increased Peugeot production."

This enabled a later cut-back in Peugeot production to slightly below the normal level which released labour to build Citroens.

In September, an extra 100 workers were employed and given training. During October, November and half of

The price range

The Peugeot range

Model	Price	1975 sales
404 standard	R4 325	3 550
404 GL	R4 545	1649
404 A/T ...	R4 675	1 572
404 S/W (Discontinued 1976) ...	R4 835	2 035
504 GL	R5 175	1 953
504 GL A/T	R5 625	1 841
504 TI ...	R5 725	412
504 TI A/T (introduced Aug) ...	R6 245	173
504 L S/W ..	R5 195	—
504 GL estate ..	R5 745	810

The Citroen range

Model	Price	1975 sales
G Special .	R3 445	418
GS Club ..	R3 645	2 138
GS CV	R3 840	496
GS X2 introduced July)	R3 925	261
GS Break (introduced July)	R3 945	366
Pallas	R6 275	272

something we would have planned anyway, with or without the economic recession," Mr Ward said.

"But, we are not going to rest, we are going to build on what we have. In the long term there may be other developments but no dramatic changes are foreseen within the next four to five years."

Mr Ward views his control of Citroen with much enthusiasm. "Citroen has a good future in South Africa. Its contruction and durability is in the top of its class anywhere in the world.

The image

"The image that it has in South Africa, that of being sophisticated, is not a tag used elsewhere in the world. The car is simplicity itself.

"The number of parts in the suspension is much less than in other cars. I can see no good reason why more fleet owners (who represent about 60 per cent of the Peugeot sales) will not accept Citroen, as they have Peugeot, in the future.

"We believe that Citroen would be facing a difficult economic situation this year.

Because of this there is the possibility of a greater sharing of technology and manufacturing facilities between companies' and the possibility of other mergers cannot be ruled out in the long term.

A lot may depend on what requirements the Government will lay down under future phases of the local content programme.

Short-term

"Nobody expects this year to be very rosy. But this is a short-term problem and we are hoping for an improved situation.

"After this year we should see a progressive and fast recovery of the market and a quick development of it. South Africa is a very competitive market, indeed all the international marques are represented here, with the exception of DAF, SAAB and Eastern Bloc countries."

Mr Bernard Terquem, Peugeot in South Africa, therefore, for the future success of Citroen.

"The management structure is such that there is a fast system of communication and decisions can be taken very quickly. We are always in the field of activity and are not shut away from the people." (The board members even eat in the staff canteen). Mr Ward added: "We are very close-knit in our management structure — it is like a family. We don't have many changes at the top and we don't lightly hire and fire.

Struggle

"Then there is our constant struggle for quality, both here and in France. We are never satisfied.

"Thirdly, we have a highly trained network which has been built up over the years. We have been able to achieve 8 per cent of the passenger vehicle market with only three basic models — I think that speaks for itself.

"And lastly, but probably most important, we have an excellent product," he said.

The Rhodesian who leads the team

Mr George Ward.

THE MANAGING director of Peugeot and Citroen South Africa (Pty) Limited, Mr George Ward, is a man with considerable expertise in his field, having spent more than 20 years with the motor industry in Southern Africa.

Born in Livingstone, Northern Rhodesia, in 1929, Mr Ward was educated at Cheltenham Grammar in England, Seapoint Boys High School in Cape Town and the Technical College, University of Cape Town.

Mr Ward served his accountancy articleship between 1947 and 1951 in Cape Town and then spent a short time in the garment and industrial machine trade.

He returned to Northern Rhodesia and entered the motor retail trade and then spent four years back in accountancy before two years with the Quasi-Government River and Road Transport Board.

Between 1960 and 1967 he was general accounting manager, cost and financial analysis manager, financial director and company secretary to Ford Motor Company Rhodesia (Pvt) Ltd.

From 1967 until 1972 he was general manager and chief executive at Willowvale Motor Industries (Pvt) Ltd — a multi-brand assembly plant accounting for 80 per cent of Rhodesia's road transport.

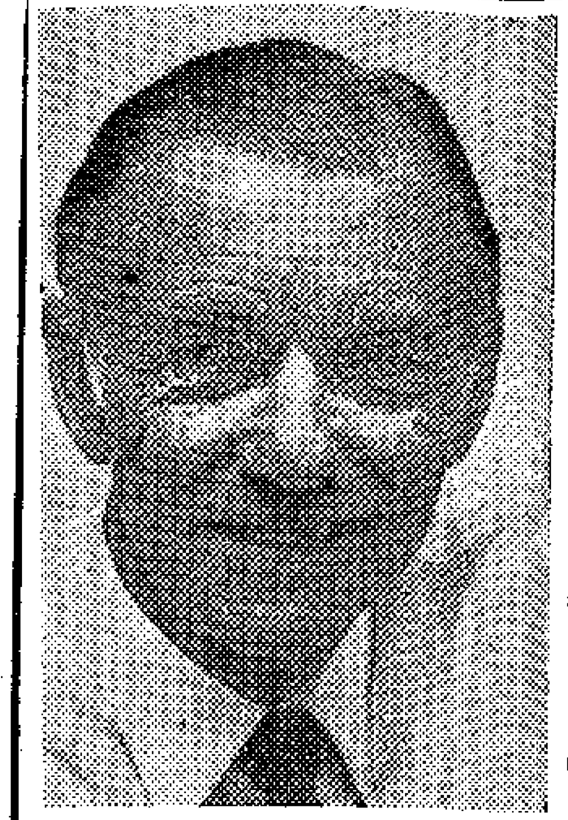
In 1973 he was managing director of National Motor Assemblies Ltd.

During these periods he attended company familiarisation and training courses in Detroit, United States, and Paris and Sochaux in France.

Chairman of Peugeot Cycles South Africa (Pty) Ltd, Mr Ward is also director of Peugeot Holdings (Pty) Ltd, Peugeot Properties (Pty) Ltd, Umdloti Ondernemings (Edms) Bpk, Engete Investments (Pty) Ltd and France Hoto (Pty) Ltd.

Sparks fly as the final spot-welding and assembly of suspension mounting brackets are ca... out on a Citroen GS.

CITROEN SURVEY



Mr Eric Ahrens . . . 'looking for more local content.'

PACSA closing up on Phase 3 target

PACSA is well placed to meet its 66 per cent local content commitment under Phase 3 with the completion of a R140 000 tooling-up project for Citroen.

At present, more than 90 per cent of the Citroen body is locally manufactured and all of the trim — seats, carpets etc.

On the mechanical side, local content is relatively small. The entire engine comes out from Rennes in France as an assembled unit and local manufacture only covers such items as brake discs, suspension arms, wheels, tyres and fuel tanks.

"We really have nothing left in the body that we can do other than for the station wagon roof, body sides, rear fender, tailgate and floor. All these are still imported, although not for the saloons," said Mr Eric Ahrens, director of supply.

"It isn't economic to go spending money on these press parts because press tooling is extremely expensive and we would only gain in content on the wagon itself. The gain on the other models would be nil.

"We prefer to go for components which are common to the saloons and the wagon and increase the overall average," he said.

The company is looking when you consider that it doesn't increase our local content or find us any additional sales."

For the Citrozn models, PACSA is buying 659 different pieces in South Africa and, with the increased local content requirements, another 17 parts before the end of the year.

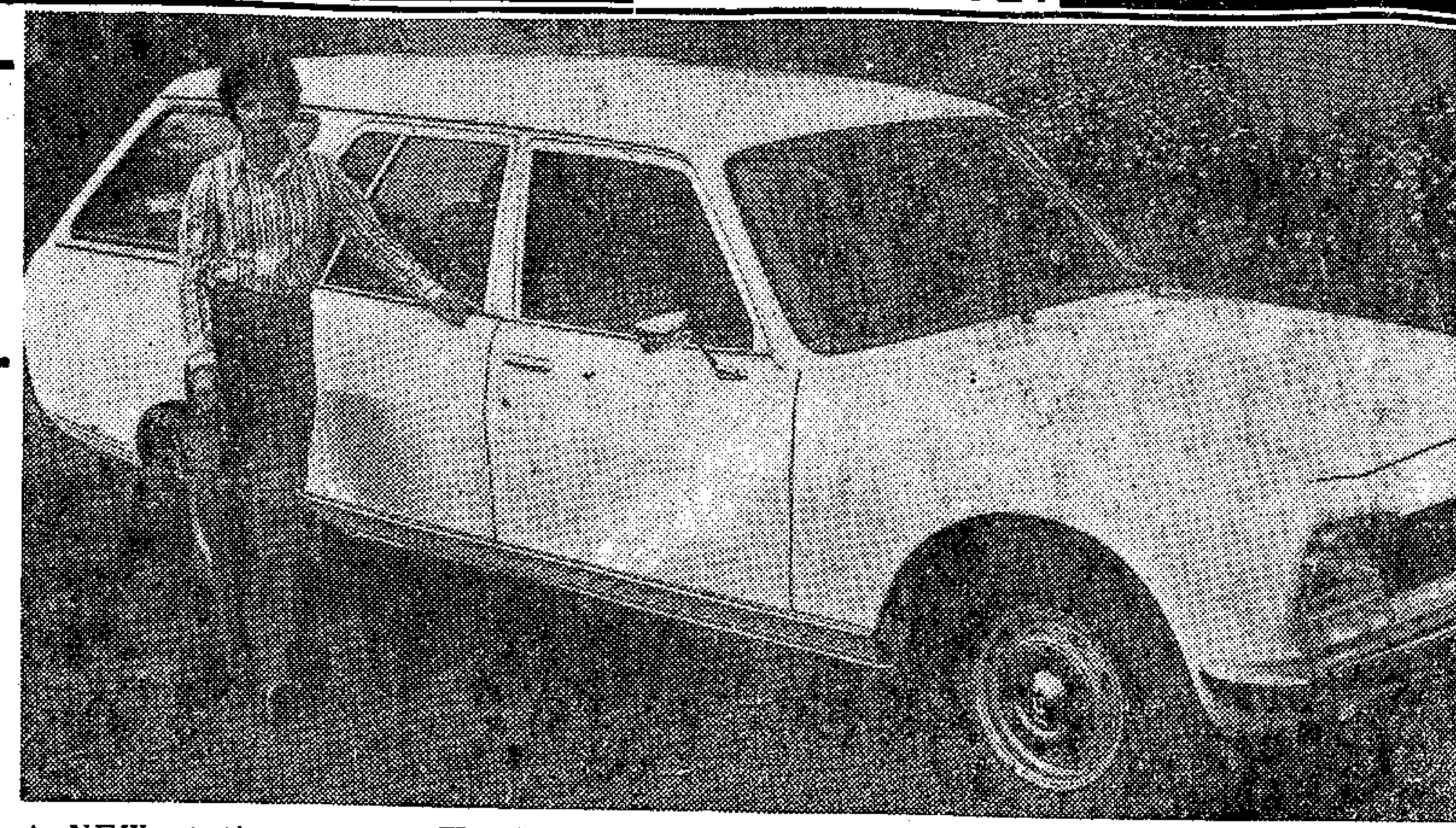
In the Citroen range a lot of the conventional components do not exist. Components which would be automatically developed locally for a conventional vehicle just do not exist in the GS.

"For example, shock absorbers and springs. These are weighty items and one obviously goes for weight because the whole local content programme is worked out on a weight basis," he said.

The main difference between Peugeot and Citroen is that in Peugeot models there can be a much higher degree of integration of mechanical components and, in particular, engine components.

The Peugeot has a correspondingly lower percentage of body pressings than the Citroen. The advantage of Peugeot mechanical components is that in general they have a very much greater model life.

For example, the cylinder block — which is common



The new Peugeot 504 L Station Wagon, designed to fill the gap left by the discontinuation of the Peugeot 404 Station Wagon. The new model is aimed at fleet owners.

New wagon due out this month

A NEW station wagon designed to fill the gap left by the discontinuation of the Peugeot 404 Station Wagon, is to be introduced by Peugeot and Citroen South Africa at the end of the month.

The new model, which will be known as the Peugeot 504L Station Wagon, uses the same basic body as the luxurious 504 GL Estate with certain mechanical components of the 404 range of vehicles.

The new model is being aimed mainly at fleet owners and will offer potential users greater prestige, comfort and safety with the same economy and reliability that made its predecessor something of a legend.

Power is derived from the 1796 cc XM7 engine used in the 404 GL and 404 Automatique, which delivers 64 kw (SAE) at 5500 rpm. It is said to be an extremely flexible and smooth engine producing its maximum torque of 155 NM at only 2500 rpm.

Transmission is via the proven Peugeot BA7, 4-speed gearbox with floor mounted lever and rigid back axle with worm and pinion differencia. Gear and axle ratios have been specifically designed to take advantage of the torque and performance curves of the power plants, with the result that the 0-100 km/h performance compares favourably with the bigger engined 504 GL Estate.

Externally, the new 504 L Station Wagon will be recognised by its distinctive radiator grille only. The interior is well appointed with a redesigned dashboard, comprehensive instrumentation, heater/demister, two-speed wipers and windscreen washer.

There are individual, fully reclining bucket seats with a forward folding bench type seat at the rear. Upholstery is in vinyl with basket weave inserts.

Hard-wearing moulded rubber mats are situated throughout and are easy to keep clean. The handbrake is floor mounted between the front seats.

The rear cargo area is spacious and has an upward hinged rear door for easy loading. A load of up to 670 kg can be carried, more than many light commercial vehicles on the market.

As opposed to the four wheel drum brakes used on the 404 Station Wagon, the new model is fitted with large power assisted disc brakes in front with load compensating anti-lock drum brakes at the rear.

Suspension has been designed to ensure maximum load carrying capacity while still ensuring passenger comfort and good handling.

Front suspen[...] McPherson-type triangle control coil springs are rear, with positi[...] trol through the que tube and t[...] rigidly mounted ferential housing

Telescopic absorber, anti-ro[...] and rear and a [...] ensure good road respective of ro[...]

Steering is by [...] nion with 4,5 turn to lock. In spite large overall [...] the vehicle can between walls [...] apart.

The Peugeot 50[...] Wagon goes on [...] end of the month only R360 more smaller and les[...] 404 Station [...] replaces.

this year towards more mechanical components. These generally have the advantage of a much lower capital outlay with regard to tooling than the press parts.

Such items include parts of a rear suspension arm, ignition coil, anti-roll bar, suspension ball joints, tyre rod ends' clutch cable, handbrake cable, speedo cable, ring gear, clutch plate, gear level rods, door hinges, weather seals around the doors and an alternator.

The majority of orders have already been placed and these components are expected to start coming in from September onwards. Most of the R140 000 tooling will be made in South Africa with some from Citroen in France.

In 12 months, PACSA has had to develop an additional four per cent local content. The value of the two per cent of components being manufactured this year will be in the region of R125 per vehicle.

"Citroen tooling had room for improvement and in the body component field we have spent R250 000 on improving the press tooling," said Mr Ahrens.

"This is a lot of money throughout the 404 and 504 ranges — has been going for 16 years with only modifications being made. Therefore, the outlay on tooling is amortized over a very much greater number of units.

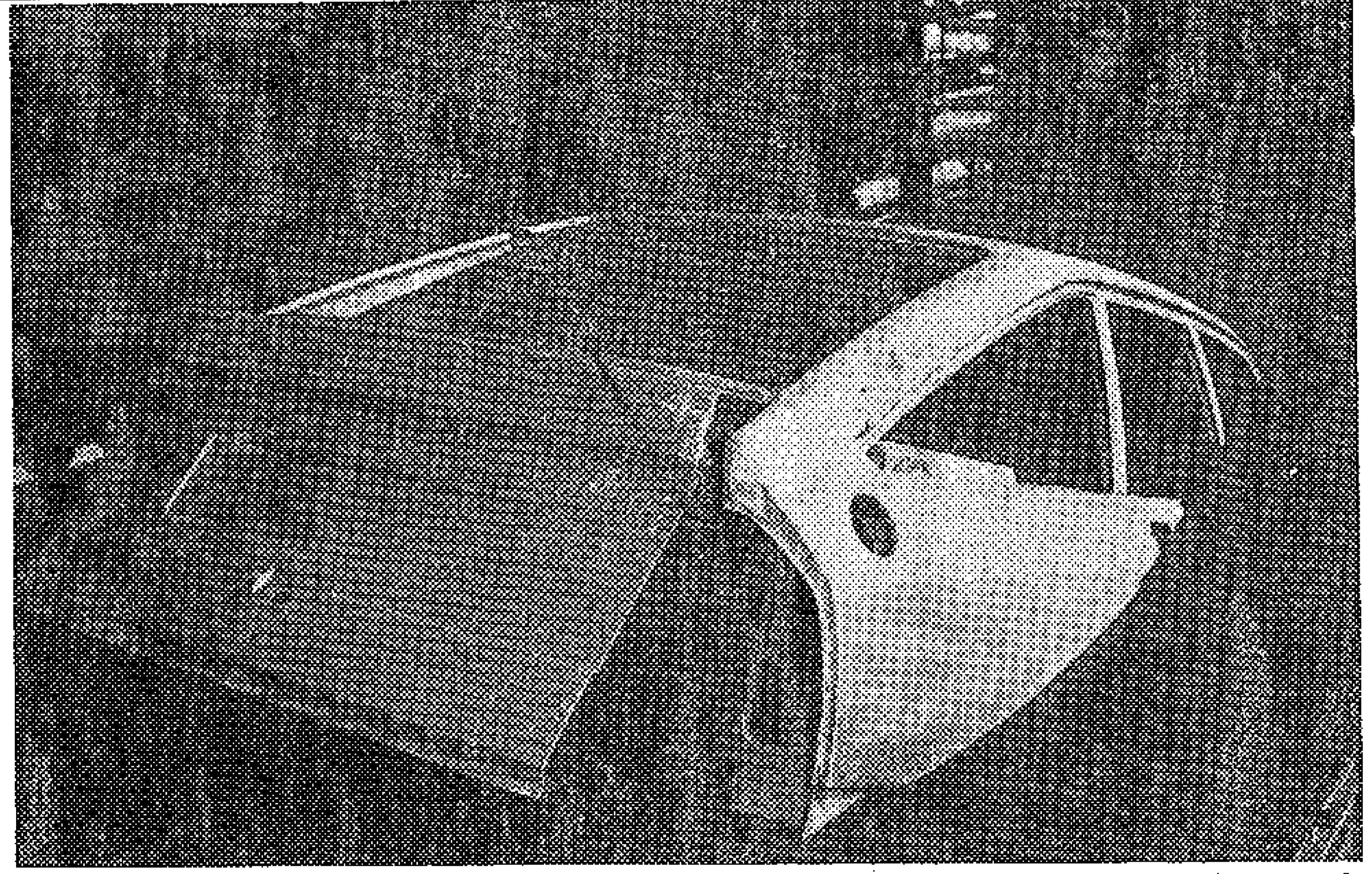
The Peugeot motor is 75 per cent local manufacture, including the cylinder block, crankshaft, pistons and liners.

To increase local content in the Peugeot, Mr Ahrens is looking at smaller body pressings, brackets and reinforcements, disc brake pads and, on the 504L station wagon, two front door pressings.

On the 504L pressings alone, R118 000 has been spent on tooling. At present, the development of 1kg of local content is costing about R12 000.

The total cost during 1976 of tooling up for the 66 per cent local content in Peugeot models and variations will be R480 000.

"We are investigating the increase of local manufactuze on our light commercial vehicles because local prices vary with imported costs. Since inflation overseas these prices might make it more economical to produce the parts locally," he said.



A Citroen body enters the 40 000-litre tank of water-borne primer. The primer gets into inaccessible box sections and joints to guard against rust.

Where the double chevron came from

ANDRE CITROEN was born at 44 Rue Laffite in Paris on February 5, 1878. He could really be called the man who put France on wheels.

From school he went to Ecole Polytechnique, the most highly esteemed engineering college in France.

There were already 23 manufacturers of automobiles in France in 1898 when he left the polytechnique.

In 1905, Andre Citroen started in business at Essonnes making reduction gears, incorporating his patent double helical form. The teeth were formed into a herring-bone pattern to allow greater power transmission, better meshing and cause no side thrust.

He joined the Mors car company and increased sales from 125 to 1 200 a year. It was there that he first suggested the use of the teeth of his special gears as an emblem — hence today's double chevron.

The turning point for Citroen came in 1915 when he was given a government order and a factory to manufacture a million shells for French troops.

In 1919, after Armistice, he began rapidly converting the munitions factory to manufacture cars.

Andre had already met Henry Ford and had seen that mass production of cars was the answer for Europe as well as the United States.

At that time cars in France were only for the rich — Citroen resolved to change all that.

In May 1919 the first 7 hp 'A' model was built and 20 a day were being produced by the end of the year.

In 1921 he introduced the B2 and the famous 5 hp Trefle, or Clover Leaf, in 1922 the first mass-produced drop-head built in France.

For the first time in Europe a motor manufacturer recruited dealers and trained them in sales and after-sales techniques. He was the first person in the world to publish a full repair manual for his cars.

Citroen's products achieved many brilliant successes, particularly the Rosalie models of 1929 to 1934 which became world famous for their amazing feats of endurance.

In 1934 he launched the 7 and 11, with a manual gear-

Paintwork a very serious business

Price that had to be paid

PACSA can well be proud of its R1,3-million paint shop at Alrode, which has sprayed some 100 000 cars during the last five years and has received no valid complaints about rust, said Mr Sid Clow, production director.

In addition to two bays — worth about R285 000 — already in the building, a further R1-million was spent on fitting it out.

Building extensions were carried out at a cost of R240 000, including a sludge pit, internal pits and foundations, paint shop equipment worth R720 000, a paint mix building costing R35 000 and R45 000 worth of paint mix equipment.

Its capacity remains unaltered since the merger, but with modification it could handle 160 cars a shift.

The process is an interesting one. After the car body has been accepted on quality and standard in the body shop, it goes by overhead rail to the paint shop.

The body passes through a pre-cleansing station for a seven-stage phosphate tunnel. After phosphating (for surface treatment to prevent rust and to give good adhesion for the primer), rinsing and drying it is dipped into a 40 000-litre tank of water-borne primer.

The dipping is to guard against rust by UU getting primer into inaccessible box sections and joints. To achieve this the body is taken in and out of the tank at a certain angle.

After dipping, the paint is dried — not cured. It is then given further cleaning with spirits and demineralised water and sprayed with some seven litres of epoxy primeo.

The body is then baked for 30 minutes at 17Q deg centigrade. After baking, it is inspected for imperfections. (The primer has some gloss which helps to show up defects. These are then repaired by sanding).

The joints and the floor are sealed and the body is lifted and sprayed. It then passes through an oven to

CITROEN sales have not fared well since the merger, in fact they dropped by 24 per cent last year.

But this is only an expected short-term situation during which Peugeot distributors and mechanics are being familiarised with the five Citroen models.

"We have done this extremely carefully and it has affected our sales," said Mr Ricky Maingard, marketing manager.

"When we took over in March we decided that no outlet would take on Citroen if its mechanics were not fully trained with a minimum of one week's course here in Johannesburg.

"We felt that it was vital that the image of Citroen should be changed and we wanted to give it national coverage.

"We wanted to make sure that there was no longer a problem in getting parts and service throughout the country. But this could not be done overnight," he said.

Courses were also run for salesmen to acquaint them with Citroen. This was done gradually and sales were affected.

PACSA is working towards an association of Peugeot and Citroen outlets nationwide and is three-quarters of the way towards achieving this. The feeling is that all dealers will be selling both makes by the middle of the year.

"Although all this training didn't pay dividends saleswise last year, we are convinced that it will pay dividends in the future," said Mr Maingard.

As the training programmes swung into action, so did modernisation work on some of the Citroen jigs brought up from the former Citroen plant in Port Elizabeth.

Citroen had experienced some problems in Port Elizabeth, especially with the paint shop. This has now been alleviated by the use of the high standard Peugeot paint shop at Alrode.

Between October and January, improvements were carried out on the tooling — a long-term process.

"The product itself will be better for it later this year, better than it has ever been. Taking things slowly is going to pay-off," said Mr Maingard.

"The uncertainty surrounding the future of Citroen in South Africa last year was a big problem and we lost some Citroen outlets for various reasons. There was also an unprecedented price hike when the price of the car went up by 17 per cent during January and March last year.

"This, coupled with the uncertainty of the dealer network with the merger taking place, was not conducive to increased Citroen sales.

"However, we think that the foundation here has now been laid for a sound future of constant growth," he said.

Mr Bernard Terquem, deputy managing director, said that this improved dealership network will result in a better service to existing customers and an encouragement to potential buyers.

"It shows that both Peugeot and Citroen are here to stay, have the means and the will to stay and have the technology to ensure the stay in South Africa.

"The Citroen network has nearly trebled. We hope to have a national coverage and this has been developing incredibly fast.

"We want to ensure that our dealer network is adequately trained and informed so as to give the necessary support to this very much enlarged Peugeot and Citroen set-up," he said.

Not only is PACSA in the process of educating its dealers in the handling of the Citroen range but also in the handling of customers.

Mr Terquem said that the group is always trying to find out what the public wants. People are taking a more pragmatic approach to buying cars and are looking for reliability and quality of service.

"We score very well on both these points and are makinq serious efforts to improve our service image. Not only in the technical training of our staff and network but also by trying to improve the quality of the reception of the customers.

"We are holding reception courses with closed circuit television to show people how to talk to the customer. Every customer is important, whether it's the single car man or the large fleet owner.

"The distribution network is being very co-operative in this. We have to improve our total service image in both words and deeds. This will also enable is to pinpoint problems much earlier from a customer's point of view," he said.

revolutionary for the public and sales did not go as fast as had been hoped.

Financial disaster followed, the company went into judicial liquidation and the Michelin brothers, as principal creditors, took over. Everything that the name Citroen meant was no longer his.

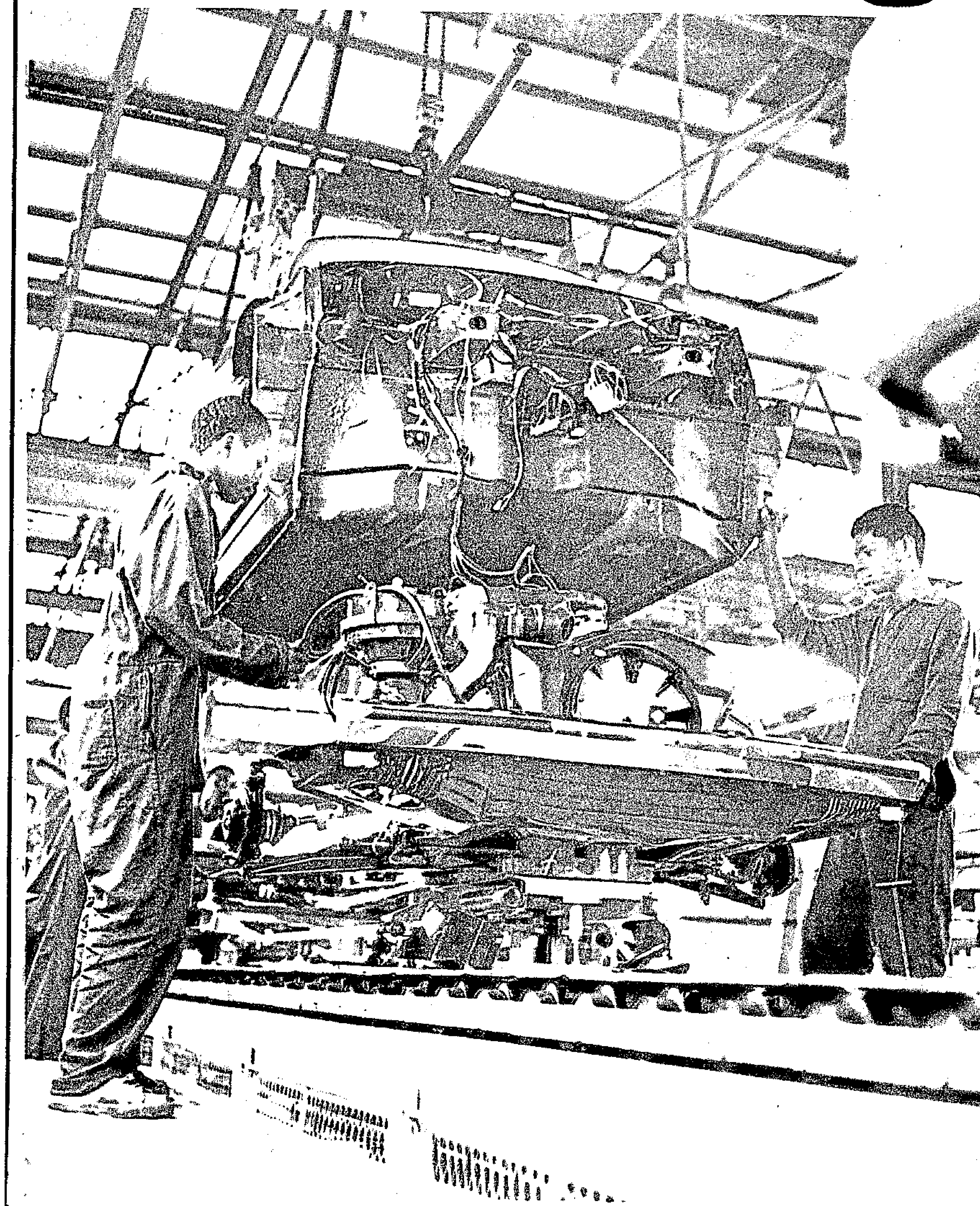
In 1935, after a prolonged illness, he died. His arch-rival, Louis Renault, said at his grave: "What would we have done without you."

with demineralised water and dried in an oven.

From the oven its passes through to the colour spray booth where a colour coat of acrylic enamel is sprayed on. After this process, it is again baked, this time at 150 degrees for 35 minutes.

The body is then finally inspected and any minor repairs can be performed before it goes on for trimming and mechanical assembly.

On the right



All hands to the track as the Citroen body is married to the chassis.

Pictures
ANDRZ
SAWA

The
20 step
to safe

In the early years of this century, motor racing was a luxury pastime and a gentleman's sport.

Today we continue that tradition in the TI version of our Peugeot 504.

The 504 TI has features which the true enthusiast will appreciate.

Its Kugelfischer fuel injection system. Its maximum S.A.E. power of 80,8 kW at 5 600 r/min.

Its full instrumentation, including rev. counter.

Its fully independent suspension coupled with power assisted disc brakes on all 4 wheels providing you with tenacious road holding and maximum safety.

And with these performance factors, the 504 TI remains a gentleman's car. With styling in restrained good taste by Pininfarina.

With many luxuries, such as the brushed nylon insets in the fully reclineable seats. And the sliding sunroof, which is standard in the TI.

A full five seater, generous in leg room, head room and luggage room.

A comfortable family car that performs like a sport saloon.

The same breed that came straight off the production line to win the standard car class in the 1974 Total Rally and won the 1975 East African Safari outright – the world's toughest rally.

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If you would like to learn more about the incredible range of Peugeot vehicles, please complete this coupon and return it to:
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PEUGEOT

The family car a performance-minded executive would choose.

Peugeot & Citroen South Africa is backed by internationally acclaimed expertise with ... 300 dealers throughout the Republic and South West Africa.

Hyams Robinson and Associates D2643

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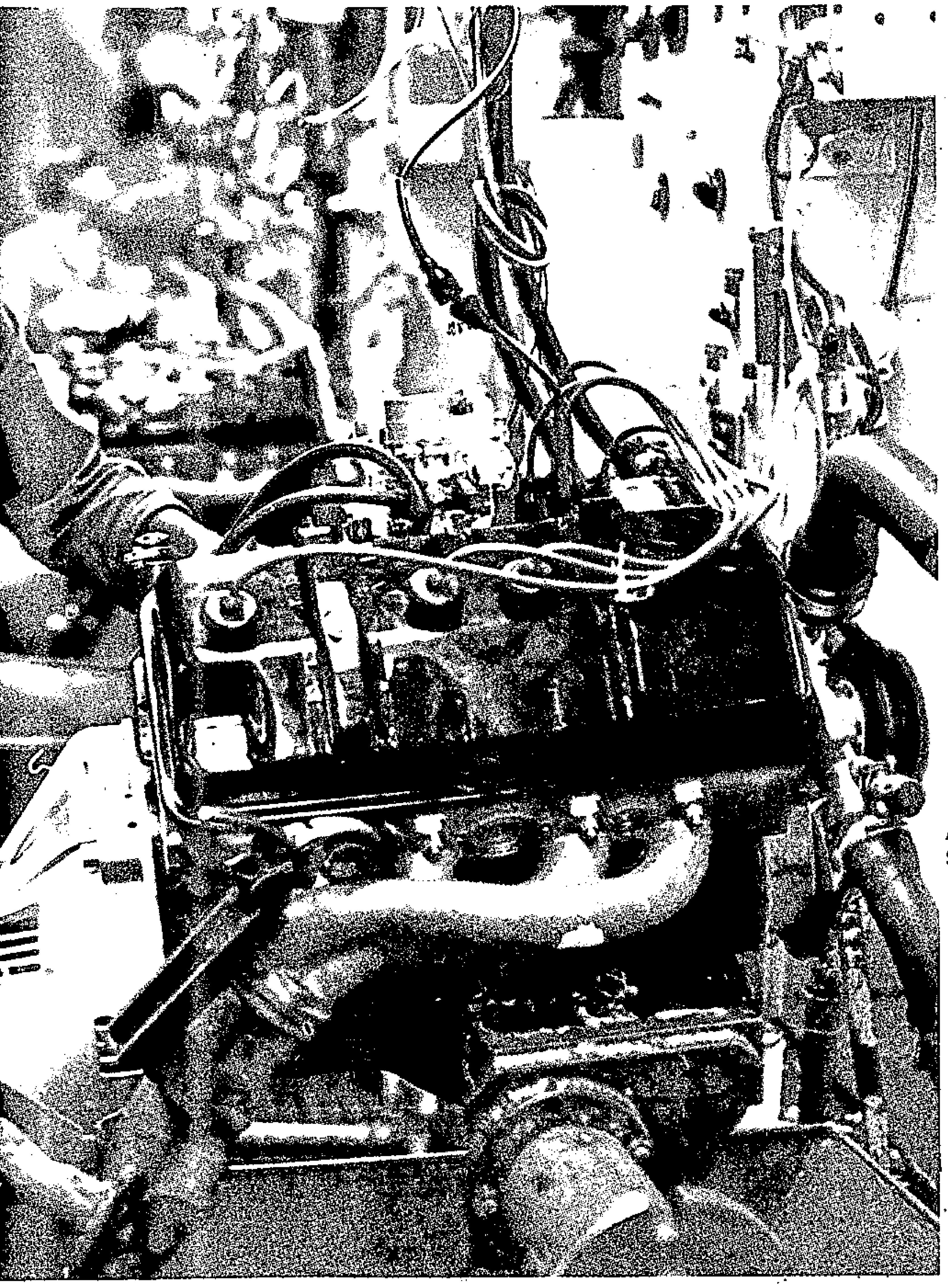
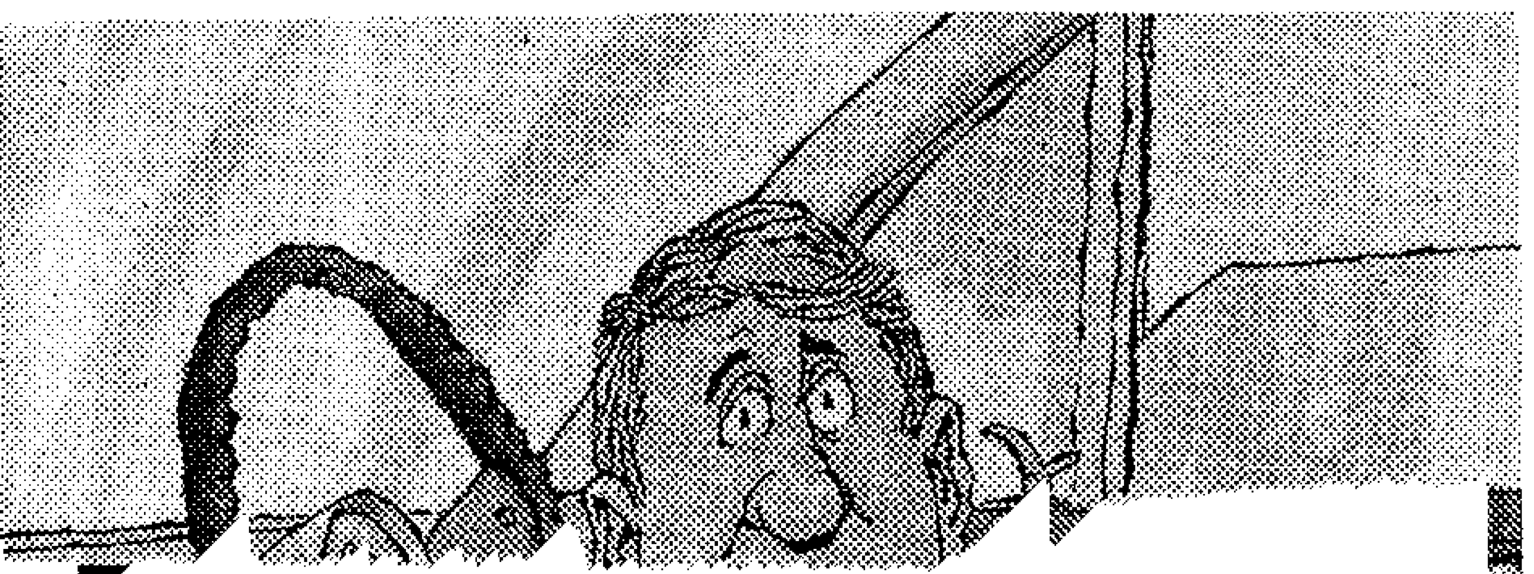
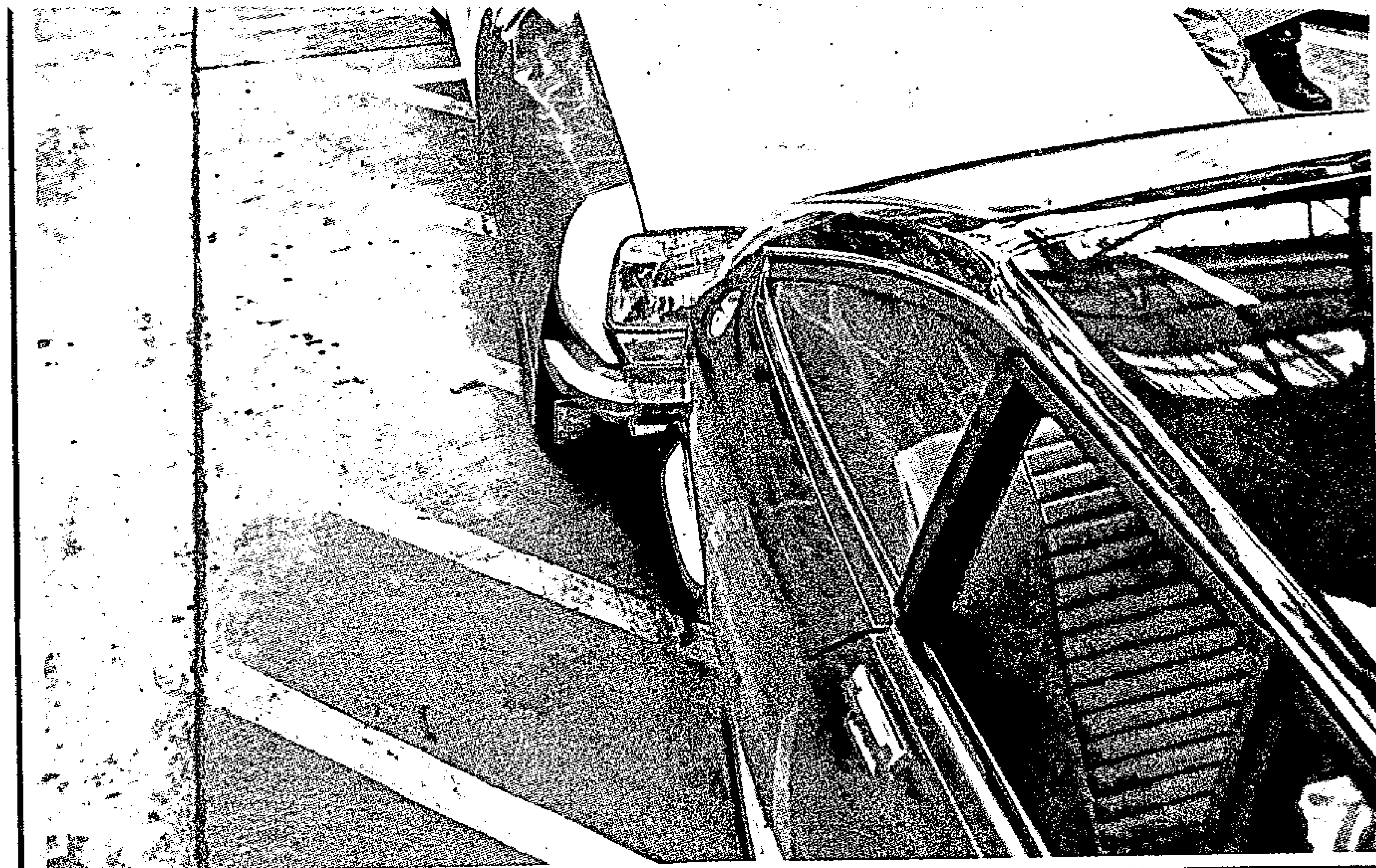


engine is rigged up on a test jig by Mr Ronnie Marumo.



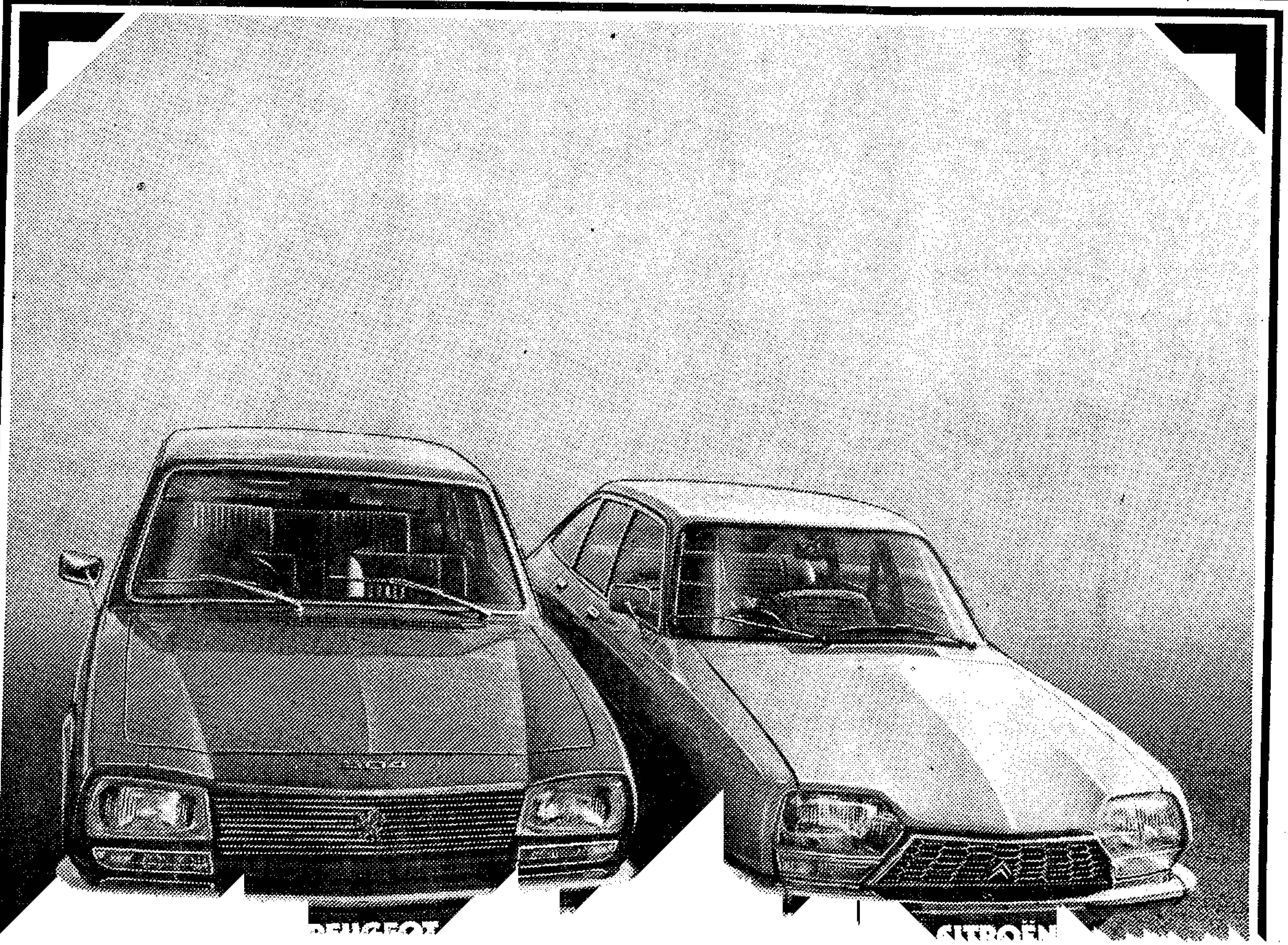
Attractive Hannetjie Norte goes about her work in the trim shop where all the upholstery is cut, sewn and prepared for final fitting.



End of the assembly road

The final assembly, after which the cars are started and are ready for their run on the test track.

Couple of the year



Quest for quality unending

QUALITY control is the key to Peugeot's image in the market place, a philosophy that is uppermost in the minds of all at PACSA.

Apart from quality control inspectors at component factories and at the Alrode plant, there is "super control" at the plant which "demerits" cars taken at random.

This control checks on both production and other quality controls and acts as an insurance to management that quality is being maintained.

There were 150 people engaged in quality control before the merger and an additional 40 have been taken on since.

"We sent teams to Port Elizabeth to study all the different aspects of the Citroen operation there," said Mr Sid Clow, production director.

There were also a number of Citroen engineers, technicians and quality controllers flown in from France to aid in control.

Before the manufacturing process starts, inspectors check material, sub-assemblies, and parts in the raw stage, delivered by several suppliers.

Frequent inspections are carried out on the machined parts at all the manufacturing stages as well as on the final mechanica
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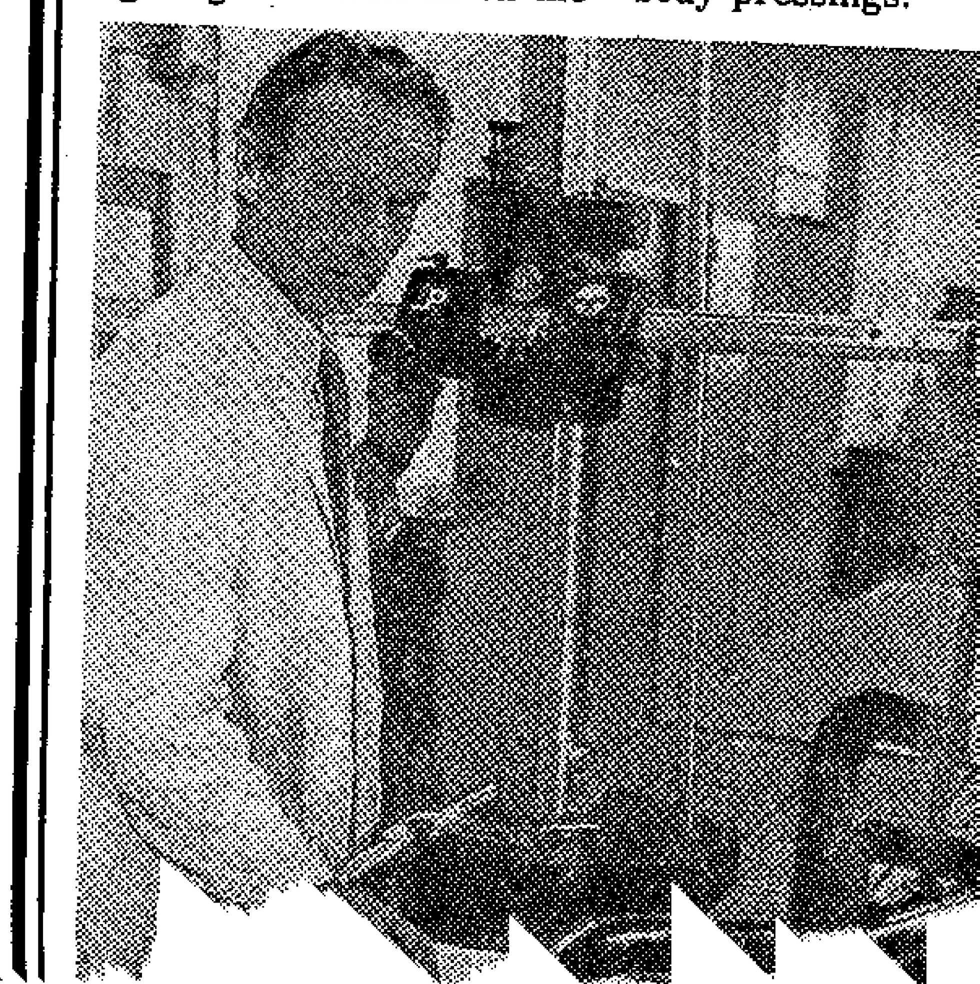
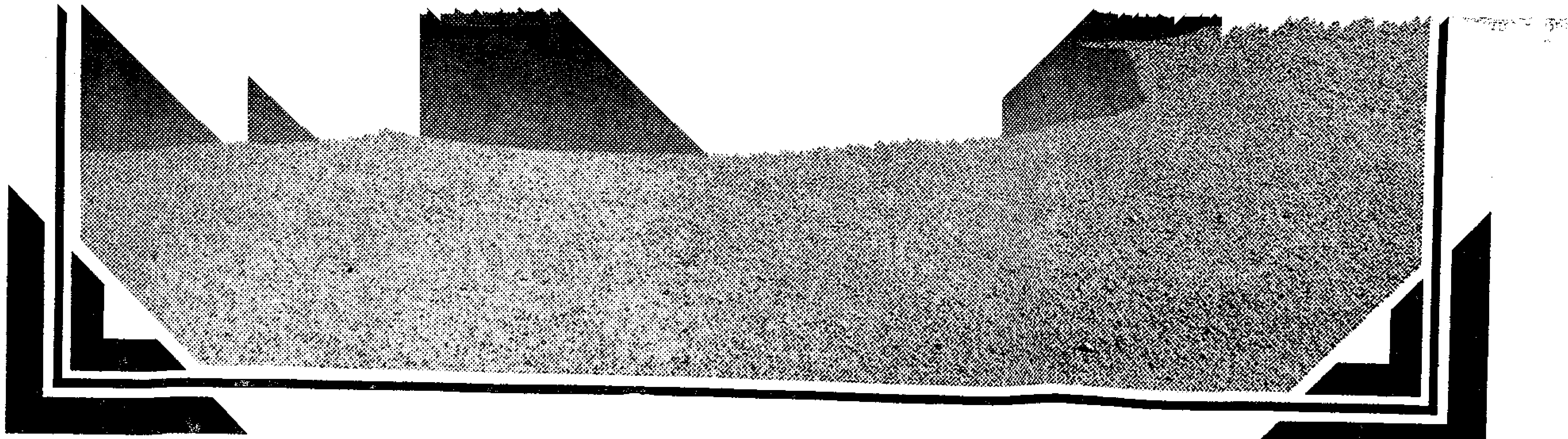
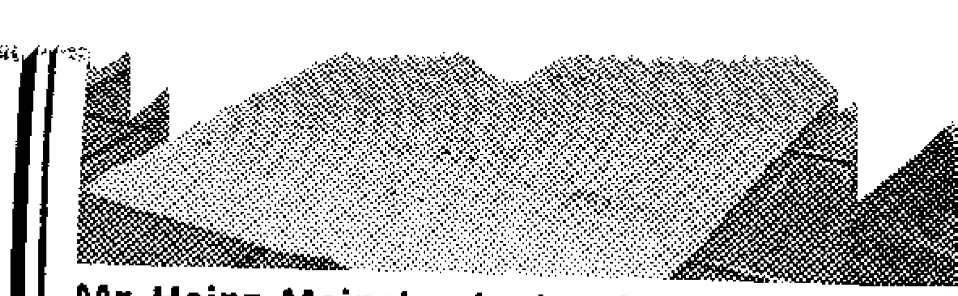






Mr Heinz Meinel, who heads the metrology ment at Alrode, measures the 504 front exhau complete car bodies and other componen checked every day to ensure that specificati being followed.

Nearly 200 work on prototypes

WHEN prospective buyers gather around new models which arouse their curiosity and admiration, few of them realise that the cars were first discussed as much as five or six years before the launch.

With Peugeot, the first project takes shape in the study centre in Paris, where the task is to manufacture prototypes which will be accepted by general management.

There are about 850 people there, of whom 120 are engineers and 400 highly qualified technicians using the most sophisticated instruments.

Their studies are centred on the relationship between man/car for security and comfort as well as the reduction of harmful effects on the environment.

When the prototype is finished it is taken to the study department at Sochaux, which is near the manufacturing plant.

Here the car is perfected, taking into account the requirements with re industrial progress, disation and impro to be made before th ready for producti work.

There are almos people employed th whom 150 are engine 500 technicians, e that the smallest complies with the hi dards set by the con quality specifications

One of the mos tacular installations test centre at Be where, under very security, the future run day and night harshest of conditions all the components .

The centre is situ the middle of a for covers 340 ha. This i a complex of test roa tracks covering 1 representing all p driving conditions fr to sand roads to bush cobble roads, river ings, hills, tight corne other hazards.

Move from Pl

Continued from Page 1.
September and the two factories there went on to the market for sale or lease.

The machinery stripped from those factories then had to be installed and minor adjustments made.

There were also other problems in the move, as Mr George Ward, managing director, outlined "The move had some complications in that it necessitated closing the Port Elizabeth plant with all the humanitarian aspects involved.

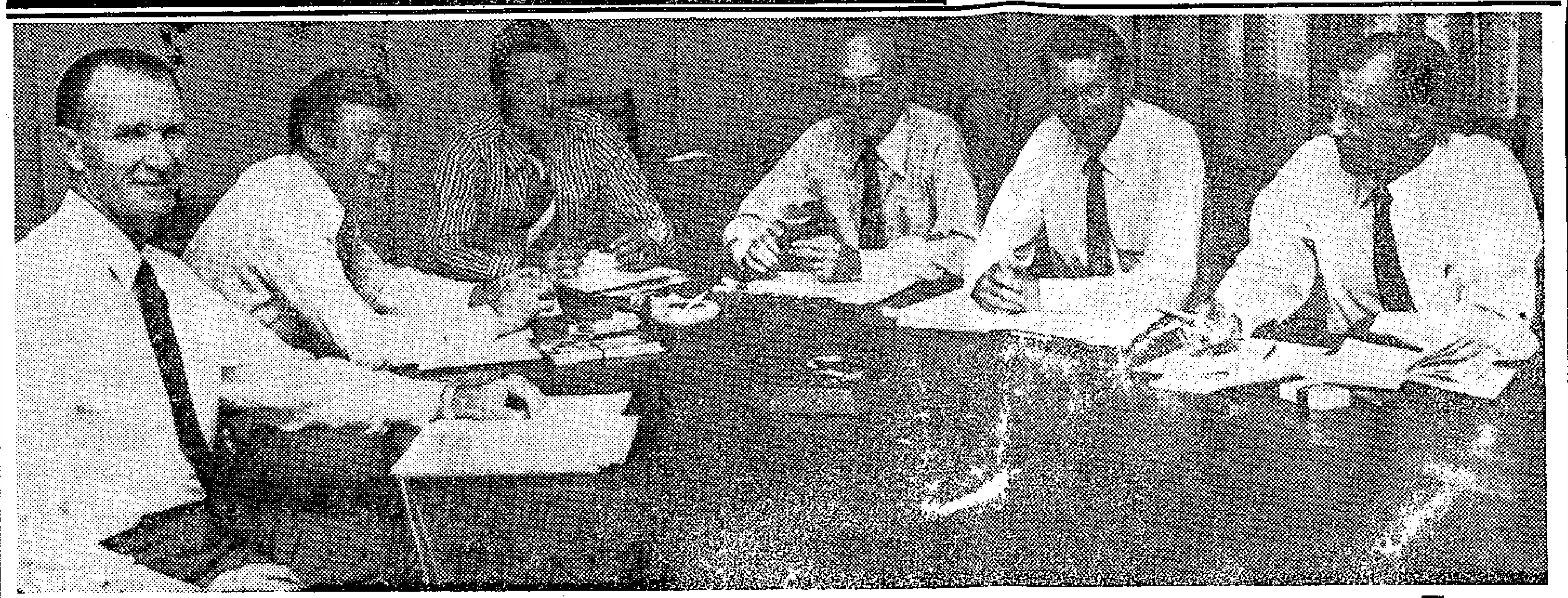
"It meant the laying-off of people — but I am pleased to be able to say that they have all been found other jobs in this or allied industries.

"I think that we t our employees very w Port Elizabeth and we in the unions to see tha play was done. I think everything was amicab ranged between us all said. Severance amounted to R150 000.

The problem was there was inadequate ing for the Coloured wo near the Peugeot plant meant that Black labou to be recruited locally then trained.

Of the 600 workers ar members of staff, only all went to Johannesbu

This meant a progra of readjustment to Citroen product for both labour and Peugeot wor



The board: (left to right) Mr Sid Clow, production director; Mr Bernard Terquem, deputy managing director; Mr George Ward, managing director; Mr Les Megom, financial director; Mr Ken Powrie, administrative director; and Mr Eric Ahrens, director of supply.

PACSA sales make it a firm No. 5

TOTAL sales of Citroens and Peugeots last year amounted to 17 946 — placing PACSA firmly into fifth position of the passenger unit market.

Examining the performance of individual models more closely, the 504 must be singled out because it was the only car in its category to have shown an increase over 1974 sales. Cheverolet, Ford and Audi — in this category — lost a total of some 5 000 units.

Total 404 sales last year were down compared with 1974 but this has been attributed mainly to a general decline in the medium car market, which represented 34 per cent of the total market at the beginning of 1975, but only 28 per cent towards the end of the year.

The 404 share within this market segment dropped slightly from 10,5 per cent to 9,5 per cent.

The Citroen GS, on the other hand, showed a significant drop in a rapidly growing small car market because of substantial price increases and the uncertainty in the network concerning the future of Citroen in South Africa.

However, PACSA is convinced that the GS will, this year, return to its pre-1975 sales level of around 6 per cent of the segment of about 450-plus units a month.

The production of the 404 station wagon has now ceased and this model is to be replaced at the end of this month by th e 504L station wagon.

The 404 station wagon was dependent on the 404, where it accounts for over 50 per cent of total production.

CKD packs are, and will be, available from France for a long time to come, ensuring the future of the 404 outside Europe, said Mr Maingard.

The 404 was resonsible for 17 per cent of Peugeot's total export sales during last year. In Africa alone, where the full Peugeot range from the 104 to the 504 is sold, the 404 represented 50 per cent of total sales.

Mr Maingard said: "Contrary to rumours emanating from certain sectors, the continuity of the 404 passenger cars and light commercial vehicles is assured and we would like to state categorically that we look forward to its continued success for many years.

"We know that this vehicle is ideally suited to South African conditions and has become something of a legend here. Our company is continuing its local content programme on the 404 to enable it to meet all future Government requirements."

Mr Maingard said the Citroen GS range of cars will enjoy the same high standards of quality and workmanship already synonomous with Peugeot and that the GS fits in well at the bottom of the 404 range.

The addition of Citroen gives the group 14 variants based on only three models, all with four-cylinder engines and selling between R3 000 and R6 300.

Mr George Ward, managing director of PACSA (second left), inspects the first consignment of the new rear axle housings from Silverton Engineering, part of a R257 000 contract. With him are (left to right) Mr Tonnis Rozema, development director of Silverton, Mr Eric Ahrens, PACSA's director of supplies, and Mr Percy Janke, Silverton's sales manager.

The new

discontinued because CKD packs were no longer available from France. Mr Ricky Maingard, marketing manager, stressed that this in no way affects the rest of the 404 range in South Africa.

Manufacture of the 404 passenger range ceased in France last year but pick-ups are still being produced. However, Peugeot's four major assembly and manaufacturing plants in Argentina, Chile, Nigeria and South Africa are heavily

carb

ALL MODELS in the Peugeot 504 GL range — manual, automatic and estate — are being fitted with a redesigned engine to make them between 10 and 14 per cent more economical.

The engine improves flexibility, response and fuel consumption without any power or torque loss. The reliable Peugeot XNI wet sleeve engine is now being fitted with redesigned pistons, cylinder heads, valves, camshaft, inlet manifold, distributor and air cleaner.

The Solex carburettor previously used is being replaced by a Zenith twin choke 35-40 INAT unit with automatic choke.

Fuel consumption tests conducted in Europe in accordance with DIN standards have shown that the new engine is 12,2 per cent lighter on fuel.

Merger ... was all local

THE ENTIRE R2,5-million merger between Peugeot and Citroen (PACSA) was financed at local level, a task which fell to Mr Les Megom, financial director.

"We didn't have to raise additional funds other than overdraft facilities," he said.

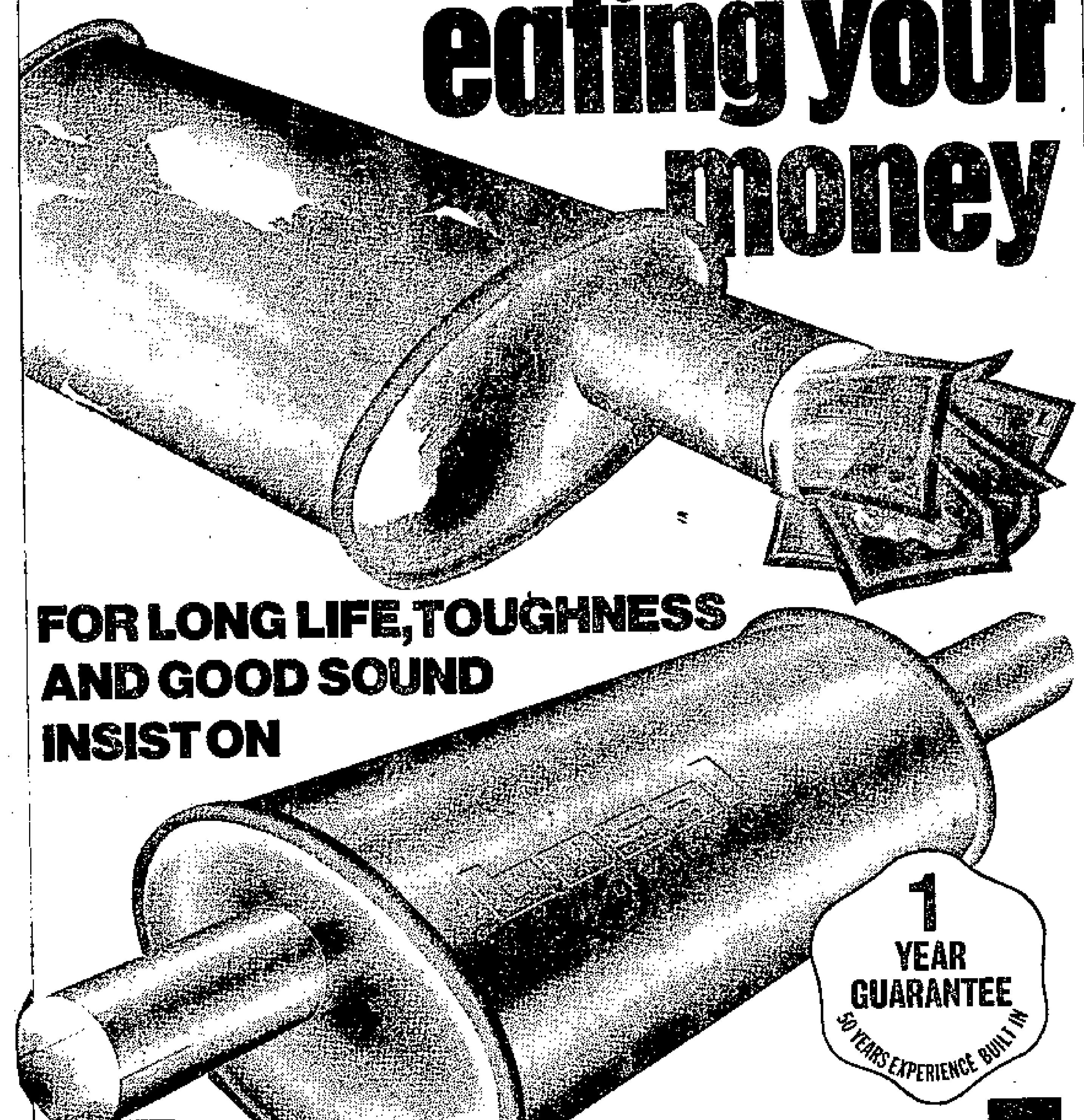
"It was financed from local sources and to ensure sufficient funds of availability we raised a R3,5-million overdraft."

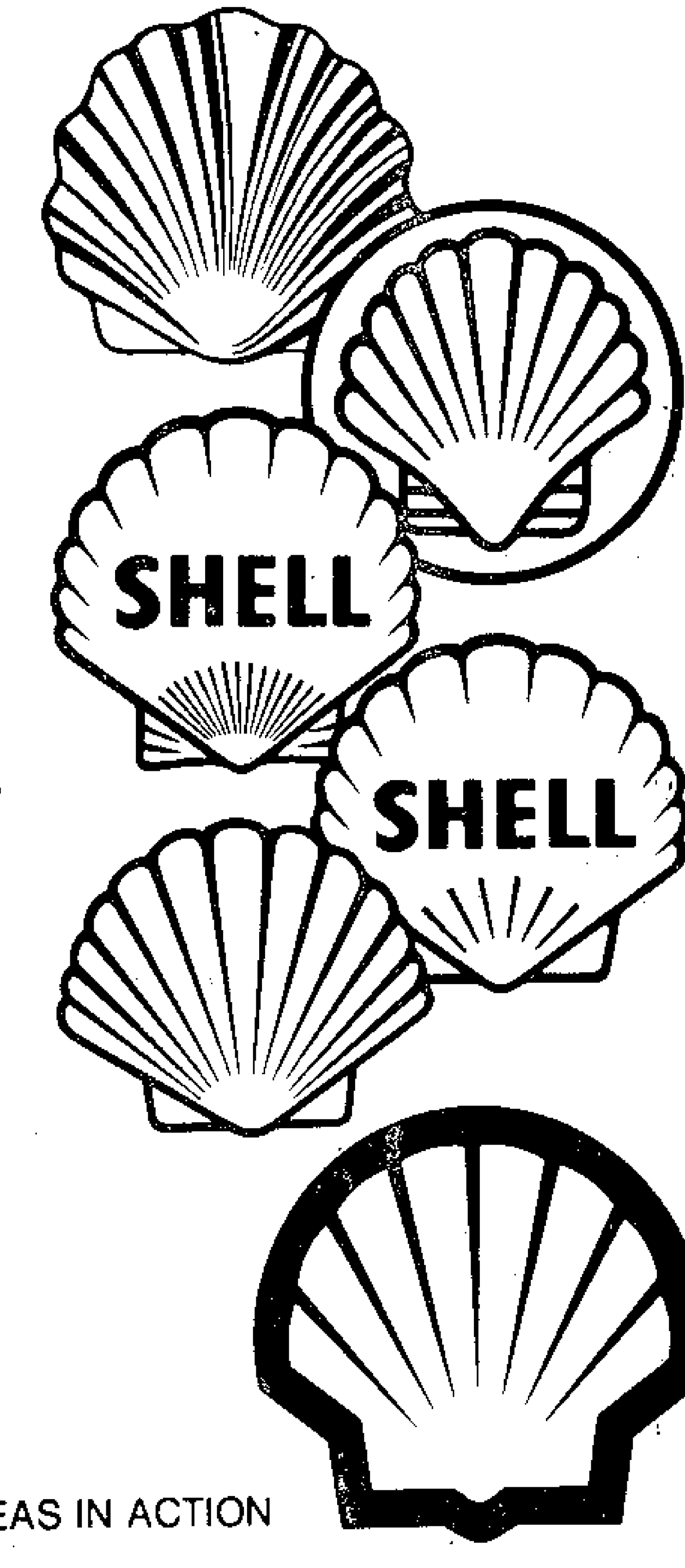
In anticipating the need for an overdraft as far back as 1973, Peugeot's board of directors pulled off a minor coup in so far as money is now very tight.

The cost of accommodating Citroen at Alrode totalled R2,47-million. This was made up in the following way: Additional investment in firm assets R1 650 000 (building and facilities R1 125 000 and plant and equipment R525 000) Relocation cost R 240 000 (relating to plant, equipment, raw materials, stock and personnel from Port Elizabeth) Launching cost R 100 000 (launch of Citroen production at Alrode) Citroen tooling R 330 000 (improvements and modifications) Personnel expenditure R 150 000 (severance pay at Port Elizabeth)

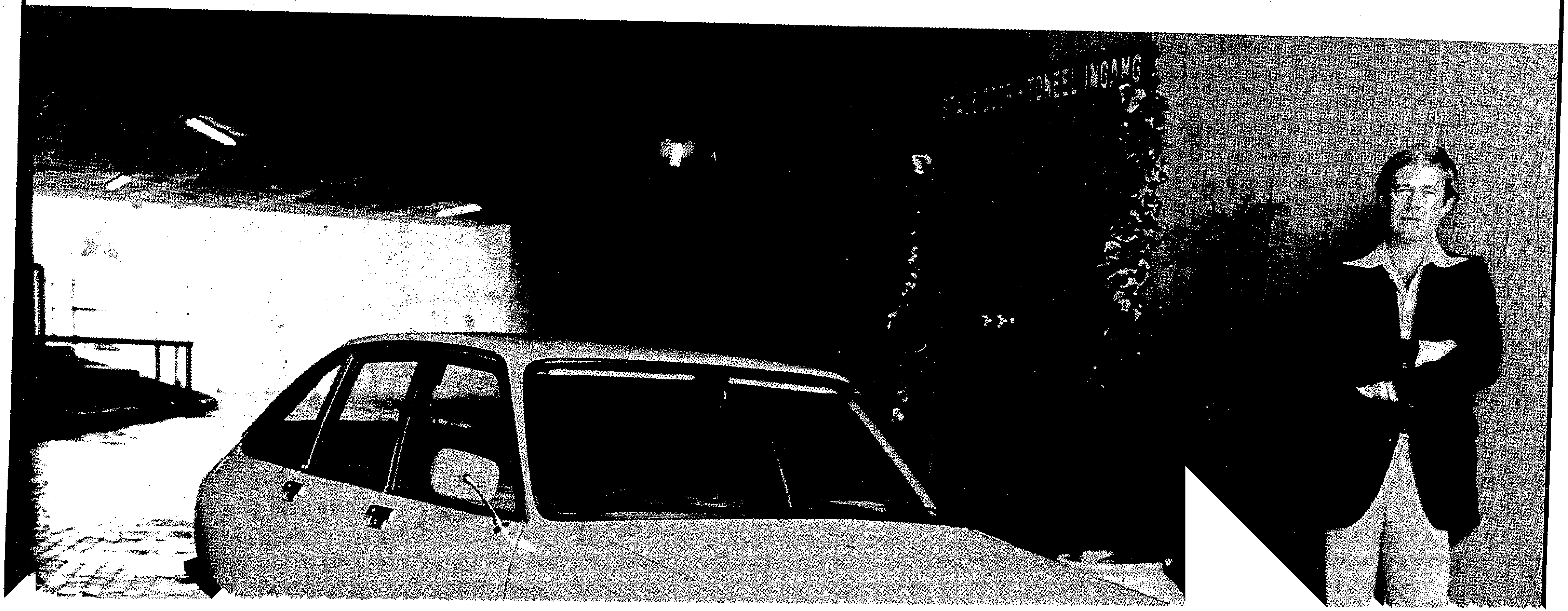
After completion of the merger, the total group investment in fixed and current assets now totals more than R40-million.

Additional capital expenditure in respect of tooling, expansion and improvements (primarily for local content) is expected to be in the region of R3,5-million.





"SHE BEGAN TO BORE ME...



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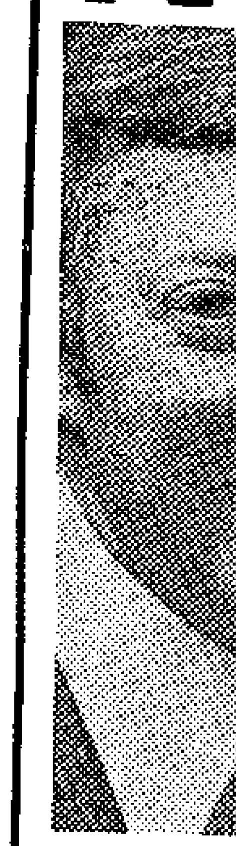

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Get behind the wheel of your present car and what do you feel? Bored? Good reason to drop her for a French model, the Citroën GS.

Take a test drive.

Her big, deep, reclineable seats will beckon you. Her one-spoke, padded steering wheel will beg you to take her out.

Out on the road the excitement heightens. A rough patch looms up. No sweat. Her exclusive hydro-pneumatic suspension soaks up the bumps, levels them out.

She purrs along whispering total reliability. The way she handles tells you you'll be happy with her for a long time to come. And man, is she built for comfort, plenty of leg room and carpeting throughout.

Back in the showroom you're told about economy. About the Citroën service network that's now nationwide.

Citroën has a whole lot more going for you: Heater and demister for hot or cold air at face or ground level. Two-speed windscreen wiper and washer control. Warning light for brake pad wear and lubrication systems. Full instrument panel including electric clock. Day-nite interior mirror, cigar lighter, hazard warning control. Hot-line rear window on GSX2 models. Radial ply tyres. Quartz iodine headlights.

It all adds up. If Citroën excitement doesn't make sense for '76, then nothing does.

CITROËN MAKES SENSE IN '76

CITROËN GS. BECAUSE YOU'D NEVER DRIVE A BORING CAR.

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World wide furore looms

French win atom deal

STAR

29/5/76

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The R800-million contract for the construction of South Africa's first nuclear power station was awarded by Escom tonight to a French consortium – setting the scene for a further international furore over the project.

The Swiss-Netherland-United States consortium was the favourite to handle the massive project.

And the industrialists who have fought desperately in the past few weeks to push through their bid in the face of political opposition in the United States and the Netherlands are now certain to round on the pressure groups who blocked their efforts.

Associates of the consortium have been pleading with officials of South Africa's Electricity Supply Commission in the past few days to hold off their decision until they could get the guarantees of political non-intervention in the project on which Escom was insisting.

But Escom officials reveal that on Monday this week it had suspended negotiations with the consortium of US, Swiss and Dutch companies for the supply of the two-unit nuclear power station.

This had been done because of the failure of the Dutch Government to provide the necessary guarantees and assurances of supply by the specified date of May 21.

Tonight's announcement said the contract for the construction of the power station at Koeberg, 28 km north of Cape Town, had been awarded to the French consortium consisting of Framatome, Alshtom and Spie Batignolles.

Framatome would handle the nuclear reactors, Alshtom the turbo-generators and Spie Batignolles —who took part in the Sishen-Saldanha and Orange Fish tunnel projects—would be responsible for the civil engineering works.

German bid

The third consortium bidding for the contract was Kraftwerk Union of West Germany in collaboration with Murray & Roberts.

Orange Fish tunnel projects—would be responsible for the civil engineering works.

German bid

The third consortium bidding for the contract was Kraftwerk Union of West Germany in collaboration with Murray & Roberts.

The US, Swiss-Netherlands consortium involved General Electric of the United States, Brown Boveri of Switzerland and Rijn-Schelde-Verolme of Holland.

It was the front runner until the political row upset the applecart.

Neither the French nor the West Germans apparently had any difficulties in obtaining the necessary guarantees from their Governments on linking up with South Africa on a nuclear power basis.

An indication of the likely reaction in the Netherlands, for instance, is the fact that if the Rotterdam-based Rijn-Schelde-Verolme group had taken part, it would have provided jobs for 1 000 people for five years.

Dutch trade unions have remained largely silent on the issue.

Opponents of the project have said the Koeberg reactors could produce about 450 kg of plutonium a year—enough for about 100 Nagasaki-sized atomic bombs.

South Africa has not signed the nuclear non-proliferation treaty, they say.

They have argued that an official of the South African Atomic Energy Board said publicly in 1974 that South Africa possessed the technical capability to make atomic bombs, and that its nuclear programme was more advanced than that of India, which exploded its first nuclear device earlier that year.

The two-unit power station will consist of two pressurised water reactors, each with an electrical output of 922 Mw—each almost enough to feed Johannesburg.

The first unit is scheduled for commissioning in November 1982 with the second unit to follow one year later.

The contract also provides for the supply of fuel elements for the initial charge of five reloads for each unit, to be manufactured by the Franco-Belgian Fuel Company from enriched uranium hexafluoride provided by Escom.

Last year Escom signed a contract with the US Enrichment Authority for the enrichment of uranium hexafluoride it is to supply. — Sapa

26/4/76

Transkei to woo French

Anthony Hose
The Star Bureau

PARIS—A mission from the Transkei, headed by the Minister of Justice, Chief George Matanzima, is due to arrive in Paris at the end of this month to sound out French intentions for investment in the new state when it becomes independent next October.

This was revealed here by the Transkeian diplomatic representative in Paris, 54-year-old Mr King N Mdleleni.

"That will be my big moment," he said, beaming in the warm spring sunshine. And it will be through no fault of Mr Mdleleni if the visit is not a success.

It is hoped that a large congress of French businessmen and industrialists will be invited to meet Chief Matanzima and in fact it will be the Transkei's first big "independent" gesture to France.

For the meeting is to be held entirely independently of the South African Embassy where Mr Mdleleni has been preparing for Independence Day.

But he was the first to admit that there were still some big "ifs" to the whole question of recognition. If France does in fact acknowledge the Transkei as a sovereign and independent state then it is likely that Mr Mdleleni, who was once a milk delivery roundsman in Cape Town, will be his country's first envoy to France.

"I'm not sure what my Government has in mind but we regard France as very important and naturally we would see strong representation here," he said.

At present four other "embryo" ambassadors of the Transkei are working in South African embassies abroad, two in Washington, one in London and another in Bonn.

Asked whether the Transkei would apply for membership of the OAU and the United Nations, Mr Mdleleni replied "without doubt." But he said he was the first to realise that the going

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N-deals strictly controlled

CAPE TIMES 31/5/76

France tries to allay fears

① Energy 94
② 69

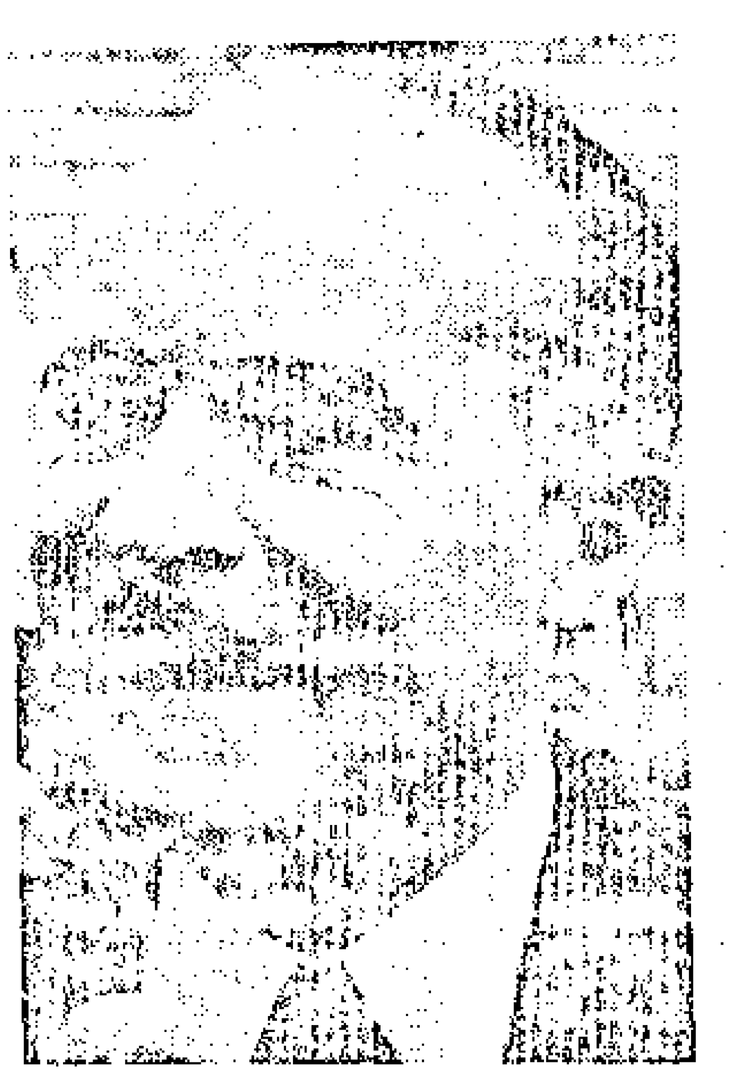
PARIS. — The French Foreign Minister, Mr Jean Sauvagnargues, in an interview published here yesterday, sought to allay fears that France was helping to spread nuclear weapons by selling foreign countries nuclear technology.

The interview, in the news magazine Le Point, came as South Africa announced that its first nuclear power station would be built by a French consortium.

Mr Sauvagnarues, who gave the interview before the South African deal became public, said that France had imposed strict controls on its sales of nuclear know-how. The technology was meant for peaceful purposes.

The R775-million deal was expected to arouse protests in France and abroad against close relations between Paris and Pretoria. But diplomatic sources expect protests from France's West African allies to be on a formal level only.

Leaders of a number of



Mr Sauvagnargues

French-speaking African countries met in Paris earlier this month and President Valery Giscard d'Estaing was presumed to have told them of the deal.

The president announced last year that France would halt land and air arms sales to South Africa. His opponents said that this would not affect any arms contracts already concluded.

France has long been South Africa's main arms supplier.

In the interview Mr Sauvegnargues replied to United States fears that French nuclear processing plants sold abroad could be used for military purposes. He said that France had renounced plans to conclude a deal with South Korea but had contracts with Pakistan which had accepted all the guarantees asked of it.

Official French policy calls for clients to abide by conditions of the International Atomic Energy Agency for prior agreement that nuclear technology is to be used for peaceful purposes only.

GUARANTEES

"International relations would become complicated if everyone acted on the principle that guarantees meant nothing. We will not relax our controls (on nuclear sales) to obtain commercial advantages — as long, of course, as our commercial rivals do the same," he said.

Opponents of France's policies claim that controls on military sales have repeatedly been violated. The main example cited was a deal with Libya which theoretically prohibited Mirage jets being put at the disposal of a third country.

French officials were embarrassed when Libya confirmed Israeli charges that the jets had been put at Egypt's disposal during the 1973 Middle East war.

French authorities are expected to reply to criticism of their nuclear sales to South Africa by stating that other Western countries were prepared to clinch the deal.

The United States Under-Secretary of State for scientific affairs, Mr Myron Kratzer, told a [illegible] commission in

There will be trouble, warns press

Own Correspondent

PARIS. — Warnings have already been sounded that "there will be trouble" in France over the nuclear plant it will sell to South Africa.

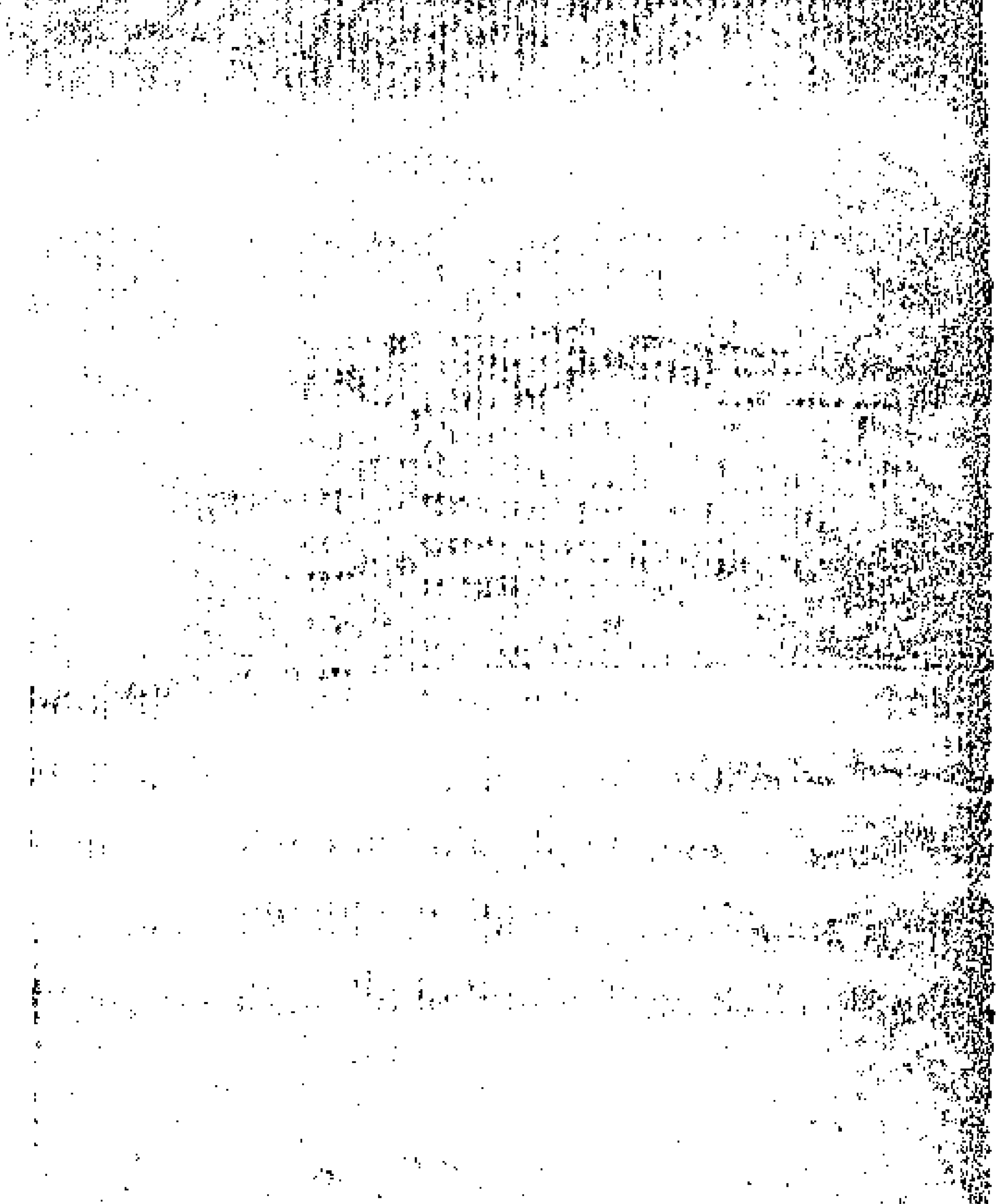
The State-run "France-inter" radio led its first morning news bulletin with the news from South Africa and commented: "Questions are bound to be asked about it."

France's only national Sunday newspaper, "Journal de Dimanche" had a headline over five columns, "There will be trouble". It said that it was a "fabulous contract" but "it risks also causing some polemics" for "any-

added that "the Americans will also not be very warm about the contract" because they told the French President when he was visiting the United States only a week ago that France should not adopt such a free policy in selling its nuclear plants abroad. The United States favours some kind of control.

The newspaper concluded that "the semi-official reason given by South Africa for choosing France — that the United States and the Netherlands were putting up political obstacles — could start polemics".

The secret of the con-



ABOVE: A photo montage of the site [illegible] South Africa's first nuclear power [illegible] Duynefontein, 29 km from Cape Town [illegible] when completed, it will be known as [illegible] and will cost about R775-million at [illegible] today's costs. After the nuclear power [illegible] commissioned in 1982, it will pump [illegible] megawatts into Escom's national grid, [illegible] one of the biggest power stations in [illegible]

*

LEFT: South Africa's first nuclear pow[illegible] will rise on this site just north of C[illegible] where Cementation teams are seen [illegible] core samples of soil which went [illegible] tenderers with information for their [illegible] designs. Construction of the Koeb[illegible] power station is scheduled to begin. [illegible] The two-unit system will consist of [illegible]ized water reactors, each capable of [illegible] 922 megawatts.

JOHANNESBURG. — Escom announced on Saturday that the R775m contract for the construction of South Africa's first nuclear power station [illegible] the project.

The Dutch-Netherlands [illegible] fought desperately in the past few weeks to push through their bid in the face of political opposition in the United States and the Netherlands are now certain to turn on the [illegible] blocked their efforts.

Netherlands [illegible] involved Ger[illegible] of the [illegible] Brown Boveri [illegible] and [illegible] the front [illegible]

Neither the [illegible] the West Ger[illegible] had any [illegible] clear power [illegible]

JOHANNESBURG

An [illegible] likely [illegible] Netherlands [illegible] is the fact [illegible] [illegible] provide [illegible] people s of Koeberg

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JOBS FOR 1 000

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They have argued that official of the South rican Atomic Energy ard said publicly in 74 that South Africa ssessed the technical pacity to make atomic mbs, and that its nu- ear programme was re advanced than that India, which exploded first nuclear device rlier that year.

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Last year Escom signed a contract with the US Enrichment Authority for the enrichment of uranium hexafluoride it is to supply.

The contract has been awarded on a turnkey basis, and the capital works include the design, manufacture, delivery, construction and setting to work of the entire station and all auxiliary and ancillary works.

"Thus", said the announcement, "the tenderers must provide the entire nuclear power station capable of safe, reliable and efficient operation".

The contract amount, at present day prices, is approximately R875-million. Financing will be provided by a consortium of French banks in the form of a buyer credit for 85 percent of the overseas portion of the contract.

Equipment, material and services representing over a third of the cost of the station will be ordered in South Africa.

"It therefore stands to reason", said the announcement, "that local industry will benefit from the employment of novel techniques and from the stringent quality standards demanded."

DUYNEFONTEIN

Koeberg will be erected on the Cape west coast on the farm Duynefontein, 29 km north of Cape Town, acquired by Escom in 1967.

Escom said that although South Africa possessed abundant coal deposits, these were concentrated in the northern provinces, leaving the Cape virtually without coal, and making coal-fired power stations in the Cape less economical.

It had therefore been left with two alternatives: Either additional PT head power stations could be constructed in the Transvaal and linked to the Cape by further high-voltage transmission lines, or a nuclear power station capable of satisfying the Cape's immediate as well as future power needs could be built in the Western Cape.

VITAL RESOURCES

A conventional coal-fired station of Koeberg's capacity consumed between four and five million tonnes of coal a year, and Koeberg would therefore contribute considerably towards conserving South Africa's vital coal resources.

Inland generation of electricity made heavy demands on precious fresh water supplies, Escom added.

Running at full throttle, Kriel was expected to consume 180 000 cubic metres of water a day. Most of the water was irretrievably lost by evaporation from the cooling-towers. Dry-cooled stations operated on a slightly better ratio but still consumed about 0,7 litres of water a kilowatt hour.

Nuclear stations, while also requiring enormous quantities of cooling-water, were not tied down to coalfields or an abundant fresh water supply — Koeberg's coolant would be drawn from the ocean, which would supply the 100 tonnes of water needed each second to cool the nuclear reactors.

The water will be recycled into the Atlantic at a temperature of about 23 degrees centigrade.

Possible effects of the warm discharge to marine life are being investigated by the Zoology Department of the University of Cape Town.

Marine biologists are of the general opinion that the recycled warm water will create a pocket of marine life more akin to False Bay than to the colder Atlantic at Duynefontein.

Escom said it had thoroughly investigated all reactor systems, paying particular attention to capital and operating costs, safety aspects and reliability.

Throughout the world light-water reactors predominated over other reactor types, and it was decided that Koeberg should have a light-water reactor system.

22 COUNTRIES

Light-water reactors, whether of the pressurized or oiling-water type, are safely operating in 22 countries. Technical organizations have been set up, laying down stringent rules and regulations, and reactor operating licences are granted only when all necessary requirements have been fully met.

In South Africa, the Atomic Energy Board constitutes the technical body responsible for granting Koeberg's reactor licence. It is in close consultation with manufacturers' safety staff, and the licensing authority of the reactor's country of origin.

CONSULTATION

Escom said that in consultation with its consultants, of both national and international repute, it had carried out over about eight years extensive investigations into such matters as sea currents and temperatures, wind and wave conditions, ocean bed sediment movements, marine biology and site geology.

"These investigations, which are continuing, were aimed at optimizing the selection of the site and the design of the cooling-water system and minimizing the effect of the power station on the coastal environment. — Sapa

... by Escom.

Informed sources point out, however, that the political debate in these countries has been largely irrelevant since South Africa — through its uranium-enrichment process — is able to make atomic bombs anyway irrespec- tive of the nuclear powe station.

Neither France no South Africa has yet si ned the nuclear non- proliferation treaty, but seems likely that the tw governments may agree the non-proliferation fuel products through bilateral agreement.

MATTER OF TIME

The Koeberg power r- actors 28 km north Cape Town are expect to be operational 1982 and South Africa clearly rely heavily on riched fuel from Fra till enriched uranium being produced on a c mercial scale in the public.

The Minister Economic Affairs, Chris Heunis, said yes day that the Governm obviously welcomed awarding of the con but he emphasized the deal was negoti independently by Esco

"The Government the decision in prin to establish the nu power station many ago and we naturall prove of Escom's han of the contract," he

"WELL JUDGED"

The United Party perts on nuclear Mr Derick de Villier said the decisio Escom to proceed wi nuclear power stat the Cape at this tin in relation to the energy situation "well judged and h full support.

"As South Afric have independent substantial uraniu sources it is right should begin to de nuclear power ca of our own."

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France's only national Sunday newspaper, "Journal de Dimanche" had a headline over five columns, "There will be trouble". It said that it was a "fabulous contract" but "it risks also causing some polemics" for "anything concerning South Africa is charged with passion".

It said that the French-speaking African leaders who attended a conference here earlier this month with President Valery Giscard d'Estaing would "not be very favourable". It ... the French President when he was visiting the United States only a week ago that France should not adopt such a free policy in selling its nuclear plants abroad. The United States favours some kind of control.

The newspaper concluded that "the semi-official reason given by South Africa for choosing France — that the United States and the Netherlands were putting up political obstacles — could start polemics".

The secret of the contract was well kept and the French press looked on the American-Swiss-Netherlands consortium as having already won it. But there is no doubt that President Giscard is going to run into a major political storm over the next few days.

... the disposal of a third country.

French officials were embarrassed when Libya confirmed Israeli charges that the jets had been put at Egypt's disposal during the 1973 Middle East war.

French authorities are expected to reply to criticism of their nuclear sales to South Africa by stating that other Western countries were prepared to clinch the deal.

The United States Under-Secretary of State for scientific affairs, Mr Myron Kratzer, told a Senate commission in Washington last week that the United States intended to sell South Africa two nuclear reactors.

France has also agreed to sell nuclear technology to Iran, Iraq, Pakistan and Libya. — Sapa-Reuter

... was awarded on Saturday night to a French consortium — setting the scene for a further international furore over the project.

The Swiss-Netherlands-United States consortium was the favourite to handle the massive project. And the industrialists who have fought desperately in the past few weeks to push through their bid in the face of political opposition in the United States and the Netherlands are now certain to turn on the pressure-groups which blocked their efforts.

PLEADING

Associates of the consortium have been pleading with officials of South Africa's Electricity Supply Commission (Escom) in the past few days to delay their decision till they could get the guarantees of political non-intervention in the project on which Escom was insisting.

The announcement said the contract for the construction of the power station at Koeberg, 28 km north of Cape Town, had been awarded to the French consortium consisting of Framatome, Alsthom and Spie Batignolles.

Framatome would handle the nuclear reactors, Alsthom the turbo-generators and Spie Batignolles — who took part in the Sishen-Saldanha and Orange-Fish tunnel projects — would be responsible for the civil engineering works.

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THE FRENCH GOVERNM ners to supply long-term first nuclear power statio ably been the decisive f of the R875m power stati consortium.

Informed political sources see the French victory in their tender bid due as much to France's realistic foreign policy towards South Africa as to French technological and commercial skill.

The ability of the French contractors to guarantee the fuel supply is said to carry particular conviction because of the French Government's attitude to the supply of military equipment to South Africa in recent years.

The French consortium won the contract ahead of bids by an American-Dutch-Swiss consortium and a German consortium in collaboration with South Africa's Murray and Roberts because it was the only one which could provide the necessary credit guarantees and assurances of supply.

OPPOSITION

It appears that strong political opposition in the United States and Holland to participation in the nuclear-power project led directly to the inability of the American-Dutch consortiums to meet the fuel assurance required by Escom.

Informed sources point out, however, that the political debate in these countries has been largely irrelevant since South Africa — through its uranium-enrichment process — is able to make atomic bombs anyway irrespective of the nuclear power station.

Neither France nor South Africa has yet signed the nuclear non-proliferation treaty, but it seems likely that the two governments may agree to the non-proliferation of fuel products through a bilateral agreement.

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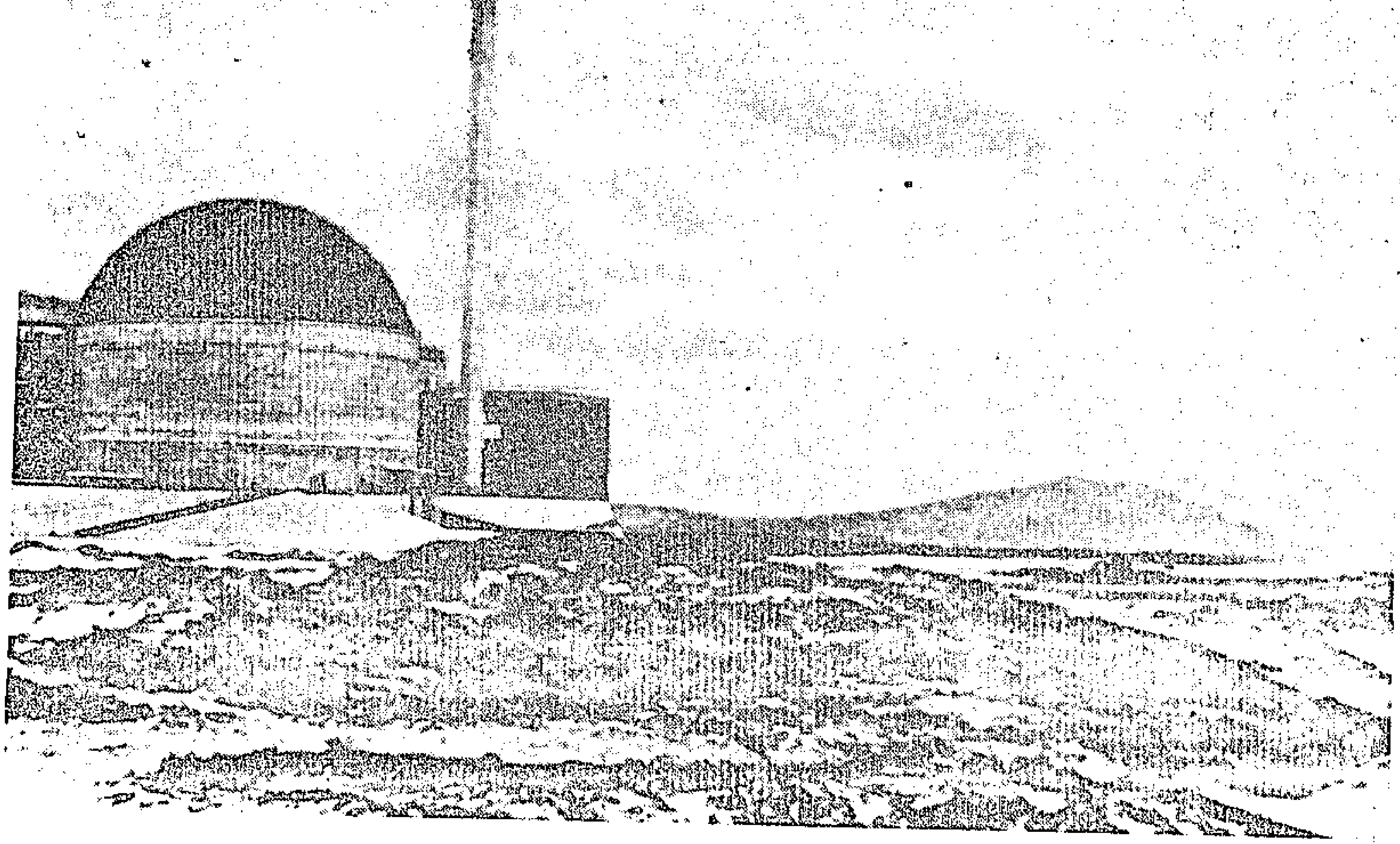

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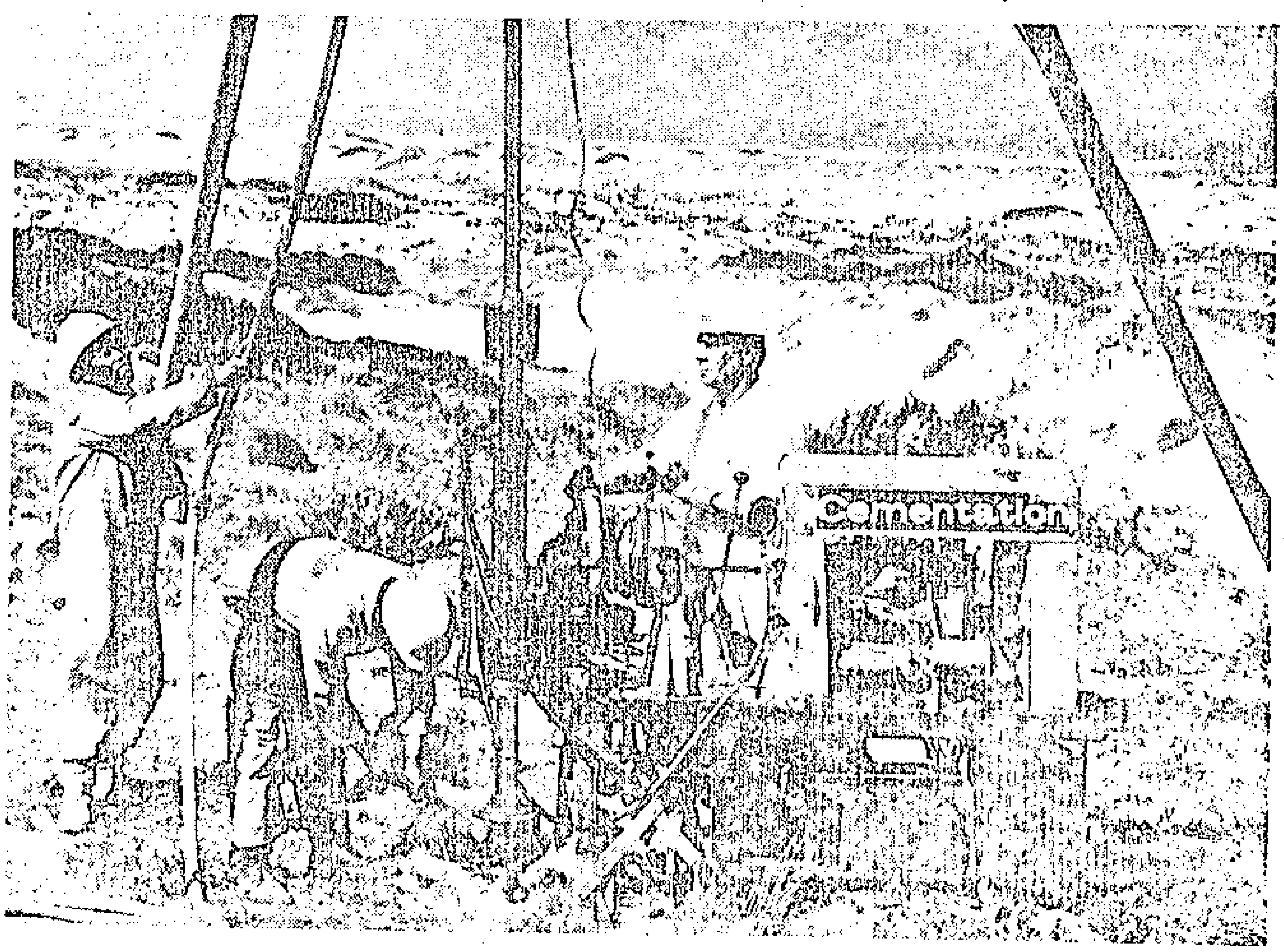

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C 2 69

N-contract causes storm in France

Cape Times 1/6/76

Own Correspondent

PARIS. — A major political and diplomatic storm yesterday broke over President Valery Giscard d'Estaing, after announcement of France's nuclear contract with South Africa, described as "a fabulous deal" by supporters and "a mistake, a political crime" by opponents.

France's official line is that "the contract must be seen purely on the technical and commercial level — it has nothing to do with politics".

A spokesman for the Quai d'Orsay Foreign Ministry, questioned by reporters yesterday, said the nuclear plant was "a classic electricity-producing factory" and there was no question of France giving South Africa the key to nuclear bombs.

The evening Le Monde newspaper made a point mentioned by a large section of the press when it said, "Giscard d'Estaing was elected President on his promise to conduct a liberal and enlightened foreign policy — this deal contradicts this policy."

In favour

The mass circulation evening France-Soir asked, "Has the French Government signed an excellent commercial contract, or concluded a bad political bargain?".

It said the French left was describing the contract as "a mistake, a political crime".

But the newspaper argued in favour of the deal.

It said that it was useless to criticize the contract as not being part of a liberal French policy because "there are too few liberal countries in the world today — one has to

Warm seawater won't spread too far—expert

Staff Reporter

THE great volume of warm seawater discharged by the proposed nuclear power station at Koeberg will have only a localized effect on marine life, says a University of Cape Town zoologist.

Professor A C Brown, head of the Department of Zoology, said yesterday that the discharge of coolant — estimated at 100 tonnes a second — would tend to drive away some species and attract others.

"Of course he warmest parts will be unbearable for some creatures, but the temperature will vary with distance and it is likely that this zone will support species normally found on the south coast between Cape Point and Port Elizabeth."

Professor Brown would not say whether sharks would be among these. He commented: "There are already sharks in Table Bay."

The university completed a three-year study of the effects of the discharge on marine life at the end of last year, and a report was produced for Escom.

Professor Brown said the question of possible contamination of the seawater was also studied, but he could not comment as the information in the Escom report was classified.

He did not think it likely that the beaches at Koeberg would be opened to the public for recreational purposes — in spite of the warmer water.

The sea temperature near the site is approximately 13 percent C. The water used to cool the nuclear reactors will be discharged at a temperature of about 23 degrees C.

(69)

Sunday EXPRESS 1

EDITED BY PENELOPE GRACIE

French eager beaver digs into SA work

By PENELOPE GRACIE
Financial Editor

THE French connection is vital to engineering in South Africa but precious little is known about one French company which has been beavering away behind the scenes, securing significant shares in South Africa's multi-million projects like Koeberg, Sasol II and Sishen-Saldanha.

It was announced a fortnight ago that Spie Batignolles was to work with LTA on the civil engineering for the R875-m Koeberg nuclear power station.

Now while SA is familiar with one of the country's giant construction companies listed on the Johannesburg Stock Exchange, precious little is known about LTA's partner, Spie Batignolles.

What exactly is Spie Batignolles and how is it that this foreign-owned company has, in the face of stiff local and foreign competition, landed a sizeable chunk of SA's first nuclear power plant and an enviable slice of the civil work at Sishen-Saldanha?

Spie Batignolles is based in Paris, listed on the Paris Bourse, and operates subsidiaries in 37 countries.

Over the years Spie Batignolles has concentrated its activities on the building of sea and river ports, dams, hydro-electric plants, bridges and other civil engineering projects and last year its turnover exceeded FF2 000-m (R370-m).

Spie Batignolles' association with SA began in the 1940s and has gathered momentum since.

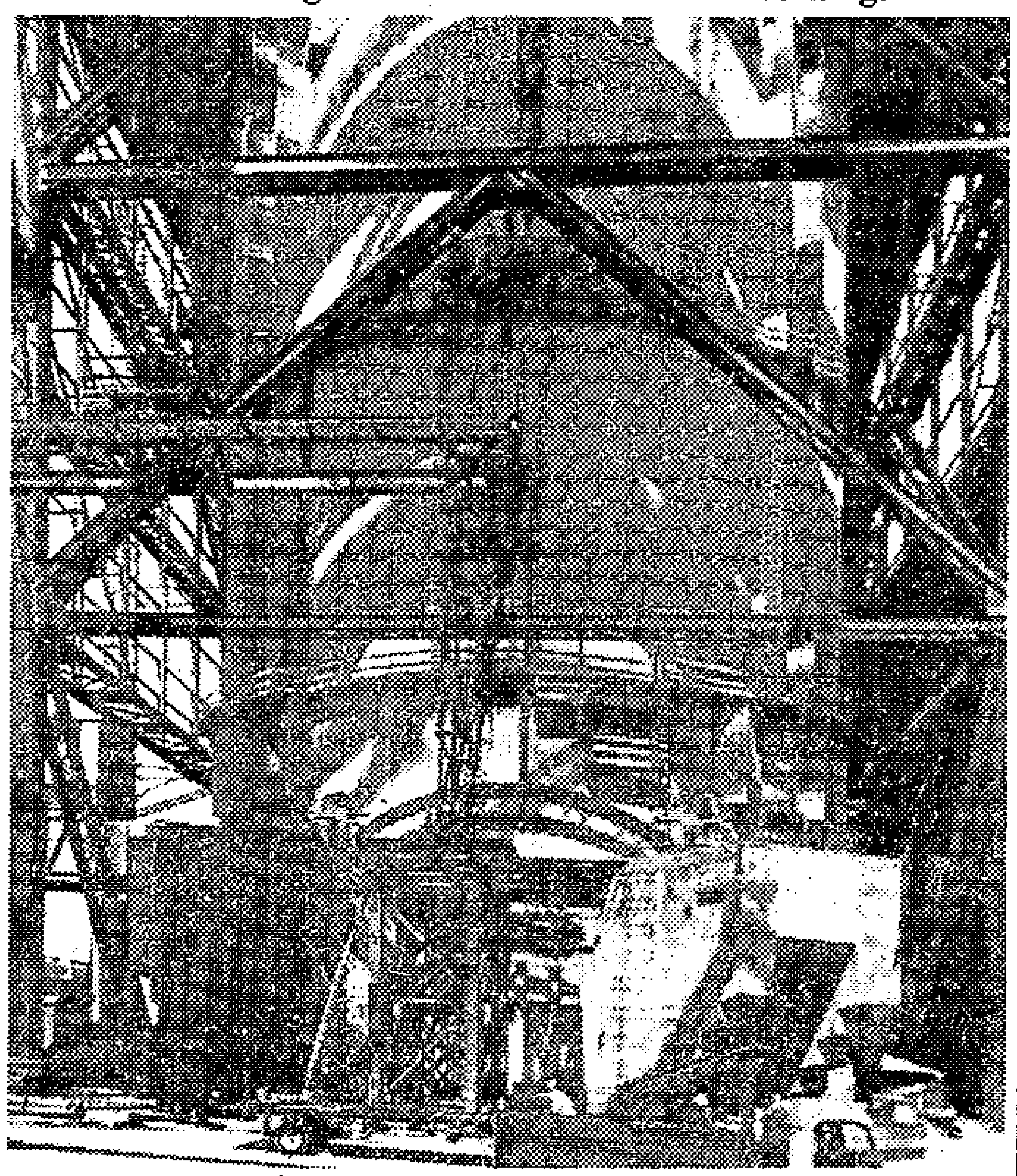
It reached a highpoint this month when it was announced that in partnership with LTA the company had been awarded the R120-m contract for the civil work at the giant Koeberg plant.

The final details of the partnership have not been settled yet but the two giants have co-operated before on projects.

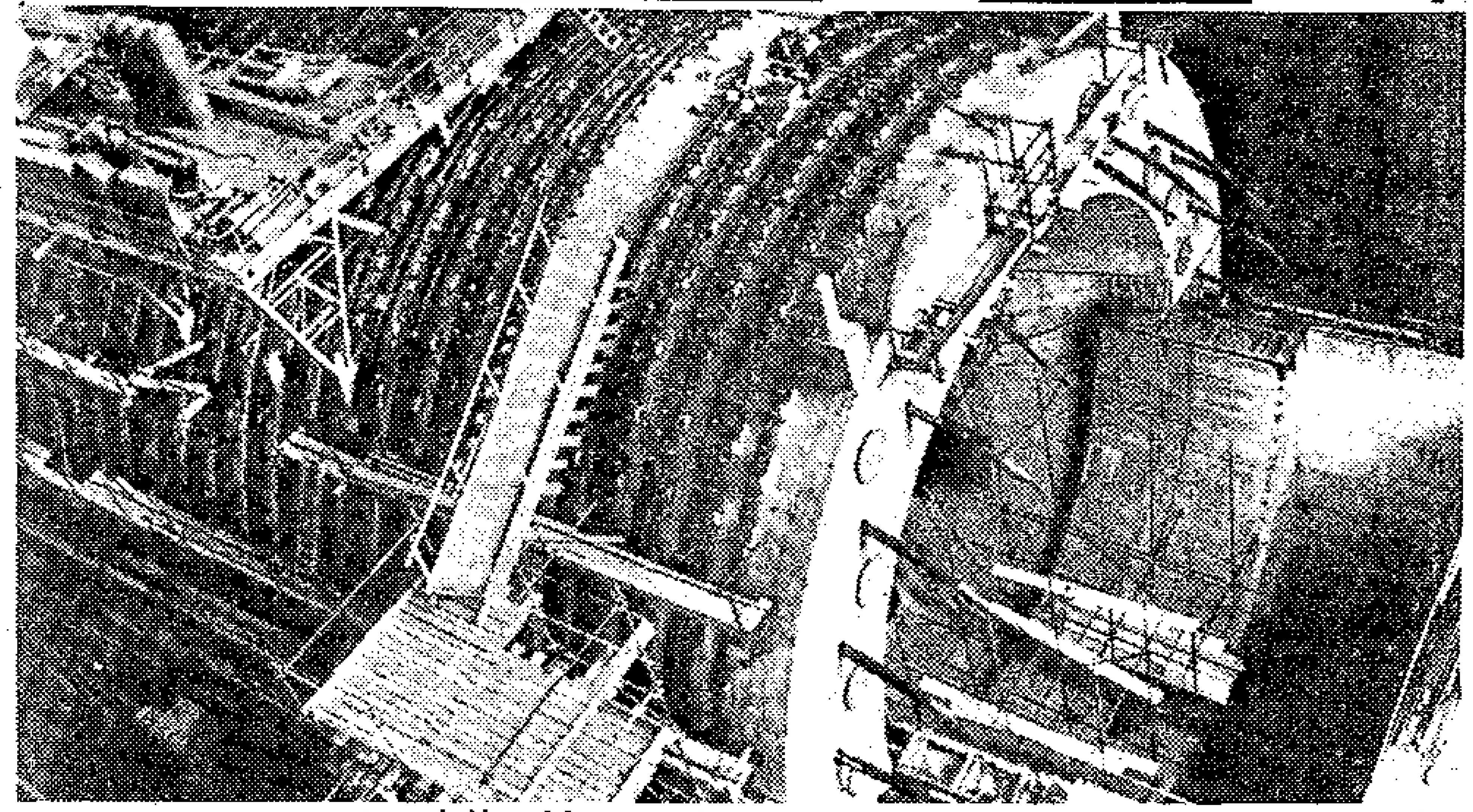
Spie Batignolles is recognised as number 1 in the field of nuclear plant civil engineering in Europe and is tendering for two nuclear power stations in Iran.

In Johannesburg this week the administrative manager of Spie Batignolles SA, Pierre Paul Baudin, explained that two weeks before the announcement on Koeberg Spie Batignolles thought the contract had been lost. "We heard that we had won the contract along with the rest of South Africa through the weekend media."

At present Spie Batignolles has two people on the Koeberg site but in its activities elsewhere in SA the company has 250 expatriate Frenchmen working.



• The reactor vessel at the Le Bugey nuclear power station, another project in which Spie Batignolles was involved.



• Nuclear vessel at the Marcoule power station, France, where Spie Batignolles did construction work.

M Baudin expects that Spie Batignolles will bring out 200 French nuclear experts to work on the Koeberg project and that the civil engineering alone will take some four years to complete.

Spie Batignolles is also working on the Sishen-Saldanha project. There the company has completed 6-m cubic metres of earthworks, 30 minor bridges, a rail viaduct of 1 039 metres across the Olifants River and has laid tracks between Sishen and Saldanha.

Spie Batignolles is also working with Roberts Construction on the R130-m Sasol II project. The civil engineering contract is worth between R20-m and R30-m and Spie Batignolles will be doing most of the concrete laying and earthworks.

Spie Batignolles also recently undertook the preliminary underground works for Escom's Drakensberg Pumped Storage Scheme — another coup for the French engineers.

M Baudin is naturally pleased with the many successes of Spie Batignolles in SA but believes that in SA it can only operate in the specialist fields.

"We have no chance on the normal civil engineering," he said. Companies like Spie Batignolles can concentrate on work which is not run of the mill because local civil engineers have no regular need for the level of skill required in schemes like Sasol II and Koeberg.

As M Baudin pointed out, there are only two companies in the world which could have provided the plant and equipment for Sasol II.

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New delay in signing of N-contract

Own Correspondent

PARIS. — A last-minute delay in signing the Escom-Framatome R1 000m nuclear contract, scheduled for last Saturday, has at least made clear that France is determined to conclude the agreement.

For French officials and Foreign Ministry staff worked overtime to translate documents into French and English for the initialling of the inter-state contract last Thursday. For four feverish days and nights, South African officials here received the fullest co-operation from their French counterparts.

While Escom announced in Johannesburg yesterday that the delay would only last for a few days, there is concern here over any possible hitches to the contract, which must be signed by France, South Africa and the International Atomic Energy Agency in Vienna.

The SA Ambassador to France, Mr Louis Pienaar, flew to Vienna on Friday for talks with the agency's Secretariat-General with a view to preparing all necessary papers for signature by the board, which meets on September 17 in Rio de Janeiro.

Six weeks

But there are 103 members of the agency, and many are bitterly hostile towards South Africa. They will have six weeks to lobby against the deal.

It is known here that France and South Africa did not plan to sign the contract till the agency's board met next February. But they were forced to act more swiftly, owing to growing world criticism levelled at France for selling nuclear reactors which it is claimed could manufacture atomic bombs.

While it is true that "differences" between Escom and Framatome are "purely technical", it is understood here there is some disagreement about the safety devices to be built into the two plants, which raise their total cost.

SUNDAY
Times Business Times Survey, September 26, 1976
SA-FRENCH TRADE

Quick growth of the French connection

Koeberg deal is a pointer

THE R850-million Koeberg nuclear power station contract with France is one example of the increasing interest being shown in South Africa by this major economic power.

Mr Jean Gantier, commercial counsellor to the French Embassy, said that due to the lack of historical relationships between the two countries it has only been in recent years that a mutual interest has begun to develop.

"But in this very limited period of time, much has already been achieved," he said. "French industry is now a regular supplier to public corporations such as Escom, Sasol, Iscor, SAR and the Post Office."

Important contracts for Escom's Kriel, Matla and Arnot power stations have been awarded to French companies Alsthom and C.E.M. The contracting and civil engineering company Spie Batignolles — which has a big subsidiary in South Africa — has built or taken part in many projects such as the Orange Fish Tunnel project, the Sishen-Saldanha railway line for Iscor and is now involved in the Drakensberg pumped storage scheme devised by Escom and the Department of Water Affairs.

The electrical manaufacturing group C.G.E. and its South African subsidiary, Fulmen Africa, is supplying equipment for the SAR telecommunication network and is one of the suppliers of telephone equipment for the Post Office.

The large Creusot-Loire group is taking part in developing Iscor's Newcastle plant and Fives-Cail is supplying special loading equipment for the new mineral harbour at Richards Bay.

Fives-Cail is a common subsidiary of C.G.E. and Thomson-CSF, which was instrumental in establishing the satellite tracking station at Hartebeeshoek.

Another important contract includes supplying Safmarine with four large container-ships, presently being b uilt in France; the R85-million airbus contract; and the R100-million oxygen plant at Sasol 11 — the largest one in the world — which will be manufactured and erected by the French Air-Liquide (Union Liquid Air is the South African subsidiary) together with Spie-Batignolles.

"These contracts are impressive and will certainly bring an increase in French exports to South Africa during the next few years. However it will still be some time before the contracts are completed," said Mr Gantier.

In the meantime, the trade figures between the two countries remain fairly low and in this respect France and South Africa are not yet important trading partners".

France still ranks below Britain, Germany, the United States and Japan on the South African imports table.

South Africa imports basically from France, machinery, electrical equipment, motor cars and instruments.

French imports from South Africa include precious metals, coal, wool, fruit and metal ores. For example, 40 per cent of manganese and 60 per cent of the vanadium used in France comes from South Africa.

South Africa is also playing an increasing role in supplying more asbestos to France. Only 17 per cent of chrome is sent to the French Republic.

But with the problems existing in Madagascar — chrome exports should increase.

"These trade figures are disappointing when one considers

- The high level of French industry and technology;
- The fact that France has almost no natural mineral resources with the exception of some uranium, iron ore and a limited supply of coal;
- That France, with a population of 52,5-million is the fourth economy of the western world and sixth or seventh country in the world for GNP per capita.
- That France has become the fourth largest exporter in the world. Each week a French worker puts in almost 1,5 days on exports.

"Although one may expect a more substantial future because of France's role as a supplier of capital goods to South Africa, it seems that French exporters are not very successful in current trade.

"One reason is that they came into the South African market at a late stage when the British, German and Japanese exporters were already well established. Another reason is that French companies have only limited investments in South Africa," said Mr Gantier.

Regarding South African exports to France, the figure issued by the Customs and Excise Department of South Africa was R92,6-million in 1975, which means less than 2,5 per cent of the total exports of the country.

Many South African products reach the French market through places such as Rotterdam, Anvers and other ports. For this reason the French customs figures are probably more realistic at R200-million.

France, in fact, puts South African exports to France at R199-million and South African imports from France at R292-million.

How can South African exporters improve their peformances on the French market?

Mr Gantier points out that some of the important items exported by South Africa are not required by the French economy (sugar, maize, etc) as France is already a big producer.

Secondly, one may expect an increase in the export of South African raw materials to France, especially coal, chrome, manganese and asbestos.

Thirdly, France is a member of the EEC and even if France is a very particular market, that has to be borne in mind when South African exporters want to devise a policy including the French market.

Fourthly, the use of the French language is a must for selling in France and lastly, the retail trade is still mainly controlled by independent shops.

"If efforts are to be made on both sides we should see a definite increase in trade between the two countries in the future," said Mr Gantier.

Investment in SA doubles

S. TIMES. (Bus. Times) 26/9/76

TOTAL FRENCH investment in South Africa is believed to be about R800-million, almost double since 1970 and four times higher than it was in 1965.

There are about 70 French firms operating in South Africa. The majority are agents and distributors rather than manufacturers but several, however, are involved in civil engineering construction work or in the supply and installation of mechanical, electrical and electronic equipment.

Although direct French investment is only now beginning to expand, the importance of French involvement can be gauged by the important industrial developments in which French firms are increasingly participating.

Some of the giants of French industry are among the firms involved in construction work or in the installation of heavy equipment imported from France.

Here is a list of the larger companies which invest in South Africa.

Banks: Banque de l'Indochine et de Suez (French Bank) and Societe Generale.

Chemicals: Compagnie Francaise des Petroles (Total), Air Liquide (Union Liquid Air), Rhone-Poulenc, Roussel-UCLAF and Carbone Lorraine.

Civil works: Spie-Batignolles, Enterprises Jean Lefevre and Socea Bonna.

Engineering: Sodeteg.

Civil engineering equipment: Sambron, Potain Unitech and Poclain Excavators.

Electrical equipment: CGE Alsthom (Fulmen Africa), La Telemencanique, Merlin Gerin, Compagnie Generale de Radiologie (CGR), Framatome and Thomson CSF.

Heavy machinery: Creusot Loire.

Automobiles: Peugeot and Citroen (PACSA).

Textiles: Dewavrin, Masurel, Prouvost Lefebvre, Segard, Tiberghien, Standerton Mills and Dollfus-Rieg.

Perfumes: Guerlain, L'Oreal and Jean d'Albret.

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top talk

The sweet smell of success

Svelte, rapier slim and quintessentially French. That's Bernard Lanvin, director-general of Lanvin Parfums and administrator of Jeanne Lanvin SA, the Paris-based fashion house which includes Lanvin Couture and Lanvin men's fashions. Now, elegantly based at No 22, Faubourg Saint-Honoré, the House of Lanvin was founded by his great aunt Jeanne Lanvin in 1888. It's all in the family.

There's nothing namby-pamby about Lanvin. Married to a stunning American fashion model, he's a keen jazz fan, tennis and golf player, ski enthusiast and addicted to his Honda 750. He likes nothing better than roaring down the Paris avenues at full throttle. At 40 he looks at least ten years younger. He's quite a guy.

Pleasures apart, he's also an astute business manager. An arts graduate from Williams College in Massachusetts, he then studied at the University of Madrid, did a three year army stint and joined Lanvin six years ago.

His special interests are imaginative creative advertising and the marketing of Lanvin products worldwide. He sees himself as the *chef d'orchestre,* having assembled a team of experts around him. "We create the exact image we want. That of prestige and quality in our advertising." The emphasis is on high fashion promotion. On his recent visit, Lanvin showed his 1977 winter collection valued at R100 000. He

launched his new perfume *Via Lanvin* at the same time.

Despite the cold winds of austerity and economic recession, Lanvin sees demand for his quality products likely to increase. "People come back to what they know. They may not be buying cars or TV sets but they'll always buy good French perfume." It seems that the rich, like the poor, will always be with us.

Despite massive raw material price hikes over the last 10 years with corresponding perfume price hikes, the demand for the product escalates. Total 1975 retail turnover in perfumes, men's and women's fashions in 115 countries passed \$155m (60% of sales was in fashions, 40% in perfumes). Growth rate is estimated at 25% annually. Sales in Japan have shown a

Lanvin ... We want to be everywhere

staggering 50% annual growth over the last five years.

How slavishly does the House of Lanvin follow fashion dictates? An almost visible shudder of disdain convulses Lanvin's spare frame. "We don't follow, we initiate fashion."

And at between \$1 500 and \$4 000 a garment there's no shortage of buyers. The celebrities, the wives of the oil barons, industrialist tycoons' wives, all stand in line.

And Lanvin, secure in the knowledge of the House's established name and product, faces the future with no qualms. He stands by his marketing philosophy. "Lanvin has to be everywhere."

region - 1972/73. 30

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F.M. 17/12/76

R800m from France

Who says SA can't get overseas capital? Escom has just concluded an R800m export credit agreement with a consortium of French banks to finance the Koeberg nuclear power station. Terms are said to be "very favourable" and there appears to be a grace period to 1982 (when Koeberg comes on stream) after which interest and loan repayments fall due over a 5-6 year period.

The group of banks, led by Credit Lyonnais and Banque de l'Indochine et de Suez (parent of French Bank) is providing buyers' credits for use in financing the nuclear power plant.

The exact amount, terms and conditions are being kept secret. A spokesman for Credit Lyonnais claims that any information of this nature "is dynamite overseas" and that details are "between Escom and its suppliers". Framateg, leader of the French consortium putting up the plant, on the other hand, claims that the information can only be released by Escom and its bankers. Escom, for its part, indicates that its lips have been sealed by the banks, though chairman Dr Straszacker, confirms that the credit is about R800m.

Escom's Straszacker . . . credit from France

This credit is the second foreign financial deal to be arranged specifically for Koeberg. In September, a R80m medium-term syndicated loan was put together by a group of French banks, again led by Credit Lyonnais. The five-year loan — at 1,75% over the London interbank offered rate (Libor) — was used for financing local expenditure and as the down payment on certain imports.

A third arrangement, namely a credit to pay for nuclear fuels supplied by Framatone, is currently being negotiated and has "almost reached finality". In this, Framatone will supply the nuclear fuel element for the Koeberg reactor, from enriched uranium supplied by the US — from SA uranium.

D.D. 13/8/77

Mystery over French arms ban cleared up

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PARIS — The mystery over a reported French Government decision to clamp a total arms embargo on South Africa seems to have been cleared up.

A news agency reported the decision earlier this week, pinning it on official French sources.

But it was learned here that Foreign Ministry officials were preparing briefing papers for the current four-nation East African trip by Foreign Minister Louis de Guiringaud — and this included an answer to a hypothetical question about French arms sales to South Africa.

The Minister was advised to stick to the same answer he made during his West African trip last month when he said there was an arms embargo, without giving details.

This answer was leaked to a journalist as being a new Government decision. This may have been to placate African opinion at a United Nations conference on Southern Africa next month.

It is unlikely such a major policy would be taken now as the entire Government, except the Premier, is on holiday.

But it can be expected that Mr Guiringaud may make statements on the arms issue in the capitals he is visiting — Nairobi, Lusaka, Dar-es-Salaam and Maputo.

French foreign ministers have little police-making powers in the Cabinet, and Mr De Guiringaud has even less than his predecessor, Mr Sauvagnargues.

Even if he returned to Paris convinced of the need for a total arms embargo, it would carry little weight here. — DDC.

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Nothing to worry about with the French

Sun. Trib. 4/9/77
Fin. & prop.

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By Alan Peat

FRENCH businessmen are unlikely to follow the same hardline towards South Africa that their Government is, says Jacques Marlin, managing director of Creusot Loire in South Africa and head of the steering commitee of the proposed French Chamber of Commerce in South Africa.

Rather, he says, they are likely to take the line that the recent French Government move to dissociate from South Africa is merely a gesture to appease outside pressure.

In an interview after the launch of the Chamber in Durban, South Africa's biggest centre of French speakers, Marlin suggested that the French arms em-

From an impressive day's trading on Tuesday after the long weekend, any dealing that followed was merely providing a stabilising effect on the price.

Thursday was without any feature in particular and Krugerrands ended 30 pence down at £86,40. By Friday they looked healthier at £87,25 — a 75 pence-gain on the day and a 60 pence gain on the week.

Silver was fixed at 257,5 pence an ounce, unchanged on the day and 2 pence up on the week.

Friday's closing gold prices were: London 146,70, Paris 148,449, Frankfurt 146,20, Zurich 146,375, Hong Kong 147,50 (Saturday).

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Fedmis en Franse span saam

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Sake-Rapport 12/2/78

'n OOREENKOMS is in Johannesburg onderteken vir die oprigting deur Fedmis van die eerste suiweringsaanleg vir kunsmis-swawelsuur in die Republiek. Die swawelsuur word deur die Fedmis-fabriek te Phalaborwa verskaf vir nywerheidsgebruik.

Die nuwe aanleg wat sowat R4-miljoen sal kos, sal gebruik maak van die kundigheid van Azote et Produits Chimiques (APC), 'n staatsbeheerde Franse Maatskappy.

Die vergunningsooreenkoms tussen die twee maatskappye is onderteken deur mnr. Maurice Besnard, 'n direkteur van APC, en mnr. George Mrkusic besturende direkteur van Fedmis.

E. L. Bateman sal verantwoordelik wees vir die konstruksie van die aanleg by Fedmis se Sasolburgse fabriek. Na verwagting sal dit teen Januarie 1980 in bedryf kom. 'n Produk sal gelewer word aan Polyfos vir die vervaardiging van 'n spesiale fosfaat, wat hoofsaaklik gebruik word in die produksie van reinigingswaspoeiers deur Suid-Afrikaanse seepvervaardigers.

Die nuwe produk van Fedmis sal die plaaslike vraag 'n hele aantal jare kan bevredig en buitelandse valuta bespaar deur invoer uit te skakel.

French to mount major SA export drive this year

Many French companies would like to find South African industrial partners to increase the high technology French capital goods and systems manufactured under licence in this country with a highest percentage of local content, according to the French trade commission in Johannesburg.

In a statement issued here, the commission said that French companies would be encouraged to export technology and know-how to South Africa. The statement added that trade between this country and France was booming.

"It becomes clear that France has earmarked 1978 for an important effort to increase exports to South Africa in the shape of imported goods and French products manufactured under licence in South Africa — with an emphasis on high technology capital goods and systems but without neglecting the market of consumer goods where France is well known for its perfumes, cosmetics, clothes, food and wines."

South Africa's exports to France were contnuing to escalate. South Africa's increasing coal and other mineral exports to France had made the Republic one of France's major external sources of supply. Of France's imported coal, 25 percent came from South Africa.

"Final figures for 1977 are not available, but it is known that South African exports surged sharply at the end of last year to bring 1977's trade balance figures into a state not far from equilibrium with only, and for the first time, a slight shading in South Africa's favour," the statement said.

In 1975 French exports to South Africa were about R259m while South African exports to France were worth about R111m. — Sapa.

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SUNDAY TIMES, Business Times, July 30, 1978.

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French industry moves in on SA

MORE than 30 French firms producing electrical, mining and construction machinery are talking to South African firms about establishing local manufacturing facilities.

While the French Government, for political reasons, is adopting a low profile with regard to South African trade, French firms are moving aggressively into this market.

Two dozen exhibitors, representing about 45 French companies, will be participating in the special French Hall at the Electra and Mining Exhibition in Johannesburg in September.

For the second time this year, the French presence will be one of the strongest at a major South African exhibition. (The first was the Rand Show.)

The French participation will be a costly one. A special 150-seat auditorium is being built for a symposium to be held during the exhibition. Telex and telephone facilities provided will include ultra-high speed transmitters airfreighted from France and a sophisticated solid-state electronic switchboard.

Largely thanks to coal exports amounting to 6-million tons a year, the balance of trade between the two countries moved in South Africa's favour for the first time last year.

By TONY KOENDERMAN

In bilateral trade worth R571-million in 1975 (according to French figures), there was a balance of R114-million in favour of France.

In 1976, total trade rose to R721-million, with a balance of only R51-million in favour of France. Last year, in trade of R909-million, there was a balance of R6-million in South Africa's favour.

Coal accounts for 25 per cent of the value of French imports from South Africa, which now runs a close second to Poland as the major source of French coal imports.

French manufacturers of coal-mining equipment, who have to export or die because of the decline of the French coal-mining industry, have turned their attention to the rapidly expanding South African coal industry.

But they face the strongly entrenched interests of British, West German and American manufacturers, many of whom are involved in local manufacture.

They have decided the only way to breach this wall is to go into local manufacture themselves.

But coal is not the only factor in the rising South African exports to France. Uranium sales increased by 19 per cent in value last year, metallic ores (notably iron, manganese and chrome) by 24 per cent, wool by 54 per cent and gold and gemstones by 60 per cent.

Though France accounts for only 4 per cent of South Africa's foreign trade, it is our fifth biggest trading partner, followed by Italy, Belgium and Switzerland.

The top four — Britain, the United States, West Germany and Japan — account for 60 per cent of our foreign trade.

FRENCH BANK FM 26/4/79

Broadening base

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Activities: *Registered commercial bank and foreign exchange dealer. French-based Banque de l'Indochine et de Suez owns 54,5% of the equity and Union Corporation holds 30%.*

Chairman: *G Dangelzer; deputy chairman: E Pavitt; managing director: B M J Haizet.*

Capital structure: *5,9m ordinaries of 50c. Market capitalisation: R5,3m.*

Financial: *Year to December 31 1978.*

Share market: *Price: 90c. (1978-79: high, 95c; low, 48c; trading volume last quarter, 23 000 shares), Yields: 17,6% on earnings; 8,9% on dividend. Cover: 1,9. PE ratio: 5,7.*

	'75	'76	'77	'78
Total assets (Rm)	170,5	159,5	198,4	214,2
Investments (Rm)	17,9	15,7	24,3	29,5
Advances (Rm)	86,0	73,0	93,8	90,9
Total deposits (Rm)	154,1	145,7	163,5	171,4
Taxed profit (R'000)	704	760	817	937
Earnings (c)	11,8	12,8	13,8	15,8
Dividends (c)	6,5	6,5	7,0	8,0
Net asset value (c)	88,5	80,9	98,4	135,4

French Bank's quest for new clients and its diversification into new fields has had a significant affect on its banking mix.

The most important change is in the type of credit offered by the bank. The annual report shows that acceptances accounted for 15,5% (13,0%) of total assets amounting to R214,2m (R198,4m). According to chairman Gerard Dangelzer the increase was partly due to increased utilisation of banking facilities in the last two months of the year and the changed interest rate structure resulting in a substantial movement from advances into acceptances.

This is borne out by the bank's final BA 9 quarterly report last year, which shows a doubling of acceptances to R33,2m (R16,6m) in the December quarter. Current account deposits decreased to R10,4m (R15,3m) in the same period. This is probably due to the bank's overseas operations, which are sizeable and stem from its parent, Indosuez.

Instead of financing imports from foreign sources, importers probably switched to local financing on an increasing scale when rates turned favourable towards the end of last year.

Dangelzer points out that handling of imports of capital goods on a large scale was one of the reasons for the bank's improved results and increased assets in a period when clients were particularly liquid. This activity is to be further broadened by the addition of new financing schemes and an increased number of exporting countries.

Bills discounted increased from 12,5% to 13,7% of assets. The rise took place in the last quarter when the figure rose to R11,0m (R6,3m). Changing to this type of financing is part of the bank's strategy of diversifying and curbing seasonal fluctuations.

Last year French Bank made its first foray into the capital market with a R6m loan issue for Pietermaritzburg and R2m for Springs. With the major merchant banks now vying for a smaller market, French Bank will probably find the going tough this year.

The bank's facilities are used mainly by the industrial and agricultural sectors. While an almost unchanged 29,3% of the facilities was applied to the industrial sector, the agricultural sector played a slightly more important role, using some 18,4% (16,4%) of facilities. Civil engineering's share declined from 14,8% to 11,8% due to the generally depressed conditions in that sector.

Forecasting is made difficult by the practice of declaring profits out of hidden reserves. However, French Bank does appear to increase its earnings and dividends in line with its performance. This year a 9c dividend for a 10% prospective yield could be paid.

Peter Pittendrigh

POST, Thursday, August 30, 1979 Page 3

Four won't talk on Sullivan Principles

NOW FOUR multinational companies — one British, one French and two American — have joined the increasing number of companies that will not talk to **POST** on their implementation of the Sullivan Principles and the EEC code.

The companies are Coca-Cola Corporation, General Tyre and Rubber Company — both signatories to the Sullivan Principles — and Total SA and Beecham SA which are bound by the EEC code.

American companies that are signatories to the Sullivan Principles undertake to do away with discrimination in their employment practices. The EEC code of conduct for companies with interests in South Africa was drawn up by European governments and binds them to bringing an end to apartheid.

Coca-Cola's development manager, Mr J H Viljoen, says they will get into serious trouble with their parent company in America if they released detailed information in their implementation of the Sullivan Principles.

"We know we are doing quite well," says Mr Viljoen, "but we are not prepared to divulge such detailed information to the Press. This will put us into serious trouble with our parent company overseas," he says.

"NOT INTERESTED"

Mr P H van Eeden, managing director at Beecham SA, says he has been following **POST**'s series of articles on Job Watch, but that it is the policy of his company not to release Press statements of that nature.

Total SA's managing director, Mr G P Esterhuizen, told us that his company was well above what the EEC code prescribes.

"We are therefore not interested in your survey," he said.

Mr B O van Heerden, industrial relations manager at General Tyre and Rubber Company, wrote us a letter saying they send their reports on the application of the code to their parent company.

And in spite of the fact that we had explained to him that the subjects of the codes — the workers— are ignorant of what the company is doing, he would not allow us an interview.

Dr Gertrud Heydorn
Mnr F.A. Jacobs
Mnr H.M. Jimba

Mev. S. Walters
Professor F.A.H. Wilson

d) Twee Ere-Fellows:

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

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

NAVORSING

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

A. Mobiliteit en Politieke Verandering in Suid-Afrika

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

gram ontvang van die Algemeen Diakonaal Bureau van die Gereformeerde Kerken in Holland.

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

(b) Konferensies

Gedurende 1978 het die Direkteur die volgende konferensies bygewoon:

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

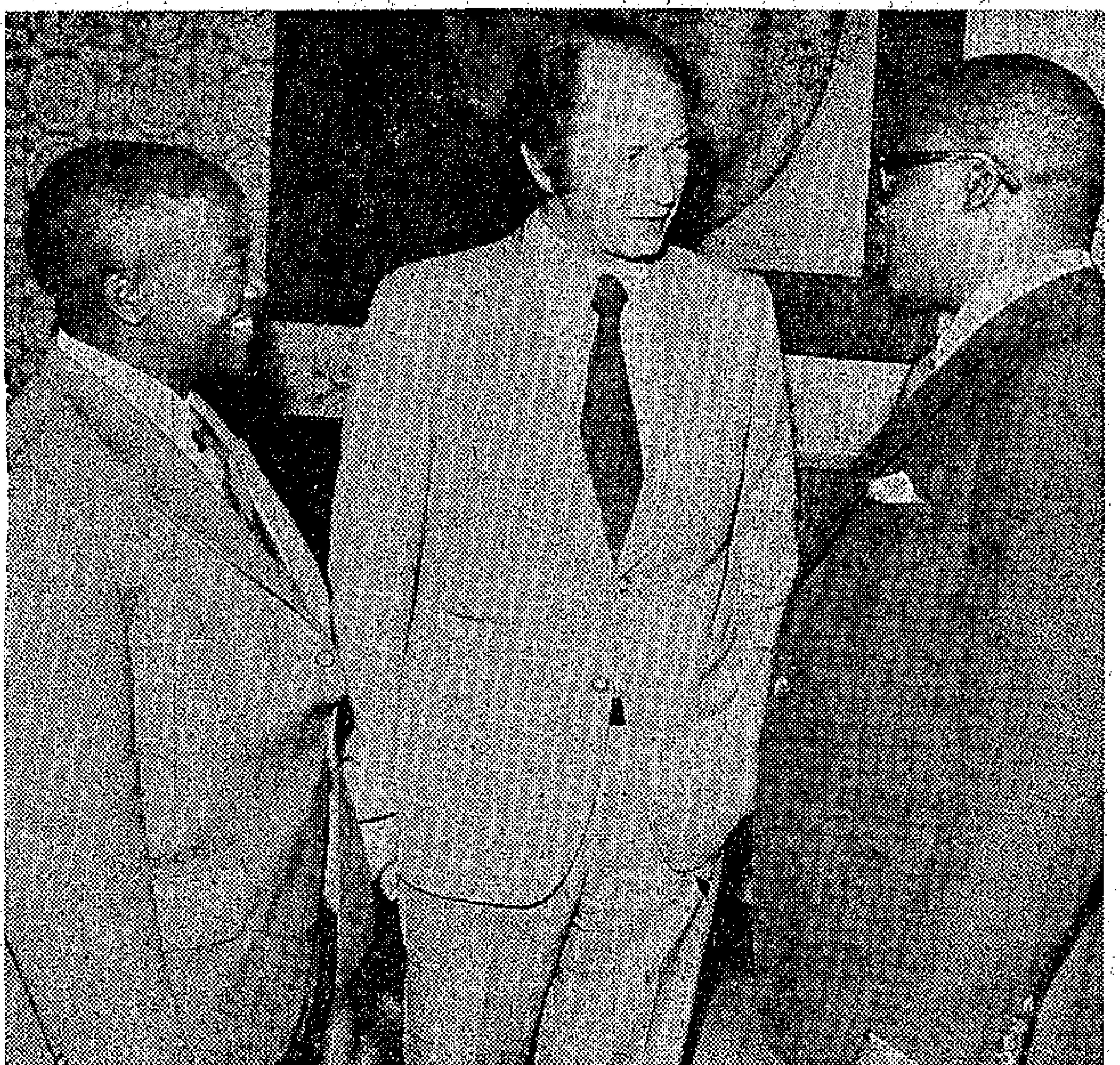
Suid-Afrikaanse Jaarlikse Vergadering van die Religious Society of Friends, Stutterheim (April).

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

64

Business Argus

Supplement to Weekend Argus — July 17 1976



TWO of Homes Trust Life's senior Black managers who have been appointed to special general management committees are seen in conversation with the company's general manager, Mr F. A. Jacobs. They are Mr A. Netshandama (left) and Mr A. Senne.

BLACKS JOIN IN DECISION MAKING

HOMES Trust Life, the Cape Town-based insurance company, is to appoint four of its senior Black managers to special general management committees. The move is designed to improve communication between head office and the field staff and also to enable its Black employees to participate in the company's decision-making processes, says the general manager, Mr F. A. Jacobs.

It is of increasing importance that Black employees have a say, especially when decisions affecting them are taken at head office, he believes.

The move means that the four managers, who are based on the Reef, will attend monthly committee meetings in Cape Town.

They are Mr E. Tshabalala and Mr A. Senne, who will serve on the marketing management committee, Mr A. Netshandama, who will join the agents' training committee, and Mr A. W. Makhene, who will serve on both the public relations and training committees.

Mr Jacobs says the move is a continuation of the programme to give Black employees more responsibility.

The company appointed its first Black branch manager in control of a total branch of Black staff in 1971. Since then 14 Black branch managers have been appointed and they now control a staff of about 700 Black employees in the rural and urban areas of South Africa, the Homelands and Lesotho.

How do the four managers feel about their new roles?

Mr Tshabalala, who has been with Homes Trust since 1962 and now manages one of its Soweto branches, says he learnt a great deal from the marketing management committee meeting he attended this week. One important result is that it has helped him understand why company policies have been framed the way they have. Mr Senne, manager of the company's GaRankuwa branch, substantiated this.

Mr Netshandama, manager of another Soweto office, welcomed the move as it would greatly improve communication between head office and the branches. He believes that his main contribution to this week's procedings had been in calling for certain standards for Black agents to be raised to the same level as those for White agents. This proposal is being accepted.

Mr A. Makhene of the group's public relations office in Johannesburg said he found it satisfying to be part of the decision-making process, to have others listening to him and to have his suggestions accepted.

Africans rush to work, the computers

RDM 12/12/75

(1) 64

(2) ~~173~~

Labour Correspondent

THE Johannesburg Stock Exchange received 1 094 applications after placing six newspaper advertisements offering African male clerks training as computer punch operators.

The Stock Exchange hired 33 men after turning down half the number of applicants for not fulfilling the advertised requirements. The other applications were whittled down after a series of tests and selections.

The advertisements placed in daily newspapers called on clerks with two to four years' experience to be trained as IBM punch operators. The applicants had to be under the age of 35, have a minimum education of JC, live in Soweto and be permitted to work in Johannesburg.

An article in the latest edition of Systems, the bulletin of the Computer Society of South Africa, says JSE decided to hire African male staff because of the high turnover of White women staff.

The men were brought in on the same salary grades as the women.

(64)

Sunday Times 12.1.75

Colour Bar

BLACK STAFF FOR TWO BIG BANKS

By CAREL BIRKBY

THE COLOUR BAR has been dropped in South Africa's two biggest banking chains, the Standard and Barclays National. They are now employing Africans, Indians and Coloureds on an equal pay for equal work basis. Some have recently risen to the rank of accountants.

The non-Whites have their own trade unions which function in parallel with the White South African Society of Bank Officials (Sasbo). This was established as a trade union 59 years ago, but by law may not include other races.

However, Sasbo's staff and offices service the non-White unions, even to salary negotiations with the banks. The three unions share one general secretary.

An African teller, Mr U. S. Twaku, has just joined the Standard Bank's Rosebank (Johannesburg) branch, which caters for a large number of wealthy people in the Northern Suburbs. He is very popular and respected by the customers.

The Standard Bank uses African staff in Soweto and other African areas, but in White areas it has already appointed two Indian accountants in Natal White areas and a Coloured accountant in a "White" bank in the Cape.

Graduates

The African tellers working for the Standard in the Transvaal are mostly university graduates, a bank spokesman told me.

"Africans with degrees have almost been queueing up for jobs, because many of them cannot use their qualifications elsewhere," he said.

"These men go through exactly the same training as White bank officials. Our experience has been that the Africans are successful, not only in dealing with African messengers sent by employers on banking tasks, when misunderstandings can often be averted, but also in their more delicate relationships with our White clients.

"It is most gratifying that the Whites have so readily accepted the Africans as, indeed, have our White staffs."

Barclays National Bank's official policy is that it is non-racial. Like the Standard, it allows no discrimination in the treatment of

Colour bar is dropped

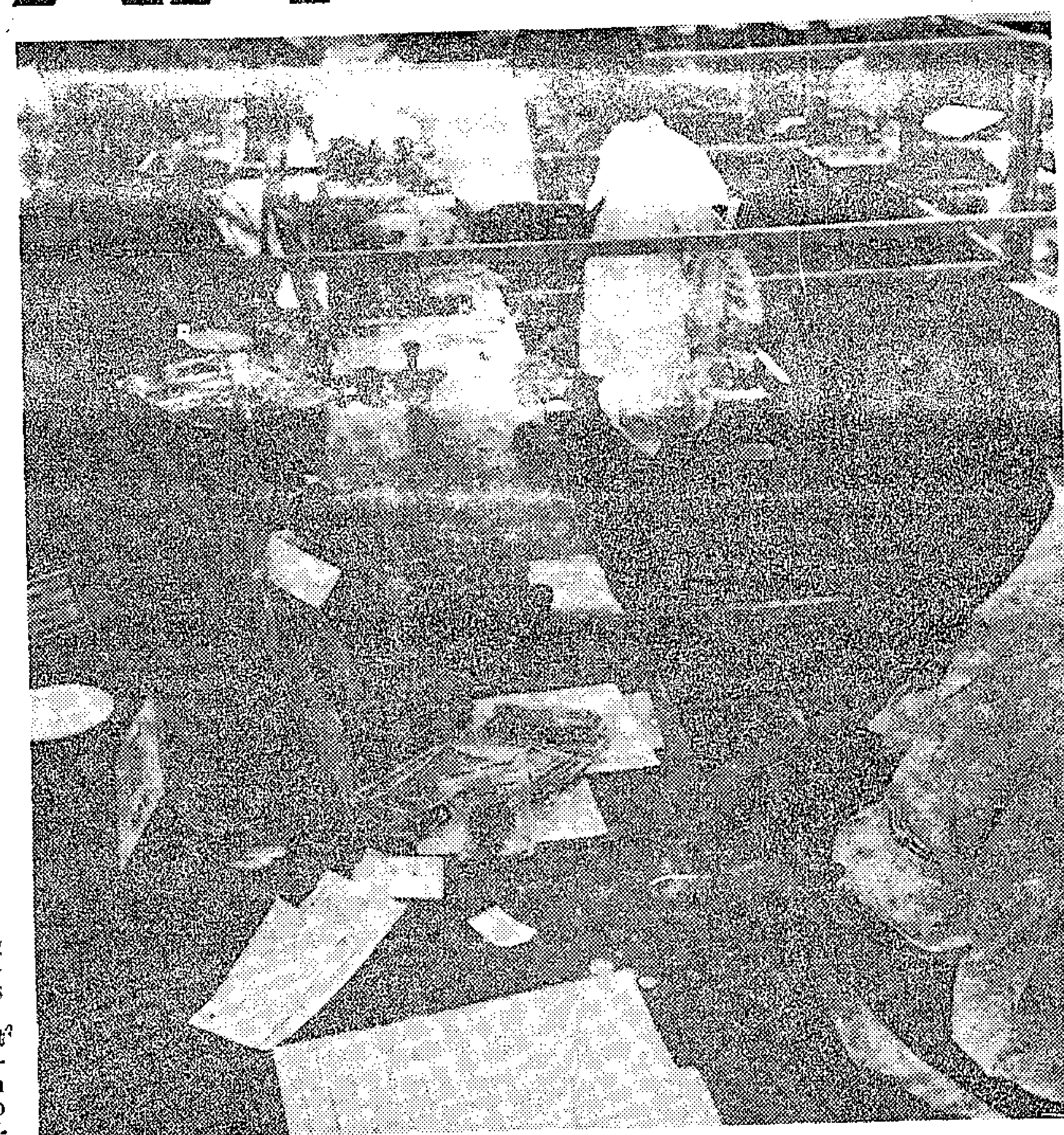
customers in its queues.

Nineteen of the 27 branches of Barclays in central Johannesburg already employ staffs of all races. The remaining eight have not yet been able to employ non-White staff because they do not have separate rest-room and toilet facilities.

Barclays has already advanced trained employees to the ranks of managers and business development officers in African areas.

Barclays has gone ahead fast with its colour bar breakdown. I learnt yesterday that on the clerical staff throughout South Africa it now employs 191 male Africans and two females; 25 male Coloureds and 579 females; 53 male Indians and 208 females.

It now has 13 African tellers in Johannesburg branches, including the townships. One Coloured man has risen to be a manager in the Cape, and one an accountant — which means deputy manager. There is one Indian accountant, but as yet no Indian managers. Eleven Africans with degrees have become business development managers with the bank.



African teller Mr U. S. Twaku works alongside his White colleagues in a Johannesburg bank.

by 1970, this figure had decreased to 15,7%, indicating that the whites had improved disproportionately to the 'coloureds'. Similarly, for children 1 to 4 years of age, during the period 1941 to 1970, the white mortality experience as a percentage of the 'coloureds' had decreased from 15,2% to 7,1%. It should be noted that the 0 year age specific death rates are higher than the corresponding IMRs. This is because the denominator for the former is the number of live births whilst for the latter it is the mid-year populations under one year of age.

Fig. 4 provides an indication of the proportional contribution of selected causes of death to the overall mortality experience of the white, 'coloured' and African communities.

During the period 1929 to 1970, the whites have shown a changing spectrum of mortality which is classically associated with an improving health status. Infectious diseases have become less important and the major causes of death are increasingly related to Cardiovascular and Neoplastic diseases. The 'coloureds' and Africans, however, have a persistently high proportion of deaths caused by infectious diseases. The Africans exhibit a spectrum of mortality which is characteristically associated with developing communities, whilst the 'coloureds' appear to occupy an intermediate position between the whites and Africans, although it is clearly much more similar to the Africans than it is to the whites.

What is of particular concern about the 'intermediate' position of the 'coloureds' is that it would appear to incorporate the worst of both the developed and the developing experiences. This becomes apparent from Table II which provides a more detailed analysis of the different diseases contributing to the overall mortality of the whites and 'coloureds' in the form of cause specific mortality rates for defined age groups. Thus, although cardiovascular diseases are consistently responsible for a fairly small proportion of the overall mortality of the 'coloureds', Table I indicates that the actual rates for cardiovascular diseases have been fairly similar for both whites and 'coloureds' since 1941.

Clearly, the broad diagnostic categories used in this analysis conceal a certain amount of information. However, because of the changes in disease classification which have taken place since 1929, it is not possible to examine the temporal changes of mortality rates in greater detail. Disease categories with rates greater than 5/1 000 appear in italics in Table II. It will be noted that the mortality experiences of the 'coloureds'

(iv) Proportional Mortality, accounted for by specific conditions.

(v) Expectation of Life. This was calculated both at birth (e_o) and at 45 years of age (e_{45}) for both males and females. It expresses the average number of additional years an individual would be expected to live beyond birth and 45 years.

For Africans, the proportional mortality was the only index calculated.

RESULTS

The infant mortality rate
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the mortality rates have also increased between 1960 and 1970 for 'coloureds' in the 25-44 and 45-64 years age groups.

Christian Dior is sitting pretty

S. Times 30/12/79

64

By VERA BELJAKOVA

CHRISTIAN Dior is likely to more than double its profits in South Africa with the help of Roc, a newly acquired subsidiary which is now penetrating deep into the local cosmetics market.

Dior's turnover could easily triple, since Roc caters to the needs of a third of South Africa's female population. Roc specialises in para-pharmaceutical products for skin conditions which, according to a recent market survey, plague 32% of all local women.

Up-market Dior cosmetics and perfumes are capturing a steady R1-million in annual sales and with the help of Roc, company profits will be greatly enhanced since the new and medium-priced products are sold on a non-limited basis to stores and pharmacies.

Parfumes Christian Dior (France's largest exporter of beauty products with an annual turnover of R113-million) contributes 29% to its parent holding company, Moet-Hennessy — better known for its champagne and cognac than for its perfumes and cosmetics.

Moet-Hennessy, with a turnover of R400-million in 1978 (an increase of 25% over 1977), showed an adjusted profit last year of R21-million — a 59% increase on the previous year.

The imbalance between the age specific mortality rates of whites and 'coloureds' has improved or remained constant for persons between the ages of 5 and 64. However, for children less than 5 years of age, the gap between whites and 'coloureds' is widening. In 1941, white children under one year old experienced 28,0% of the mortality of 'coloured' children;

Cape Times 5/2/80

(64) ~~87~~

Total buys District 6 site

By LEON BEKKER

THE Total Oil company has bought a site in District Six which Shell South Africa decided not to buy.

Total's decision touched off a storm of protest from community leaders yesterday.

Mr Cassiem Allie, secretary of the Western Cape Traders Association, said yesterday Total was a subsidiary of a French company, and he would send a telegram to the French Pesident, Mr Valery Giscard d'Estaing, if Total did not rescind its decision.

The Cape Times reliably learned from official sources yesterday that Total had decided to buy a 1 300 square metre site in District Six's New Hanover Street. The site is vacant and zoned for commercial use.

Mr Alphonse Hough, the managing director of Total, said in an interview yesterday he was not aware that his company had bought a site in District Six.

He said he would look into the matter and comment more fully at a later stage.

Mr Hough confirmed that there were "French interests" in his company. His board of directors, however, was completely autonomous, he said.

Shell took an option to buy the site from the Department of Community Development in 1976 but last November the company announced that it had informed the department that it would not be taking up the option because it was "aware of the sensitivity of District Six".

Mr Cassiem Allie

Mr Andre Liebenberg, public affairs manager for Shell, said in an interview yesterday that his company's decision had not been made as a result of pressure from its Dutch parent company.

"The way things were developing with District Six helped us make up our minds, however", he said.

Mr Allie said he did not want to cross swords with Total, but his advice to the company was: Don't anger your customers.

The company was co-operating with the authorities and assisting them with their policy of apartheid, he said.

Mr Allie said he had telephoned Mr Hough to protest about the purchase.

The Rev John Paulse, an Anglican priest in District Six and secretary of the District Six Ministers' Fraternal, yesterday appealed to Total to reconsider its decision.

"No reputable company, which I believe Total is, would want to soil their hands with tainted land. I'm surprised they haven't learned from Anker Data Systems (another company which cancelled plans for a District Six development) and Shell what the honourable course of action is."

Talks next week on Total site in District Six

Cape Times 6/2/80 (64). ~~87~~

Staff Reporter

TOTAL SA (Pty) Limited's managing director, Mr Alphonse Hough, will be meeting the secretary of the Western Cape Traders' Association, Mr Cassiem Allie, to discuss Total's controversial purchase of a site in District Six.

Total's purchase of the site — which Shell SA (Pty) Limited had an option on but decided not to buy because of the "sensitivity" of District Six — has caused an angry reaction from a number of community leaders.

The meeting, due to be held in the City next Tuesday, was proposed yesterday by Mr Hough during a telephone call from Total's Johannesburg head office to Mr Allie. Mr Allie has agreed to the meeting.

Mr Hough said in an interview with the Cape Times: "We must try to bring our viewpoints together. I am quite prepared for a dialogue to accomodate their sentiments and to see how our thinking can evolve".

He confirmed that Total had purchased the site and said he had taken the decision on purely economic grounds and without being aware that the site was in District Six.

He had understood it was in Zonnebloem, and, as a Transvaler, he was not aware that this was the new name of the controversial District Six.

The deal was "irrevocable", he said.

"However, we operate in an environment and we must look at all the angles. As a company we must radiate brotherhood.

"I've got a few ideas as to how we can accomodate them, but I don't want to reveal them at this stage," Mr Hough said.

In an interview yesterday, Mr Allie said he had suggested to Mr Hough that Father Basil van Rensburg of the District Six Ministers Fraternal, should also be present at the meeting, but Mr Hough had said he wanted to deal with one man only.

Mr Hough had not spelt out his proposals, but had agreed that those opposing Total's purchase of the site had "a few very good points".

"Mr Hough is not going to be an easy nut to crack," Mr Allie said.

yabantu yiyo lento kunyanzeleke ukuba kuphungulwe abasebenzi.

Nangona aba bagxothiwyo ingabantu beBala uninzi lwabo bagwayimbi leyo ngamagoduka abantu abamnyama. Nangona bathe bagrogriswa ngokugxothwa babuyele emphandleni aba basebenzi bamnyama bame bemi kwicala labeBala ababathatha ngokuba bangabantakwabo. Ngosuku lokuqala logwayimbo indoda emele icala lomsebenzi izame ukubohlula abeBala kubantu abamnyama xa bebemengaphandle kweFektri. Abasebenzi balile ukwahlulwa, omnye wabo uthe "Silapha sonke yaye iinjongo zethu zinye."

Ayenda amanani abantu abazibanakanyileyo nabasebenzi abagwayimbelileyo. Kwenye yeentlanganiso zokuxhasa abasebenzi kwiye-i epheli leyo kubekho abafundi base University nakwano Kolegi ababafundi kwe - 500. Ababafundi bavela kwezi zikolo

3. METHODS OF HEALTH CARE FINANCE

The percentage of GNP is a common rough measure of the resource share devoted to health care. The figures in the table following are cited more by way of illustration than for purposes of comparison. There are the endemic problems of comparability in definition, relative prices, coverage, and the costing basis which are ignored here. The highest shares, not unexpectedly, relate to the richest countries so that there appears to be a positive association with income level. Further discussion of the relationship will be found in other contributions to this conference, notably that by McGrath (1978).

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(ii) Voluntary health insurance is essen
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loss stemming from an untoward event. It
"transfers of income from the present to
(Nordquist & Wu 1976: 57). Financing take
in the breakdown of service price paid to
payments and deductibles) and third party, i.e. the medical aid society rather than insurance company in South African terminology.

The private health insurance movement was initiated institutionally in 1929 with the foundation in Texas of the first Blue Cross plan and later Blue Shield, although the basic idea is probably much earlier in origin.
Real growth occurred after World War II in the United States and other high income countries (Klarman 1977: 220). Considerable impetus was given, it is said "by the threat of President Truman's proposal for compulsory

national health insurance", and by the early seventies about 80 per cent of the American population had some form of private insurance but with differing degrees of protection (Somers 1973: 127). The institutional form can be by individual or group subscription. In the latter instance, decisions to join a plan might be less voluntary than job related and therefore compulsory where membership is a fringe benefit supported by employer contributions. In 1970, 88 per cent of the full-time employed had private health insurance coverage but only 27 per cent of the unemploye
in the United States (Davis 1976: 63).

One more significant feature of health insurance
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heralded in recent years as in potential meeting the need for cost control, efficient utilisation and a greater admixture of preventative practice is the health maintenance organisation (HMO).[2] It is claimed, for specific HMOs, like Kaiser Program in California, that their subscriber utilisation rates of physician services are the same but with lower hospital use and lower cash outlays than other forms of insurance.

Reformers in favour of market solutions have hailed these arrangements as positive and innovatory. They argue that HMOs will foster price competition amongst themselves and other medical care delivery systems; that

Total SA 'unaware' site was in District 6

ARGUS 6/2/80

84

64

TOTAL SA became aware of the sensitivity of land deals in Cape Town's District Six only after buying a site from the Department of Community Development.

A spokesman in Johannesburg said today that Cape Town representatives of the company 'probably knew' the site was in District Six, but head office became aware of this only when the District Six issue came to a head.

Johannesburg executives were unaware that Zonnebloem was the new official name for District Six.

The spokesman confirmed that the company's managing director, Mr Alphonse Hough, would meet the secretary of the Western Cape Traders' Association, Mr Cassiem Allie, to 'sort out their mutual differences in a positive and constructive way.'

The spokesman stressed, however, that the land deal was irrevocable and was totally committed to the development of the site.

CO-OPERATION

Mr Allie said in an interview today that he was quite prepared to meet Mr Hough in a spirit of mutual co-operation and goodwill.

But Mr Hough would meet a solid wall of opposition to any land deals in District Six, Mr Allie declared.

He added: 'When I put to him that I felt others, like Father Basil van Rensburg of the Ministers Fraternal, should also be included in the talks he agreed that they could be included in later discussions.

'However when I prepare my case I will liaise with the other organisations concerned,' Mr Allie said.

He would base his case on the non-political aspect that District Six was the historical national home of the coloured people.

Any development in a closed 'whites only' District Six would be depriving the coloured people of their rightful home.

Mr Allie said he would point out that the coloured people would be quite happy to share the area with other races.

The Western Cape Traders' Association and others have persuaded Shell and Anker Data Systems to scrap plans to develop in District Six.

Crayfish boatmen threaten boycott

SMALL boat crayfishermen will try to organise a boycott of South African crayfish on the export markets, if there is no relaxation of the ban on crayfishing from private boats.

This was said by the secretary of the Committee for Small Boat Fishermen, Mr G W Hope, at a meeting attended by about 100 fishermen in Kommetjie last night.

He told the meeting that Dr Schalk van der Merwe, Minister of Industries, Trade and Consumer Affairs, had rejected the committee's appeal to have the ban on small boat crayfishing relaxed.

It was decided at the meeting that the committee would seek an interview with Dr van der Merwe and that members of Parliament would be petitioned to have the ban relaxed. 'If we get nowhere we will look for outside help to plan a boycott of our export crayfish,' Mr Hope said.

DISSOCIATED

Mr John Wiley, MP for Simonstown, who attended the meeting, dissociated himself from these remarks and said he was sure Mr Hope was joking.

Mr Hope said the committee rejected the allegations that individuals in the Kommetjie area, exploited crayfish on a substantial scale and sold kreef illegally on the local market.

He said the committee believed that crayfish resources were endangered by organised industry.

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ARGUS 6/2/80

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The Western Cape Traders' Association and others have persuaded Shell and Anker Data Systems to scrap plans to develop in District Six.

X-bray

Argus Bureau

LONDON. — A scheme to build Britain's first donkey hospital is being considered by East Devon planners. The R135 000 hospital, to include an X-ray room and operating theatre, would be at a donkey sanctuary near Sidmouth.

IUEF wants to extradite SA spy

ARGUS 6/2/80

Argus Correspondent

GENEVA. — The International University Exchange Fund (IUEF) is hoping that sufficient evidence will be uncovered by Swiss police to allow the extradition from South Africa of Captain Craig Williamson, the South African who spied on the organisation for three years.

The IUEF would also like to see the extradition of Brigadier Johan Coetzee, who is alleged to have threatened the funds director, Mr Lars-Gunnar Eriksson.

The acting director of the fund, Mr Piers Campbell, said Interpol could become involved in the investigations.

The IUEF also want South Africa to refund expenses paid to Captain Williamson and may ask for a refund of Captain Williamson's salary for the three years he worked for the IUEF. — R3 000 and more than R75 000.

PROTEST

'Berne issued a formal protest to South Africa, which is almost unheard of, and the Swiss police are clearly taking the matter very seriously,' said Mr Campbell.

'The Swiss authorities are very angry about the whole thing and the police are pursuing inquiries all over Switzerland,' he said.

A spokesman for the Department of Foreign Affairs said in Cape Town today that the views of the Swiss Government had been communicated to the South African Ambassador in Berne. South Africa had given an explanation to the Swiss Government.

...orance bliss Forces

ARGUS 6/2/80

2571

OK fresh!

Meeting on District Six site

64

12/12/80

THE controversial purchase of a site in District Six by Total SA (Pty) Limited will be discussed in Cape Town this afternoon at a meeting between the oil company's managing director, Mr Alphonse Hough, and Mr Cassiem Allie, the secretary of the Western Cape Traders' Association.

With yesterday being the 14th anniversary of District Six being declared a white area, renewed calls have been made to the government to reconsider its policy.

Speaking from Pretoria last night, Father Basil van Rensburg of the District Six Ministers Fraternal said his attempts to discuss the situation with Mr Hough had failed. While he was the appointed priest of the 10 000 people living in the area, Mr Hough had "not five minutes to spare", he said.

According to Mr Allie, Mr Hough had refused his suggestion that Father Basil attend today's meeting.

Total refuses to withdraw from Dist Six

13/2/80

Argus

64

TOTAL SA (Pty) Ltd has refused to withdraw from District Six, a spokesman for the Western Cape Traders' Association (WCTA) said yesterday.

In a statement issued last night Mr J Ross, assistant secretary and trustee of the WCTA, said Total had decided not to develop for a year the site they bought in District Six.

If District Six was rezoned a coloured area they would then develop the site and sell it to a coloured businessman. Total undertook to have further talks with the WCTA after a year.

The WCTA rejected the decision taken by Total which was made known to them after a meeting yesterday afternoon between the managing director, Mr Alphonse Hough of Total in South Africa and the general secretary of the WCTA, Mr Cassiem Allie.

Mr Hough told Mr Allie he supported the coloured and black people and was not a racialist. He felt the situation may have changed in District Six after a year and undertook not to develop the site in District Six and to hold talks with the WCTA after a year.

DECISION

The sub committee of the WCTA met last night and decided that 'Total should not develop at all but could come back once the claim of the coloured people for resettlement in District Six had been achieved.

'Once the claim for the coloured people has been met then we will have no objection to Total or anyone coming into District Six but at this juncture we don't want Total in District Six,' the committee decided.

Total has bought a 1 300 square metre site in District Six which Shell South Africa decided not to develop because 'it was aware of the sensitivity of building in District Six.' The site in New Hanover Street is vacant and zoned for commercial purposes.

Speaking from Johannesburg today Mr Hough said he was irrevocably committed to the land bought in District Six by the company.

Asked why he refused to see Father Basil van Rensburg, a member of the Ministers Fraternal in District Six,' he replied: 'I'll see Van Rensburg if I can also bring my spiritual leader.'

'Don't pull me into your emotional turbulence,' he said.

Mr Hough said he had nothing against the coloured people, the Government or District Six.

'I'm just a happy businessman,' he said.

access, but this is the only unifying thread. The most ambitious variant, the Health Security or Kennedy-Corman Bill, could be placed in the present category, although financing is to be jointly through payroll taxes and general revenues. Eligibility is universal, coverage of services is relatively broad and there are no co-payments by patients so that medical care would be free at point of service with federal agencies paying providers directly (Marmor 1977: 78, Glasser 1976: 44-5).

Other illustrations of the category are the East European systems with taxation and profits of public enterprises the predominating sources of finance. But there are interesting variations. Government supplies 96 per cent and 89 per cent respectively of funds in Bulgaria and the USSR at one end of the spectrum in contrast to 46 per cent and 48 per cent from social insurance in Hungary and the GDR at the other. Hospitalisation is universally free, yet surprising features are

(a) some measure of payment by certain patients for treatment and medication, for instance in the GDR, Poland and Rumania;
(b) direct charges for drugs: 30 per cent of all pharmaceutical prescriptions in the USSR in contrast to 5 per cent in the British NHS, and
(c) the tolerance accorded private medical practice even though it is controlled by licensing and heavy taxation (Kaser 1976: Ch.1).

4. CURRENT PROBLEMS OF ALLOCATION AND FINANCE

This section will examine certain practical difficulties as well as theoretical issues in the production and delivery of services designated as health care. The distinction between practice and theory is a rather forced one, given that the peculiarity of the commodity and the social attitudes towards it are held to be root causes of the deficiencies experienced in the sector. Nevertheless, such a division of topics is convenient for exposition.

There is a general consensus that cost escalation is the most visible and pervasive defect of health systems in rich countries from an economic perspective. This has generated alarm and widespread talk of crisis. Medical care costs rose faster in the past one to two decades than the general price index. In the United States after 1966 "expenditures for

health care...increased at an annual rate of 12 ... " (Klarman 1977: 215), and in 197 ... rench expenditure on health care g ... r cent between 1963 and 1969, a ... ar period was 10,3 per cent" (... has been comparable in magnit ... increase about one percentage po ... e performance of the British NH ... good deed in a naughty world wi ... ghly a third of the rate of in ... l States" (Marmor 1977: 82) ... ive, given that the overall ... has been so great by internat ... gh no alternative data is at h

About the reasons ... care costs there is no commo ... ature as likely to be contributor

(1) growth of ... direct out-of-pocket exp
(2) "availabil ... ough doctor's prescripti ... ies, i.e. demand mat ... their support personnel, ... ahead for structural
(3) linked to ... sement by which hospital c ... taken place, and doctors ... evailing fee" established ... ome levelled up and "fra
(4) "moral haza ... the greater use of medical ... nce coverage;
(5) multi-level ... panies or carriers, a ... al government agencies.

The listing is not c ... ed causes of cost inflation in ... in the absence of the first ... rvices, the effect of the remain

Total delays District Six site development for a trial year

CAPE TIMES 13/2/80

64

TOTAL SA (Pty) Ltd has decided not to develop for 12 months the site the company bought in District Six.

This emerged yesterday during talks between Mr Cassiem Allie, chairman of the Western Cape Traders Association (WCTA), and Mr Alphonse Hough, Total's South African managing director.

The Cape Times learnt reliably that Total also undertook to discuss the situation again with the WCTA after 12 months.

Mr Hough told Mr Allie he was sensitive to the feelings of the coloured people and recognized that they were not happy about the District Six situation. He felt this may have changed after a year and agreed to hold off development of the site.

He also promised that if District Six were rezoned again meanwhile, he would sell the site to a coloured man.

He had been unaware that the site was in the disputed area. The documents he had seen referred to Zonnebloem.

● A WCTA spokesman said last night that the association was not happy with the outcome of the meeting. From repeated government statements it was apparent that the door had been closed on the subject of District Six, so the freeze of 12 months would achieve nothing.

The association would hold discussions with other groups and individuals and weld a common standpoint.

The WCTA's feeling was that Total should make a final decision, the spokesman said.

District 6 leaders hit out at Total

Argus 15/2/80

TOTAL SA has been sharply criticised by community leaders for its refusal to withdraw from District Six.

Father Basil van Rensburg of the District Six Ministers Fraternal said in an interview:

'No business house in South Africa today can afford to go against the wishes of the community and Total has set itself firmly in conflict with the wishes of the coloured community.'

Total has bought a 1 300 square metre site in District Six which Shell South Africa decided not to develop.

IN CONFLICT

The company's managung director, Mr Alphonse Hough, has said he is irrevocably committed to the land but has undertaken not to develop the site for a year.

Father van Rensburg said that Total was the only firm in the country that had placed itself in conflict with the coloured community by securing land in District Six. He was speaking from Johannesburg where he has delayed his return to Cape Town in an attempt to try to arrange a meeting with Mr Hough.

'As the priest in charge who knows and has shared the suffering in District Six I am deeply dismayed that the managing director of Total refused to give me some time last week to tell him about the suffering,' he said.

Mr Tom Walters, the city councillor for Ward 8 which includes District Six, said he was shocked at the attitude of Mr Hough.

'Mr Hough has said he does not want to be pulled into the emotional turbulence of the issue. I should think the emotional turbulence caused to residents of District Six should make him a very unhappy businessman,' he said.

OIL COMPANY'S NEW D6 MOVE

S Times (Extra) 17/4/82

TOTAL are prepared to delay development of their District Six site indefinitely, but will not call off its deal to buy the land from the Department of Community Development.

The managing director of Total SA (Pty) Ltd, Mr Alphonse Hough, said: "I am a reasonable man. I will delay development for one year, two years, three years...They (the coloured community) can call the time."

After talks with the Western Cape Traders Association (WCTA) this week, it was announced that Total was prepared to delay development for 12 months.

This was rejected by the WCTA, who felt "Total should not develop at all, but could come back once the claim of the coloured people for resettlement in District Six had been achieved."

This week, Father Basil van Rensburg, the Catholic priest in District Six and a leading figure in the campaign to stop the Group Areas Act removals of the coloured people, saw Mr Hough in Johannesburg in a second attempt to get Total to withdraw from the deal.

Mr Hough said he would not back out of the District Six deal — Total is reported to have paid R50 000 for the land.

When the site was developed as a garage, he would do his best to put a coloured proprietor there to operate it on his own account and for his own profit..

And, he "solemnly" undertook to do his utmost to sell it to a coloured person one day.

Although Mr Hough said he had told the WCTA they could "call the time" on development of the site — he said it was the WCTA who had asked for a 12 month delay — the organisation expressed surprise about this yesterday.

Mr Jimmy Ross, assistant secretary of the WCTA, said yesterday: "As far as my information is concerned, this is not correct. We asked Total to stay out altogether. It was their offer to delay development for a year, which we rejected."

s. The factory ...
placed by machines and that it was part of ...

ssed were **'Coloured'**, more than half of the men who were on
contract workers. In spite of the threat of being endorsed
ds, the African workers are standing firm with their 'Coloured'
brothers and s...s. On the first day of the strike, men from the Department of Labour tried to separate 'Coloured' and African workers who had gathered outside the factory. The workers refused to be separated. One said, "We were all there for the same purpose."

Moves of solidarity with the striking workers are increasing. At a solidarity last week more than 500 university and college students from U.W.C., Hewat, Peninsula Training College and Bellville Technical College called for workers to be re-employed and for a boycott of Fattis & Monis products.

The Western Province Traders Association says it will instruct its members not to sell the factory's products unless there is negotiation.

The South African Council of Sport (SACOS) has called on all sports bodies and schools affiliated to SACOS to support a call for re-employment of the workers and a boycott of the factory's products.

More than 400 students from the University of Cape Town held a meeting and called for a boycott of all Fattis and Monis products.

The Women for Peace movement has called on the factory to negotiate with the workers.

The Cape branch of Nafcoc - the National African Federated Chamber of Commerce - has issued a statement in support of the dismissed workers.

Fattis and Monis insist that there is "no dispute". However a director of the firm says he is worried about calls for a boycott of the factory's products by blacks because much of the factory's trade is with blacks. The management have kept production going by employing scab workers in the place of the striking workers. However production has slowed down.

Who are Fattis and Monis? Fattis and Monis is the factory which produces the following products: The following Record flours; Self-raising flour, Cake flour, Bread flour, Sifted flour, Unsiftes flour, Wheatie Treat flour; Philadelphia flour; Koeberg Mille pack - mealie meal; all products with the Fattis & Monis brand name. These include icecream cones, cake cups, wafers, macaroni, spagetti, large and small shells, pasta ribbons - broa d, narrow, plain and green, pain rings, dilatines. Fattis and Monis also pack their pasta products under the following brand names; Princess, Pot o' Gold, Pick 'n Pay no name brand, Ckeckers and Roma. Fattis & Monis also control a number of bakeries in the Cape Town area. These include the Good Hope Bakery in Elsies River, Wrench Town Bakery in Observatory and the Ultra Bakery in Somerset West.

17/2/80. S. Times

Oil firm refuses to scrap District Six deal

By IVOR WILKINS

THE Total Oil company is prepared to delay development of its controversial District Six site indefinitely, but will not call off its deal to buy the land from the Department of Community Development.

The managing director of Total SA (Pty) Ltd, Mr Alphonse Hough, said yesterday: "I am a reasonable man. I will delay development for one year, two years, three years . . . They (the coloured community) can call the time."

After talks with the Western Cape Traders' Association this week, it was announced that Total was prepared to delay development for 12 months.

This was rejected by the WCTA who felt "Total should not develop at all, but could come back once the claim of the coloured people for resettlement in District Six had been achieved."

This week, Father Basil van Rensburg, a Catholic priest in District Six and a leading figure in the campaign to stop the Group Areas Act removals of the coloured people, saw Mr Hough in Johannesburg in a second attempt to get Total to withdraw from the deal.

Two companies, Shell Oil and Anker Data Systems, had been persuaded previously to cancel deals to buy and develop sites in District Six.

Father Van Rensburg said after the meeting that Mr Hough had refused to budge.

He had asked Mr Hough either to withdraw from the deal or to develop the site for the benefit of the community, rather than for commercial gain.

"He refused and said he supported Government policy and that if he withdrew, he would be joining the demonstrators," said Father Van Rensburg.

Mr Hough said this was not true.

In the meeting, Father Van Rensburg said he accused Mr Hough of seeking to protect his Government contracts by refusing to move out of District Six.

Mr Hough angrily denied that.

He said the company's Government contracts were based on business principles and nothing more. He conducted his business on sound principles, not on blackmail, from whatever source.

Economic

He said he would not back out of the District Six deal — Total is reported to have paid R50 000 for the land.

"I have bought the land on sound economic considerations in the same way that I have bought dozens of pieces of land in coloured and white areas," he said.

When the site was developed as a garage, he would do his best to put a coloured proprietor there to operate it on his own account and for his own profit. And he "solemnly" undertook to do his utmost to sell it to a coloured person one day.

Mr Hough said he had sympathy for the situation in District Six.

Although Mr Hough said he had told the WCTA they could "call the time" on development of the site — he said it was the WCTA who had asked for a 12-month delay — the organisation expressed surprise about this yesterday.

Mr Jimmy Ross, assistant secretary of the WCTA, said: "We asked Total to stay out altogether. It was their offer to delay development for a year which we rejected."

Umbutho oyi South African izikolo ezinonxibelelwane baqeshwe. Yaye akufuneki

... onke amalungu awo nazo zonke

Umbutho oyi Western Province Traders Association uthe uza kuxelela onke amalungu awo ukuba angayithengi imveliso yaleFektri de bavume uthethwathethwano.

Ayanda amanani abantu abazibandakanyileyo nabasebenzi kwiveki ephilileyo kubekho abafundi base University nakwano Kolegi abangaphezu kwe - 500. Abafundi bavelu kwezi zikolo U.W.C., Hewat, Peninsula Training College ne Bellville Technical College. Abafundi bathe abasebenzi mabaphinde baqeshwe kungenjalo yonke imveliso yakwa Fattis & Monis ingathengwa.

Nangona aba bagxothiweyo ingabantu beBala uninzi lwabo bagwayimbileyo ngamagoduka abantu abamnyama. Nangona bathe bagrogriswa ngokugxothwa babuyele emphandleni aba basebenzi bamnyama bame bemi kwicala lebeBala ababathatha ngokuba bangabantu kwabo. Ngosuku lokugala logwayimbo indoda imele icala losebenzi ezame ukubohlula abeBala kubantu abamnyama xa bebemengaphandle kweFektri. Abasebenzi balile ukwahlulwa, omnye wabo uthe "Silapha sonke yaye iinjongo zethu zinye."

Abasemagunyeni kumbutho weUnion onamalungu ayi 10 000 (amawaka alishumi) obizwa ngokuba yi (Food and Canning Workers Union) bathi abo bagxothiweyo bebesayinile amaphepha anika iUnion igunya lokuba benze uthethathethwano ngemeko ezibetele ekunokuthi kusetyenzwe phantsi kwazo. Ifektri leyo ilalile oluthethathethwano neUnion. Ifektri ibalula into yokuba omatshini ekusetyenzwa ngabo bathathe indawo yabantu yiyo lento kunyanzeleke ukuba kuphungulwe abasebenzi.

Inyanga ngoku sele izakuphela abasebenzi abangama - 88 bakwa Fattis & Monis efektri eBellville South benogwayimbo. Into ebangele ukuba bagwayimbe kukugxothwa kwabasebenzi abahlanu ebebesebenza nabo. Bathi unobangela wokugxothwa kwaba basebenzi bahlanu, kukuba bebengamalungu eTrade Unions Le union ibe izama ukwenza uphando nothethwa thethwano lokuba kunyuswe imali ibeyi - R40 ngeveki yaye kusetyenzwe iyure ezisi - 8 ngemini. Umphathi wefektri leyo uthe ezizinto bazifunayo zingaphezu kwamandla yaye ziya kwenza uqushululu efemini.

New Total site talks

C. Times 20/12/82

Staff Reporter

AFTER pressure from a number of their Cape dealers, Total SA (Pty) Ltd have requested another meeting with the Western Cape Traders Association (WCTA) to discuss the company's controversial purchase of a District Six site.

The general secretary of the WCTA, Mr Cassiem Allie, has consented to the meeting, and yesterday discussed with other groups and individuals interested in District Six a policy to put to the managing director of Total, Mr Alphonse Hough.

After an earlier meeting between Mr Hough and Mr Allie, Total agreed not to develop the District Six site for a year.

Total out of District Six

Staff Reporter

TOTAL SA (Pty) Ltd last night agreed to withdraw from its controversial purchase of a District Six site on which it had intended to build a service station.

This emerged during talks last night between representatives of the Western Cape Traders Association (WCTA) and of Total. The meeting was called by Total.

After the meeting in the City last night, a WCTA member, said that Total had withdrawn after "very friendly, fruitful and cordial" discussions had been held.

"Other suggestions were put to us, which we are not yet prepared to disclose, but these will be put to the various other organizations concerned," Mr Khan said.

Those representing the WCTA at the meeting were the general secretary of the WCTA, Mr Cassiem Allie, a former city councillor, Mr Dawood Khan, Mr S Mohammed, Mr S M Ahmed and Mr O A Khan. They met Mr Alphonse Hough, managing director of Total SA and Mr G Esterhuizen.

Earlier this month it was announced that Total had decided not to develop its District Six site for 12 months. Later Total undertook to have further talks with the WCTA.

The site from which Total have agreed to withdraw is the same site which Shell last year decided not to develop because it was "aware of the sensitivity of building in District Six".

SA has 38% of Total

A MULTI-MILLION rand deal has gained the Rembrandt Group a 20% interest in the South African subsidiary of the French petroleum company, Total SA Pty Ltd.

Total's shareholders have agreed to increase the company's capital by 25% through the issue of 9 million ordinary shares.

"Negotiations have now been concluded whereby existing shareholders unanimously decided to issue the new shares to Partnership in Industry Ltd, a wholly-owned subsidiary of Rembrandt," a Total spokesman announced yesterday.

The existing shareholders in Total SA are Compagnie Francaise des Petroles of France, the Volkskas Group and Old Mutual.

The new purchase increases South African holdings in Total SA to 38,4%.

SunExp 2/3/80

64

CAPE TIMES 22/2/80

(244)

(64)

Liquor prices in bars to increase

Staff Reporter

FROM March 3 the price of all spirits except whisky will rise one cent a tot in Cape Town hotels, bars and restaurants, while whisky will rise by three cents a tot, according to reliable sources in the City last night.

The price increases form part of the snowball effect KWV price hikes and overseas whisky price rises have had on the industry.

Sapa reports that in Johannesburg the price of spirits will go up an average of five cents a tot in hotels, bars and restaurants, and wine will go up an average of 30c to 50c a bottle — making it the most expensive drinking city in the country.

Whisky recently rose an average of 15 percent in price overseas while wine rose between 10 and 12 percent in Johannesburg.

Anticipating possible consumer resistance, the Transvaal Hotel, Liquor and Catering Association has attempted to halt the cost spiral.

"Even though hotels have had increases in running costs in the past year, we have decided not to incorporate them into a liquor price increase," a spokesman said.

The Transvaal association has recommended that hotels and bars do not increase the price of liquor above their usual mark-up on the wholesale price increase.

Prices will vary from hotel to hotel, largely dependant on star ratings and area.

Most Transvaal hotels are still working out how much more they will charge. As one five-star hotelier said: "Hotels don't have to take cognizance of the recommendation."

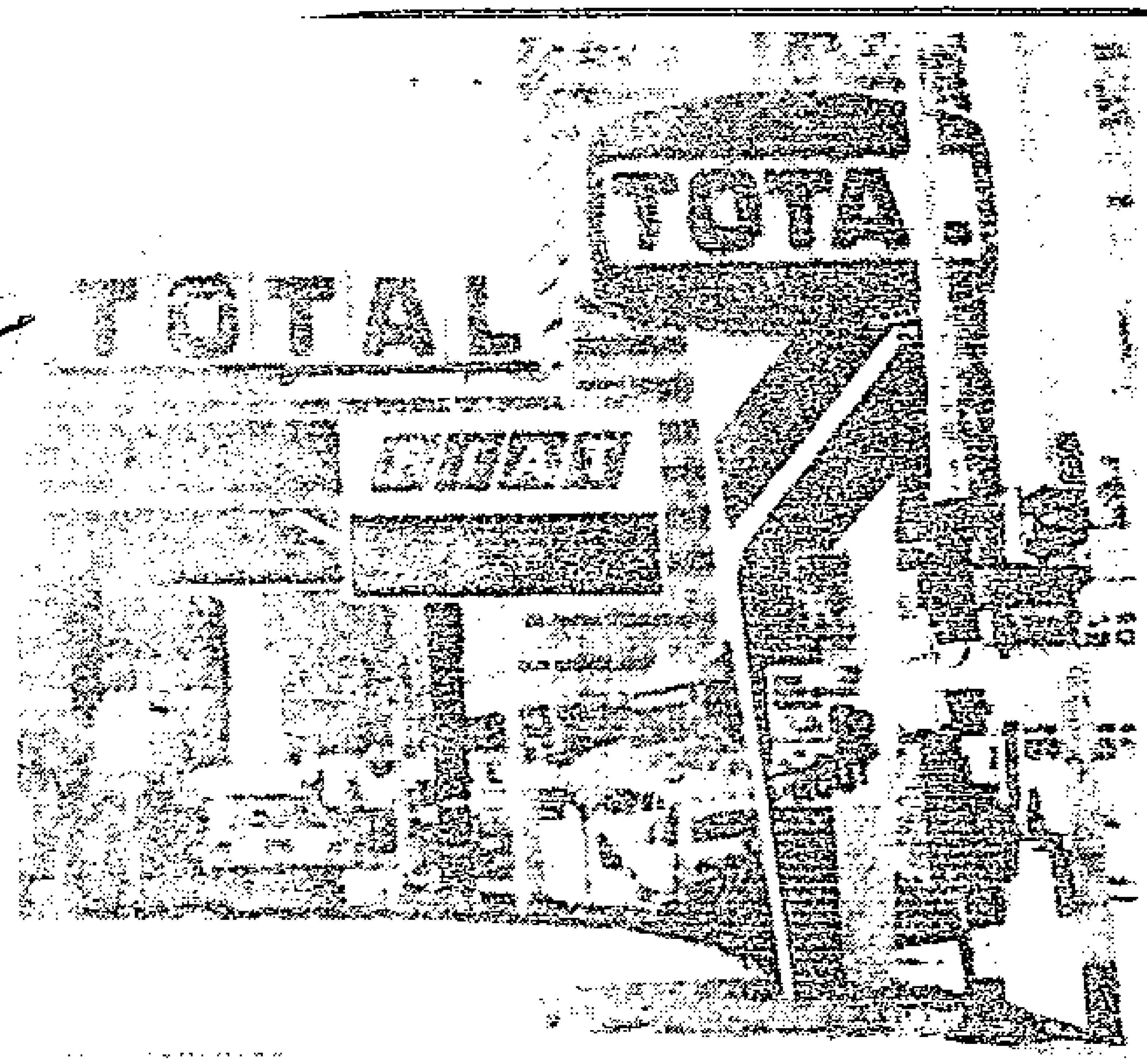
It has been pointed out that the higher wine prices are hardly geared to boost consumption of the ailing fruit of the vine, badly crippled by the beer war eroding profits.

Rembrandt koop 20 p.s. van Total

Rapport 2/3/80

Deur GERT MARAIS

REMBRANDT het sy steeds wyer wordende beleggings nog verder uitgebrei deur 'n belang van 20 persent in Total S.A. te koop. Dit volg kort op die hakke van 'n belegging van 50 persent wat in Henkel SA gedoen is.



Volgens 'n verklaring wat gesamentlik deur Total en die Rembrandt-groep uitgereik is, het die aandeelhouers van Total besluit om die maatskappy se kapitaal met 25 persent te verhoog deur 9 miljoen nuwe aandele uit te reik.

Dit lui verder dat onderhandelinge nou afgehandel is waarvolgens bestaande aandeelhouers eenparig besluit het om nuwe aandele uit te reik aan Partnership in Industry, 'n volfiliaal van die Rembrandt-groep.

Dit gee Rembrandt 'n belang van 20 persent in Total. Trou aan Rembrandt se tradisie om so min as moontlik te sê, word die prys nie genoem nie en is nie een van die maatskappye bereid om 'n aanduiding te gee wat dit was nie. Die koopprys word egter in kontant betaal.

In die verklaring word die ooreenkoms as 'n „multimiljoenrandtransaksie" beskryf. Dit is dadelik van krag.

Die bestaande aandeelhouers in Total is Compagnie Francaise des Pettroles, Volkskas-Groep en Ou Mutual. Die nuwe verwikkeling verhoog die Suid-Afrikaanse aandeel in die maatskappy tot 38,4 persent, wat beteken dat Volkskas en Ou Mutual saam net meer as 18 persent van die aandele hou.

Hoewel dit nie amptelik bekend gemaak is nie, sal dit waar wees dat Total 'n aandeel van sowat 12 persent in die plaaslike brandstofmark het. Dit maak die maatskappy se bedryf sy vyfde grootste. Die vier groter as Total, is Caltex, Mobil, Shell en BP — waarskynlik in daardie volgorde.

Hierdie vier se individuele markaandele is nie ver van sowat 20 persent elk nie.

Total het tans sowat 650 vulstasies in Suid-Afrika. Die opening van verdere vulstasies word volgens 'n rasionalisasieprogram beheer, maar die maatskappy sal waarskynlik tussen agt en tien voor die einde van aanstaande jaar kan oopmaak.

Rembrandt se belegging in Total is veral interessant as na van sy ander bestaande minderheidsbeleggings gekyk word. Hy het onder meer 'n belang van 25 persent in Federale Mynbou, die beheermaatskappy van General Mining.

General Mining het pas beheer oor Trek, 'n ander oliemaatskappy, verkry. Trek besit die reg om die volgende raffinadery op te rig.

General Mining het ook 'n minderheidsbelang in Sentrachem verkry en ondersoek tans die moontlikheid om sy steenkoolveld in Noord-Transvaal vir die vervaardiging van brandstof te gebruik.

Hierdie metanol kan baie maklik deur beide Trek en Total bemark word.

Total se besturende direkteur, mnr. A.R. Hough, sê egter dat die transaksie met Rembrandt nie aangegaan is met die oog om nader aan Trek te beweeg nie. Hoewel hy dit nie sê nie, is so 'n moontlikheid in 'n later stadium seker nie heeltemal uitgesluit nie.

Total het in sy eie reg aansienlike steenkoolbelange in Suid-Afrika. Total, Genmin en BP het elk 'n belang van 'n derde in die Ermelo-steenkoolmyn. Hierdie belang behoort egter nie aan Total S.A. nie, maar aan Total Eksplorasie, 'n filiaal van die Franse beheermaatskappy.

Rembrandt beskou di[e] belegging in hierdie stad[ium] ook nie as 'n naderb[e]weeg aan General Minin[g] se oliebelange nie. Woordvoerder van di[e] maatskappy het aan Sake-Rapport gesê dit is normal[e] praktyk om beleggingsg[e]leenthede deurlopend [te] ondersoek. Die beleggin[g] in Total word as só [']n belegging beskou.

increases, as the particle penetrates deeper into the medium . The density of energy deposited ($-dE/dx$) is therefore highest at the end of the range (fig. 25).

Relatively heavy particles such as the p or α are not significantly deflected in their collisions with the much lighter electrons in matter and the maximum energy lost per collision is only a tiny fraction of the p or α energy. These heavy particles therefore retain their original directions throughout the slowing down process and ... not vary much from one ...ergy (fig. 24(a)). ...atter through large ...omic electrons (of ... fraction of their energy ...eir detailed trajectories ... to another and their ...24 (b)).

Michelin may quit SA market

Rom 2/9/85

Own Correspondent

CAPE TOWN. — Michelin of France, one of the world's largest manufacturers of radial ply tyres and sponsors of Formula One motor-racing champion, Jody Sheckter, may withdraw from the South African market.

The company sells about R9-million of car, truck and earth-moving equipment tyres in South Africa a year.

Sources say that Leyland South Africa, which has been Michelin's distributor for the past 22 years, may soon be told that its distribution agreement will not be renewed in December.

Michelin's apparent reason for withdrawing is that it does not have the production capacity in France to supply world demand for car and truck radial ply tyres and has decided to concentrate on the United States market.

It is believed, however, that Michelin could revise the decision by retaining representation in the earthmoving market, but this is unlikely to affect the expected termination of Leyland's distribution agreement as Michelin could deal directly with users.

Neither Leyland nor Michelin was prepared to confirm or deny the speculation.

...low:

...ges of 1 MeV protons in ...ferent media (in mm)

	Aluminium	Lead
...0	0.0126	0.0106

...e nuclei in atoms and ... process. If we place ...d

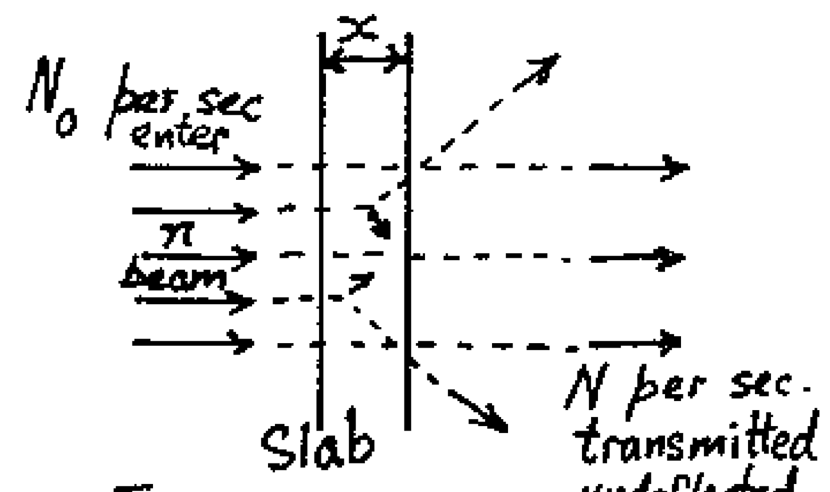


Fig. 26

... (33)

where α is the neutron interaction coefficient of the slab and depends on neutron energy and on the species and density of nuclei in the slab.

The neutron-nucleus interaction is either a nuclear scattering process, in which the neutron transfers some of its energy to the resulting (charged) recoil nucleus, or a nuclear reaction which usually leads to the emission of charged particles or gamma rays. Thus the secondary particles resulting from neutron interactions in matter are often charged particles and these particles then interact with the matter as described in (a). Hydrogenous media such as wax, water or plastic are of particular interest because a neutron can lose any fraction (0-100%) of its kinetic energy in a

single elastic collision with a proton. The maximum nuclear recoil energy E_{max} resulting from elastic scattering of neutrons (of mass m_n and energy E) on a nucleus of mass m_N is given by

$$E_{max} = 4m_n m_N E/(m_n+m_N)^2 \qquad \ldots\ldots (34)$$

Thus E_{max}/E is much smaller for heavy nuclei than for hydrogen.

(c) Gamma rays

The three most important effects in the interaction of gamma rays with matter are the photoelectric effect (described in section 2.1), the Compton effect (section 2.1,p.5) and pair production (section 2.3,p.8). Energy is transferred from the incident gamma photon to a photoelectron, a Compton electron or an electron-positron pair respectively. These charged secondary particles then interact with the medium as described in (a). As in the case of neutrons, the interaction of gammas with matter is a statistical process and is governed by an exponential absorption law of the form given by eq.(33) but with α representing the gamma ray absorption coefficient. This coefficient can, in turn be considered as the sum of components α_{PE}, α_C and α_{PP}, corresponding to the photo-, Compton and pair effects. Thus

$$\alpha = \alpha_{PE} + \alpha_C + \alpha_{PP} \qquad \ldots\ldots (35)$$

The absorption coefficients are largest for the heaviest elements (e.g. lead) and α_{PE} usually dominates for gamma energies below 0.5 MeV, α_{PP} for energies above ~ 10 MeV and α_C for energies around 1 MeV.

A convenient measure for gamma interaction calculations is the half-thickness, analogous to the half-life in radio-activity. This is defined as the thickness $x_{\frac{1}{2}}$ of the particular medium required to reduce the fraction N/N_0 (eq.(33)) to one half for a particular gamma energy.

$$\text{Thus } N/N_0 = \tfrac{1}{2} = \exp(-\alpha x_{\frac{1}{2}}) \qquad \ldots\ldots (36)$$

Some values of $x_{\frac{1}{2}}$ are given below (in mm)

Energy	Lead	Concrete
1 MeV	9.0	47.0
5 MeV	14.5	100.0

Michelin staying in SA

19/9/80

STAR

(64)

Michelin, the French tyre manufacturer, has no intention of pulling out of South Africa, Mr Bob Harrison, Michelin director for Southern Africa, said in a statement today.

Mr Harrison, who has just returned from Paris, described as "completely untrue," a report that the company did not have the production capacity worldwide to supply the demand for its car, truck and earthmover radial tyres.

"The confusion may arise from the fact that in June we gave notice to Leyland South Africa, a long-term distributor, that the distribution agreement would end in December.

"Distribution from January will be handled by a special Michelin division being set up by the Sigma Power Corporation.

"Far from pulling out of this important market, we look forward to renewed expansion under the new distribution arrangement," said Mr Harrison.

increases, as the particle penetrates deeper into the medium . The density of energy deposited ($-dE/dx$) is therefore highest at the end of the range (fig. 25).

Relatively heavy particles such as the p or α are not significantly deflected in their collisions with the much lighter electrons in matter and the maximum energy lost per collision is only a tiny fraction of the p or α energy. These heavy particles therefore retain their original directions throughout the slowing down process and their ranges are well defined - do not vary much from one particle to another of the same energy (fig. 24(a)). Incident electrons, however, can scatter through large angles in their collisi[illegible] electrons (of [illegible]ion of their energy [illegible]etailed trajectories [illegible]nother and their [illegible]).

[illegible] MeV protons in [illegible]edia (in mm)

[illegible]ium	Lead
[illegible]	0.0106

[illegible] in atoms and [illegible] is a statistical process. If we place [a] slab of matter of thickness x [at] right angles to beam of N_o [ne]utrons per second (as in fig.26) [a] fraction N/N_o of the beam is [tr]ansmitted without interaction and [a] fraction $(1-N/N_o)$ interacts with [nu]clei in the slab. The number N [of] neutrons emerging per second is [gi]ven by

$$N = N_o \exp(-\alpha x) \quad \ldots\ldots\ldots\ldots\ldots (33)$$

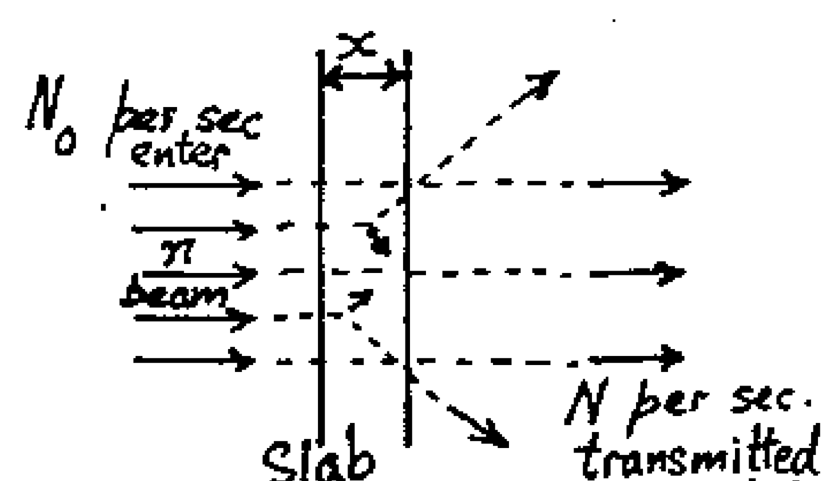


Fig. 26

[whe]re α is the neutron interaction [co]efficient of the slab and depends on [ne]utron energy and on the species and density of nuclei in the slab.

The neutron-nucleus interaction is either a nuclear scattering process, in which the neutron transfers some of its energy to the resulting (charged) recoil nucleus, or a nuclear reaction which usually leads to the emission of charged particles or gamma rays. Thus the secondary particles resulting from neutron interactions in matter are often charged particles and these particles then interact with the matter as described in (a). Hydrogenous media such as wax, water or plastic are of particular interest because a neutron can lose any fraction (0-100%) of its kinetic energy in a

Michelin denial

MICHELIN, the French tyre manufacturer, has no intention of pulling out of South Africa, says Mr Bob Harrison, Michelin director for Southern Africa.

Mr Harrison, who has returned from Paris, described as "completely untrue" a report that the company did not have the production capacity worldwide to supply the demand for its car, truck and earthmover radial tyres.

"The confusion may arise from the fact that in June we gave notice to Leyland South Africa, a long-term distributor, that the distribution agreement would end in December.

"Distribution from January will be handled by a special Michelin division being set up by the Sigma Power Corporation.

"Far from pulling out of this important market, we look forward to renewed expansion under the new distribution arrangement." — Sapa.

single elastic collision with a proton. The maximum nuclear recoil energy E_{max} resulting from elastic scattering of neutrons (of mass m_n and energy E) on a nucleus of mass m_N is given by

$$E_{max} = 4m_n m_N E/(m_n+m_N)^2 \quad \ldots\ldots (34)$$

Thus E_{max}/E is much smaller for heavy nuclei than for hydrogen.

(c) <u>*Gamma rays*</u>

The three most important effects in the interaction of gamma rays with matter are the photoelectric effect (described in section 2.1), the Compton effect (section 2.1,p.5) and pair production (section 2.3,p.8). Energy is transferred from the incident gamma photon to a photoelectron, a Compton electron or an electron-positron pair respectively. These charged secondary particles then interact with the medium as described in (a). As in the case of neutrons, the interaction of gammas with matter is a statistical process and is governed by an exponential absorption law of the form given by eq.(33) but with α representing the gamma ray absorption coefficient. This coefficient can, in turn be considered as the sum of components α_{PE}, α_C and α_{PP}, corresponding to the photo-, Compton and pair effects. Thus

$$\alpha = \alpha_{PE} + \alpha_C + \alpha_{PP} \quad \ldots\ldots\ldots (35)$$

The absorption coefficients are largest for the heaviest elements (e.g. lead) and α_{PE} usually dominates for gamma energies below 0.5 MeV, α_{PP} for energies above ~ 10 MeV and α_C for energies around 1 MeV.

A convenient measure for gamma interaction calculations is the half-thickness, analogous to the half-life in radioactivity. This is defined as the thickness $x_{\frac{1}{2}}$ of the particular medium required to reduce the fraction N/N_o (eq.(33)) to one half for a particular gamma energy.

$$\text{Thus} \quad N/N_o = \tfrac{1}{2} = \exp(-\alpha x_{\frac{1}{2}}) \quad \ldots\ldots\ldots (36)$$

Some values of $x_{\frac{1}{2}}$ are given below (in mm)

Energy	Lead	Concrete
1 MeV	9.0	47.0
5 MeV	14.5	100.0

Argus 29/4/81 (64)

R15-m boost for Western Cape industry

By Keith Macfarlane

A MASSIVE injection of capital probably more than R15-million — is likely to come to the Western Cape in terms of a contract being discussed by Leyland South Africa and Renault of France for Leyland to manufacture Renault cars in South Africa.

Leyland is unwilling to discuss the contract, but I understand that it will be to manufacture a large Renault, probably the successor to the 1,7 litre Renault 18 which will be built with tooling supplied by Japan. Other parts, probably injection-moulded, plastic body items, will be brought in from Britain. The car should be on sale late in 1982.

The Renault Five, the only model being manufactured in South Africa now, is produced by Motor Assemblies in Durban where they also manufacture Toyotas.

The plant would continue, however, to build the Five for the rest of its model life, but does not have the capacity to build another Renault model.

Leyland on the other hand, in spite of its open ended contract to build Sigma commercial vehicles, still has spare capacity at its Cape plants and is easily able to take over the manufacture of the bigger Renault which would increase its own profitability and make more job opportunities in the Western Cape.

The decision by Renault to expand its operations here — for Renault would sell the cars — is in line with current French thinking not to let ideology stand in the way of investment, a proposal mooted by the influential Paris newspaper Le Figaro recently.

Renault now has a 2,24 percent share of the South African car market, but with the new car this would increase as Renault would probably aim to sell about 3 000 units a month.

It is also making a small commercial derivative of the Five which will also continue to be made by Motor Assemblies.

W Cape awaits Leyland merger

STAR 1/5/81

64

Own Correspondent

CAPE TOWN — A massive injection of capital — probably more than R15-million — is likely to come to the Western Cape in terms of a contract being discussed by Leyland South Africa and Renault of France for Leyland to make Renault cars in South Africa.

Leyland are not willing to discuss the contract but I understand that it will be to make a big Renault, probably the successor to the 1,7 litre Renault 18 which will be built with tooling supplied by Japan. Other parts — probably injection-moulded, plastic body items — will be imported from Britain. The car would be on sale late in 1982.

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The plant would continue, however, to build the Five for the rest of its model life but does not have the capacity to take on Leyland. On the other hand, in spite of its open-ended contract to build Sigma commercial vehicles, the plant still has spare capacity at its Cape plants and is easily able to take over the making of the bigger Renault which would increase its own profit and provide more job opportunities in the Western Cape.

FRENCH TO OPEN BANK SUBSIDIARY

(3) 64

S. Tribune 3/5/81

Finance Correspondent

FRENCH Bank is to set up a new merchant bank, to be known as French Merchant Bank.

Pretoria has already approved a banking licence for the new bank, which will have an initial authorised share capital of R2-million.

French Bank is 55 percent owned by the giant French group Banque de L'Indochine et de Suez (Indoseuz). The merchant bank will be a subsidiary of French Bank, so no new money will enter South Africa from France.

The new bank is expected to be in operation before the end of 1981 and full details of its operations will be released later.

A French Bank spokesman said: "We have a lot to talk about and to think about before we get cracking". He added, however, that the bank's business will cover "normal merchant banking activities. French Merchant will be South Africa's ninth merchant bank.

French Bank itself ranks near the top of South Africa's smaller clearing banks, but well below the five giants. Its assets totalled R512 million at the end of 1980.

FRENCH BANK FM 8/5/81 (64)

Continuing progress

Activities: *Registered commerci bank and foreign exchange deale French-based Banque de l'Indochin et de Suez owns 54,5% of the equit and Gencor 30%.*
Chairman: *G Dangelzer; managing d rector: M Moreau.*
Capital structure: *8m ordinaries ar preferred ords of 50c. Market cap talisation: R9,6m.*
Financial: *Year to December 31 1980*
Share market: *Price: 120c (1980-8 high, 180c; low, 98c; trading volun last quarter, 47 000 shares). Yield 16,3% on earnings; 8,8% on dividen Cover: 1,9. PE ratio: 6,1.*

French Bank's profit performance in 19 mirrored the growth in the economy and also reflected benefits from expansion of the range of services offered. The result was a net profit increase of 37%, which compares very favourably with the growth rates of the larger banks.

	'77	'78	'79	'80
Total assets (Rm)	198	214	292	313
Return on assets (%) .	0,41	0,44	0,39	0,50
Return on equity (%) .	14.0	11,7	11,3	12,4
Taxed profit (R'000) .	817	937	1 141	1 568
Deposits (Rm)	164	171	229	252
Advances (Rm)	n/a	76	113	119
Earnings (c)	13,8	15,8	17,2	19,6
Dividends (c)	4	8	9	10,5
Net asset value (c) .	98	135	152	165

This improved performance meant a fairly substantial gain in the return on equity to 12,4% (11,3%) which, though lower than figures reported by the big three banks, is back on track to the 14% recorded in 1977.

Presumably French Bank's return on equity is lower than others in the sector because of the nature of its business — like the financing of capital equipment in a period of high liquidity, and its low exposure in the fast-growing consumer sector where demand for HP finance has helped keep banking profitability growing.

In addition, French Bank is not at present in the merchant banking field where the other major banks have recorded large gains. However, recent plans to establish a merchant banking arm suggest a profit benefit from this source in 1981.

Major contributors to last year's strong profit performance included the financing of imports and exports. French Bank arranges the finance with banking consortia internationally, and expansion of this activity is planned.

Last year, the bank also reported strong growth in its leasing department despite the general high level of liquidity in the economy. And, for the first time, the bank entered the leverage leasing market.

Chairman G Dangelzer says the money and capital market division continued active with increased market penetration. He hopes for some relaxing of official controls in this market, which would create better opportunities for the banks.

Changes to asset structure included a drop in investments — notably listed dated securities — to R11,3m (R22m), presumably a reflection of the bottoming of interest rates. On the other hand, advances increased R2,1m to R118,5m, cash by R31,9m to R103,6m and bills discounted by R1m to R27,5m.

Performance this year, judging by management comments, should reflect continued progress, with new operations set to contribute to profit. In addition, results could benefit if the De Kock Commission recommends a relaxation of controls in the banking industry.

The share trades at 120c, yielding an historic 8,8% on dividends, which compares with a 6,4% sector average. In view of diversification plans, an improvement in the price seems possible. *Des Kilalea*

French Bank . . . more profit from more activities

Sunday EXPRESS

Business

French businessmen in bid for SA trade

S Express 19/7/81

Financial Reporter

64

THE French transport supply industry, which has maintained a remarkably low profile in this country is to make a determined effort to break into the South African market at Itec '81, an exhibition which will be held at Milner Park, Johannesburg from July 27 to August 1.

Seven firms will participate in Itec '81. The exhibition will cover all aspects of transport — on land, sea, and in the air. It will be held concurrent with a conference based on the theme of professionalism in transport at the CSIR conference centre in Pretoria.

The seven firms are: Equip Rail, Francorail, TCO, Mors, UTA, Paulstra and Sofretu. They are all part of an industry which employs between 20% and 30% of the entire French labour force.

The obvious bait to come to South Africa and, for the first time, market aggressively, is obviously the vast sums of money South African Railways is spending — R1 600-million in the last fiscal year and R1 800-million in the current year. All the firms make rail equipment of one sort or another.

They plan to come to South Africa in spite of the new hardline policies France's new socialist bosses say they are going to adopt against the apartheid policies of our Government — and which last week led to Total in France acquiring a large American coalfield to reduce France's dependence on South Africa for coal.

The rail transport sector of French industry can afford to cock a snook at the French Government, considering that it has a 15% share of the world's export market for transport equipment, that the productivity of its 30 000 workers is more than twice the national average, that its turnover in 1980 was more than R1 400-million.

If nothing else, the French are pragamatic. When asked whether the new French masters would allow French concerns to increase their business connections with South Africa, a French businessman in this country replied:

"It is all very well for Mitterrand to shout socialist slogans and say how tough he is going to be against South Africa, but when he wants to put his socialist theories into practice he is going to need money.

"And where will he get that from? From French business and industry.

"He knows that if he stops us opening up a new market, even if it is in South Africa, he won't have enough money to pay for his policies."

Some French transport companies are already well known in South Africa. UTA, for example, has been operating regular flights to this country for many years, long before it was even known as UTA.

The Chartered Institute of Transport, which is sponsoring Itec '81, has managed to get a number of well-known people to address the conference, among them former astronaut James Lovell, who will speak on the management of space transport and Prof Nic Wiehahn who will speak on manpower management in transport.

Dr Kobus Loubser, general manager of SAR, will deliver a paper on the strategic role of transport in southern Africa.

The French connection . . .

Star supplement (64) 25/7/81

French manufacturers of transport equipment are among the most sophisticated and prolific in the world but, as an industry, they have a relatively low profile in South Africa where comparatively little of their equipment is being used.

French equipment already in use in South Africa is here more as the result of South Africans scouring world's markets for the best there is for a specific use — the Airbus is an excellent example — than of the manufacturers of the equipment trying to open this market and establish a presence here.

Seven French manufacturers of transport equipment will be taking part in ITEC '81 and they will be making a determined effort to capture a significant share of the local market in the sectors in which they operate.

The seven are: Equip Rail, Francorail, TCO, Mors, UTA, Paulstra and Sofretu. They are part of an industry which employs between 20 and 30 percent of France's entire working force; an industry that has supplied some countries with their entire rail transport systems; one which competes on level terms with the giants of West Germany and America in their own countries.

The French shipbuilding industry is reasonably well known in South Africa, having built a number of vessels for the Conference lines serving South Africa, as well as some of our naval vessels, built and supplied before the application of the UN-inspired arms embargo.

Commercially, the French aircraft industry is known in this country more for the Airbus than any other type of aircraft.

There are French trucks that, one feels, would operate well under South African conditions, but it would be difficult to introduce them to this market which is already very well served by a number of manufacturers who are not only already well established, but already supply an across-the-board range of products.

The biggest opening on the South African transport scene appears to be for France's manufacturers of railway equipment, who are third in the world as far as volume of products is concerned, ahead of even West Germany — one of the main suppliers to South Africa — and behind only the USSR and America.

This industry has a 15 percent share of the world's export market and supplies more than 40 percent of Europe's rail transport equipment.

This sector of industry employs more than 30 000 people whose productivity is twice as high as the national average. In 1980, its turnover was more than R1,4-billion and its orders for exports were 408 locomotives, 4 295 goods wagons and passenger carriages.

The French rail industry has achieved an impressive number of technological break-throughs, many of which are now being used worldwide. Among them are improved suspension and braking systems, the widespread use of thyristors which has led to locomotives having to be called in for inspection only every 2-million km and new types of transmissions.

The flower of all this is the TGV (Tres Grande vitesse), or very high-speed train which, in February, set a new high-speed record of 380 km/h. By the end of 1983, there will be 87 TGV, trains in operation in France, built at a cost of R400 000 each, but they will cruise at a more modest 260 to 300 km/h and will, for example, reduce the time for a journey between Paris and Lyon from 2,5 hours to 1,5 hours.

At the beginning of June, this sector of industry sent a mission consisting of representatives of 17 firms, under the leadership of Mr Henri Jullien, to South Africa to establish contact with the SAR which is to spend R1 800-million on development during its current financial year.

No brake on French presence

S. Express 26/7/81

64 1899 1902

Business Reporter

EDWARD L BATEMAN, one of the leading engineering companies quoted on the JSE, has concluded an agreement with the multi-million rand French Valeo group to market fluid couplings and industrial disc brakes made by one of its subsidiaries, Sime Industrie, in Southern Africa.

Sime is not the only large French company to set its sights on expansion and the establishment of a presence in South Africa.

As reported in the Sunday Express on July 19, seven French firms will be exhibiting at Itec, the biggest transport exposition yet held in South Africa, which starts at Johannesburg's Milner Park showgrounds tomorrow.

Some will be showing their flag in this country for the first time — at a time when some of the hierarchy of the new socialist regime in France is making decidedly anti-South African noises.

However, as a French businessman pointed out in the Sunday Express of July 19, President Francois Mitterand needs money to implement his policies and is not too particular where it comes from.

He did nothing last week to stop the export of the reactor for the Koeberg nuclear power station in the Cape.

RDM 18/9/81

The problem arises whe ... ssociate company are
accounted for on the Eq ... discussed, interest
available for capitalisa ... te financial state-
ments of the associate is ... ctual interest cost
incurred by that enterpri ... s also leaves
room for manipulation of t ... associate company,
as can be seen from the fol

Matimba order

64

NUREMBERG. — Maschinenfabrik Augsburg-Nurenberg, MAN, says a consortium it forms with Alsthom Atlantique of France has obtained a letter of intent for a R300-million South African turbine order.

MAN expects the letter from Escom to lead to a firm contract by the end of 1981 or early 1982.

The order will be for six 600 megawatt turbines for the coal-fired Matimba power station in North-Western Transvaal.

It will only be possible to say what MAN's share will be when a firm order is obtained.

Finance will be largely obtained outside South Africa, as most of the order will be manufactured in Europe. — Reuter.

Assume that investee Company I, holds 40% of A (the associate company). and accounts for that investment on the Equity Method. I then lends A R1 000 000 at 14% p.a. to finance the construction of a manufacturing facility. The R140 000 of interest has been treated as interest income by I, whereas A has capitalised the amount, and therefore shows no expense. This has the effect of increasing A's profits by R140 000. Through this occurrence, I has increased its profits by 40% of R140 000, i.e. R56 000,[57] (based on I's shareholding in A).

his does not seem equitable, and the effect of capitalising
ne interest relating to such borrowings should be eliminated
fore calculating the investor's share of the associate's
nings. The question arises as to whether the full
) 000 should be eliminated from the earnings of the
ciate before the investor calculates its share of the
ts or just 40% of the profits, based on the percentage
olding. The views of two prominent accounting firms,
th which I concur, is that the investor should

Foreign Firms in S.A - French

1982 — 1985

French warned on investment in SA

(64)

20M 11/1/82

Mail Correspndent

PARIS. — French bankers, financiers and businessmen have been officially warned that they have only another five good years to invest in South Africa.

From 1986 onwards there could be major financial losses caused by Pretoria's apartheid policy, says an official French trade guide.

"There is little short-term risk over the next five years," it says.

The guide is known as Moci — Moniteur de Commerce Internationale — and it is published by the official French Centre for External Trade.

It does not necessarily express the policies and views of the External Trade Ministry, but it reflects Government thinking and is never ignored by French businessmen.

Its world political risks forecast said: "There is only 25% investment risk over the next 18 months, but a 45% risk of major losses in five years.

The business environment risk index said: "A 50% risk over the next 12 months and 57% over the next five years."

It warns there will be "violence and disorders affecting foreign firms between 1982-86. These firms must watch the thrust to the right which is opposed to unrestricted free enterprise."

Risks were currently limited by divisions among black workers, which it said were "carefully nurtured by whites".

"As long as there are these divisions, South Africa's domestic front will never be seriously threatened."

France is South Africa's fifth trade partner (5,3%) after the United States, West Germany, Britain and Japan.

Moci figures show that France's exports to South Africa in 1980 totalled about R3 620-million.

Institute warns of violence in SA

(64)

Star 12/1/82

Own Correspondent

PARIS — Violence and disorder will hit foreign firms operating in South Africa over the next five years, a commentator has warned in a bulletin of the French Foreign Trade Institute.

"Foreign firms must watch for action from the right opposed to the unrestricted activities of free enterprise," the Beri Economic Forecasting Institute warned in the report.

Another commentator described the current "disunity between blacks and the white minority," as a key element in future trading with South Africa.

France is currently South Africa's fifth largest supplier behind the United States (19,2 percent of foreign trade), West Germany (18,3 percent), Britain (17,1 percent), Japan (12,7 percent). France has 5,3 percent.

The Monitor for International Trade bulletin points to increased interest in French technology which "was not known only a few years ago."

"France has a good delivery record, a better after sales service and a weaker currency than its main competitors," said the institute which tends to reflect the line of the Foreign Trade Ministry.

South Africa was a "good payer" the magazine noted, but it stressed other risks connected with separate development. Although there was little sign of trouble in the short term the institute warned companies to take precautions and keep a low profile.

The Beri agency also warned of increased labour problems in the coming years, with an increasing demand for recognition by the black unions "and an attempt by the Government to eliminate them."

(64) Industrial Week 16/2/82

French radiators

FERODO will spend more than R5-million this year on a new factory at Pinetown, Natal, which will make the French Sofica car radiator.

The company is determined to capture at least half of the lucrative R50-million a year car radiator market in SA within three years.

Announcing the development, Ian Duthie, MD of Ferodo, said his company had decided to establish the factory after investigating the market and reaching an agreement with the Valeo Grop in France who developed and manufacture the Sofica radiator.

"The Valeo Group is Europe's largest producer of automotive radiators and heat exchangers," says Duthie. "They have made 17-million since 1973. Ferodo's parent company, Turner and Newall, has an equity share in the group.

"While most of the radiators are made in France, Valeo also has subsidiary companies in Italy, Spain, America, Brazil and Mexico. The group has granted licences and manufacturing agreements to Volkswagen in Germany, to Japanese manufacturers, British Leyland and Autopal in Czechoslovakia.

Duthie said that the Sofica Division of Ferodo would be housed in a Pinetown factory and assembly of car heater heat exchangers would begin in July this year, with full manufacture of car radiators beginning in January 1983.

(63) 19 Graduate School of Business News Febr. 1982

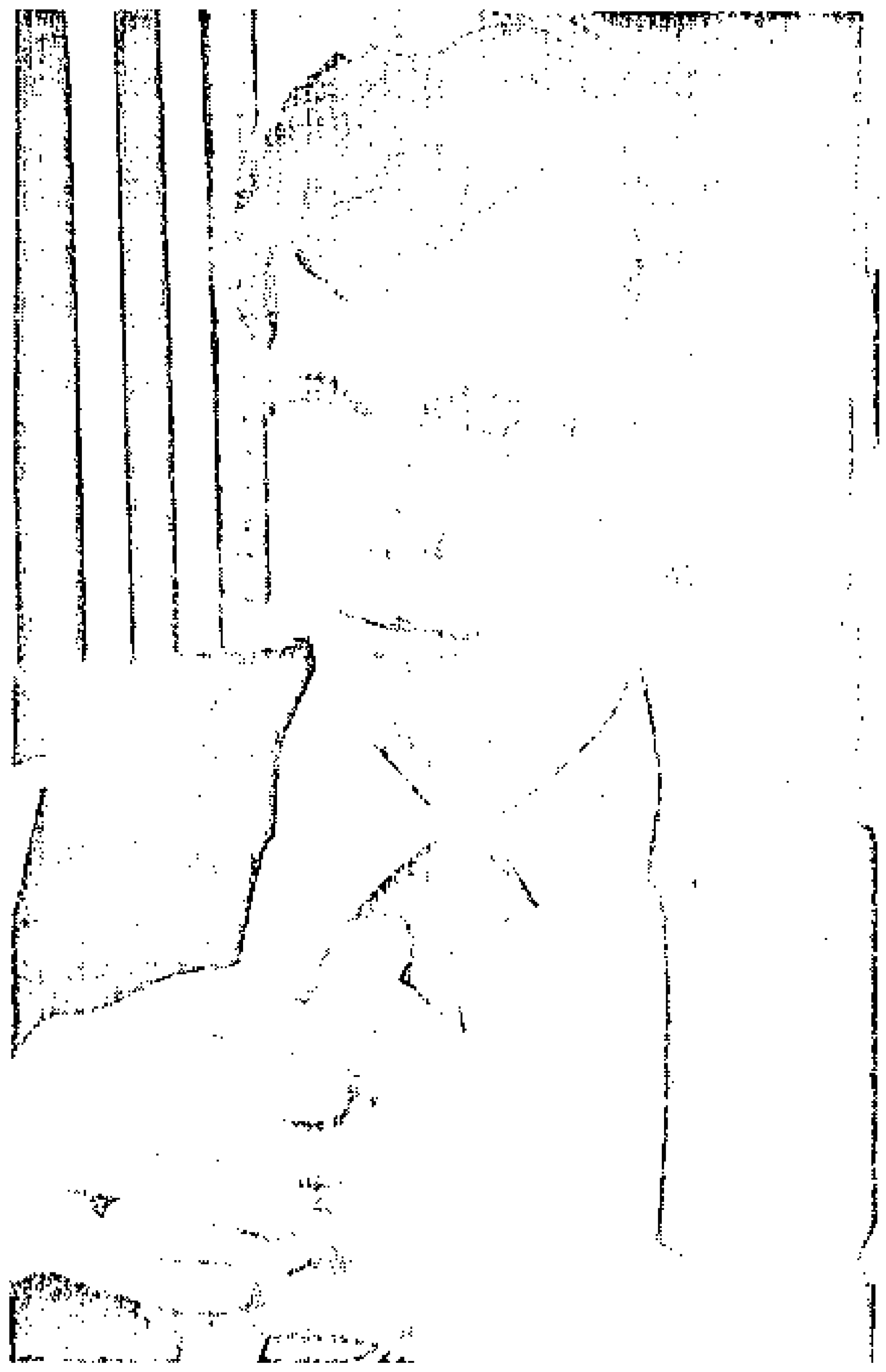
THE VOLKSWAGEN CASE A CHUNK OF REALITY

Some Monday mornings can be worse than others. Take Monday June 16, 1980 at the Volkswagen factory in Uitenhage. At 8 in the morning 4 000 workers downed tools and streamed from their places of work to congregate on the lawn outside the Managing Director's office.

Preceding events included:

— a history of political activism, particularly by the ANC and Black Consciousness movements, in the Eastern Cape;
— major investment by Ford, General Motors and Volkswagen creating a high degree of prosperity and dependence in the Port Elizabeth/Uitenhage area;
— increasing organisation of white, coloured and African trade unions in the Eastern Cape motor industry;
— a protracted and messy strike at Ford in 1979 dragging on into 1980;
— the creation of highly active and politicised black community organisations in Port Elizabeth and Uitenhage (PEBCO and UBCO) in 1979, protesting a range of issues including squalid housing conditions;
— a focus of international attention on the automobile manufacturers as a result of pressures on their parent companies and their commitments to the Sullivan and EEC codes of employment practice;
— wage rates for less skilled workers in the PE/Uitenhage automobile industry being higher than those in the competitor companies in the PWV area, but pressures being maintained for still higher wages in the Eastern Cape;
— booming economic conditions demanding increased output;
— Industrial Council negotiations in progress for a new management/union agreement for effect from 1 August 1980, but as yet little sign of agreement;
— widespread unrest in South Africa evidenced by: schools boycotts leading to the closure of many schools and Fort Hare University; stone-throwing and arson in the Western Cape; sporadic strikes;
— calls for strikes and stay-aways on Soweto Day, 16 June.

These events and those of the ensuing weeks compose a picture rich in opportunities for learning. Volkswagen, the unions involved, as well as numerous other companies, officials and individuals agreed to be interviewed and make their records available. The Shell company, recognising the need for such a case, supported



Mr Norman Faull

the research and GSB lecturer, Norman Faull, devoted the best part of four months to the task.

The result is a substantial five-part case running to nearly 400 pages of text and exhibits and creating opportunities for

* environmental scanning and its use;
* strength and weakness analysis for management and union teams;
* experiencing negotiations in the simulated environments of an industrial council and elsewhere;
* evaluating media influences;
* examining strike handling;
* developing perception and empathy for management and union dilemmas;
* handling international intervention.

But most important of all the case sketches the "big picture" of industrial management in South Africa. Many other companies in Uitenhage experienced strikes at the time. Some had international links while others were locally owned and controlled. Union officials and company managements had to work in a sometimes bewildering array of corporate, community, regional, national and international pressures.

It is in dealing with these pressures that the learning experience for participants will be most effective and the corporate policy dimensions, as opposed to a narrower industrial relations facet, will come into sharp focus.

Late last year the case was given a trial run by a GSB team over two days, with a group of participants from industry and commerce. It will be developed further this year on the MBA and selected executive courses, the intention being ultimately to make the case available for wider use outside the GSB.

New friends and some valuable lessons — PROF SIMPSON'S VISIT TO U.S.A.

It was of great interest to see the tremendous pressure on the American economy, Professor Simpson said on his return from a recent trip to the United States.

He said it would not surprise him to see one of the large motor corporations fail, and even an airline. "The big ones are turning in losses that they simply cannot continue handling indefinitely.

"Profit in air travel comes traditionally from the disposal of discretionary income," he said, "and combined with the high cost of fuel, the decline in the propensity to spend is the root cause of the problems experienced by such corporations in the US economy."

"Also," he added, "a growing number of Americans are beginning to question whether 'Reaganomics' is working."

The main purpose of Professor Simpson's visit was to develop links with other Graduate School's of Business and to establish new ties with prominent individuals at those schools.

In that respect "I believe the visit was a great success," he commented. "We now have very strong ties with a number of universities, including Harvard, Wharton, Columbia and Chicago. The result is we find we have access to potential staff for UCT's GSB to a greater degree than ever before —even to the extent of having a choice of candidates."

A highlight of Professor Simpson's American visit was his attendance at the annual Consumer Research Association's convention at St Louis, where he met people who stand collectively at the forefront of consumer marketing in the world.

He said he detected grave concern at the lack of an all-embracing theory in consumer marketing. "Increasingly academics look at facets of the subject and not the totality."

What was of value was that at last the experts were beginning to talk about the broader issues.

ACCOUNTING A

SOLUTION TO: GL5

(1) Premiums Treated as Business Expense

01, Jan 1:	Insurance Expense	300	
	Bank		300
	being payment of premium		
Dec 31:	Income Statement	300	
	Insurance Expense		300
	being closing entry		
	Years 02 and 03 - same as 01		
04, Jan 1:	Insurance Expense	300	
	Bank		300
Jan 2:	Debtor (Insurance Company)	24 000	
	Income from Life Policy		24 000
	being accrual of proceeds receivable		
Jan 2:	Income from Life Policy	24 000	
	Income Statement		24 000
	being closing entry		
Jan 2:	Income Sta	300	
	Insuranc		300
	being clos		
Jan 31:	Bank	24 000	
	Debtor (		24 000
	being recei		

(2) Premiums Treated as an

01, Jan 1:	Life Policy	300	
	Bank		300
Dec 31:	Income State	300	
	Life Polic		300
	(Surrender va o -		
	therefore no alised)		

Continued/ ....

Siemens hooks up Tswanas

24/2/82 63

SIEMENS has concluded a R4 900 000 export contract with the Bophuthatswana Post Office for the installation of three telephone exchanges in the Rustenburg area.

A spokesman for Credit Guarantee Insurance Corporation of Africa Ltd, which has underwritten the export credit, said in a statement in Pretoria yesterday the order involved a South African content of 70%.

The main 2 500 line exchange had already been commissioned in October last year in the Pilansberg, or Sun City area. Two 1 000-line exchanges would be commissioned in Heystekrand and Thlabane North and West of Rustenburg early this year.

Maintenance would be done by the Bophuthatswana Post Office with personnel recruited locally and abroad, and seconded by the SA Post Office, the spokesman said.

FRANCE STILL HAS CLOSE TIES WITH SOUTH AFRICA

64

Sunday Times 28/2/82

Finance Reporter

ONE OF the recent surprises in international commerce has been the continuing close ties between France and South Africa.

When President Mitterand took office last May, it was widely assumed that he would take a hard line on economic ties with Pretoria. The socialist party's programme committed the new government to curtailing France's considerable investment and trading ties with this country in favour of warmer relations with neighbouring black-ruled states.

Relations with South Africa remain undisturbed, however. A French banker in Johannesburg says: "I don't see any difference — better or worse."

The French Trade Commission in Johannesburg, manned by 20 people, is one of the biggest of any foreign country.

President Mitterand's inaction on South Africa is widely ascribed to nothing more than typical Gallic pragmatism or, less kindly, France's eagerness to have its bread buttered on both sides.

South Africa remains a lucrative market for French goods. French exports totalled 5,5 billion francs in the first 11 months of 1981, 46 percent higher than in the same period a year earlier.

Much of the increase has been in power station equipment. Alsthom Atlantique and a subsidiary are members of two consortia awarded contracts to supply turbine generators and boilers for new coal-fired power stations.

French companies are already major suppliers for the Koeberg nuclear power station now nearing completion.

Despite the international furore over deliveries of nuclear fuel to South Africa, the French company Framatome has unashamedly admitted that it has taken delivery of enriched uranium for the manufacture of Koeberg's fuel rods.

Several large contracts have been awarded since the Socialists took office, despite efforts by companies from other countries to convince South African purchasers that the French would no longer be reliable suppliers.

A French company Crouzet has won a R3,8-million order from South African Railways to install an experimental automatic ticketing system.

Coface, the French Export credit guarantee agency, has not restricted cover, even though its exposure to South Africa is understood to be among the highest to any country.

Tony Ewen, managing director of Fulmen Africa, a wholly-owned subsidiary of Compagnie Generale d'Electricite (CGE) says "Applications for financing have been handled more expeditiously by the present government than the past one."

Between 50 and 60 French companies have significant direct investments south of the Limpopo, but no efforts have so far been made to restrict their activities. Indeed, Fulmen Africa has doubled it share capital since the Mitterand government took office.

South African exports to France have risen slowly in the past 18 months, moving up by only 5 percent to 5,0 billion francs between January and November 1981.

The reason is not political, but the result of lower demand for uranium, manganese, wool, fruit and other South African mineral and agricultural products.

Total 'withdrew two years ago'

ARGUS 31/3/82 (64)

TOTAL withdrew from District Six two years ago and the matter of its involvement in the area was dead. Total's chairman, Mr Alphonzo Hough, said today.

Mr Hough was commenting on a statement in Parliament by the Minister of Community Development, Mr Pen Kotze, that Total asked on March 9 this year for its 1979 purchase of a District Six site to be cancelled.

'We withdrew in 1980 in consultation with the coloured community, who are good customers of our firm. There have been no further developments since February 1980,' Mr Hough said.

'I can't account for the Minister's records. Our file was closed two years ago.'

He said Total had kept its doors open to the coloured community and would do business with them again on their request if certain areas were declared open.

Senior officails of the Department of Community Development said today they could not comment on the Minister's statement, which was in a written answer to questions by Mr Colin Eglin (PFP, Sea Point).

Mr Kotze was not available for comment.

UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered); leave columns (2) and (3) blank.

District Six site not wanted

Cape Times 30/3/82 (64) (81) (~~65~~)

By MICHAEL ACOTT
Political Correspondent

A MAJOR oil company has requested cancellation of its purchase of a District Six site where it had planned to put up a filling station.

Total South Africa (Pty) Ltd bought the 1 896 square-metre site in December 1979 for R60 000. It was the first business organization to take up land in the area from which thousands of coloured people have been moved since it was declared white in 1966.

The Minister of Community development, Mr Pen Kotze, disclosed yesterday that the company had asked on March 9 this year for the sale to be cancelled and that this request was being considered.

Replying to questions tabled by Mr Colin Eglin (PFP Sea Point), Mr Kotze said Total was one of four private organizations which had bought land for a total of R200 317 in District Six. Three other sites had been sold to the Department of Community Development for R191 000, while the Technikon had paid R5-million for a campus site.

The details led Mr Eglin to repeat his appeal to the Prime Minister, Mr P W Botha, to reverse the Group Areas Act decision and allow coloured people to return to District Six.

The Total move showed the reluctance of Cape Town's business community to become involved in a "whites only" District Six, in spite of repeated government invitations, he said.

Mr Kotze told Mr Eglin that the Total company's request for cancellation of the sale had to be considered by the Community Development Board and the Treasury, because cancellation could be interpreted as amending a contract to the detriment of the State.

The other three private sector organizations to purchase land in District Six were M Raw Investments, who bought a site for a bottle store, Metier (Pty) Ltd, who planned group housing and an old aged home, and the Afrikaanse Christelike Vrouevereeniging, who planned a creche and office complex.

Date 23/10/79

Degree/Diploma/Certificate for which you are registered (e.g. B.A., B.Sc.) C.T.A.

Subject Economics 1B
(to be copied from the heading on the Examination Paper)

Paper No 1
(to be copied from the heading on the Examination Paper)

Examiners' Initials		

NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book (s) are used.

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3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

MOTOR INDUSTRY

New leader for Sigma

Fred Butler, MD of the troubled Sigma Motor Corporation, has resigned abruptly to take up an unspecified business undertaking of his own. He is the sixth top Sigma man to go since April last year.

Butler's resignation was announced at a top management meeting this week by chairman Chris Griffith, who took the opportunity to introduce the new MD, Spencer Sterling. At the time, Butler was on leave after attending last week's golf tournament at Sun City in which Sigma has a sponsorship stake.

Sterling, 48, is a South African with a BSc Eng from Pretoria University. He has held senior posts with Ford in various countries for most of his 25-year career in the industry. This gives him a wealth of experience in product engineering and production, which Butler lacked, having come to the job via the retail side of the business.

Sterling's last job entailed directing a major Ford expansion in the Republic of China (Taiwan), but he returned to SA this year to become MD of Autocast foundries in the Messina group.

Motor men describe him as "not easy to push around." He will probably need to be, to stand up to Griffith who has been accused of extraordinary involvement in the management of Sigma and not letting the professionals get on with the job. Griffith disagrees. Last month, he told the *FM* that Sigma's difficulties were partly due to the fact that the companies under him in the Amic group were too decentralised.

But whatever the merits of Griffith's involvement in the day-to-day running of the company, he must bear most responsibility for the high turnover of its top management. It could be argued that they were poorly chosen in the first instance, poorly supervised or poorly motivated in the second. In fact, Griffith told the *FM* that those who had left were not up to standard, despite the fact that some now appear to be in better jobs.

Forecast

There are other areas where Griffith has shown his inexperience in the motor industry. He has convincingly demonstrated a poor ability to forecast its trends. Last year, he predicted a return on capital employed of around 12% for 1982; he now concedes the company will make a loss.

In the Seventies, he predicted that there would soon be only four motor manufacturers; there are still 10. Early last year, the company announced a R320m capital expansion programme which must have had his approval. It is now trimming its plans.

Some time ago, Griffith set as a goal a 25% share of the car market for Sigma. Its current share is around 16%. It has only one big seller, the Mazda. Of its other two makes, Griffith admits that the Peugeot is not likely to get a big market share and admits that the Colt is a little long in the tooth.

For the first time in its six-year life, Sigma has an MD with long experience in motor manufacturing at its head. Perhaps, if Griffith has at last made the right management choice, he should also take a back seat and let the new MD get on with the job.

MACHINE TOOLS

Trial for tools

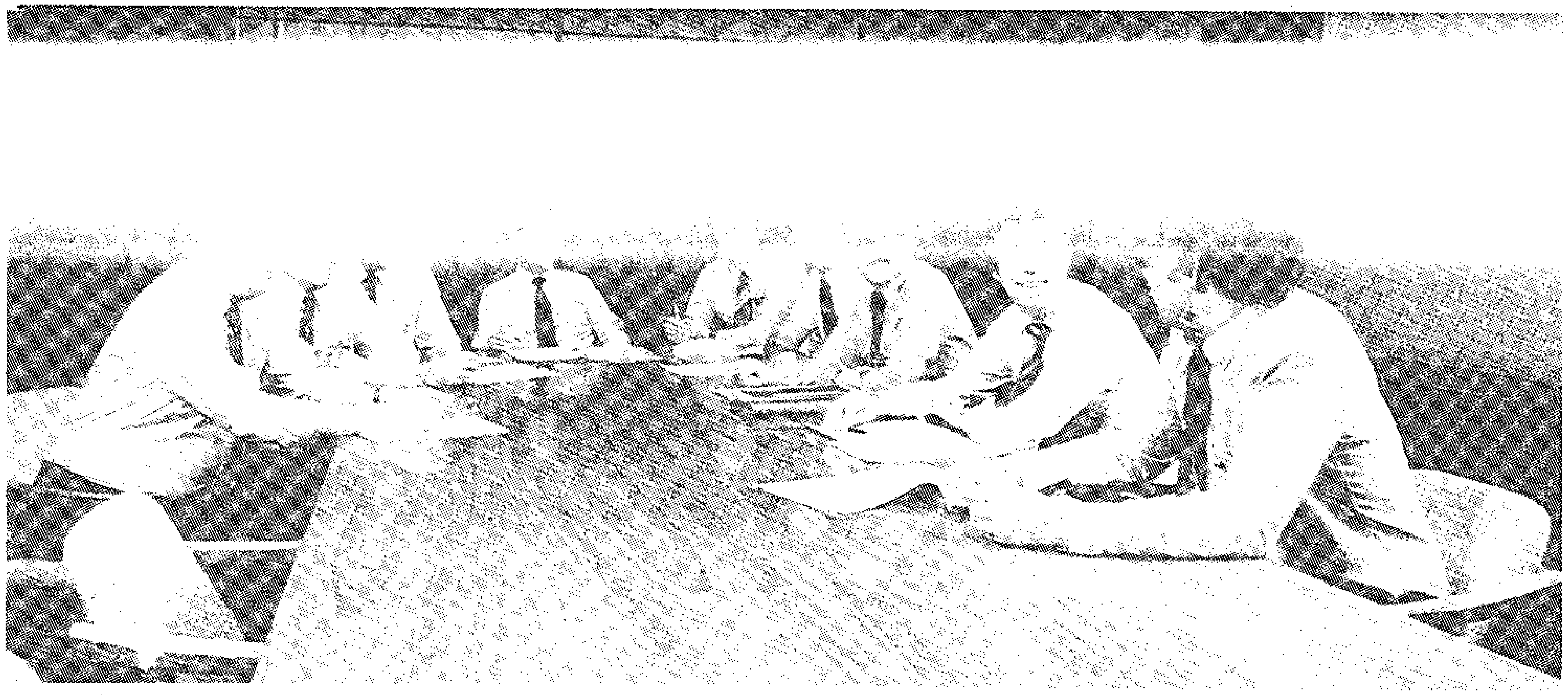
Mitco Tools' project to manufacture Spain's Holke turret milling machine tools locally may be a prime candidate for protection by the means of production subsidies rather than import tariffs.

The idea of this form of protection has been mooted by Reserve Bank adviser Professor Jan Lombard (*FM* November 12). The advantages are that the costs would not be hidden as is the case with tariffs and that they would have to be debated in Parliament, which would force a more thorough cost/benefit analysis of the industry requiring the protection.

Another advantage is that when the protected industry cannot fully supply local demand, imports to make up the shortfall would not have to carry any duty.

Mitco's application for 30% import duty on turret milling machines, 20% on parts (with a mass above 40 kg) and rebates of duty on certain parts to be imported by Mitco has drawn strong protest from importers of built-up machines.

Objections made by Robert Skok, chairman of Robert Skok & Sons, include:



Sigma's top managers last April. Those marked X have gone. They are from left: Caton, Moss, Meyer, Butler, Jackson, Gorlei, Lemmer, Short and Shirley

Construction workers . . . better training in store

cal experience. As the trainee progresses, he spends less time with theory and more on the job.

Training covers the whole spectrum of building skills from the semi-skilled worker to the site manager. All the courses are linked, which means that a trainee in the lowest "learnership" category can work his way up to the highest level.

Davis claims the new approach has improved the self-image of workers and is now attracting people who would not ordinarily look to building as a career.

All costs, including accommodation, are borne by Bifsa through its Building Industries Recruitment and Training Fund.

AIR FREIGHT

Clipped wings

Affretair, Zimbabwe's national air freight carrier, has been taken over by the government-controlled Air Zimbabwe (AZ).

It was originally set up during UDI with private and Rhodesian government finance to bust sanctions. It operated under many names, and flew at least one aircraft registered in a middle-east country, but was best known as Air Trans Africa.

Its best-kown coup was the air freighting of several tonnes of Rhodesian beef for an OAU conference in Libreville, Gabon.

Hard times

During the past year, Affretair fell into hard times and was rumoured to be in financial difficulties.

Its MD, Jock Mulloch, a former World War 2 fighter pilot, was killed in February when the rebuilt Spitfire he was flying crashed during a storm. And one of its aircraft was seriously damaged by an electrical fire.

LEAVING LEAVES

SA tobacco production has dropped some 41% in the past three years.

According to the latest Tobacco Board (TB) Report, the figure dropped from 47 700 t in 1979 to 27 800 t in the 1981-1982 season. At the same time consumption has remained fairly constant at about 37 000 t.

Since 1979, a total of 1 300 producers have left tobacco farming, with 9 000 ha less land being cultivated. Many of those who have left are smaller producers who have turned to other crops.

An industry spokesman says the move away from tobacco was caused by the surplus in 1979, increasing costs of production and upgraded quality requirements of the TB and health authorities.

Slackening production is already taking its toll on imports and exports. Flue-cured tobacco imports jumped from almost 2 000 t in 1980 to 7 000 t in 1982; exports of 6 200 t in 1981 have fallen to 3 300 t this year.

Venda lands R16-m French credits

(64)

12/12/82

S. Tribune

Finance Editor

VENDA is to get R16 million in capital lines of credit for agricultural and industrial development from a French bank.

The arrangement has been negotiated by Agtec, an LTA Mitec company specialising in agricultural projects.

"This represents a breakthrough for Venda," Hans Kruger, chief executive officer of the Venda Development said this week. "The French aid will be of considerable value in planning future economic development."

Two general credit loan agreements with the development corporation and the agricultural corporation have just been signed in Sibasa.

The first project to benefit will be the Tshandama Estate agricultural scheme.

The French lines of credit will be used for farming, irrigation and processing equipment, all to be supplied by French manufacturers. Certain planning and engineering services may also be carried out in France.

The French credits are understood to have been offered under very favourable terms of interest and repayment.

TECHNOLOGY

Compiled by STAN KENNEDY

French-SA link in coal project

64 Star 17/9/82

A new force in national coal processing has been forged between France's leader in coal-processing technology, Five-Cail Babcock (FCB), and Titaco Projects of Braamfontein.

The stimulus behind the joint venture, owned on a 50-50 basis, is the boom in the national coal industry and the massive increase in coal exports.

NO 4 SPOT

South Africa has moved from a non-exporter in 1960 to the world's No 4 and is expected to be No 3 by 1990.

The partners have formed a new company, FCT. Initially it will concentrate on coal processing but, as it gathers strength, FCB's extensive knowledge of coalhandling and processing built up over 60 years and its involvement in 200 plants, will be combined with Titaco's ability in the managing of big national projects.

FCT managing director Mr R P Meyjes said, when launching the company, that everyone, including the Government, realised that the economy needed a replacement for gold to earn foreign exchange.

As a result, the exportable coal quota had been increased to 80 million tons a year towards the end of the present decade.

"All this put together means large-scale investment in the coal industry.

"The implications of 80 million tons a year, in terms of new plant capacity, is that at least 12 new plants of from three to five million tons-a-year capacity will have to be built before 1990.

"France, South Africa's biggest customer for power-station coal, realises this potential more than others. "Increase in market share, however, goes hand in hand with marketing development which, again goes hand in hand with an increase in the level of local representation."

In addition, he said, the engineering market had grown rapidly more sophisticated in the past 10 years. This means that any company wishing to sell a costly plant on a turnkey basis must have local engineering and process representation on a commensurate level to that of its clients.

CONCLUSIONS

FCB had been moving in this direction since 1980 but lacked the project-engineering partner.

"Titaco, formerly Barbeton Iron and Steel, quickly came to the same conclusions and the link was formed," said Mr Meyjes.

Big savings follow furnace conversion

Satisfied with the results of converting one of its furnaces at Isipingo to run on coal-tar fuel instead of heavy furnace oil, National Chemical Products has plans to convert another furnace at Isipingo and two others at Umgeni.

Mr John Counihan, the technical manager, says that conversion of the heater for heat transfer oils to run on coal-tar fuel cost R70 000, but has resulted in a fuel saving of R40 000 a year.

Apart from the replacement of imported fuel, CTF, produced as a by-product of coke by Iscor and by the Sasol oil-from-coal process, has other advantages.

It is much cheaper, has a higher calorific value and a low sulphur content. This means less corrosion and pollution by flue gases.

Terrorists hit SA—French nuclear deal

64

Star 28/12/82

Own Correspondent

PARIS — France's most dangerous and mysterious terrorist movement has warned the French Government to drop plans to sell a second nuclear power plant to South Africa.

The Bakunin Movement, named after the 19th century Russian anarchist Mikhil Akun, has already attacked 14 targets with explosives in Paris in the past year. Yet police are no nearer to discovering the size of the movement, identifying any of its leaders or members or finding its real aims.

The most recent victim was Belgian industrialist Baron Edouard Empain whose small aeronautical equipment firm in Paris was blown up on Sunday.

A letter sent to three newspapers and signed by the movement claimed to have attacked the firm because it was "selling arms to massacre peasants in the Third World". It then went on ominously to say that "if the French Government does not abandon its plans to sell a second nuclear power plant to South Africa then it will have to bear the consequences".

Police are taking the threat seriously. Previous targets have included several firms trading with the Soviet Union and the communist bloc, firms dealing with rightwing dictatorships in South America and a branch of the Rothschild Bank in Paris.

The Soviet ambassador here last month requested special police protection for his diplomats.

The movement's 14 previous explosions were all carried out just before dawn, usually on Sundays when nobody was about. So far there have been no casualties.

Police believe the movement is composed of militant anarchists who have clearly been given special training to carry out sophisticated explosive attacks.

South Africa has so far not asked firms to tender for a second nuclear power plant but in the past four weeks the French Press has reported a split in the French Cabinet over such a deal worth R2 000 million.

Renault R42-m expansion — new model, new name

23/1/83

64

By Don Robertson Sowetan

RENAULT Africa, soon to be known by its new name, Euromotors, plans to invest R42-million in South Africa over the next two years to launch the new R9 model, European "Car of the Year" in 1982.

To finance the project, which will herald a concerted attack on the local market, the company has established a unique, six-year leasing agreement with a group of financial institutions headed by the French Bank and Barclays.

The balance will be provided by the parent company in France.

In terms of the local borrowing facility, R20-million will be provided by a group of financial institutions which will buy the tooling and other equipment and lease it to Renault for a period of six years.

Tax concessions and "favourable" interest rates will mean that the company will pay an effective rate of between 4% and 5%, according to managing director Bernard Vernoux.

Regie Renault of France will provide the remaining finance in the form of spares.

At the end of the six-year leasing period, Renault will consider the establishment of its own assembly plant.

The new model will be produced at the Leyland assembly plant in Elsies River, which is operating at well below capacity and threatened with staff lay-offs. The R5 model will continue to be assembled by Toyota.

Renault currently enjoys a 2,5% share of the SA market, but hopes to boost this to around 6% in the second half of the year after the launch of the R9 model, expected in June.

MUST enter in
of each question
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BUSINESS

64

Renault returns to SA with R42-m

Star 9/2/83

APP

External
(3)

After an absence of nearly seven years — during which time the Renault 5 was manufactured and marketed by the Wesco Group — Renault has returned to the South African car market as the 11th independent car company marketing passenger cars and light commercial vehicles.

The new company, Euromotors, operatng as Renault Africa, is based at its custom-built new headquarters at Jet Park near Jan Smuts Airport, from where sales and marketing, administration, training, national parts distribution and after-sales will be co-ordinted.

With a total investment of R42 million during the next two years Renault has illustrated its determination to become a major force in the South African car industry. The Renault 5 will continue to be manufactured at the Toyota plant in Natal, while the Renault 9, which has had much success in Europe, will in terms of a manufacturing agreement with Leyland Suth Africa be built at the company's Elsies River plant in Cape Town.

Mr Bernard Vernoux, MD of Renault Africa, says South Africa has an expanding market.

Spearheading Renault's return to South Africa is Mr Bernard Vernoux, managing director of Renault Africa, who has served Renault in various executive capacities for the past 23 years.

He is assisted by Mr A P van Z ("Mossie") Mostert, previously an executive director of Renault in the Wesco Group and now appointed marketing director of Renault Africa, and Mr Alec Botha, the new company's after-sales director. There is a staff of 100 at head office and 15 engineering technical staff at the two plants.

When the Renault 9 is launched later this year it is Renault Africa's aim to sell in the order of 1 000 units a month for the balance of 1983. "We see the Renault 5 maintaning sales of between 550 to 600 units a month, while we have set a target of at least 1 400 to 1 500 units a month for the Renault 9 during 1984, its first full year of production in this country," Mr Vernoux says.

Referring to the marketing of Renault cars, Mr Mostert says the company's dealers are well-motivated and positive with regards to their future with Renault.

Mr Vernoux says the South African car market has changed considerably during the last few years, largely as a result of higher fuel prices, bringing it in line with the European scene. "Our new entry — the Renault 9 — we believe will combine economy, modern engineering and styling, excellent aerodynamics and an overall package attractive to the private buyer and the fleetowner."

NOTE CAREFULLY

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(64) S. Times 27/2/83

Perrier has caught on

PERRIER, the top person's mineral water which costs up to R1,20 for a 200ml gulp in Johannesburg's trendy eateries, has caught on here at last.

Imported by Stellenbosch Farmers' Winery on a three-year contract, the French-bottled bubbly water has increased sales in South Africa by 30% in the past 12 months — and the market is still growing.

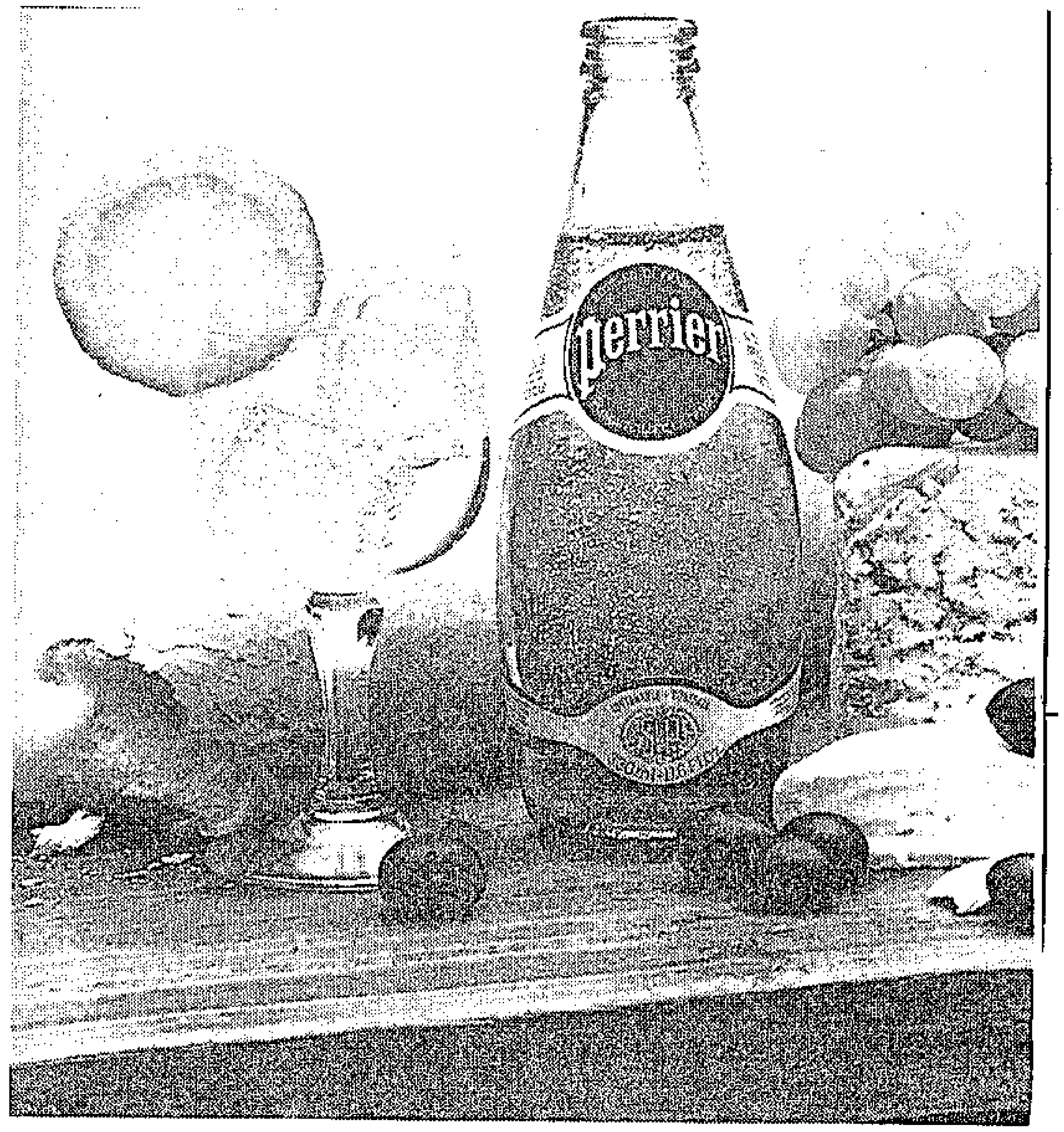
In the US, Perrier water has cornered 90% of the mineral market. The French Perrier group sells 2 000-million bottles of mineral water a year, including the waters it markets for home consumption such as Vichy and St Yorre.

Of the 2 000-million bottles, 800-million are Perrier water, of which 250-million are sold in the US and the balance exported to 100 other countries.

The mineral and bottled water market in South Africa is generally growing, but no figures are forthcoming from other producers.

Generally speaking, Perrier high-profile promotion and emphasis on upmarket acceptability have uplifted the once-static local sales.

Perrier isn't exactly a cheap drink — ranging from 50c for 200ml to R1,20 for 700ml in stores or 70c to R1,20 for a 200ml sip in restaurants.



Sigma, Peugeot denial

14/4/83 (Ald) 64 RDM

SIGMA Motor Corporation and Automobiles Peugeot of France have issued a statement to counter speculation that they will be end their association.

Peugeot executives under the leadership of Mr Bernard Terquem, director of Peugeot's overseas operations, visited South Africa recently and discussed all aspects of the association between the two companies with Mr Spencer Sterling, Sigma's managing director.

At the end of the three days of discussion, Mr Terquem expressed his confidence in the restructured Sigma, and his satisfaction with the turnaround in Sigma's operations under the new management team.

Before the visit of the Peugeot team, Sigma announced the appointment of Mr Michael Longley as quality assurance manager of Peugeot assembly, in a move designed to emphasise the priority being given to quality in the production of this vehicle range. — Sapa ick and Corpora- perations. ers. The General of its Va- ying 1 400 Reuter.

The Free State producers did best, the largest rise of the day being President Steyn which climbed R4 to R56,50. Western Holdings added R3 to R56 and St Helena R2,25 to R46,50.

Among the other 40c to 410c. Freguls 50c to R51 and Western Areas 5c to 735c.

Performances on the mining houses and mining financials boards were not as impressive.

Anglo American, for ex-

walcol 10c to 200c. ... ment. — Financial Times.

Hotel chain looks at SA

3/6/83

By SIMON WILLSON
Industrial Editor

A PARIS-based international hotel chain is to commission a feasibility study into establishing hotels throughout South Africa.

This was confirmed yesterday by Lord Hirshfield, president of Horwath & Horwath International (HHI), a worldwide management consultancy.

Lord Hirshfield is in South Africa to visit the consultancy's subsidiaries in Johannesburg, Cape Town and Durban.

One of the company's functions is to undertake market research and feasibility studies in the tourism industry. It has been approached by the French chain to assess market possibilities in South Africa.

A senior development executive from the chain was in Johannesburg last month to start groundwork for the project.

Lord Hirshfield will have talks with the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, in Cape Town on Monday.

The agenda will include prospects for the tourism industry, assessing its annual budget and evaluating its promotion abroad.

HHI publishes annual reports on the hotel industries of 12 advanced industrial countries, and is considering the inclusion of South Africa.

The reports are circulated among governments and hotel industries of the 66 countries in which HHI is represented. They contribute to investment decisions by multinational companies by supplying information on overseas markets.

An internationally circulated rundown on the South African hotel industry would raise its profile and increase foreign awareness of its potential, says Lord Hirshfield.

The South African hotel industry has already been given a favourable long-term mention in one of HHI's bulletins.

In a commentary, the consultancy said 1983 would be a difficult year for the SA industry, with hotel groups promoting facilities and offering competitive package rates to boost occupancy.

Tourists were becoming more budget conscious, and the length of stay was shortening. Occupancy patterns indicated that tourists favoured lower-graded accommodation.

International tourism in South Africa would not increase this year, the commentary said, in spite of the relatively low value of the rand against major overseas currencies.

The domestic tourist market, however, had major growth potential for the medium to long term as disposable incomes of all population groups was increasing.

Rubber use rises

NEW DELHI. — India's production and consumption of natural rubber rose to 165 535 tons and 195 235 tons respectively in 1982-83 from the previous year's 152 000 and 188 420. Production and consumption of synthetic rubber totalled 30 312 tons and 49 118 tons in 1982-83. — Financial Times.

TAXPAYERS (64) LOST

over R300 000'

S. Express 7/8/83

DRUGS COMPANY URGES PROBE INTO HOSPITALS TENDER AWARD

● Mr Daan Kirstein ...asked to investigate

By WILMAR UTTING

A MULTINATIONAL pharmaceutical company has called for an investigation of the awarding of contracts totalling R1-million by the Transvaal Department of Hospital Services.

The company claims the deals will cost the taxpayer more than R300 000 — the amount it says was overpaid by the province.

The multinational, Maybaker, of Port Elizabeth, part of the giant French-owned drugs empire, Rhone-Pouleng, has challenged the awarding of contracts for X-ray film chemicals to a fledgling Johannesburg company whose quoted prices for the chemicals were up to 70% more than those of Maybaker.

Mr Stanley Anderson, chief executive of Maybaker, confirmed he had written to Mr Daan Kirstein, MEC in charge of Transvaal Hospital Services, asking for an investigation, "so that we can be quite certain tests were carried out which showed that our products were inferior to those of the successful tenderer".

The successful tenderer, Mr Bill Sykes, managing director of X-Ray Imaging Services, said: "The better man won."

Mr Sykes was formerly managing director of CGR, a subsidiary of the Alumina group of companies headed by Mr Isaac Kaye, and subsequently taken over by South African Druggists.

The company was dissolved in 1981 and Mr Sykes launched X-Ray Imaging.

In a letter last week Maybaker asked Mr Kirstein to investigate following the company's failure to obtain a satisfactory answer from Dr Hennie Grové, director of the Transvaal Department of Hospital Services.

It referred to a tender published on October 13.

Maybaker tendered for products, including developer-replenisher and fixer/hardener to make 20l of working solution.

The company quoted R13,60 for a 20l container of developer and R8,10 for the same amount of fixer.

When the tenders were opened in public on November 12, the company wrote, the quoted prices were not read out because of the length of the list of items. However, two weeks later, a clerk in the department, Mr S J Gerber, supplied prices to Maybaker. The company representative noted that X-Ray Imaging had quoted R19,03 for 22l for developer and R13,20 for the fixer.

However, when the department published the results of the tender on May 10, these showed that X-Ray Imaging had been awarded the contracts at R20,55 for the developer and R14,25 for the fixer.

Maybaker pointed out to Mr Kirstein that X-Ray Imaging were not producers of the chemicals, but merchants who purchased the concentrates and merely mixed the solution to the required strength.

According to the letter, X-Ray Imaging had used Ciba-Geigy chemistry, but were instructed by the Department of Hospital Services to prepare the solutions from the Kodak chemical.

Maybaker listed the province's financial loss because of the tender awards.

X-Ray Imaging would be paid R993 720 by the province for supplying 28 816l of developer (R592 169) and 28 179l of fixer (R401 551).

Maybaker's total quote for the same amounts were R431 087 for developer, R251 075 for fixer.

The additional cost to the taxpayer was R311 558.

Two telegrams from Maybaker to Dr Grové in June, seeking an explanation about the quality of their products, and asking for advice, were answered by an acting director, Dr P Hauptfleisch, who wrote a standard letter, referring inquiries to Dr Gerrit Schepers, deputy director, and refusing to give reasons for non-acceptance of the tenders.

"Rest assured," Dr Hauptfleisch wrote, "all tenders are treated equally."

However, when the samples of their products, which had been submitted for testing, were returned to Maybaker, in accordance with standard procedure, it became apparent that they had not been tested.

"We are at a loss to understand how a panel of experts drawn from various hospitals were in a position to adjudicate on factors such as quality and suitabilily," the company wrote to Mr Kirstein.

It also pointed out that according to State policy, provided quality is satisfactory, preference should be given to locally-produced materials.

Asked for comment, Mr Kirstein said: "I can't remember a letter like that. The best person to speak to is probably Dr Hauptfleisch." (Dr Hauptfleisch had already referred inquiries to Dr Grové).

"I do remember that one of the MPCs mentioned the issue to me but that is all."

Mr Kirstein said he was not familiar with the name 'Maybaker'.

Dr Grové said he was unable to comment. He referred all inquiries to Mr Kirstein.

Total buys Paulstra

7/9/83

TOTAL South Africa's diversification programme has resulted in the purchase of an 80% interest in Paulstra, a metal bonding company specialising in the supply of parts to the transport industry.

Total has not disclosed the exact amount paid for its interest but managing director Mr Bernard Lafitte said it involved an investment of "a few million rand".

He indicated that the amount included a significant quantity of funds allocated to modernise the existing plant and to acquire some sophisticated testing equipment.

"We hope the motor industry will recover in the near future and we expect our turnover to increase by 30% over the next two to three years," said Mr Lafitte.

Motor company decides to stay in SA

E.Post 2/7/84

64

By FRED ROFFEY

CAPE TOWN — Competition in the motor industry accelerates with the announcement by Peugeot that it is to stay in South Africa and appoint a managing director from Peugeot in France to this country, plus the introduction of new products to South Africa.

This was said by Mr Bernard Terquem, commercial services director for the export division of Peugeot in France, addressing a Press conference here.

"There was a period during the past few years when we had serious doubts about South Africa's market and our future participation in it.

"We put together various teams to do in-depth studies of the market.

"At the end of the day, we were totally convinced there was only one decision to make — Peugeot will stay in South Africa, as we have faith in its future and its economy.

"We see it as one of the places in the world where the motor industry will show significant growth."

The chairman of Peugeot in South Africa, Mr S Sterling, said his company would in future be a separate and autonomous company within the structure of Ancar Motor Holdings.

"There is no doubt that this restructuring is a visible display of Anglo American's intent to become a major participant in the South African motor industry."

He said Peugeot in South Africa would be headed by a managing director from Peugeot in France, Mr Pierre-Michel Fauconnier, who would take up this position shortly.

Peugeot in France would also permanently station a number of technical experts in South Africa to assist in producing high-quality Peugeot vehicles.

He added that Peugeot realised there would be no dramatic increase in sales in the short term but the company's objective was long-term.

(64) S. Times 12/5/85

Peugeot and Samcor rift

By David Carte

PEUGOET cars are in South Africa to stay, says Automobile Peugeot of France, even if it means a divorce from Samcor.

A divorce is likely, says Spencer Sterling, managing director of Samcor.

"We won't be making Peugeots for ever. We'll go on in terms of our contract for the meantime, but we are helping them to find another partner."

Neither Peugeot nor Samcor will name potential partners, but the French company has had talks with Alfa Romeo, Leyland and Renault.

Legal threat

In a written statement to Business Times, Automobile Peugeot of Paris, the second-biggest motor-maker in Europe after Fiat, stresses that it will stay in the SA market, even if it has to go it alone. If it cannot find a partner in the motor industry, it could look at other industries.

Peugeot says Samcor is contractually bound to make and market its cars and that it will seek legal redress if the contracts are not honoured.

Peugeot also expresses unhappiness with the way first Sigma, then Amcar and now Samcor handled its product.

"We used to have 5,5% of the South African car market and now our share is down to 1,1%. Peugeot is prominent in nearly every other African country."

Structure

Mr Sterling said Sigma might have contributed to the decline of Peugeot before his time "but you must remember the market structure has changed dramatically. The success of the Peugeot 404 pre-dates the Japanese assault on this market. All the European makers have lost market share. Think of Volvo, Fiat and Renault."

Peugeot is believed to want to make and market the 505 and the 205, a small car that has been popular in Europe, in South Africa.

Asked why Peugeot wished to stay in a small market in which only two manufacturers were making money, a spokesman said: "Things are bad in your market now but we believe it will be a growth market in the long run."

Disinvestment threat by France

(64)

S. Times 2/6/85

By ALIDE KOOY
Paris

FRANCE would stop all investment in South Africa, if real efforts were not made to dismantle apartheid within a reasonable period, the French Prime Minister, Mr Lauren Fabius, said yesterday.

Addressing the French parliament, Mr Fabius announced measures to aid opposition movements in South Africa and to put pressure on the South African Government.

If within "18 months or two years" France was not satisfied with the South African Government's efforts, French investment in South Africa would be stopped.

The Paris daily, Le Matin, explained that, although the ANC and Swapo would not have embassies in Paris, they would in future have access to offices and the official ear of the government.

Other measures include an increase in aid to detainees and political prisoners.

Anti-apartheid group may disrupt meeting

By RAY JOSEPH
LONDON

ANTI-APARTHEID campaigners are threatening to disrupt a three-day conference on disinvestment in London next week.

The South African Minister of Co-operation and Development is scheduled to be a key participant.

The conference was scheduled to be held in secret.

But the news leaked to the Anti-Apartheid Movement, whose members are now working all out to mobilise opposition to it.

Other participants in the conference include Chief Gatsha Buthelezi, South African businessman Mr Basil Hersov, South African Institute of Race Relations director Mr John Kane-Berman, and Mr Malcolm Rifkind, British Minister of State at the Home Office.

Warning

A source close to the Anti-Apartheid Movement said plans were being made to organise a major demonstration of "hundreds of people".

He warned: "I would not be suprised if there were disruption of the conference itself. We will get into the conference and disrupt it if we can."

The general-secretary of the Anti-Apartheid Movement, Mr Mike Terry, claimed that the meeting — being arranged by the Business International group — was "aimed to help business people to resist social and political changes in South Africa".

He accused Mr Rifkind of hypocrisy.

"It comes only two weeks after a Commonwealth secretariat conference to counter South African propaganda, which was attended by Foreign Office officials."

(64) B. Day 3/6/85

Peugeot weighs up options in search for SA partner

By ALAN PEAT

PEUGEOT is not only considering linking with Renault as it endeavours to find a new partner in South Africa.

Although discussions are at an advanced level between the two French motor manufacturers a number of other avenues are also being explored, says Pierre-Michel Fauconnier, Peugeot's South Africa representative.

"But the Renault-Peugeot tie-up would be a very sound French connection," he says.

Peugeot already has combined operations with Renault in other countries, and the two even share a joint production facility in France.

Peugeot cars are now manufactured and marketed in SA by Samcor, but both sides are keen to end the association.

Not all those that Peugeot is talking to in South Africa are involved in the motor industry. Some are being sought as potential investors in a local Peugeot operation.

"This would be needed because, if we start our own structure here, we would wish to launch new products and would require the necessary investment capital," says Fauconnier.

The company has three options:

- ☐ To handle its own funding and set up its own organisation;
- ☐ To create its own structure but use local investors;
- ☐ To join up with a local manufacturer.

Although options are in the air, there is still no official termination of the contract between Peugeot and Samcor.

Whatever the final decision, Fauconnier insists Peugeot is intent on expanding its operation.

"There is a will in the top management in France for us to retrieve the position we had until 1978, when we still had our own structure.

"We want our market share and our image back. We want to expand our range here. But whether these will be some of the present Peugeot models in France, or whether they will be the new ones that are planned to be launched there, or possibly both, it is too early to say.

"The means to achieve this are still needed and our French management still has to make certain decisions. But the quicker these are made, the better."

Argus 25/7/85

C4

Dealers increase sales despite recession

RENAULT dealers in the Peninsula and Boland are overjoyed that sales of the popular Renault 9 and 11 series are on the increase despite the recession.

Dead cheap to run, bigger than all other cars in the same class and the big car feel from a small vehicle are attracting increasing numbers of buyers, say the dealers in the Peninsula.

The cars are easily fitting into many company fleets as the price suits the new perks tax that salesmen and directors are forced to pay, says Mr Rex van Heerden of Reitz Renault in Goodwood.

"We are selling the Renault 11 to many company directors that have been forced to downgrade the luxury car they have been used to.

"However once people have driven and lived with a Renault they are soon convinced the car is excellent value for money.

"The saying, once a Renault owner always a Renault owner, is very true," he said.

Mr Rory Smith, branch manger of Atlantic Renault in Rondebosch has found that among the many attractions the cars offer is the short downtime and ease of service.

"The cars have been designed for easy service and the first major service is at 60 000 km.

"Linked to the excellent fuel consumption, big car ride and good roadholding the car is far in the front of the competitors," he said.

Remarkable fuel consumption and cheap to run are two of the reasons most buyers are turning to Renault, says Christo Botha of Supreme Motors in Stellenbosch.

"Renault lovers have come to rely on cheap motoring while they enjoy the luxuries of a far bigger car.

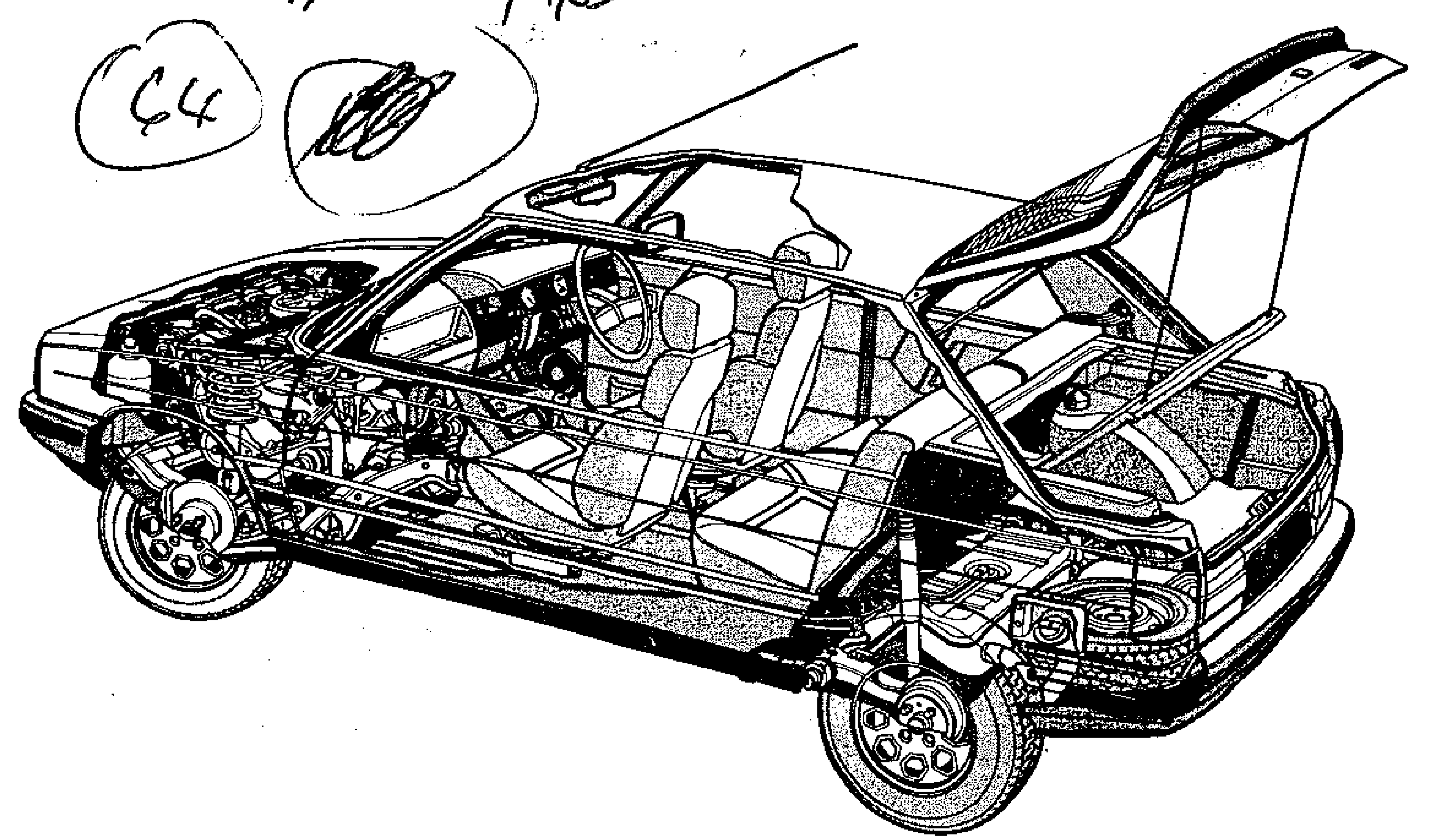
"For many years the public have been starved of a product as good as the Renault 9 and 11 but now that Renault Africa have introduced a reliable smart economic car with luxury feel, even in the base models sales are on the increase," he said.

Mr John Welch of John Welch Motors said: "Customers are attracted to the cars because they are so economic and the servicing downtime is very short.

"Out of all the cars in the small car range the Renault 9 and 11 stand head and shoulders above the rest."

"Excellent roadholding, economy and a tested cost of about R520 for 100 000 of motoring attracts most of our customers, said Mr Ken Bisshopp of Subway Renault in Muizenberg.

"Added to the big car feel is that it is very well made and stands out against many of its competitors that are not as well assembled."



A cut-away view of the layout of the new Renault 11 shows its stylish design, functional interior and clean fresh lines.

Expansion plans set to roll

At the end of the 1984 financial year, Renault increased its penetration from 2,5 percent as for 1982 to more than five percent, an increase of more than 100 percent.

Mr Bernard Vernoux, managing director of Renault Africa has stressed the important fact that due to the large number of common components between the establised Renault 9 and newly introduced Renault 11 Renault is enjoying a significant scale of economy which is envied by a large number of their bigger competitors, whose production is split between too many different models.

And dealers agree. They are excited that they can at last offer the buying public two models of the popular car.

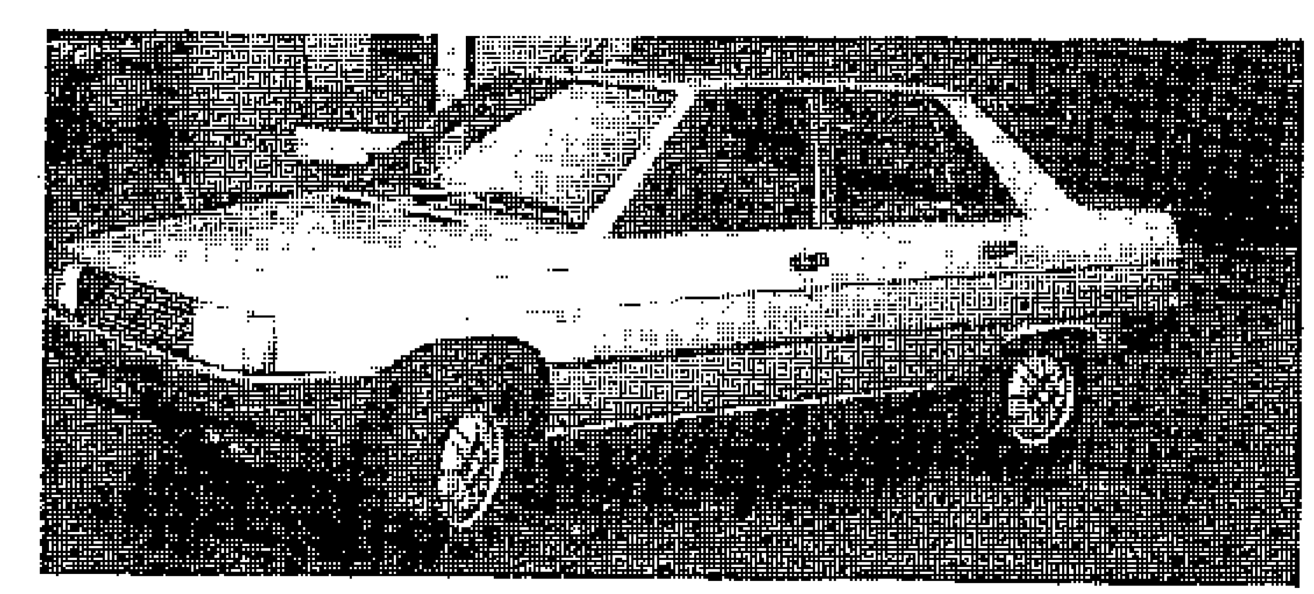
Mr Rory Smith says, many buyers are attracted by the different very French lines of the new R11.

"Although the cars are all powered by the same combinations of the tried and tested 1,4 litre or 1,7 litre engines the R11 gives buyers a choice of another fine model.

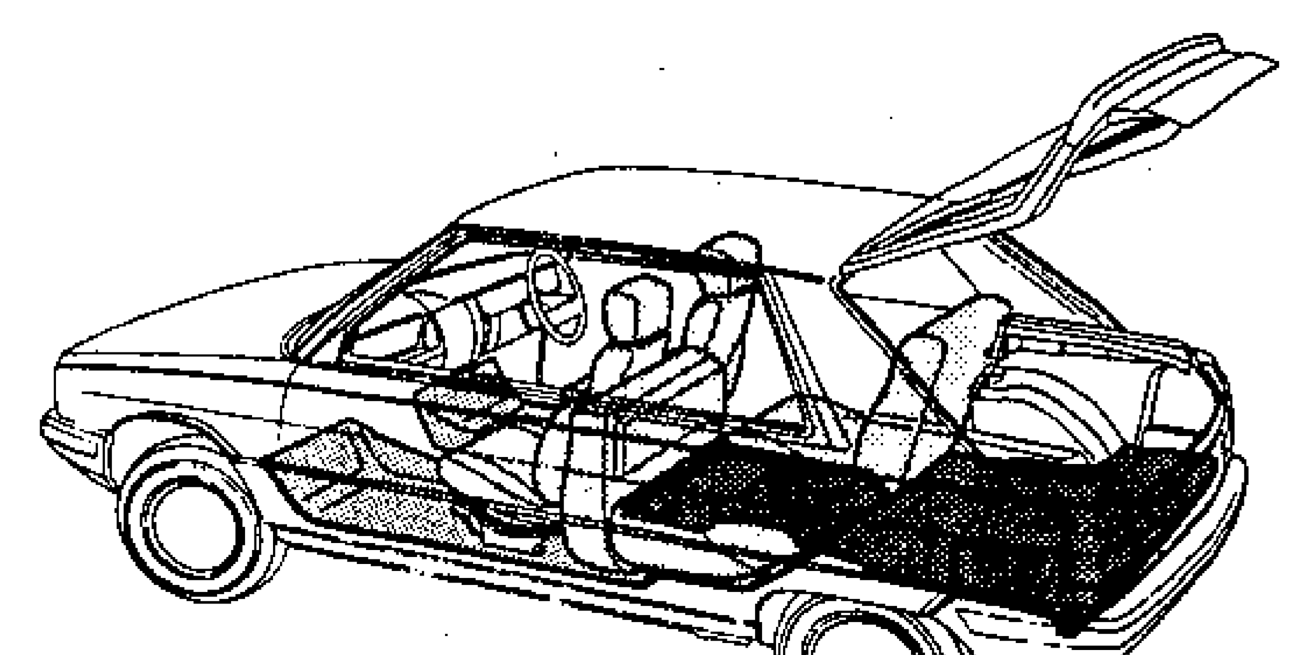
"We are looking toward more and more people looking for a luxury small car to turn to the R11 in the future," he said.

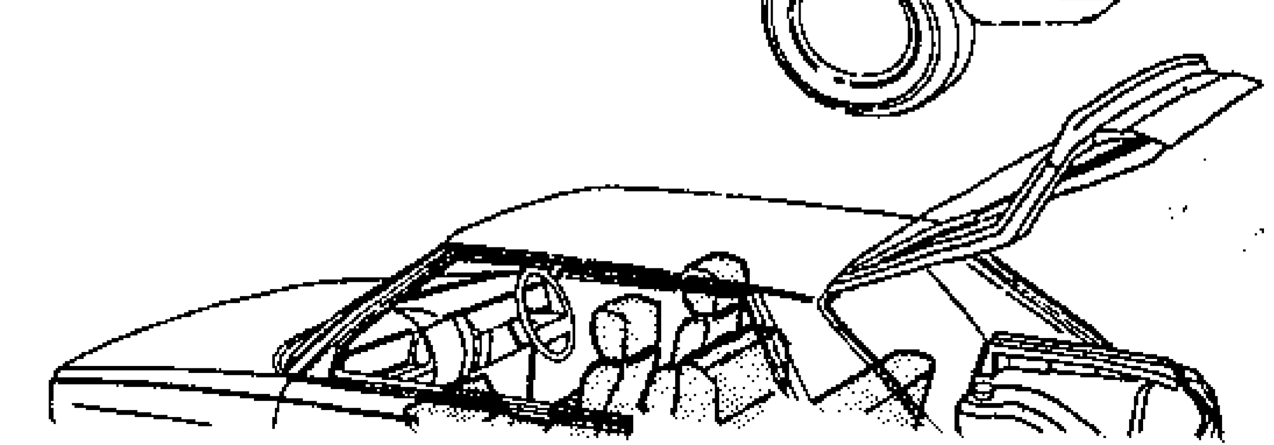
Meanwhile Renault Africa is not sitting still but are working on a locally developed and manufactured two litre addition to the range for introduction in 1987.

"Despite the present difficulties at Regie Renault in France and the extremely tight economic situation in South Africa, Renault Africa is progressing on schedule and will continue with its expansion programme on the local market in the coming years, to make Renault a force to be reckoned with, said Mr Vernoux.



The proven Renault 9 which set Renault Africa back on the road to increasing its share of the South African market.





RENAULT Africa has reached another phase of their expansion in South Africa with the launch of the new Renault 11 range.

Mr Bernard Vernoux, Managing Director of Renault Africa said: "The Renault 11 was the company's top selling range in 1984 with 8,5 percent of the highly competitive French market. The 11 also enjoyed considerable success on the Western European markets, as well as in the United States and Canada where it is marketed as the Renault Encore."

"Despite the current negative economic situation in South Africa, spearheaded by extremely unfavourable exchange rates, we are optimistic that the Renault 11 would be favourably accepted and perform well locally," Mr Vernoux said.

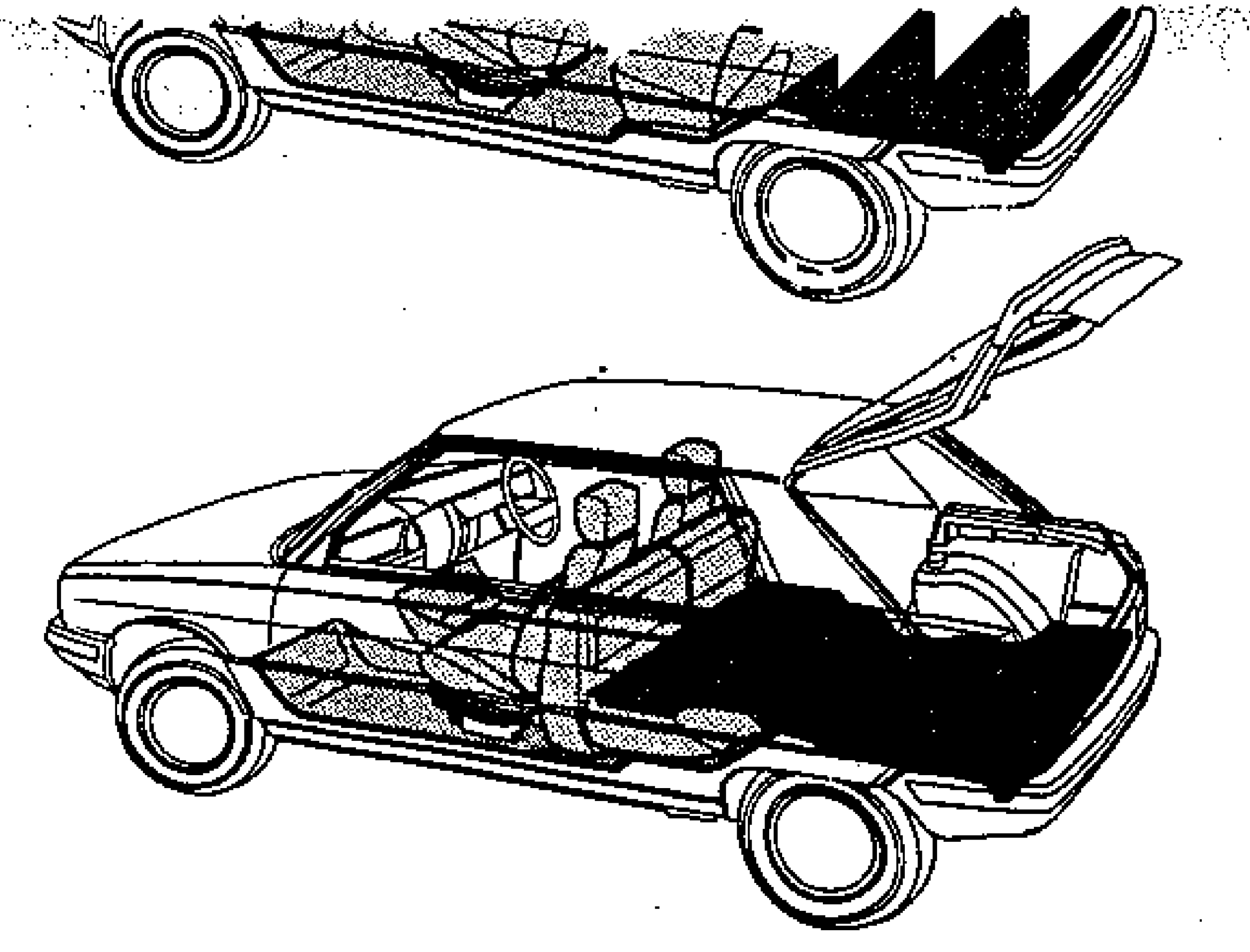
Together with the well established Renault 9 range, with which the 11 shares a number of characteristics, such as proven fuel efficiency and reliability, Renault are now in a position to cover the light car segment of the market very comprehensively.

He added that the addition of the Renault 11 to the 9 range, coupled to the availability of the up-market Renault 25 and Feugo Turbo as fully imported models and the introduction of a turbocharged version of the Renault 9 later in the year, will not only increase Renault's competitiveness significantly but will enable its country-wide dealer network to trade on an equal footing with many of their competitors.

Mr Vernoux also disclosed that Renault Africa's planning for a third locally manufactured model range — the company's entry into the medium car segment and due for launch during the 1986/87 model year — has reached an advanced stage.

"While the motor industry, like any other industry, experiences a crises from time to time, such difficulat periods should be used to consolidate. Now is the time to adjust our strategy and plan aggresively for the better times ahead. The addition of the Renault 11 range to our line-up under these conditions affords us the opportunity to establish the new model on a sound platform," Mr Vernoux said.

The Renault 25, voted top car of 85 by England's leading motoring journalists is available in South Africa under special import. Top model in the Renault range the V6 fuel injection model both in automatic and manual transmission was introduced at the Geneva Motor Show in march last year. In France the car has quickly become the biggest selling luxury model and has already captured five percent of the total domestic car market with sales of 76 500 in only six months.



Artists impression of the seating layout in the Renault 11. It has been designed so that the rear seat folds down in two sections.

Envoy recalled, investments stopped

France in new bid to isolate SA

Star 25/7/85

64

The Star's Foreign News Service

Paris

France is spearheading a world-wide campaign aimed at the total isolation of South Africa until it abandons apartheid.

This was the message delivered by French Prime Minister Mr Laurent Fabius to journalists in his office yesterday.

In a 300-word statement Mr Fabius announced three punishing measures against South Africa — measures which barely stop short of a complete break in diplomatic relations.

He concluded: "We hope that many other countries will join us so that justice and wisdom will finally prevail in that part of the world."

The measures were:

- The recall of the French ambassador, Mr Pierre Boyer, from Pretoria.
- A request to the UN Security Council to draw up a resolution condemning repression in South Africa and proposing a series of precise measures to be taken by the international community.
- Suspension of all new French investment in South Africa in all sectors from today.

Mr Boyer is expected to take the first plane to Paris tomorrow.

Mr Fabius made it clear it was not a simple return for consultations but a recall for an indeterminate period.

Observers in Paris believe the measures mentioned in the second point will probably mean an attempt at a boycott of mail, telecommunications and airlines as well as clear-cut trade sanctions.

Principles

Mr Fabius said apartheid was "inadmissible because it institutionalises racial discrimination and harms moral and political principles upon which our society is founded".

And he noted that "the events of the past few days show a new and serious deterioration".

Initial reaction from French business circles was one of concern.

Mr Yvon Gattaz, chairman of the powerful Patronat employers' association told journalists: "We must find out whether the freeze on investment is temporary or permanent."

But former French Foreign Minister Mr Jean-Francois Poncet, who stopped the last scheduled Springbok rugby tour of France, said: "Perhaps the Government has gone too far and its measures are excessive.

"After all, without an ambassador in Pretoria, we will be unable to influence the South African Government."

● See pages 7 and 13.

FRANCE HITS SA

64 Sowetan 25/7/85

PARIS — France is suspending all new investment in South Africa and is recalling its ambassador with immediate effect in protest over the imposition of a State of Emergency, the Prime Minister, Mr Laurent Fabius, said yesterday.

Mr Fabius said in a statement to journalists that France would table a United Nations Security Council resolution condemning South Africa's apartheid policy and calling for concerted international action.

By Sapa

Mr FRANCOIS MITTERAND . . . French president.

Last May, France reversed its long-standing policy that sanctions were pointless when Mr Fabius said investment would be cut unless respect for human rights in South Africa improved within 18 months.

French trade with the Republic declined between 1981 and 1983 but rose sharply last year with exports at R935 million and imports reaching R1,28 billion.

The freeze on new investment and the recall of Ambassador Mr Pierre Boyer would take immediate effect, Mr Fabius said.

He added the decisions had been taken by the French Cabinet at its weekly meeting yesterday morning.

There was no immediate reaction from the South African Embassy. Ambassador Mr Robert Abraham du Plooy is presently abroad.

France's punitive measures are the most serious taken by a Western country against South Africa, where bloody clashes between police and black protesters have erupted almost daily over recent months in black townships.

Mr Fabius said: "For all people who support justice and the rights of man, the apartheid regime in South Africa is inadmissable. It institutionalises racial discrimination . . .

"Events of the last few days have shown a grave and serious deterioration. By installing the state of emergency, and conferring full powers on the army and police, in multiplying arbitrary arrests, and in giving the order to fire on the population, the South African government has underlined its repression," Mr Fabius said.

South Africa announced yesterday it was holding over 665 people under the emergency powers which triggered the French move.

European Community foreign ministers urged Pretoria to end the emergency in a tough statement issued on Monday. But Britain led resistance to calls from some member states to mention possible economic sanctions, diplomats said.

In New York actor and film director, Woody Allen, has signed a new film contract which stipulates that none of his new films are to be released in South Africa.

Allen signed a new contract with Orion Pictures and requested the inclusion of a clause prohibiting the release any further of his films in South Africa, "in an effort to protest the atrocious racial policies of South Africa.

Gesture

He added: "I wouldn't overestimate my gesture because it's just a gesture, but if it encourages other film makers to speak out or gesture out, we could perhaps have some influence."

Allen enjoys a measure of control over his work and his new contract, like his old one, provides that he has total freedom in writing, directing and casting his pictures with the provison that they do not exceed a predetermined cost.

Success for company producing sparkling performers

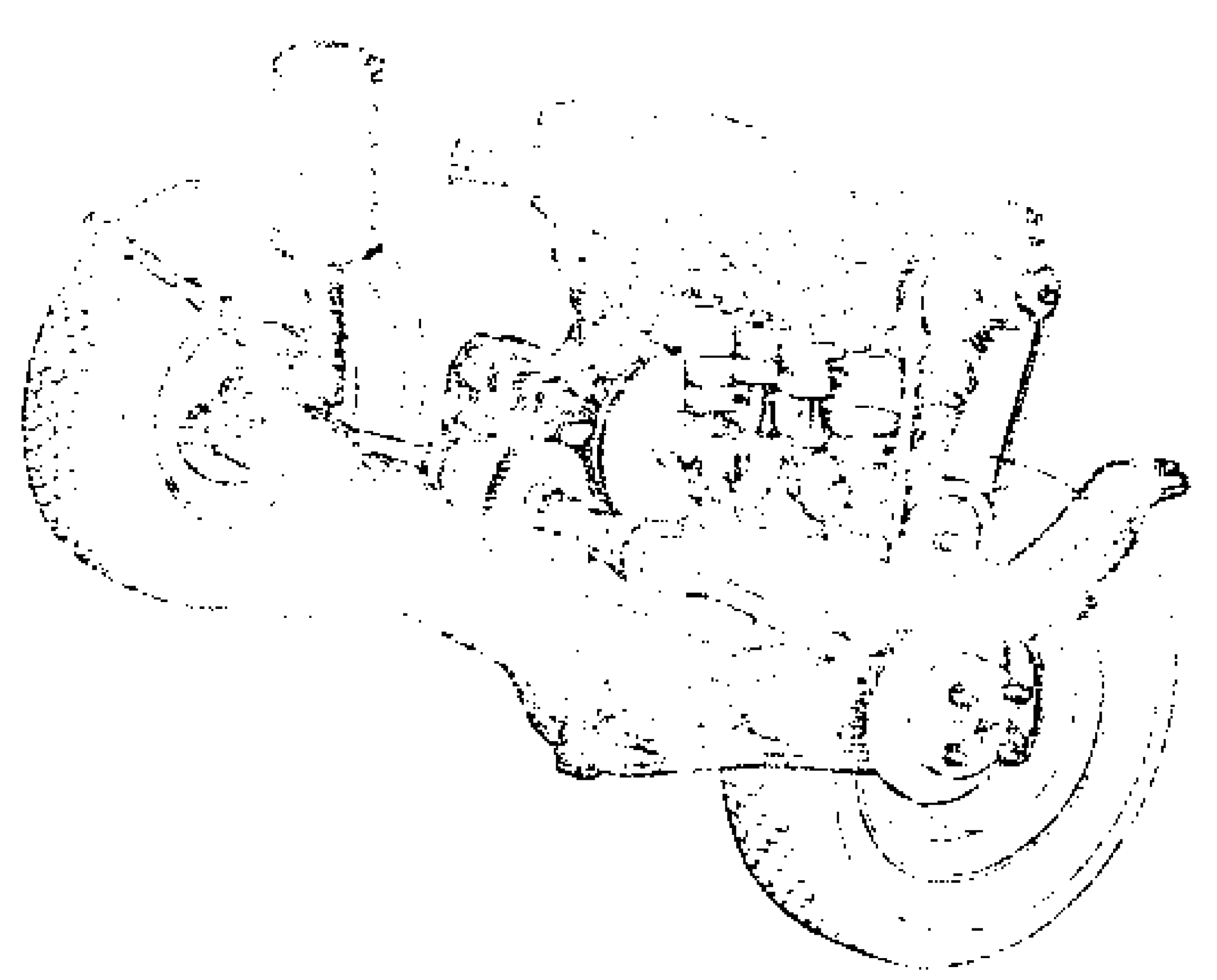
AGUS 25/7/85

64

[illegible] South Africa [illegible] the new company, Renault Africa, two years ago, can be regarded as success story, in spite of the extremely negative economic climate that earmarked the second half of 1984.

"Since Renault Africa took over full control of [illegible] in South Africa in January 1983, it [illegible] its market share by more than 100 percent — from 2,5 percent to more than five percent. What makes this increase more significant, is the fact that Renault, with the absence of commercial vehicles in its model line-up, has a distinct disadvantage, especially in the rural areas. Yet, during November last year Renault achieved a market [illegible] of 10 percent or higher in no less than 43 Naamsa reporting areas, while it repeated this performance for the full year in no less than 20 areas," Mr Mossie Mostert, Renault Africa's Marketing Director said.

"Besides this, the Renault 9 range performs extremely well as the third most popular model in the segment for light passenger cars after more established models such as the Toyota Corolla and the Ford Escort with a market share on dealer level of over nine percent for the year," he said.



The entire engine, gearbox, final drive, radiator, front suspension (including brakes and anti-roll bar) and steering mechanism are mounted on an innovative steel sub-frame or cradle. The cradle is secured to the underframe of the car by utilising only four bolts.

Mr Mostert said the addition of the Renault 9 range to the existing Renault 5 in South Africa, played a prominent role in the success of Renault locally. "While the worldwide success of the Renault 9, which was voted 'Car of the Year' in both Europe and America during its launch year in 1982, paved the way to its sales success on the local scene, this model became popular overnight on its own merits. Its proven fuel efficiency — class winner in the Total Economy Run with 5,09 ℓ/100 km on its first attempt — high level of luxury and specification as well as the model's comprehensive coverage of the segment for light passenger cars, this model enabled Renault Africa on several occasions during 1984 to outsell more established manufacturers, such as General Motors, Nissan, BMW and Alfa Romeo," Mr Mostert said.

He added that the growth and improvement of Renault's countrywide dealer network has also contributed to the company's good performance. "Our aim is to have a dealer network of 150. Currently, our dealer strength is 137, of which almost 70 percent market Renault exclusively. These 'Renault only' dealers, have to date, achieved more than 80 percent of total Renault sales," he said.

Renault has also made good progress in its planning for yet another locally manufactured model to slot in above the 1,7 ℓ Renault 9 and 11 models.

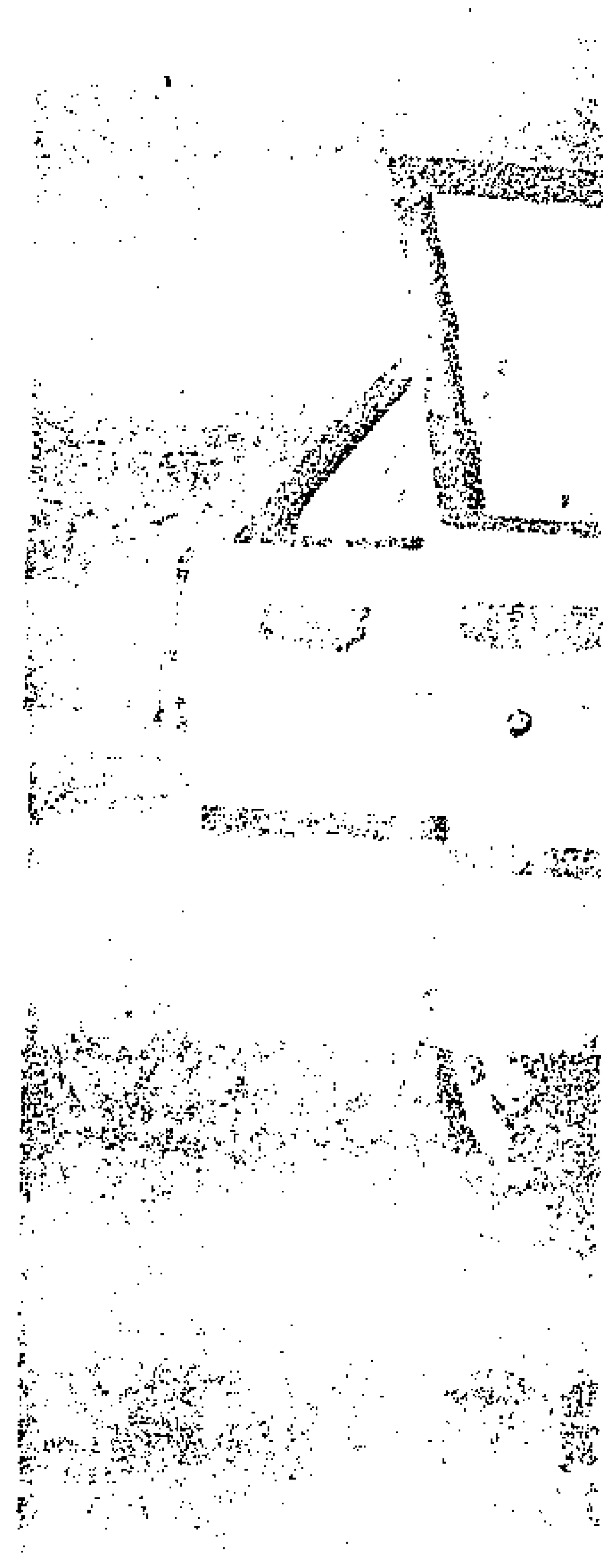
This model in the medium car segment will make its debut later this year in France and is expected in South Africa during the 1986/87 model year.

These exciting additions to the Renault model range will [illegible] the Renault [illegible] better and enable him to [illegible] with a wider model range.

Seen against the current and expected economic climate, Renault predicts the total passenger car market for 1985 not to exceed 240 000 units. "Any improvement on this estimate will revolve around a general improvement in the economy as a whole and will require a more sympathetic [illegible] toward the motor industry by the state," he said.

"Each industry and each market experiences a crisis from time to time. During these times there is an ideal opportunity to consolidate and to plan aggressively for the future, as investment in the motor industry is always a long term commitment. Renault is, in spite of the current depression, very positive for the future. In fact, one of the main reasons of Regie Renault's decision to return to the South African market was their belief in the long term growth potential of the motor industry in this country," Mr Mostert said.

According to Mr Mostert, indications point to 1985 remaining to be a difficult trading year. "In view of the negative economic situation, coupled to the effect of a sharp increase in the price of fuel and the results of the proposed tax on fringe benefits, as far as car sales are concerned, will have a detrimental effect on the motor industry as a whole and the prospects for the immediate future are not promising. Yet, under these circumstances, the manufacturers of light fuel efficient vehicles, such as Renault, are traditionally the people to benefit from increased sales," Mr Mostert said.



Value f

A SMALL car with a big heart is the best way to describe the new Renault 11 TS — Brother to the popular R9.

For this excellently designed family saloon, blending French beauty with good performance from a 1,4 litre engine, has plenty of space and economy to go with it.

The car is designed and placed in the market to complement the R 9 and secure a larger slice of the South African car market for Renault.

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e for money motoring in the R 11

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The car has totally different visual appearances to the R 9, although the front end is the same and the doors are taken from the R9.

The rear hatch with its large curved expanse of glass takes a little adjusting before one accepts it but in true French manner it is functional and gives the car a feeling of Europe.

However once seated in the plush interior with the comfortable cloth seats holding one firmly in position one realises that the car could never become boring.

The R 11 starts easily with plenty of manual choke.

The dash is loaded with lights and dials and Renault have fitted an interesting guage that shows the state of the oil pressure.

As the engine is started the guage rises up then descends back into a green sector to show that all is in order.

In the event of oil failure the guage will rise into the red warning the driver of trouble.

Once on the road the engine warms up fast and the car is ready and willing to respond to the drivers demands.

Although it is no road rocket the 1,4 litre engine will move the car rapidly between robots and if not watched one will surely exceed the speed limit easily.

The only time that the car feels slightly sluggish is when it is loaded with adults and luggage.

The 1.7 litre models with their low end torque and extra power should take any extra load in its stride.

A good attraction of the car is its fifth gear which can easily be used around town allowing the driver to accelerate smoothly from about 50 kph.

The road test with town and country driving and some hard pull always the car managed to return a consumption of 7 l/100km.

Braking matches the cars performance and it accepts hard stops with no quirks or wheel lock-ups.

Comfort is supreme and the feel is of a much larger car making it an easy car for the businessman to own.

Safety has been well catered for with excellent roadholding as a result of its fully independent suspension.

The seat belts are of a wider higher strength material and the passenger cabin is designed to survive an impact with sufficient space to protect its occupants.

French quit

64

25/7/85 NMercury

PARIS — France is suspending all new investment in South Africa and recalling its ambassador with immediate effect in protest over the imposition of a state of emergency, the Prime Minister, Mr Laurent Fabius, said yesterday.

France would table a United Nations Security Council resolution condemning South Africa's apartheid policy and calling for concerted international action.

In response, President Botha said the South African Government had a responsibility towards its people and could not be prescribed to by foreign countries.

'It amazes one that a Western government which takes an interest in Africa and in the interests of black people can take exception to a government which restores order when communist powers and communist-inspired powers murder black people and try to disrupt the normal life of black communities,' Mr Botha said.

Freeze

Last May, France reversed its long-standing policy that sanctions were pointless when Mr Fabius said investment would be c[illegible] unless respect for human rights in South Africa improved within 18 months.

French trade with South Africa declined between 1981 and 1983 but rose sharply last year with exports at R935 million and imports reaching R1,28 billion.

The freeze on new investment and the recall of Ambassador Mr Pierre Boyer would take immediate effect, Mr Fabius said.

He added the decisions had been taken by the French Cabinet.

There was no immediate reaction from the South African Embassy. Ambassador Mr Robert du Plooy is presently abroad.

Justice

France's punitive measures are the most serious taken by a Western country against South Africa, where bloody clashes between police and black protesters have erupted almost daily over recent months in black townships.

Officials said that French investment in South Africa stood at R3,017 billion, between 5 percent and 7 percent of total foreign investment there.

Mr Fabius said: 'For all people who support justice and the rights of man, the apartheid regime in South Africa is inadmissable. It institutionalises racial discrimination.

Events of the past few days have shown a grave and serious deterioration. By installing a state of emergency, and conferring full powers on the army and police, in multiplying arbitrary arrests, and in giving the order to fire on the population, the South African Government has underlined its repression,' Mr Fabius said.

European Community foreign ministers urged Pretoria to end the emergency in a tough statement issued on Monday. But Britain led resistance to calls from some member states to mention possible economic sanctions, diplomats said.

The South African Department of Foreign Affairs had no comment on the French moves until official notification and full details had been received.

Initiative

Escom's assistant senior general manager, Mr J L Rothman, reacting to France's announcement, said it appeared that present commitments at the Koeberg nuclear power station would not be affected.

The Security Council meets today on the situation in South Africa, in response to an urgent request by France.

French Ambassador Claude de Kemoularia told reporters after closed-door consultations with the other members of the 15-nation body that most welcomed France's initiative but there was no response by the United States and British representatives

United States officials said yesterday France's decision would have no impact on American policy.

A senior State Department official expressly stated the move would not effect any decision over the return to South Africa of U S Ambassador Herman Nickel, and said that it had been expected.

'There have been indications for some time that the French would try to outflank us on the Left. I wouldn't want to accuse them of playing electoral politics, but . . .'

Mr Herbert Berger, joint managing director of IMS — a Johannesburg materials handling and clearance firm which deals extensively with French concerns — said last night he was not shocked by the announcement.

'The French have a way of making such statements to appease their critics while dealing with reality in another way entirely,' he said. — (Sapa-Reuter)

'Sanctions will be psychological'

FRENCH sanctions would have a mainly psychological impact on South Africa, political and economic analysts said yesterday.

9/64

The French Prime Minister, Mr Laurent Fabius, announced on Wednesday that Paris would end new investment in South Africa and recall its ambassador, Mr Pierre Boyer, immediately in protest at Pretoria's imposition of a state of emergency on Sunday to cope with black township riots.

Sowetan

The South African Foreign Ministry said the French Government had not yet officially notified it of the sanctions and declined to comment until it received full details.

26/7/85

Human rights

But the President, Mr P W Botha, responding to Press reports of the French move, said his government would take decisions in the best interests of all its people and allow others to dictate to it.

The Finance Minister, Mr Barend du Plessis, was not available for comment after his statement last week that any loss of foreign capital would push South Africa annual growth ratecs two percentage points below the 5,5 percent officially deemed necessary for economic health.

But analysts said that, as France was not a major trading partner, they expected the psychological impact to be harder on Pretoria than the economic one.

Washington recalled its Ambassador to Pretoria last month after South African troops raided neighbouring Botswana.

Political analysts saw the French move as a further deterioration in relations between Pretoria and Paris. Trade had already been slowing and the French had imposed visa requirements on South African passport holders.

Loss of capital

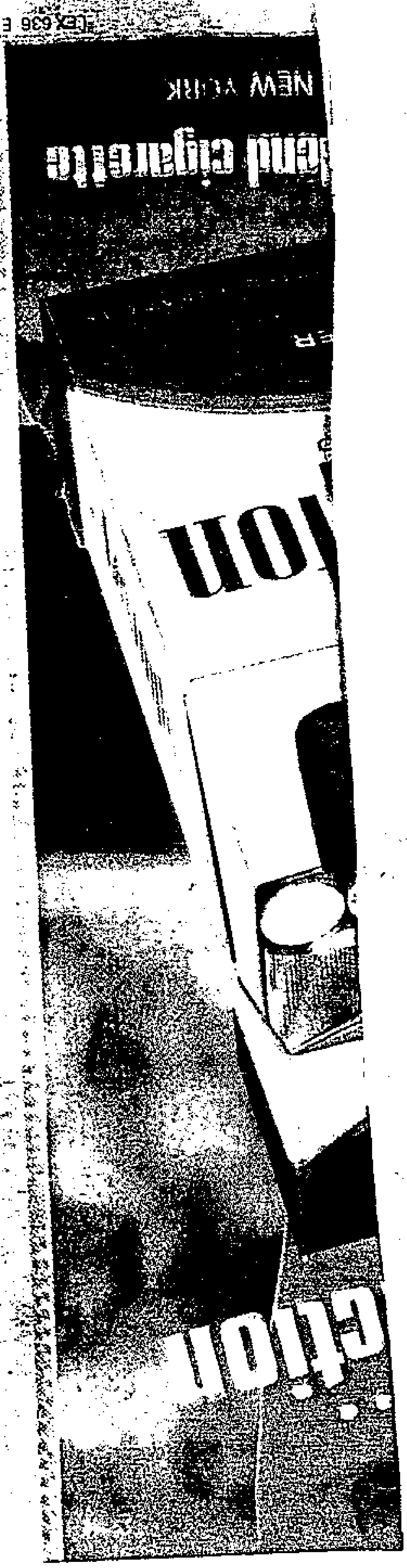
Last May, France reversed its policy that sanctions were pointless when Mr Fabius said investment would be cut unless respect for human rights improved within 18 months.

One political analyst said the sanctions could also impede Pretoria's relations with black African states, about a third of which maintain close contacts with their former French rulers.

But the economic impact could be marginal, economic analysts said, commenting that France was not among South Africa's top five trading partners.

French trade with the Republic declined between 1981 and 1983 but rose last year, with exports at 4,37 billion Francs (R9,5 billion) and impots reaching 5,95 billion Francs (R1,29 billion).

French officials said France's investment, mainly in the finance, oil processing, civil engineering and motor industires, stood at 14 billion Francs (about R3,04 billion), between five and seven percent of its total foreign investment — Sapa-Reuter.



Freeze on S A already costs France millions

(64)

NM 26/7/85

ORMANDE POLLOK
Political Correspondent

CAPE TOWN—France's freeze on new South African investment has already cost it millions of rands in large-scale industrial orders.

Shortly after the surprise move it was learned that a South African company cancelled an order for nearly R150 million worth of French goods and it was expected that other South African businesses could take similar action.

Meanwhile, South African Foreign Minister, Mr Pik Botha last night described the French call for a Security Council meeting as 'impulsive and opportunistic'.

It was noteworthy, said Mr Botha, that the meeting of the council should have been requested by France, which had itself only recently proclaimed a state of emergency in New Caledonia, the last vestige of French colonialism in the Pacific Ocean.

According to reports, more than 5 000 members of the French security forces had been sent to restore law and order in New Caledonia, an area with a total population of 140 000.

'It is also significant that only yesterday there were clashes between police and demonstrators in the French-ruled archipelago of Guadeloupe.

'Crowds of people are reported to have put up barricades around the capital and set vehicles on fire. Shops and public offices were shut. Those involved were evidently pro-independence supporters protesting against a prison sentence imposed on a militant sepratist,' Mr Botha said.

These developments alone should have reminded France of the difficulties of coping with such emotional issues as civil and political rights.

But it had still seen fit to call this meeting of the Security Council to condemn South Africa for its handling of an immeasurably more complex situation.

Mr Botha said South Africa's ambassador to the UN had been instructed to take part in the debate and to put South Africa's case. — (Sapa)

● See also Page 2 and Editorial Opinion

French freeze 'is just electioneering'

(64) NM 26/7/85

Political Reporter

THE French Government's declaration of a freeze on new investments in South Africa might not have any practical effect, according to the president of the French Chamber of Commerce and Industry of Southern Africa, Mr Bernard Lafitte.

'We must not overreact,' Mr Lafitte said yesterday.

But the director of programmes at the S A Institute for International Affairs, Mr Leon Kok, warned that the French declaration could signal a wider move of pressure for disinvestment from South Africa from the United Stares to Europe.

Mr Lafitte said: 'There is often a gap between the political decision and the practical application. I would like to see what they do now.'

A similar attempt to break ties with South Africa shortly after the present French Government took office in 1981 had not had any effect, he said.

He dismissed the latest move as electioneering.

Conservative

'There are elections for the French Parliament in March next year. The newspapers are predicting the defeat of the present Government, which is going to have to do something pretty spectacular from an electoral point of view.'

Any government which relaced the present one would certainly be more conservative, and it was highly likely things would return to normal after the election.

Even if the declaration did become law, Mr Lafitte said, it would not affect everyday trade between the two countries.

Mr Kok agreed that the move was probably the result of ideological pressure on the French coalition Government.

But he warned that it could well be a first step in the buildup of momentum in Europe of pressure for economic action against South Africa.

'Divestment is unlikely to gain the same momentum in Europe as it has in the U S, but that does not mean it will not happen in the long term, especially if there is a swing to the Left in Britain and West Germany.'

France bans new SA loans

CAPTIME 27/7/85

From NEIL BEHRMANN

LONDON. — The French Government has banned all new loans to South Africa, provided that they are not trade related.

A spokesman of the French prime minister's office said, "the ban on new investment in South Africa would also cover bank loans."

But export guarantees would not be affected.

The French Government would, however, "no longer authorize outflows of capital intended for investment in South Africa. This would apply to both public sector and private sector loans".

"Each loan would have to be individually examined," the spokesman said.

Total French loans to South Africa were 21 billion francs, (R4,9 billion) the spokesman said.

The wave of South African securities sales affected the rand in London.

The currency dropped to $0,47 cents at one stage, say dealers before recovering to $0,49.

The Reserve Bank was "swamped" by foreign sales of rands and had to stop supporting the currency, say London dealers.

The sales came from institutions and banks and were linked to the dumping of securities.

The rand tumbled by 8,5 percent against the French francs.

Whereas one dollar buys 8,75 francs, R1 receives only 4,3 francs.

At one stage, sterling rose to 2,97 against the rand before falling back to 2,77.

About R3,30 of notes can buy £1.

Since April, the rand has fallen by 15 percent against sterling.

Following the dramatic drop in South African share values on foreign exchanges, selling abated on yesterday and prices recovered marginally.

Dealers said that professionals were covering short positions.

But South African bonds on the Eurobond market performed dismally.

The price of a newly issued £40m 12,25 percent Escom Eurosterling bond was priced at 94, six percent below par value.

On Friday, the price recovered to 96 points.

Dealers said that "noone was prepared to buy South African Eurobonds this week," because of the emergency scare and French sanctions move, but the issues are traded in a very narrow market and the dealers were not prepared to quote prices.

Renault, Peugeot to link up in SA

(64) S.Times 28/7/85

By Don Robertson

RENAULT and Peugeot are almost certain to merge in South Africa.

All that is needed is the blessing of the two boards in France, expected before the end of December.

However, the French Government's decision to ban new investment in South Africa could have a bearing on the rationalisation of Renault and Peugeot.

Peugeot's marketing activities have come to almost a standstill and the single South African representative, Pierre Michel Fauconnier, is in France.

Peugeot and Samcor have agreed to severe their links.

Renault, however, does not believe that the French Government's move will disrupt its operations. Renault Africa is wholly owned through Euro Motors by Nefic, Nedbank's long-term financing division.

Johan Theron, public affairs manager at Renault Africa, says additional investment could be raised in SA. Recently, R42-million was raised to tool up for the Renault 9. Equipment was bought from Japan and only components came from France.

The next model launch from Renault will be the 21 Renault 19, but it is not expected until 1987.

More a bark than a bite from France

64 S. Times

By Brendan Ryan 28/7/85

FRENCH businessmen believe the disinvestment measures announced so far will have little effect on their South African operations.

However, the implications would be serious if the French Government moved to curtail trade.

France is one of the largest European consumers of SA coal, importing about 5,8-million tons in 1984. French electronics and engineering companies have won major contracts in SA, particularly with Escom.

Buck passers

French exports to SA in 1984 are estimated at 4,3-billion francs (about R935-million). SA exports to France last year are estimated at 5,95-billion francs (R1,3-billion).

Efforts to confirm these figures failed, the French trade mission in Johannesburg and the French Consulate in Pretoria passing the buck between them. Neither would give figures.

Bernard Lafitte, managing director of Total SA and president of the French Chamber of Commerce and Industries of Southern Africa, believed the reason for the French Government's action lay in next year's elections:

"The Government faces an election in March and its position at present does not look good. Maybe they think they can win votes by this action against South Africa."

Big gap

Total SA exports about 3,5-million tons of coal a year and has another 500 000 ton a year export entitlement for the Phase 4 programme.

Mr Lafitte said Total had already provided the money needed for that expansion and did not require funds from its parent for the foreseeable future.

SA shareholders held 44% of its operations in this country. Funds raised in SA by Total for expansion would not be affected by the French Government's ruling.

"There is also often a big gap between what a politician says he will do and what he actually does."

The French Chamber of Commerce and Industries, the South African branch of the French National Committe of External Trade and the French man-to-man committee of the SA Foundation,

□ To Page 3

French withdrawal leaves investment key in US hands

(64) B. Day 29/7/85

Business Day Reporters

PARIS — France's suspension of new investment in South Africa has much greater international implications than any effect on trade and capital flows between the two countries, say French officials and industrialists.

Investment and trade links between SA and France pale into insignificance when compared with the US, West Germany, Britain and Japan.

But businessmen and officials fear that France will set the pace for varied sanctions actions by other countries. The key will be any US government decision on current disinvestment legislation.

Businessmen and officials fear that if the US decides on some form of disinvestment, Britain and West Germany may reluctantly follow.

Both these countries and the Reagan administration have so far firmly stated they are against any form of economic sanctions.

"The most worrying aspect of the decision is not the consequences of economic relations between France and SA, but France's capacity to take a diplomatic lead which could drag in Holland and put pressure on the UK and Germany," says Desmond Colborne, the SA Foundation's representative in Paris.

"In the end the US will be the key," says Rudolf Gruber, the foundation's representative in Bonn.

SUSPENDED

Jurgen Mollerman, Minister of State at West Germany's Foreign Office, says that on principle he is against economic sanctions. But the West German parliament is in recess and in Britain, shadow Foreign Secretary, Denis Healey called on the government to follow France's lead and stop new investment.

France has suspended all new investment in the Republic, but officials in the office of Prime Minister, Laurent Fabius, say commercial relations will not be broken off at this stage.

The French government did not make any reference to bank loans, but bankers say most loans are trade-related.

A study on bank loans to SA estimated, however, that the nationalised French banks lent about R2,2bn to the government and parastatal organisations between 1982 and 1984. So future public sector issues may be affected.

Loss of French banking links will be no great problem for SA. Recent statistics by an anti-apartheid group show French banks as being only fifth in importance in the SA financial scene.

British banks are far and away the most active lenders to SA according to the "End Loans to South Africa" group. Its report shows 26 British banks participated in 34 loans totalling $1 957,6m while 20 Swiss banks took second place with 37 loans totalling $1 520,4m.

DISSUADED

French industrialists say the poor-performing economy and unrest had already dissuaded companies from increasing investment in SA.

Y Gattaz, president of the Paronat, France's equivalent of the Confederation of British Industry, says he hopes the measures will not hinder trade between SA and France.

France's exports to SA total FFr4,37bn.

More than 50 companies in SA with a "French connection" — ranging from banks to engineering concerns — are still trying to clarify just what France's decision to suspend new investment in SA means to their operations, while others are convinced it will be business as usual, reports NOEL HUGHES.

Some company sources speculate, however, on the difficulty of policing the investment ban.

Other companies, expressing concern for themselves and their customers, say they hope to obtain clarification from the Commercial Counsellor at the French Embassy in Pretoria.

But when approached for comment by *Business Day*, Erwin Munch, administrative assistant at the Commercial Counsellor's office, said he could not offer any advice to companies yet. "We are waiting for more information too."

Peter Gray, senior GM at The French Bank of Southern Africa, whose company has a substantial local shareholding, says: "We are not in a position to judge or comment on a political decision, but our initial reaction is that it will be business as usual."

Another businessman who remained confident the decision will not have serious implications is Herbert Berger, joint MD of IMS, a Johannesburg materials handling and clearance company which deals extensively with French concerns.

"I doubt if it will have any practical influence on our operations," says Berger. "The French have a way of making such statements to appease their critics while dealing with reality in another way entirely."

Eugene Wannenburg, MD of Telemecanique SA, says he is "absolutely convinced there will be no problem in sourcing products for SA clients". The parent company, one of the largest producers of control and automation products in the world, operates in 30 countries.

A spokesman for car giant Renault Africa says he is not worried by the announcement because the company is totally South African-owned and "when we expand our model range it will be totally financed in SA".

Companies in SA with French involvement include Total, which was planning to increase investment in coal-oil extraction and refining, LEP and Flamingo in the transport sector, Brown Boveri and Creusot-Loire in engineering, and mining equipment supplier France Afrique.

Two French motor companies could join forces in S A

NM 30/7/85

(64)

Motoring Reporter

THE prospect of the two French motor companies, Peugeot and Renault, joining forces in South Africa was good, a Renault spokesman said yesterday.

But such a marriage could only be consumated by the parent companies overseas, Renault's public relations manager Johan Theron said.

'Talks between Renault and Peugeot have been going on for some time. Both sides (in South Africa) are willing,' said Mr Theron, emphasising that such agreements were given the final blessing overseas.

'Although the prospects are good there are no indications when it would take place,' said Mr Theron.

'We don't expect anything to be said before the end of September,' he added. 'It is practical. There is no model clash.'

Mr Theron explained that Renault would take over the marketing aspects of Peugeot in South Africa, obviously involving some key Peugeot personnel.

When asked where the cars would be built, Mr Theron cited Leyland as an example of a company that could take on such a venture.

Regarding the recent withdrawal of the French Ambassador to South Africa and the effect disinvestment by French companies might have in the country, Mr Theron said Renault Africa was totally owned by Euro Motors and was a '100 percent' South African investment.

In the meantime, Peugeot's marketing activities in South Africa have all but ceased. A 'caretaker' spokesman, Mr James Vorster, said the only representative, Pierre Michel Fauconier, was in France.

Samcor public relations manager Ruben Els said: 'We have agreed with Peugeot. They will find another home. We know they are looking around.'

He pointed out it would be 'naive' of Samcor to speculate or comment further.

In France, the companies already have a number of joint ventures, in one instance building a 'PRV' engine which brings Volvo into the fold as a third member.

The next model to come from Renault will only reach the local market in 1987. It will be a two-litre family car that is due to be launched in France next year.

European firms to stay in SA despite unrest

64 STAR 7/8/85

LONDON — European business leaders are showing few signs — in public or private — of adjusting their attitudes to South Africa in the light of recent unrest.

Whether British or German, French or Swedish, company executives with substantial operations in South Africa still believe they are a force for good, and that they are contributing to the improvement in living standards and civil rights for blacks.

Most find apartheid abhorrent and many believe it is hurting the development of the South African economy and their businesses.

Some are reducing their presence in the country, but few admit to thinking seriously of total withdrawal.

European industry leaders also believe that full economic sanctions would do more harm than good.

They would be difficult if not impossible to enforce, and ineffective as a means of pressuring the Government to abolish apartheid.

The disruptive effect on the economy would, the industrialists believe, hurt blacks more than whites.

These are the main points mentioned in an informal survey of business attitudes to South Africa carried out in the past few days by *Financial Times* reporters.

Even though these views are well known and relatively uncontroversial, few leading European industrialists were willing to express them publicly.

Some European companies with large South African operations, such as ICI, Nestle, Siemens and Unilever, refused to answer questions at all about their interests there.

Those who did respond were emphatic that their operations are, as Sir Timothy Bevan, chairman of Britain's Barclays Bank, said last week, "a force for good".

They said they provide blacks with good employment opportunities and are at the forefront of efforts to remove apartheid in the work force.

Sir Timothy said Barclays' South African subsidiary employs 40 percent of all blacks in the banking sector.

Dr Rolf Sammet, chief executive of Hoechst the West German chemical company, said the company's black employees in the Cape were earning more than double the rate recommended by the European Community Code of Conduct.

Almost all the companies contacted said their South African operations complied with the EEC code, and, in most cases, surpassed its minimum requirements.

Getting out

The exceptions are the mining finance companies, because by law black workers may not obtain a blasting certificate and this limits promotion potential.

Many European industrialists have thought of getting out of South Africa altogether, but have discarded the idea.

Lars-Ivar Hising, executive vice president of Sandvik the Swedish tools group, said: "We believe the best way to contribute to an improved situation, even in a small way, is to remain on the scene."

Anton Schrafl, deputy chairman of Holderbank, the Swiss cement concern, says the group has never thought of leaving South Africa, where it has been since 1938.

Rowntree Mackintosh said pulling out of its Wilson-Rowntree subsidiary would entail either closing down a company employing 2 500 people or merely passing ownership to someone else.

"This subject has been debated, but withdrawal was not considered to be in the interests of the business, its employees or the blacks in general," a spokesman said.

This does not mean many companies are still investing heavily in South Africa. Many are just maintaining their existing interests, and others are reducing their presence.

Prudential Assurance sold 32 percent of the shares in its South African subsidiary in 1983 through a public share offer for £14,8 million. Associated British Foods sold its 52 percent stake in a South African company in the same year for £198 million cash.

Also in 1983 Metal Box sold its 51 percent stake in its South African subsidiary in return for £40 million cash and 25 percent stakes in two South African companies.

Metal Box said it did the deal mainly to reduce its borrowings, but acknowledges that the political and social climate was a factor.

Even Consolidated Goldfields, the British mining finance group founded 100 years ago to develop South African gold mines, is much less dependent on South Africa than it was 30 years ago.

Goldfields embarked on a diversification programme in the 1950s and today 75 percent of its £675 million in net assets are outside the country.

Rio Tinto-Zinc's last major investment in South Africa was the Palaborwa copper development in 1963, although the Rossing uranium development in Namibia began in 1975. Only two percent of RTZ assets are now in South Africa, and less than four percent in Southern Africa, including Namibia and Zimbabwe.

Barclays Bank has reduced its stake in its South African subsidiary from 55 percent to 50,4 percent by the simple expedient of not taking up its shares in rights issues. But the £133 million investment is still a significant one and the subsidiary's £6 billion in assets represents 8,5 percent of the Barclays total.

Standard Chartered, the other British bank with a major stake in South Africa, has also been running down its interest by standing back from rights issues of Stanbic, and now holds only 42 percent of it.

Influence

A few European companies, notably Daimler Benz and Volkswagen and France's Compagnie d'Electricite, have been building up their South African investments.

Daimler Benz has invested more than R200 million in the country since 1981 and has boosted its stake in its South African holding company to the controlling 50,1 percent level. This not only secured its business interests, said the company, but also gave it more influence on the work and social conditions of its mainly black labour force.

GGCE's CGEE-Alsthom subsidiary has injected R4-million into boosting the capital of its electrical equipment assembly subsidiary in the past four years. — *Financial Times.*

French send shockwaves into electrical industry

FRED STIGLINGH

TELEMECANIQUE SA is out to change the stereotyped image of the electrical industry.

This French-owned manufacturer of control, automation and distribution products — an industry worth R50m a year locally — has an elegant approach to its industrial and ecological environment.

Telemecanique has SA investments of R8m, and they include sponsorship of an electrical design award, and the Natural Heritage Programme.

Logic behind the design award is to inject excitement and motivation into the electrical industry, an environment in which company MD Eugene Wannenburg feels people were "just plodding along".

Involvement in protection of natural heritage, and the micro environment in particular, coincided with a move to the new R3,5m headquarters in Sandton last year. The company realised the necessity to consider environmental needs during development, and became so involved, they committed R30 000 to the programme, working with the SA Nature foundation as founder-sponsors.

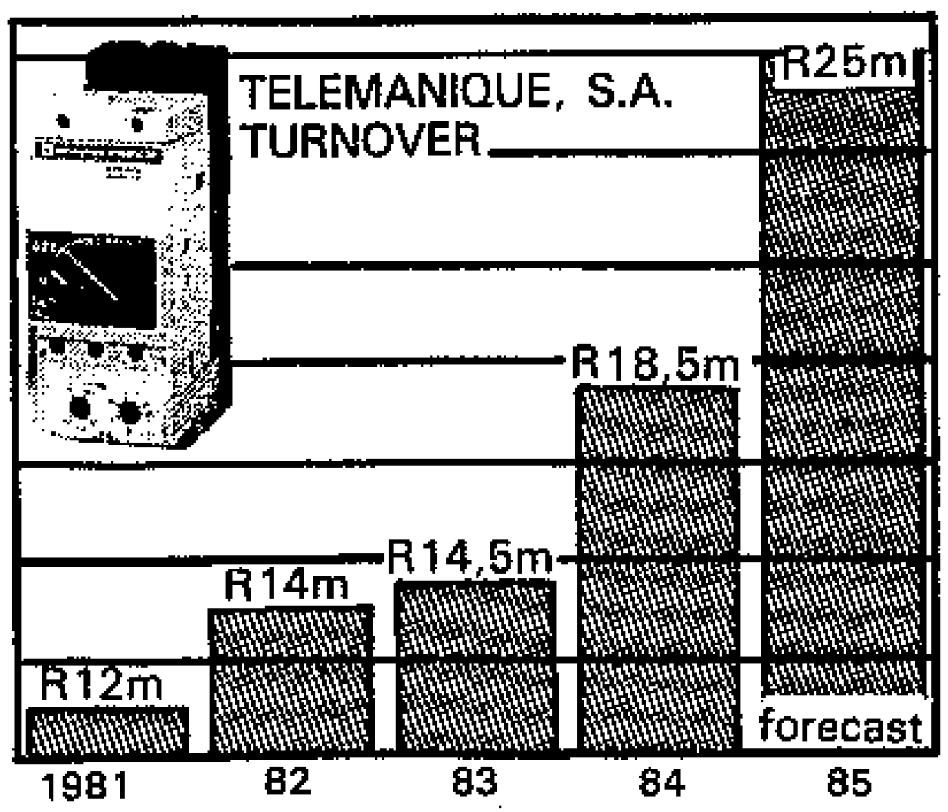
Good reasoning lies behind an image of solid commitment. With about 35 often erratic competitors in the electrical control and automation industry, Telemecanique wants to be set apart.

Including production at Telemecanique, local manufacturing of control and automation products accounts for at most 5% of products on the market. It is an industry dependent on imports, and virtually every manufacturer in the world is represented in SA.

"Every guy with a bakkie and an extra telephone in the bedroom is in business," says Wannenburg.

"They import control products from Taiwan, Hong Kong and Japan, and because government is not keen on protective import duties, it is unlikely that someone will come up with a programme for local manufacture."

Wannenburg sees this as the Catch-22 of his industry, as access to the market is as easy as going out of business.



Source:TELEMÉCANIQUE ANNUAL REPORT

"They import a product today, go bankrupt tomorrow, and cause turmoil as replacement products are no longer available to users in South Africa.

"We would rather have five very strong competitors who, like us, have an overhead structure, millions invested, and are here to stay."

Telemecanique formed a new SA subsidiary in March, a joint venture in specialised crane control, named Hoist-Tec.

As things stand, the company has more than 30% of the local marketshare, with a few other companies accounting for between 10% and 20% each. The rest is divided among 30 small companies.

This is an advantage, as the company is "kept on its toes" to maintain marketshare, and with the low rand, a fiercer fight "has become a way of life."

Keeping up the way of life is paying off. Telemecanique forecasts a R25m turnover for this year.

Yet Wannenburg considers volume growth as more important, as the French parent company's profits increase in relation to larger volumes here.

La Telemecanique Electrique employs 9 000 worldwide, is quoted on the Paris stock exchange and goes back more than 60 years.

It has manufacturing plants in France, the US, Brazil, Singapore, Spain, and Ireland, and subsidiaries in 30 countries.

Wannenburg points out that, even if the parent company went back on its policy of expanding its share in SA, disinvestment would hardly affect product supply.

"We could source from any of the other manufacturing plants," he says, "or from any of the subsidiaries."

Telemecanique France is one of two groups in the country run on a points system. Apart from pay, all employees share in part of the profit according to the number of points allocated by position.

Largest single shareholder is the employees' trust fund, which administers the points system profit payout.

A measure of the company's innovative approach is that right now it's selling French products against Japanese competition in Japan.

Among the problems was one of identification, to sell the French product to people "who cannot even pronounce 'Telemecanique'."

This led to a partnership agreement with Omron, Japanese market leader in limit and proximity switches and relays.

Omron products are sold bearing the French company name.

There is also bridging of the technology gap, as Telemecanique has access to Omron's factories, and exchanges ideas on production automation.

In February, the company expanded its 12-year presence in the US by buying the Industrial Controls Division of the Gould group for R140m.

"Our success in South Africa," says Wannenburg, "cannot be divorced from the success of our parent company."

He sees innovation and specialisation as the base of their financial achievements, while constantly bearing in mind the three P's of people, product and price

"We're given all the right ammunition to tackle the marketplace," he enthuses, "and customers associate us with marketing and product innovation."

He cites the example of their range of contactors (electro-magnetic switches), launched in 1973, and still copied by competitors 10 years later.

Growth in PLCs, a market worth some R20m, Wannenburg puts at 15% a year in SA.

12. I would like to find ... verty. What do you feel is the reason wh... to be very much poorer than others ?

Lack of Educat...

....

Bombs blast four S A-linked firms

64 8' Mercury

Mercury Correspondent 6/9/85

PARIS—Three people were slightly injured in four bomb attacks early yesterday morning on French companies linked with South Africa.

The extremist organisation Action Direct claimed responsibility for the explosions, which caused considerable damage to buildings and cars.

The companies hit were ATIC, importers of coal from South Africa; Aluminimum Pechiney, which imports metals; the Renault car company; and Spei Batignolles, which is involved in the Koeberg nuclear power plant.

Action Direct called on France to 'finish with the French agents of apartheid' and named several 'shady dealers doing good business with South Africa'.

13. When you think of ... do you think of ? Where are they ?

Blacks in the townships and in homeland

....

14. Some people feel that there is nothing that can be done about poverty. Other people feel that poverty is something we can do away with. How do you feel about this ? (Tick one answer)

Nothing can be done about poverty	
Poverty can be done away with	X
Do not know	

15. Do you think that what the government is doing for poor people is enough, too much or too little ?

Too much	
Too little	X
Enough	
Do not know	

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THE NATIONAL NEWSPAPER FOR DECISION MAKERS

B. Day 16/9/85 64

GM, Renault seen as next in line to quit SA after Alfa's decision

DAVID FURLONGER
Industrial Editor

AT LEAST two more foreign motor manufacturers are expected to pull out of South Africa in the next year.

After Alfa Romeo's decision last week, that it could no longer absorb its losses in this country, industry officials and observers alike are confident more departures are on the way.

Samcor MD Spencer Sterling, whose own company is the result of major industry rationalisation between Anglo American and Ford, said: "We confidently expect further rationalisation developments within the industry in the next 12 months."

With Alfa gone, most industry officials are predicting General Motors could be next. Management of the loss-making company's American parent are due to meet in Detroit today to discuss the South African operation.

Although the company has been a favourite target of the US anti-disinvestment lobby, any decision on the future of the SA subsidiary is likely to be taken on economic, rather than political, grounds.

GM, the world's biggest carmaker, is only sixth in SA and new MD Bob White admits the company can't keep accepting losses for ever.

He told *Business Day* recently: "Someone at GM is obviously looking at the totality of the GM business in SA in terms of profits. And I would have to suspect that with the kinds of losses we had last year, and that we're going to have this year, you have to wonder if it's worth it in the long pull.

Renault is also expected to make an announcement on its future this week. Senior officials returned from France at the weekend after talks with management there.

Regie Renault, the French State-owned motor giant, is drawing in its horns after sustaining heavy losses worldwide. In view of the French government's recent stance on SA, the local operation could be in jeopardy, although sources say local Renault officials returned from France "with a smile".

Other companies at the centre of speculation in recent days have been Peugeot, which has yet to announce plans after the break-up of its relationship with Samcor, and Leyland.

● See Page 7

Renault won't be pulling out

Renault's principals in France have postponed the introduction of new models to South Africa but have not taken a decision about ceasing their operations here, Mr Bernard Vernoux, managing director of Renault Africa, said in Johannesburg today.

Mr Vernoux said the decision to postpone the introduction of new models had been taken in view of the state of the South African economy and the rand.

He also said that discussions had been held with Peugeot France with a view to rationalising the Renault and Peugeot manufacturing operations in this country.

64

"The decision of the French Government to freeze new investments in South Africa does in no way prevents Regie Renault from continuing to do business in South Africa through the supply of CKD components, parts and imported models."

Mr Vernoux, who returned from France last Friday after discussions with the managements of Regie Renault and Peugeot France, added:

"No decision has been taken to discontinue Renault models from the South African market."

● Port Elizabeth-based General Motors has no plans to disinvest "at this point in time".

This was stated by GM's managing director in South Africa, Mr RA White when asked if the company intended to withdraw from this country.

"The entire motor industry in South Africa is at present going through very difficult times and it is considered that every manufacturer is making losses," he said.

STAR 17/9/85

"Obviously, manufacturers who are responsible to shareholders, cannot continue on this basis indefinitely and accordingly, some rationalisation must take place.

6

Renault, Peugeot may combine SA operations

CALL TIME 17/9/85 (64)

JOHANNESBURG. — Speculation that more international motor vehicle manufacturers may pull out of South Africa was intensified by an announcement yesterday that Renault will delay the introduction of new models in this country.

But Mr Bernard Vernoux, managing director of Euromotors (Pty), trading as Renault Africa, who has just returned from France, said that no decision had been taken by the parent company to discontinue operations in South Africa.

Mr Vernoux disclosed that discussions have been held with Peugeot France with a view to rationalizing the Renault and Peugeot manufacturing operations in this country.

But he warned that "due to the current state of the economy and the restriction that the very low value of the rand places on any expansion of operations, negotiations between Renault and Peugeot are expected to take some time."

A final decision on closer co-operation between the two companies was not expected before November.

Mr Vernoux said his recent discussions with Peugeot France in Paris were positive.

A mission from Peugeot was expected in South Africa soon to evaluate the condition of the existing tooling for the continued manufacture of the Peugeot range in this country as well as tooling for the introduction of the Peugeot 504 pick-up.

Discussing recent speculations about the future of Renault in South Africa, Mr Vernoux said: "The decision of the French Government to freeze new investments in South Africa does in no way prevent Regie Renault from continuing to do business in South Africa through the supply of components, parts and imported models.

"No decision has been taken to discontinue Renault models from the South African market."

Renault Africa would continue with the manufacture and marketing of its product ranges in South Africa.

Mr Vernoux said Renault Africa's performance in South Africa in the past few years was well above the objectives set.

Since 1983, when the company took charge of the local operations, Renault's market share increased by over 100 percent from 2,5 percent to 5,2 percent this year.

Renault's national dealer network grew from 112 outlets in 1983 to 138 at present, an increase of almost 20 percent, he said.

Industry spokesmen have pointed out that the decision by Alfa Romeo last week to cease operations in South Africa would make it easier for other international companies to pull out.

Mercedes Benz and Volkswagen both suspended production last week as a result of labour troubles.

And a question mark hangs over the future of General Motors in Port Elizabeth in spite of assurances from its new managing director in South Africa, Mr Bob White, that "the company is in South Africa to stay."

Mr White said yesterday that the entire motor industry in South Africa was going through difficult times and it was thought that every manufacturer was making losses.

"Obviously, manufacturers who are responsible to shareholders cannot continue on this basis indefinitely and accordingly some rationalisation must take place.

"In the case of a multinational company such as GM, it is often more important in terms of its global strategy to be based in a country in spite of financial losses, and GM has no plans to disinvest in South Africa at this point in time." — Sapa-Reuter and Finance Reporter

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WASHINGTON. — The United States' foreign trade registered a near-record $31,8 billion deficit from April until June, confirming that the

French firm raises SA stake

By Don Robertson (64) S.Times 22/9/85

LEGRAND, a European manufacturer of electricla equipment, is cocking a snook at the French government and is increasing its investment in South Africa.

The group, which employs 12 000 people and has a turnover of R1-billion internationally, will open a distribution operation in SA and hopes to lift turnover to R1-million within the next year.

Armand de Montbron, Legrand's SA representative, says it was decided at the beginning of this year to expand in SA. The company is, therefore, not bound by the French government's decision in July to halt all new investment.

Mr de Montbron says: "We are here to keep an eye on the market. If we feel it is necessary to assemble or manufacture here we will do so."

Legrand claims to be Europe's largest supplier of small electrical equipment, including switches, circuit breakers, fuses, industrial sockets and distribution boards for industry and for domestic use.

Initially, the product range will be imported from France, the UK, Germany and Spain and the first shipment is expected soon. Where necessary, the company will apply for SABS permits.

The company will sell through wholesalers, but will make contact with construction companies, consulting engineers and architects.

The company has rented office and warehouse facilities in Sandton.

64

'French aid for SA helicopter'

6/11/85

PARIS — A rightwing newspaper alleged yesterday that the French state-owned company Aerospatiale was helping SA develop a combat helicopter, despite a ban on arms sales to the Republic.

The national daily *Le Quotidien de Paris* said five senior engineers had been in SA on attachment since the beginning of September in a deal best described as a "transfer of grey matter" rather than a sale of equipment.

A spokesman for Aerospatiale's helicopters division said: "This is fantasy — I don't believe it. But I will be checking."

In Pretoria, an Armscor spokesman declined to comment.

The newspaper said Aerospatiale, which had been helping SA uprate its Puma military helicopters since 1981 by sending parts through intermediaries such as Israel and Algeria, had now stepped in to help it build a new combat helicopter.

Former President Valery Giscard d'Estaing imposed a ban on French arms sales to SA after a mandatory United Nations embargo in 1977.

President Francois Mitterrand's administration, since coming to power in 1981, has been outspoken in its criticism of apartheid.

Commercial links have continued, though Prime Minister Laurent Fabius announced a halt to all new investment and the recall of France's ambassador in July in protest against the state of emergency.

Le Quotidien said Aerospatiale's move to help SA build its own combat helicopter followed a US refusal to sell advanced Black Hawk aircraft to Pretoria.

It named senior Aerospatiale personnel it said were involved in setting up the deal, adding that it believed payment was being made through the Netherlands, though it was unable to quote any figures.

France is the world's third largest arms exporter after the United States and the Soviet Union, and the second largest supplier to developing countries after the Soviet Union.

"Arms exports constitute a far from negligible source of revenue for France," *Le Quotidien* said.

"But the operation being mounted to help Pretoria build its own helicopters brings up the question of governmental hypocrisy and which course to follow." — Sapa.

27/11/83

Pull-out by Renault would make 500 jobless

66

Motoring Editor

UP to 500 workers in the motor industry in the Western Cape could be jobless next year following strong rumours that Renault might follow Peugeot and pull out of South Africa.

Peugeot's closure of its car manufacturing operations in South Africa has placed a question mark over the future of Renault.

Yesterday's shock announcement by Peugeot has fuelled further speculation about Renault, especially in view of the strongly anti-South African stance taken by the French government which owns Renault France.

Renault South Africa is scheduled to make an announcement of its own tomorrow afternoon — one which "involves other manufacturers" according to a spokesman.

A Renault withdrawal would have a marked effect on the economy of the Western Cape.

SCOTCHED

Renaults are being assembled at Leyland's assembly plant in Blackheath and on present volume, this would mean that up to 500 Cape workers might be jobless early in the new year.

Peugeot's withdrawal has already affected Leyland as an expected marketing link-up between Peugeot and Renault, which would have led to the assembly of Peugeot at Blackheath, has now been scotched.

Peugeot said yesterday that "with reluctance Automobiles Peugeot has decided that the manufacture of the 504 and 505 ranges will be suspended in South Africa".

Renault sold 8 440 cars in the first 10 months of the year giving it 5.4 percent of the market.

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Renault pulls plug on SA operation

64

By Jeremy Sinek

Star 23/11/85

French car manufacturer Renault is to withdraw from the South African market.

In a statement yesterday afternoon, Euromotors (Pty) Ltd, which operates as Renault Africa, quoted "the severe deterioration of the economic environment, the sharp drop in the value of the rand and the decline of the car market" as reasons for ceasing assembly of the Renault 9 and 11 models.

Yesterday's development, following a similar withdrawal by Peugeot on Wednesday, brings to five the number of car marques that have left the local market in the past three months.

On September 18 Alfa Romeo pulled the plug on its South African operation, taking with it Daihatsu and Fiat.

The Renault withdrawal also has serious repercussions for Associated Vehicle Assemblers (Pty) Ltd, which manufactures the Renault cars at the former Leyland factory in Elsies River, Cape Town.

AVA managing director Mr R H Clarke predicted that termination of the Renault manufacturing agreement at the end of December will mean the loss of approximately 500 hourly and salaried jobs.

However, he said that other

● To Page 2, Col 8

Renault to withdraw from SA motor market

Star 23/11/85

64

● From Page 1

contract assembly activities for Leyland heavy trucks and Land Rovers will continue unaffected. Leyland Vehicles South Africa recently announced major strategic plans for future growth and has spent R2,5 million on upgrading its head office and parts centre at Elandsfontein.

For its part, Renault emphasised that the cessation of manufacturing does not affect the supply of parts and continuing service assistance, which will be maintained through the company's existing network of 130 dealers.

With Renault the smallest remaining car manufacturer after Alfa Romeo and Peugeot, the company's withdrawal had been widely predicted — especially after the months-long talks between Renault and Peugeot about possible joint operations ended instead in Peugeot's decision to pull out.

With the merging of Ford and Sigma into Samcor, this latest development means that in the course of 1985 the number of car manufacturers in South Africa has been reduced from 10 to seven.

However, motor industry experts believe there will have to be still more closures and/or mergers if the over-traded South African industry is to have any hope of becoming viable again.

The commonly quoted model is the Australian industry, where only five car manufacturers serve a market that is significantly larger than South Africa's. It has been suggested that a maximum of three manufacturers would be a suitable figure for this country.

Of the seven present car manufacturers, three — Toyota, Samcor and Nissan — are South African-owned. The German manufacturers Mercedes-Benz, Volkswagen and BMW are owned by their respective parent companies, but have thus far remained relatively free from politically inspired disinvestment pressures.

Renault to leave SA market

W/i Argus 23/11/85

Weekend Argus Correspondent

JOHANNESBURG — French car maker Renault is to withdraw from the South African market.

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● See Page 10

Renault in last-ditch bid to stay

64 1/12/85 S. Times

By Don Robertson

AS South Africa's vehicle makers discuss how to reduce their numbers still further, Renault is making a last-ditch effort to stay.

Renault announced 10 days ago that it was pulling out of SA, but it is now holding discussions with BMW.

In other developments in the hard-pressed motor industry this week, BMW and General Motors discussed rationalisation and Samcor announced that its Neave assembly plant in Port Elizabeth would close with the loss of 1 300 jobs.

Shrinking

The industry has the capacity to produce 550 000 to 600 000 vehicles annually. But the market is unlikely to rise much above 375 000 units for the next two years.

Decisions by Alfa Romeo and Peugeot to withdraw will have little impact on the market. Between them they had only 4% of sales.

In the first 10 months of this year, total vehicle sales were down by 28% on the same time last year. It is estimated that about 41 000 workers have been laid off in the manufacturing and component industries since June last year.

Johan Theron, public affairs manager of Renault, confirms that talks are taking place with another manufacturer aimed at a continuation of production, either on a contract basis or as a franchise. This could involve the Renault 9 and 11 or any other model in its range.

A deal could also involve the marketing of the cars.

Pierre de la Rey, head of public relations and corporate planning at BMW, says he cannot deny that the two companies are talking.

"We are exploring several options. They do not concern take-overs or mergers, but are aimed at manufacturing co-operation."

Problems

Mr de la Rey says the discussions talks involve three problems — the sharp fall in vehicle sales, huge overcapacity in the industry and the rand's collapse which has increased production costs.

Mr de la Rey is unable to confirm that BMW is talking to General Motors. However, he says most manufacturers are looking at rationalisation options.

"One possibility is that manufacturers will move a product range from one factory to another to gain from economies of scale.

"With the battered rand and the enormous cost of upgrading a plant it makes sense for a manufacturer with an old factory to negotiate a production contract with a newer, underused plant."

Manufacturers are investigating closer co-operation between dealer networks, especially in rural areas where the slump in sales has reduced profitability.

"If these dealers could display additional lines, they could improve profitability."

Costly

Explaining Renault's second thoughts, Mr Theron indicated that production at the Leyland-owned Associated Vehicle Assemblers (AVA) plant at Elsies River, Cape Town, had become too costly.

AVA had been operating on

□ To Page 3

Renault hangs on

64 S. Times 1/12/85

□ From Page 1

a two-week-on, two-week-off basis for some time and the disruption had reduced efficiency. In addition, most of the cars had to be transported to the Reef for sale, incurring additional costs.

A move to the Reef and a manufacturing agreement with another producer based on a lower cost structure could presumably allow Renault to weather the next few years.

Sensible

A link between the two manufacturers would make sense. Mr de la Rey says: "The obvious way to go is to put several lines into one factory and operate all on the same cost structure. Because of the need for this, we have had talks with others as well."

Should the talks prove unsuccessful, Renault will stop production at the end of December. Stocks and planned production until the yearend are 2 700 cars, excluding November and December sales which are likely to reach about 750.

Discounts

No decision has yet been taken as to how the surplus vehicles will be disposed of, but the company insists that no up-front discounts will be offered.

Renault offers a 9% hire-purchase deal, but Mr Theron says the car is sold at the original price.

"We will avoid offering discounts. We would not like the image of the car to suffer in case negotiations prove successful."

Only a few dealers have cancelled their arrangements with Renault. An estimated 60 000 Renault cars are on the roads, and many dealers will continue to offer parts and service.

'French Connection' training scheme

(64)

c. Pres 15/12/85

THE PARIS Chamber of Commerce has launched a R1,3-million scheme to train black business managers in South Africa.

The scheme is being run in conjunction with the Urban Foundation, the National African Chamber of Commerce and the Black Management Forum.

Prospects Reporter

It is designed to be a major thrust into the area of social responsibility by French business and is similar to other training schemes instituted by the Chamber in Third World countries such as Senegal and the Ivory Coast.

Called the Joint Management Development Program, the project will be spread over three years and give candidates the opportunity of learning business management skills.

A number of SA companies with French connections have been contracted to take part by sending their staff to for courses.

The sponsoring companies are the French Bank of SA and Roussel Laboratories in conjunction with the Paris Chamber of Commerce and Industries.

Companies involved in the scheme in SA are African Explosives and Chemical Industries, Barclays National Bank, Barclays Industrial Bank, Comiat (SA Branch), Firestone, Liquid Air, Mobil, Nedbank, Powerline, SA Perm, 3M, Stannic, Total, United Building Society and SA Nylon Spinners.

The JMDP, spread over three years, comprises:

★ Ten weeks a year of off-the-job training and development by the sponsoring and participating companies, business schools and consultancies.

★ An in-company support program to help the participating companies with the management of on-the-job development and advancement of those on the program.

There have been non-racial approaches to management development before in SA, but certain factors make the scheme unique.

These are:

★ The strength of a joint effort by the founding bodies and some SA companies.

★ The international expertise of the Paris Chamber and its experience in Senegal and the Ivory Coast, where it has developed several highly successful co-operation projects.

★ Full black participation through Nafcoc, BMF and other black specialists so that the JMDP will not be another program "by whites for black people".

★ The full backing of the Urban Foundation.

★ Freedom to draw on the best available resources in the field of management development.

★ A high level of commitment from participating companies.

★ A focus not only on training and development but also on measurable specific advancement targets.

★ High potential participants with an average of 10 years work experience.

For further information contact:

★ Clive Acton ☎ 728-1296/7 or 728-6889.

★ Stewart Carlyle ☎ 833-1620.

FOREIGN FIRMS IN SA — FRENCH.

1987 — 1990

France due to consider new sanctions against SA

2/4/87 STAR 64

France and Zimbabwe have indicated that they intend taking further punitive action against South Africa. At the same time the Israeli Defence Minister, Mr Yitzhak Rabin, has said the imposition of sanctions on South Africa could serve as a precedent for a similar embargo by the rest of the world against Israel.

Zimbabwe Prime Minister Mr Robert Mugabe told Parliament yesterday that the country had not dropped its plans to impose economic sanctions against South Africa.

Speaking during Prime Minister's question time, Mr Mugabe said: "Sanctions are coming."

In Paris the French Foreign Minister, Mr Jean-Bernard Raimond, will today announce a major diplomatic initiative regarding sanctions.

The initiative concerns a special French diplomatic mission to the six Frontline states over the next two months.

Mr Raimond will tell the ambassadors of the six states that France's highest ranking ambassador, Mr Fernand Wiboux, will be sent on mission to their capitals.

His lengthy "mission of information and evaluation" will start on Monday.

Mr Wiboux does not appear to have any plans to visit Pretoria.

The sanctions Israel is imposing on South Africa could serve as a precedent for a similar embargo by the rest of the world against Israel, Defence Minister Mr Yitzhak Rabin said yesterday in Tel Aviv.

"We know what it means to be sanctioned, embargoed, when your enemies are all around you," he said.

In Harare Prime Minister Mr Robert Mugabe yesterday told Parliament that Zimbabwe has not dropped its plans to impose sanctions.

Both Zimbabwe and Zambia would impose their own package of economic embargoes, but were working on "certain arrangements", he said.

Mr Mugabe appealed to businessmen to prepare for sanctions.

And in Dar es Salaam a leading Kremlin official has announced the USSR is to increase its aid to Southern African "liberation movements".

Mr Pavel Gilashvili, vice-chairman of the Soviet parliament, made the announcement at the end of a tour of the Frontline states. — The Star's Foreign News Service.

D/D 13/4/88 (64)

TTA reaffirms SA commitment

CAPE TOWN — TTA, an associated company of France's largest private ship-owning group, Delmas Vieljeux, has reaffirmed its commitment to South Africa by moving directly into the local market.

TTA controls 60 per cent of France-South African business. —DDC

(14)

Chemical workers call for international help

THE Chemical Workers Industrial Union (CWIU) is calling for international support in its bid to improve working conditions at Southern Petroleum Logistics (Sopelog).

This follows an industrial court judgment in July that riggers operating outside of South African territorial waters — which extend 12 nautical miles although still within the 200 nautical mile economic zone — fell outside of the protection of South African labour law.

Although the Sopelog workers, who work two weeks on rigs and two weeks off, are employed by an international company in Cape Town and are paid in rands, the industrial court has no authority to intervene.

Sopelog is a subsidary of a French-based drilling company, Forasol Foramer, which employs 2 700 workers world-wide and is owned by companies based in France, Belgium and the Netherlands.

Employs

Sopelog is contracted out by Soekor to undertake offshore oil-drilling. It employs about 300 people, a third of whom joined CWIU in the last two years. Negotiations between CWIU and the company over recognition, wages and working conditions broke down at the end of last year after disagreement about contracts which workers were asked to sign by management. CWIU later agreed to compromise with management but the company closed negotiations in May this year saying it preferred that proceedings continue in the Industrial Court.

Decision

The court's decision, in the opinion of labour experts, has far-reaching implications and means that if a worker is treated unfairly outside the official borders of the Republic he cannot apply for relief under South African labour law.

This would apply to the Bantustans where even if a worker was recruited in South Africa and then taken by an employer to work in a homeland, he would fall outside of South African labour law.

NO BRAKES ON ADCO's TURNOVER RISE

64

CHARLOTTE MATHEWS

ONE of the success stories for Associated Diesel Holdings (Adco) in the six months to December was the strong sales of the Telma braking retarder, which helped lift turnover 35%.

French-manufactured Telma, for which Adco is the only SA agent, offers benefits in greater road safety and economy and represents a larger capital item than the smaller parts in which Adco mostly specialises.

Attributable income was R984 000 (R707 000) and earnings rose 30% to 5,7c a share (4,4c) on an increased number of shares in issue.

Interest-bearing debt increased significantly from R917 000 to R5,3m owing to the installation of a computer system to improve control of stock and debtors.

This pushed up gearing from 12% to 54% for the automotive components distributor. Interest paid amounted to R410 000 (R364 000) and is expected to increase this year.

B/Day 17/2/89

The teething problems of the new system are expected to be resolved by the end of March 1989, says financial director Colin Eddey, and when it is successfully completed it will facilitate improved working capital management.

Chairman Ronald Norwitz predicts earnings in the second half of the year will exceed those of the first half. Most of the company's growth has been organic but it is interested in expanding its manufacturing operation, possibly in conjunction with an overseas licenser.

BUSINESS

Apple spells out conditions for SA reinvestment

BDay 20/10/89 ROBERT GENTLE (64)

LONDON — Apple Computer, which disinvested from SA in 1985, said yesterday it would consider returning to SA if political change there was "significant".

Speaking from the company's European HQ in Paris, which used to serve the SA market, spokeswoman Marie-Dominique Picasso said: "We would reconsider our position, but only at the highest level. Change would have to be significant."

For now, however, Apple remained committed to its policy of disinvestment "in protest against the apartheid regime and policies still practised in that country today".

Apple was reacting to suggestions in the SA print and TV media earlier this month that the company was about to launch a comeback because of growing demand in SA for its sophisticated equipment, particularly the Macintosh PC.

In May, the SA insurer Auto & General bought 400 Macintoshes from the privately owned Strider Group in what is thought to have been the largest deal of its kind.

Strider MD Gerry Aab, who opened a new HQ in Sandton earlier this month in a blaze of publicity, spoke in the Financial Mail of a *de facto* market for Apple computer equipment.

Unauthorised

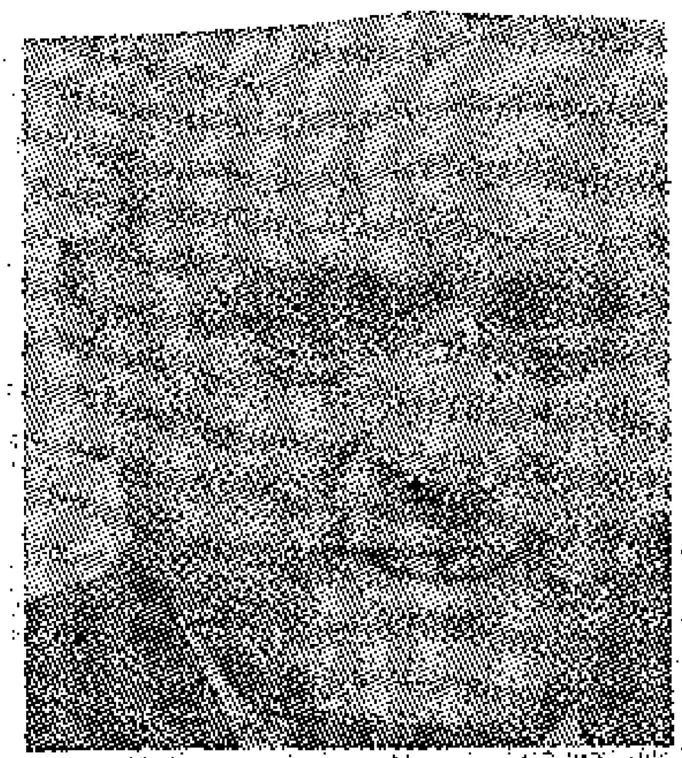
Making the point that he did not represent Apple, nor was Apple reinvesting in SA, he predicted the US company would officially resume trading within a year.

Asked to comment on this, Picasso said: "Any Apple products currently being sold in South Africa were brought into the country through unauthorised channels.

"We feel it is not in the best interests of individuals to purchase Apple products through unauthorised resellers who are unable to provide qualified support."

Apple did not know how its products were finding their way into SA, she added, and was "investigating" this.

Informed sources close to Apple in Paris said that while the company was probably delighted at the demand for its products in SA, it would not risk the adverse publicity of a premature return.



JAN TIMMER . . . a friend at the top table

Top job goes to ex-SA chief

64

S/Times 22/4/90

Business Times Reporter

JAN Timmer, chief executive and chairman of Philips SA from 1976 to 1981, is to head the company worldwide.

Mr Timmer will succeed J C Klugt as president of the company and chairman of the board of management, on July 1, 1991. Mr Timmer, a member of the group management committee and chairman of the consumer electronics division, will become executive vice-president and vice-chairman of the board of management from July 1 this year.

Mr Timmer also served in Ethiopia.

Philips SA marketing manager Fred Wollner says: "This appointment will be beneficial for South Africa. Philips SA has not been a growth point for the international parent because of sanctions.

"The political changes taking place and a good friend of South Africa's at the helm, should ensure improvements. Mr Timmer had a successful term in South Africa, building up consumer electronics to the largest division in the company here."

The division includes TV, audio and video equipment and small domestic appliances.

Uneasy truce as Sun Life edges ahead

Genbel's acquisition of a 6,3 percent stake in Liberty Life's UK investment arm TransAtlantic has focused attention on the performance of life insurance group Sun Life, one of TransAtlantic's key subsidiaries. In this analysis The Independent newspaper reviews the prospects of the company, which is effectively controlled by French and South African interests.

LONDON — In the next few days shareholders of the Sun Life insurance company will receive the company's report and accounts. The figures will detail past trading in the financial year ending last December and outline prospects for the next 12 months. But the question uppermost in shareholders' minds will not be answered. How long can Sun Life retain its independence?

Already Sun Life is effectively controlled by South African and French interests. Its largest shareholder is Transol Investments, part of TransAtlatic holdings, the British interests of the South African insurance and finance group, Liberty Life.

Transol holds, 29,8 percent of Sun Life's shares. Its other main shareholder is Societe Centrale Union es Assurance de Paris (UAP), the large French state owned insurer, with 25 percent.

This multi-cultural ownership is the product of Sun Life's long running battle with Liberty Life's interests, which have long wanted control of the company.

The relationship with Liberty Life and Sun Life dates back to 1980, when the South Africans acquired a 9,6 percent stake in the British insurer from the Kuwait Investment Office, which lifted its total shareholding to 10,2 percent.

In 1982, after a series of purchases in the stock market, Liberty Life's stake reached almost 24 percent.

Sun Life was under siege. Enter Peter Grant, an urbane merchant banker and a former director of Lazards. He became chairman of Sun life in 1983 and since then has been largely involved in devising takeover defences.

Matters came to a head three years ago, when TransAtlantic attempted to place three of their representatives on the board after repeated requests had been turned down by Sun Life.

"Liberty is trying to get control of your company through the backdoor and it must not be allowed to succeed, warned Mr Grant at the time.

Sun Life objected to Liberty because it argued that its British operations, which control an investment trust, a property company and the Sun Life shareholding did not add up to the right sort of experience for running a British insurance company. He fought off the attack.

	Insurer	Income (£)
1	Prudential	3.80bn
2	Standard Life	1.80bn
3	Norwich Union	1.50bn
4	Legal & General	1.46bn
5	Sun Alliance	860m
6	Commercial Union	804m
7	Friends Provident	781m
8	Provident Mutual	779m
9	Allied Dunbar	761m
10	Eagle Star	734m
11	Scottish Widows	702m
12	Sun Life	696m

Source: Smith New Court

Life insurance premium income (1988).

Pressure on the Sun Life board continued. In 1988 Mr Grant came up with a banker's solution to break down the influence of Liberty and TransAtlantic.

A link was forged with the French insurance group UAP in an effort to dilute the shareholding of Liberty Life. The battle flared up again as TransAtlantic opposed the move.

Last year TransAtlantic reached an agreement with UAP whereby TransAtlantic agreed not to make an offer for Sun Life without the prior agreement of the French interest holder.

TransAtlantic has the right to give notice requiring UAP to acquire its shares in Sun Life for a cash price which is set out by the South Africans. An uneasy truce now exists between Sun Life and Liberty.

All of this has sapped the energy of the management of Sun Life, but there are signs that it is at last finding sufficient time to develop the business.

In March, the group announced it was setting up a non-insurance holding company to by-pass the regulatory hoops which control life insurance businesses. It will allow Sun Life to add on to its operations related financial service activities, not necessarily in the field of life insurance.

This was a move opposed by TransAtlantic three years ago but which, in the calmer climate, has been supported now. Both TransAtlantic and UAP have two representatives each on the board of directors of Sun Life.

Analysts expect that once the holding company is in place around June, Sun Life may mount a rights issue to fund future expansion.

Roughly three quarters of Sun Life's new life insurance business comes from independent financial advisers, but the group has been building up its sales force.

Sun Life's direct sales force now numbers 750. It will be built up further, but the company stresses it has a desire for controlled growth.

On the international front, Sun Life is working with UAP in an effort to develop its products and marketing skills in other countries. At least one European project is expected to begin this year.

Ultimately, it will be the ambitions of the two major shareholders which will determine the direction of Sun Life. The French insurance sector is determined to expand to compete in the European market for services.

TransAtlantic remains enigmatic. Its chairman, Donald Gordan said that the purpose of its concordat with UAP was to reduce the uncertainty and instability within Sun Life which has resulted from them owning more than 50 percent of the company's share capital. Yet Mr Gordan's business plans involving Sun Life remain unstated.

As for Mr Grant, he remains wary.

Peter Grant, former banker, who defends Sun Life from takeover.

French company taken over

EDWARD WEST

IMS Process Plant has acquired Aquazur, an SA subsidiary of one of the world's largest water treatment companies, the French company Degremont.

IMS CE Allan Whittaker did not want to announce the purchase price of the acquisition yesterday, but said the move was an expansion of its process related services in water treatment activity.

IMS is a supplier of process technology and equipment to the mining, steel, chemical, petro-chemical and food processing industries.

It had been involved on the fringe of water treatment activities for a number of years, but the addition of Aquazur, which would operate as a separate subsidiary, would bring a broader range to IMS activities, he said.

SBSA gets go-ahead to rescue African bank

STAR 30/4/90 (64)

By James Tomlins, Foreign Staff

PARIS — The French government has dropped its initial opposition to Standard Bank of South Africa (SBSA) saving a major African bank operating in 16 countries, it was learned here over the weekend.

The ANC was contacted in Lusaka, and said "there are no objections from our side".

They were referring to the recent offer made by the SBSA to invest massively in the prestigious, but ailing, Banque Internationale pour l'Afrique Occidentale (BIAO).

BIAO employs 8 000 in 17 branches in 16 French-speaking African countries, with offices in Hamburg, London, Luxembourg, Monaco and New York.

France's BNP bank — one of the country's Big Three — which has a majority share in BIAO started a crisis when it decided six months ago to withdraw its holding owing to heavy losses.

African banks in the struggling BIAO group had previously accused BNP of rushing in to strip the group's assets and ignoring a deal with SBSA which would have given them time to produce a recovery plan.

Managing directors of the bank's branches said they had no objections to Standard Bank SA taking a share in the (BIAO).

The BNP reflected French business thinking that banking operations in Africa suffered from loose government financial practices and staff problems.

Its branches faced massive embezzlements, loan failures and unacceptable government pressures.

BNP took a controlling 51 percent share in BIAO in 1988, but is seeking to sell its stake.Bankers said France accepted BNP's withdrawal from the African bank after it lost some $105 million last year, doubling the 1988 loss.

French press reports said BIAO needed $210 million to cover losses for its Paris operation alone.

BNP has 42 percent of the BIAO shares which would presumably be taken up by SBSA.

Other major shareholders include Banco da Brasil (20 percent) and the Union des Banques Suisses (20 percent).

The Standard's move has been fully supported by Alassane Ouaattara, director-general of the Abidjan-based Banque centrale des Etats de l'Afrique de l'Ouest (BCEAO), an umbrella body.

He previously put the case strongly to French Finance Minister Pierre Beregovoy on April 4.

SA spring water is bubbling to the top

64

Star 29/5/

The recall of 120 million bottles of Perrier water worldwide after traces of benzene were found in samples has boosted local mineral water brands, one of which experienced a 25 percent increase in sales.

But although Perrier "lost its fizz" for a few months, it's back on the shelves again.

Local producers say contributing factors to their increases sales are the growing popularity of mineral water here and the fact that imported brands have moved up in price because of the import surcharge.

A local mineral water on the up-and-up is Schoon Spruit which is comes 2 800 m below the Magaliesberg and bubbles out at the Monte Christo rock formation near Ventersdorp.

Which means it's more "natural" than Perrier from Vergez in France which now bears new labels reflecting, for the first time, that it actually contains water and carbon dioxide and — when appropriate — lemon, lime, cherry and orange.

It is still astonishing that people can be persauded to pay for something which is either just *gewone* soda water or comes conveniently from a hole in the ground.

Schoon Spruit, says Malcolm Wood, marketing director of Beechams South Africa, was rated a number one mineral water at the International Wine and Food Society's annual "water" tasting last year.

Mineral waters, especially Perrier, are status symbols and no yuppie would lunch out without calling for a "natural" mineral water.

Other local brands are Valpre and Aquamine, but Schoon Spruit, I'm informed, will be the official drink of Suzette van der Merwe, Miss SA 1990.

EC sanctions policy will guide French loans to SA

Star 8/6/90

64

PARIS — French banks have told Eskom that they are willing to lend it money but an end of EC sanctions would make that easier, a senior Eskom official said in Paris on Thursday.

The banks also wanted to see the political situation in South Africa become more stable, Eskom finance director Mick Davis told Reuters.

"They say financing depends on two things. The direction that the European Community and others take with respect to sanc tions and stable conditions in South Africa," he said.

Mr Davis said this was the first time Eskom had returned to the international market seeking cash since European Community sanctions were imposed in 1985.

His visit coincided with the arrival in Paris of South African ANC leader Nelson Mandela, who was given a high-profile welcome by French President Francois Mitterrand.

The EC is due to discuss the situation in SA at its summit in Dublin later this month. The state-owned Eskom is seeking money to partly refinance bond issues falling due in 1990 worth some R700 million. — Reuters

France keen to invest in Southern Africa (64)

w/ Mail 29/6/90

By JOHANN VAN HEERDEN

FRENCH business is keen to invest in the potentially lucrative Southern African markets, but wants the governments of the subcontinent to structure themselves into a cohesive economic unit.

This was the conclusion reached at the end of a three-day visit to Namibia this week by a delegation of 30 representatives from powerful French companies.

"We have decided to encourage our members to come to Southern Africa to invest," Jean-Pierre Prouteau, chairman of the Africa committee of the Federation of French Business Executives (FFBE), said.

"But it is a priority that you organise yourselves, because it is not easy to establish new economic relations." Proteau emphasised that Africa's economic destiny was firmly linked to Europe, as the two continents formed a natural economic subregion in global terms.

"About 70% of Africa's exports go to Europe and about 70% for Africa's imports come from Europe," he said. "There is a reciprocal need for support between Africa and Europe."

Stressing the urgency for vigorous economic development in Africa, Proteau said there were presently 550-million people living in the continent, but the figure would double to 1,1-billion in barely 20 years time.

About 1 500 French companies are now active in Africa, mainly in the western and central parts, generating a turnover of about R50-billion a year and employing 400 000 Africans.

Continuous training programmes by the French have promoted the African section of middle management to 68 percent.

A former French cabinet minister, Proteau said the French private sector had indentified Southern Africa with its 110-million inhabitants as one of the three major economic regions in Africa.

To ensure economic growth, Southern Africa should ensure that it exported at least 30 percent of its manufactured goods, and import about 30 per cent of its consumer goods, and engage in cross-investment and diversification.

"Otherwise you are going to be weak, which will not be in your interests and not in our interests," Proteau said.

The FFBE would be formulating investment policy for the next 10 years, and to begin with, small specialised French missions would visit Namibia in the next few months to identify projects for investment.

At the same time, a Franco-Namibia economic committee and working groups would be formed. "We have confidence in the economic future of Namibia," Proteau said.

The newly-independent government had displayed a remarkable economic vision of the role of the private sector, "something which has not been known to us in Africa until about five years ago."

The FFBE represents French commerce and industry on an organised basis. — Sapa

French eye Southern Africa

Star 2/7/90 (64)

WINDHOEK — French business is keen to invest in the potentially lucrative Southern African markets, but wants the governments of the sub-continent to structure themselves in a cohesive economic unit.

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"We have decided to encourage our members to come to Southern Africa to invest," said Jean-Pierre Prouteau, chairman of the Africa committee of the Federation of French Business Executives (FFBE), who headed the delegation.

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The newly independent government had displayed a remarkable economic vision of the role of the private sector, "something which no known to us in Africa until about five years ago." — Sapa-Reuter.

Philips faces restructuring, retrenchments

64

BDay 26/7/90

MELANIE SERGEANT

A RESTRUCTURING with some retrenchments is probably on the cards for international electronics conglomerate Philips, which posted disappointing first-quarter results.

On turnover of between R75bn and R80bn this year, the group is projecting losses of R2,5bn.

However, Philips SA MD Frank Touwen says the local group is profitable and no major changes are expected.

The losses worldwide were blamed, among other things, on Philips's Information Systems and components business. High investment in chip manufacture led to losses because prices did not hold up as strongly as the group had envisaged. This loss-making business is thus facing some rationalisation.

The Data Systems business also lost money in pursuing proprietary computer systems. Its focus has shifted to open systems.

Philips SA to escape the axe

PHILIPS SA hopes to avoid big staff cuts being made by beleaguered Philips International.

Philips of Eindhoven will report a R2-billion loss on R80-billion turnover this year and lay off 10 000 people.

SA managing director Frank Touwen says: "Strategic choices concerning products and drastic cost reductions will be undertaken. Most of the retrenchments will be in Europe."

Two-thirds of the 300 000 global workforce is employed in Europe. Mr Touwen says: "We are profitable in SA and do not expect mass retrenchments.

By DIRK TIEMANN

We will continue to evaluate our business and make adjustments where necessary.

"Disinvestment pressure in the past ensured that we provided a satisfactory return to our shareholders."

But Mr Touwen says Philips SA is restructuring its information systems division to cut losses.

Philips SA sees its future information systems market in strategic products, such as PCs, "in which we are only a small player worldwide, but which will be of long-term importance".

S Times 5/8/90.

Tubes

"We are a major player in components, the biggest supplier of picture tubes in the world. We are not a big computer vendor, but we will stay in markets which are vital to our long-term future.

"Philips is the dominant player in the South African PABX and mobile radio markets. The recovery programme for the information systems division has no bearing on the strategic position of Philips in communication systems.

"Philips SA is important as an export springboard to sub-Saharan Africa. We have the manufacturing facilities and are major suppliers to surrounding regions. Agents are in Lesotho, Swaziland, Botswana and Namibia."

The Dutch electronics group faces action by a shareholder group in the US because of the losses.

The London Financial Times last week reported that new Philips NV president Jan Timmer — a former head of Philips SA — said the group will not withdraw entirely from computers or computer chips.

Mr Timmer is reported to have said: "In information systems we will make major reductions in in-house development and in-house assembly. In the long term we do not rule out the possibility of partnerships with others, but not until we have our house in order."

64

Sour

Mr Touwen says major problems exist in information systems and components. "Large investments were made, but world prices did not increase in line with them. Data systems and PCs were losing money because of low-volume sales in Europe."

Sour industrial relations in SA have not left Philips SA unaffected. Human resources director Jeremy Pollock says Philips SA faces possible strike action.

"The National Union of Metalworkers of SA has balloted members on whether to call a national strike. A decision will be taken on August 18."

French multinational's Altech deal is tied up

(64)

BDay 8/10/90

ZILLA EFRAT

FRENCH-based multinational Alcatel has taken a 5,9% stake in electronics and telecommunications group Altech through its local subsidiary Fulmen Telecommunications in a R43,2m share deal, Altech announces today.

It was also announced in Europe at the weekend that Alcatel, the world's second largest telecommunications and electronics corporation, had acquired control of electronics giant Telettra of Italy.

This deal forms part of an overall rationalisation between CGE, Alcatel's holding company, and Fiat worth Ff2bn. Telettra's SA associate, Telsaf, is already part of the Altech stable.

In the local deal, Altech will acquire Fulmen's 12,54% stake in Altech's subsidiary Standard Telephones & Cables (STC). Fulmen will subscribe for 620 000 new Altech ordinary shares at R69,66 a share. The deals are roughly equivalent in value.

Alcatel is closely affiliated with STC through a licensing agreement. The transaction will serve to re-inforce the role of Alcatel as Altech's principal technology partner, says Altech.

Alcatel CIT chairman and CE Pierre Guichet has been appointed to the Altech board.

The deal's immediate financial effects on Altech's earnings and net asset value per share are minimal. But it will open up significant expansion opportunities for Altech and its holding group, Altron.

The transaction is subject to the finalising of certain conditions and is provisionally effective from September 1 1990.

Storm brews as company retrenches union leader

Star 24/10/90

(64)

By Brendan Templeton

The president of the 40 000-strong Chemical Workers Industrial Union (CWIU), Calvin Makgaleng, no longer has a job — he has been retrenched by his employers, Liquid Air.

This has sparked off a bitter row between his union and the French multinational, with the union accusing management of union bashing and the company threatening to sue the union and anybody who repeats its allegations.

CWIU spokesman Meshack Ravuku said in a statement that Mr Makgaleng was retrenched after being with the company for 13 years.

Liquid Air is remaining tight-lipped. A company spokesman was not willing to discuss the union's allegations further than referring to a lawyers' letter.

The letter said the company regarded the matter as sub judice because it had been referred to arbitration.

Mr Ravuku said wives of retrenched workers would hold a demonstration outside the company's head office today "where they will be showing their anger".

Pretoria firm wins French contract

64

ROBERT GENTLE

ACCOR, the world's largest hotel chain, which has its headquarters in France, has awarded a R6,5m contract to Pretoria computer company Astro Technologies for software and computer equipment.

The software and computer equipment will be used by Accor's data processing arm Prologic for about 458 hotels worldwide. B/Day 29/10/90

It consists of a hotel management package called Astrotel which runs on a 100% SA-designed and manufactured ultra-slim desktop computer.

Prologic international marketing director Antoine Medawar said in a statement at the weekend that his company had investigated software from all over the world before settling for Astrotel.

"We chose it because we were impressed by the system, which is easy to install and operate, yet provides extensive information in the form of advanced management reports."

Mel Cunningham, MD of Astro's parent company DMS Computers, said Astrotel computers would be set up in the 458 hotels over a three-year period.

"We decided to aim at the overseas market and invested a substantial amount over two years to develop the package.

"The risk has certainly paid off," Cunningham said.

Astrotel will be promoted at the New York and Paris hotel shows in November this year.

French group invests in SA venture

Star 7/11/90

64

By Roy Cokayne

An investment of about R1 million has been made by the French-based Faiveley group of companies and two local partners in a plant in Rosslyn near Pretoria to produce a range of railway equipment and systems.

The local manufacturing subsidiary, Faiveley Industries (Pty) Ltd, is also set to provide a boost to South Africa's export drive.

Faiveley group chairman Mr Alain Bodel said: "We are at the point of signing an agreement with a local partner for the manufacture of train door mechanisms".

The company's ultimate objective is to establish facilities in South Africa to manufacture the group's products such as pantographs for export to countries outside the Republic.

S Star 23/11/90

(64)

Fintech in joint venture with hi-tech French firm

A R30 million electronics joint venture company, which includes a R7,4 million investment from the Paris-based international telecommunications company Alcatel Business Systems, has been announced by Fintech.

Fintech executive chairman Dave Redshaw said yesterday his company put up R22,5 million for 80,1 percent of the equity with Alcatel — a group with annual turnover of R40 billion — holding the other 19,9 per cent through its local subsidiary Fulmen.

The joint venture company is being seen as the first tangible step in the long-predicted rationalisation of the South African PABX market.

"For a long time it has been our intention to obtain an ongoing, long-term and reliable source of leading edge technology. We see Alcatel, the world's largest telecommunication corporation, as the ideal technology partner," said Mr Redshaw.

Paris press groups plan SA 'invasion'

Star 13/12/90

64

Star Foreign Service

PARIS — Black Paris-based press groups are planning to open bureaux in Johannesburg, aiming at a vast new potential readership in South Africa, Zambia and Zimbabwe.

These groups, turning out French-language publications, will also branch into English.

The successful French-language weekly *Jeune Afrique*, celebrating its 25th anniversary, is hoping to open a bureau in Johannesburg shortly for its press agency DIFCOM. Later it will review plans for an English edition there.

Jeune Afrique has a readership of about half a million in France and Africa. The independent weekly is opposed to apartheid but has always adopted a moderate tone. Last month it organised a debate in its Paris offices with South African ambassador Hendryk Geldenhuys.

The weekly *Marche Tropicaux* (Tropical Markets) plans to publish a monthly bulletin in English in Johannesburg, and is seeking a distributor there. One of its directors is visiting South Africa shortly to study the local press scene. It will list prices of primary products in the world market.

The liberal evening newspaper *Le Monde*, listed regularly as one of the world's Top Ten newspapers, is preparing a special supplement on South Africa for December 20, bursting with ad vertisements.

The weekly *Voix Afrique*, published by Laurent Dona-Folga, with a readership of 200 000, and the widely selling monthly *Jeune Afrique Economie*, are also hoping to break into the SA press world.

Jeune Afrique Economie, was founded several years ago by *Jeune Afrique*, which later sold it to a dynamic African entrepreneur.

The leftist *Afrique-Asie*, which ceased publication here three years ago, is attempting a comeback, and might also join in the "South African press invasion".

It may also venture into South Africa's English-speaking neighbours, particularly Zambia and Zimbabwe.

FOREIGN FIRMS IN S.A — FRENCH

1991

French Bank helps form new group

Business Day Reporter

CIB Corporate Finance's management has formed a new financial services group with French Bank of SA, to be called FBSA Corporate Finance, the company said today.

FBSA Corporate Finance MD Inus Prinsloo said the association with French Bank was a vote of confidence in SA's future participation in international markets.

"(The link) will enable us to achieve our objective of expanding the client base significantly," Prinsloo said.

Prima Bank, which acquired the Cape Investment Bank Group in December, sold the corporate finance division to its management in January.

French Bank is part of an international group with strong connections with the EC and the Far East.

Major shareholders are Banque Indosuez with 54,6% and Barlows with 45,4%. B/Day 29/1/91.

French Bank MD and FBSA Corporate Finance chairman Francis Klein said the association would expand the services the bank could offer its clients.

FRENCH BANK FM 1/2/91

NEW LINK

64

Cape Investment Bank's (CIB's) corporate finance team is now part of an international network. It has tied up with French Bank of SA (FBSA), which is 55% owned by Paris-based international banking group, Banque Indosuez. The deal was completed on Sunday.

FBSA has invested R2,25m in FBSA Corporate Finance, giving it a 74,9% controlling shareholding. The 10-man corporate finance management team subscribed R750 000 and has 25,1%, capitalising the company at R3m.

FM 1/2/91 64

This follows a management buy-out of CIB Corporate Finance early in January from Prima Bank, which took over CIB in December. FBSA Corporate Finance MD Inus Prinsloo won't disclose a price but says it "was a premium to net asset value."

Prima decided not to keep the division, as corporate finance doesn't fit into its niche strategy. Management of the division is believed to have thought of buying out last year as rumours surrounding CIB began to harm business activities.

The new company will continue its corporate, project finance and investment banking activities and use its international links to gain overseas business. It will use its parentage to benefit local deals which need foreign access. "We are the only corporate finance operation with international parentage," says Prinsloo.

FM 1/2/91 64

The operation will have the benefit of FBSA's client base as well as its R50m capital base. "We do some large deals and needed the backing of a major shareholder," Prinsloo says. He says FBSA was chosen because it doesn't have links with large SA institutions, other than Barlow's 30% stake in the bank and can, therefore, operate relatively independently when structuring deals.

FBSA corporate banking GM Eric Maurin says the bank expects strong synergies from its new subsidiary. FBSA is involved in trade finance, foreign exchange and commercial banking. "We will be able to offer clients a wider range of services." It will also gain access to FBSA Corporate Finance's own client base. ■

French back SA deal

INTEREST in South Africa among foreign financiers continues to grow — as a major transaction this week showed. (64)

Compagnie Financier de Suez, one of the five largest companies by market capitalisation on the Paris bourse, backed management of CIB in setting up a corporate finance house in Johannesburg. S Times 3/2/91

An announcement said merely that the management team which bought CIB Corporate Finance a month ago had pooled resources with French Bank of Southern Africa to form FBSA Corporate Finance.

French Bank was described a "part of major international group based in Europe".

In fact, it is a subsidiary of Banque Indosuez, the investment banking arm of the Suez group, which operates in 65 countries on five continents — and now offers corporate finance in SA.

A London financial advisory house, Hambro Magan, which advised W&A UK subsidiary AAF on its acquisition of a major manufacturer of vehicle wheels, is also "vitally interested" in SA, says an AAF official.

French poised for business invasion

By Derek Tommey Star 20/8/91

South Africa can expect a substantial French business invasion — or "reconquest" as one Frenchman put it — soon.

French businessmen are impressed with what they have found here and intend to take full advantage of the opportunities afforded by this country.

This came out strongly in some extempore remarks by Bernard Cambournac, president of Paris Chamber of Commerce and Industry, yesterday.

Mr Cambournac told several hundred lunch guests: "We like South Africa. How satisfied and glad and proud we are to share in South Africa's future."

In his prepared speech Mr Cambournac told the guests that the Paris Chamber would promote interest among firms in its constituency in firms in the South African market.

"French and European companies can now take advantage of a new favourable economic and political climate and must once more head for the Cape and Johannesburg.

64

Joint ventures

"We must encourage them to set up joint ventures with SA firms, not only to serve the SA market, but also to gain a foothold in the other countries of Africa."

He said the Paris Chamber would develop and support networks, similar to those in European markets, which will provide permanent assistance for French firms operating in South Africa until the French Chamber of Commerce in SA was strong enough to take over this role.

Mr Cambournac did not spell out the extent of the support his chamber would supply but it could be considerable.

The Paris Chamber is financed partly by a tax on companies and has an annual budget of 4 billion francs (about R2 billion).

It represents 265 000 businesses and employs 4 000 people, many emgaged in providing professional training programmes for 11 000 students and 40 000 adults every year.

As a start to publicising trade opportunities with South Africa, the French Centre for Foreign Trade will hold a one-day seminar on South Africa in Paris in October.

The Marseilles Chamber of Commerce and the National Council of Councillors for French Foreign Trade are to hold similar seminars.

Frenchmen have hopes for SA trade

BiDay 23/7/91

ROBERT GENTLE

A DELEGATION of 75 French businessmen left SA last week after a two-week visit with high hopes for future trade and economic co-operation between France and SA.

"Our main task when we get back is to convince top management in France of the non-risk of SA from the point of view of the foreign investor," said delegation spokesman Philippe de Braquilanges. (64)

Problems the country faced such as lack of capital, limited skilled labour, relatively low productivity and a lack of competition were not insurmountable and the country had "enormous potential", he said.

French companies could be particularly useful in this regard because of their historic links with Francophone Africa, he said.

Sectors in which French companies could be particularly useful in SA were retail banking, computer systems, telecommunications, electronic security surveillance, building and construction.

"The banking and financial infrastructure is particularly sophisticated," he said.

France looks set to reopen business links

By James Tomlins
Star Foreign Service

Star 9/8/91

64

PARIS — The government last night announced a major political shift towards South Africa, interpreted here as the effective end of French sanctions.

Foreign Trade Minister Dominique Strauss-Kahn will visit South Africa from September 19 to 25.

It is to be the first bilateral visit by a French Minister since 1975.

Mr Strauss-Kahn's visit has the blessing of Prime Minister Edith Cresson, who brought him into her government when she was appointed three months ago.

Mrs Cresson in known to take a pragmatic view over foreign relations, and clearly has decided it is about time France resumed trade ties with South Africa.

Industry Minister Roger

French investors getting impatient with sanctions

Star 18/3/91

(64)

PARIS — French investors are getting impatient with the government's ban on new investment in South Africa, a senior industry spokesman said this week.

"The French government's position on new investment is more extreme than that of the European Community," Jean-Pierre Prouteau, president of the Africa Committee of the French employers' group CNPF, said in an interview.

"The EC has lifted its ban on new investment and we are waiting with growing impatience for the French decree authorising new investment in South Africa," he said.

France joined an EC trade embargo in 1986 to pressure the South African government to end apartheid. The EC agreed in December to lift its investment ban after Pretoria said it would end discrimination in living areas.

FOREIGN TRADE FM 5/4/91

VIVE LA FRANCE (64)

French investment in SA should pick up now that approval by the French Treasury is no longer needed.

The March 14 decree is further evidence that sanctions are being steadily rolled back.

It brings France, which boasts the fourth largest economy in the world, into line with other European countries which decided at an EC summit meeting in Rome on December 15 to ease financial sanctions against SA.

French and other European firms have been showing intense interest in reinvesting in SA since the reformist moves made by government have raised the possibility of trade links between SA and its international trading partners being normalised. Many see SA as the gateway to a developing trade with the African continent.

Emmanuel Greiner, acting-GM of the French Chamber of Commerce and Industry in SA, says: "There has been an explosion of interest in SA since the beginning of the year. In December it was extremely quiet but from January we have been flooded with letters and telephone calls from French companies seeking information on SA, or wanting to do business or invest here."

Since the beginning of the year his chamber has arranged three trips to SA by French companies — one wanting to buy food, another timber and steel and a third wanting to start a joint venture to produce processed food. Two large French companies also re-

FM 5/4/91 (64)

presented in SA by agents want to "expand and upgrade their operations here by opening branches."

Greiner says no major French companies — with the exception of Peugeot and Renault, which left in the mid-Eighties when passenger car sales collapsed — have divested from SA. However, he says there's "a possibility that Citroen, a subsidiary of Peugeot, will invest in Namibia. If that happens, it will obviously be able to sell cars into SA."

There's talk that a French ministerial delegation will visit SA this year. No date has been set but the delegation's visit may be linked to speculation that Europe will lift sanctions completely in June.

According to Philippe Abelin, deputy French Trade Commissioner in Johannesburg, the only sanctions still in force in France are those applying to military equipment and the import of SA coal, Krugerrands and steel. He adds: "The EC will decide when they are to be lifted. The next summit meeting is in June."

Des Colborne, director of the SA Foundation's Paris office, believes sanctions will almost certainly be lifted in June and that 1991 will mark a turning point in SA-France relations.

He says France, which has the biggest presence in Africa of any European country, at one stage thought that a presence in SA was in conflict with its wider interests in Francophone Africa. "I believe it has changed its strategy. It now believes the way into Africa, particularly sub-Saharan Africa, is through SA."

SA-French relations peaked in 1976 with the sale of the technology for the Koeberg nuclear plant. That coincided with the last visit to SA by a French Cabinet minister. Relations started deteriorating in 1976 when France began to withdraw from SA and nosedived when the Socialists came to power in 1981.

Relations stayed at a low level until 1990 when former Cabinet Minister Jean-Pierre Proteau visited SA. "He became the first Frenchman since 1976 to bat openly for this country. He maintained it was time to relaunch French involvement here," says Colborne. "He argued for the redeployment of a French presence and said SA could be used to relaunch French interests in sub-Saharan Africa."

There have subsequently been other emissaries to SA, says Colborne — among them, the CNPF, a key business organisation in France, a group of parliamentarians, and a visit by senior civil servants led by Elizabeth Kahn. In addition, he says the media is showing unusual interest in SA. Apart from carrying informed articles on the country, it has sent a trio of editors, including a senior representative of *Jeune Afrique*, one of the most influential French publications on Africa, to visit SA.

Four other visits were planned to SA, including one comprising French senators and another of representatives of France's

BUSINESS & TECHNOLOGY (64)

biggest companies. The outbreak of the Gulf War caused them to be delayed, probably to September.

Yet another indication of renewed French corporate interest in SA is the appointment by the influential Compagnie Financière Edmond de Rothschild Banque of a counsellor to SA. Rothschild Banque will facilitate French involvement and investment in areas such as offshore financing, greenfield developments or equity investments, project finance, asset management and trading activities. FM 5/4/91.

Johan Erasmus, MD of Intratech and local counsellor for Rothschild, says the bank also sees SA fulfilling a crucial linkage role in African economic development. It has thus taken the decision to phase out of Francophone Africa.

"The bank would prefer to finance African projects through SA," says Erasmus. "To date, eight major French companies have shown interest in investments in or through SA." ■

Foreign investors 'shy of violence'

64 ~~280~~

By THEMBA KHUMALO

THERE would be no foreign investment in South Africa until violence ended, a visiting delegation said this week. CIP news 12/5/91

Comprising 25 French-speaking journalists, judges and professors, the delegation said at a forum organised by the South Africa Foundation in Johannesburg on Friday that "foreign investors would shy away from South Africa for as long as the violence lasts".

They appealed to black political organisations to "control their supporters if they hoped for a new South Africa with a flourishing economy".

Delegates said they "wanted their countries to lift sanctions to create job opportunities for blacks".

"After consulting widely with political leaders in this country we believe the high rate of unemployment is the major cause of violence."

They described violence as "part of any society that is moving towards democracy".

"All developing countries experience a certain degree of violence. South Africans should, however, guard against violence becoming endemic."

Massar Diop, a Paris-based Senegalese financial advisor, welcomed the ending of apartheid but said "West Africa would not have diplomatic ties with SA until all discriminatory laws are scrapped".

The delegation returns home today to report back to their respective governments and potential investors.

Paris bank plans to post man in SA

ROBERT GENTLE

BANQUE Nationale de Paris (BNP), France's largest commercial bank, is planning to raise its profile in SA by posting a permanent representative to the Johannesburg office of Commercial Bank of Namibia.

(64)

BNP already has a presence here through a 48% stake in Geneva-based bank holding company SFOM (Société Financière pour les Pays d'Outre-Mer), which holds 70% of the Commercial Bank of Namibia. B/Day 30/5/91

Paris-based La Cote Desfossés has reported that the BNP representative would take up his position at the Johannesburg office of Commercial Bank of Namibia "by the autumn". Commercial Bank of Namibia SA manager Herbert Herrmann said in response matters were being discussed.

Commercial Bank of Namibia SA is a totally South African operation which reports to the Reserve Bank. Registered as a foreign exchange dealer, it serves corporate and private clients. The Namibian parent of the same name reported net income of R1,8m in 1990. It has total assets of R388m.

Bold R54m deal broadens NBS base

CT 8/7/91

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64

By AUDREY D'ANGELO
Business Editor

NATAL Building Society (NBS) will buy 39% of French Bank of Southern Africa from Barlow Rand, widening the scope of its activities and giving it a link with Banque Indosuez — an international banking group based in France with assets of about R163bn.

The purchase is by way of an issue of NBS shares to Barlows. The deal, another step in the growing internationalisation of the SA financial scene, ends speculation that the NBS might be vulnerable to a takeover by a major SA banking group.

In terms of the acquisition, Barlows will increase its stake in the NBS by 10%. This means that the major shareholders in NBS will now be Norwich Life and its associates, with 26%, and Barlows with 18%.

Indosuez will continue to hold 51% of French Bank of SA and will be responsible for its management.

The R54m deal was announced yesterday, in a statement issued by the four companies.

French Bank has been operating in SA for more than 40 years, specialising in foreign exchange, trade finance and corporate finance.

The link will enable the NBS — which has become a diversified financial services group although mortgage lending is still its core business — to broaden its activities.

This is in line with an increasing trend for groups to offer clients a complete, one-stop range of financial services.

Before the acquisition, French Bank will have a rights offer of ordinary shares to raise R25m and an issue of redeemable preference shares to raise R22,5m.

The NBS will buy its stake in French Bank through the issue of ordinary shares to Barlows at a price of R9,25 per share. The share closed at R9,50 on the JSE on Friday.

In order to raise its total holding in NBS to 18%, Barlows acquired further shares from major shareholders through an exchange on the basis of 23 Barlows shares for 100 NBS shares.

Yesterday's statement points out that the deal "brings powerful partners together in a new financial grouping."

Barlows is one of SA's largest corporations with assets in excess of R12bn and an annual turnover of more than R30 bn.

The NBS has assets of more than R7bn. Yesterday's statement pointed out that its new link with Indosuez is "a significant strategic development in view of the attractive opportunities that will arise as SA's position in the world community is normalised.

"Opportunities for joint product development between NBS and French Bank will arise," the statement continues,"and the experience and expertise of Indosuez in financial services and technology will be a valuable resource."

French Bank's management says the link with NBS will provide it with "a broad based local funding pool" to expand its traditional business.

Two nominees of NBS will be appointed to the board of French Bank and two nominees of Barlows will be invited to join the board of NBS.

Andre Carstens has been appointed manager/development accountant at the local head office of Norwich Life.

Gold close

HONG KONG. — Gold of 99,9 fineness per troy ounce closed in Hong Kong on Saturday at $370,25. Gold closed in London on Friday at $370. — Reuter

French visit boosts hope for new trade

Argus 15/7/91 (64)

SHARON SOROUR
Staff Reporter

FRENCH business interest in South Africa has been boosted by the first visit in many years by Parisian entrepreneurs seeking economic ties and exploring investment opportunities.

The "economic mission" by 75 post-graduate students — all business leaders with 10 to 15 years' experience — had already resulted in a R2½-million software distribution deal, group leader Mr Philippe de Braquilanges, an electronics expert from Dassault Electronique, said at the weekend.

While the opportunities for investment in South Africa by French companies were good, the international business community was still looking at South Africa at this point, but with "great interest".

"There has been a delay in France, compared with our neighbours, in expressing interest in South Africa.

"We have now taken advantage of the incredible momentum taking place in this country right now with the lifting of economic sanctions and the scrapping by the Economic Community of bans on trade and investment," he said.

The two-week visit was part of a one-year advanced management diploma from the Centre de Perfectionnement aux affairs, which operated under the auspices of the Paris Chamber of Commerce and Industry.

Mr De Braquilanges said there were three objectives of the visit:

- To explore the financial, economic, political and social realities of the country;
- To meet businessmen from all sectors to set up potential business ties and investment opportunities;
- To promote French companies interested in South Africa, who had sponsored the visit.

He said there was "significant" international business interest in South Africa and a "definite potential for business" existed.

French business could play a major role in South Africa because of its knowledge of the African continent, Mr De Braquilanges said.

"South Africa would be an ideal platform to cover our interest in the southern part of the continent," he said.

"We decided to come to South Africa to convince ourselves and our sponsors of the business potential in the country," he said.

The group, which included two women, represented the entire French industrial sector.

They visited Johannesburg before coming to Cape Town and move on to Durban before flying back to Paris this week.

Business ties were forged in the food industry, banks, insurance, data processing, technology, health services and communication.

Genmin's French link

ANDREW GILL (64)

GENMIN and French-based mining group Bureau de Recherches Geologiques et Minieries (BRGM) have linked up with a view to establishing new international mining ventures, the groups announced in a joint statement yesterday.

The main aim, it said, was to exploit synergies arising from the two groups' experience and knowledge of international mining and exploration ventures.

Genmin is to take a 10% stake in BRGM subsidiary Salsigne's gold mining activity's in France. B/Day 18/7/91

They have decided also to set up a high-level working group to achieve their long-term co-operative objectives.

French banking group opens SA office

ROBERT GENTLE

PARIBAS, France's largest private banking group with offices in more than 60 countries and assets of R500bn, has set up a representative office in Johannesburg.

Francois Gelinet, vice-president and senior representative of the new office, said in an interview yesterday that it would seek to offer specialist merchant banking services to SA clients.

Top on the list was helping SA to tap world capital markets through Paribas's international contacts and expertise. As a first step, he said, Paribas would play host to delegates from the SA Finance Ministry on August 26 at its Paris headquarters.

They would use the occasion to address 200 to 300 potential French investors on SA and the state of its finances, Gelinet said.

The local Paribas office would also seek to provide commodity-related business in areas such as oil, gas and minerals.

It would also use its role as an industrial bank — which places it on the boards of many big European companies — to develop investment and trading opportunities between SA and Europe.

(64)

12/8/93

Investors call for lifting of SA ban

PARIS - French investors are getting impatient with the government's ban on new investment in South Africa, a senior industry spokesman said yesterday.

"The French Government's position on new investment is more extreme than that of the European Community," Jean-Pierre Prouteau, president of the Africa Committee of the French employers' group CNPF, said in an interview.

"The EC has lifted its ban on new investment and we are waiting with growing impatience for the French decree authorising new investment in South Africa," he said.

Sowetan 15/3/91.

France joined an EC trade embargo in 1986 to pressure the South African Government to end apartheid. The EC agreed in December to lift its investment ban after Pretoria said it would end discrimination in living areas, a key apartheid policy.

"We feel it is important for France to publish the order lifting its ban on investment in the coming weeks. Otherwise one cannot transfer even a million French francs (R450 000) to South Africa, and that is stupid," said Prouteau, a former Minister under centre-right President Valery Giscard d'Estaing.

He said French investors saw South Africa as the stimulus for Africa's economic revival.

"What interests us most is the emergence of a new South Africa, the prospect of peace and the role of the country in the development of the Southern Africa region and in the revival of the economies of sub-Saharan Africa," Prouteau said.

He said 15 percent of some 1 500 French firms operating in Africa in 1985 had since pulled out because of the continent's economic and political crisis. - *Sapa*

FM 24|9|91

64

The agreement between UAP, TransAtlantic, Liberty Life and First International Trust, through its wholly owned United Kingdom subsidiary, Conduit Insurance Holdings Limited (Conduit), also provides that, upon the transfer of the Sun Life shares from UAP and TransAtlantic to Rockleigh Corporation, UAP will subscribe for 35 million new ordinary shares in TransAtlantic at 350p per share for a consideration of £122.5 million. In addition, UAP will acquire a further 5 million ordinary shares in TransAtlantic from Conduit, also at 350p per share. UAP's agggregate holding of 40 million ordinary shares in TransAtlantic will represent a 16.8 per cent. interest in TransAtlantic's increased issued share capital on a fully diluted basis. This shareholding will entitle UAP to representation on the TransAtlantic Board.

As a consequence of these transactions, the holding of First International Trust in TransAtlantic, held through Conduit, will be reduced to 42.9 per cent. on a fully diluted basis. By virtue of a voting agreement with Standard Bank Investment Corporation Limited, Liberty Life controls First International Trust, and, when taking account of its 12.1 per cent. direct holding in TransAtlantic, retains control of TransAtlantic with a combined 55.0 per cent. interest.

No changes in the Sun Life executive or management are currently contemplated and Mr Peter Grant has agreed to continue as Chairman of Sun Life. UAP and TransAtlantic's representation on the Board of Sun Life will be increased to three directors each.

These proposals reflect the desire of both UAP and TransAtlantic to develop further their respective investments in Sun Life while creating a long term relationship in the financial services and property fields in the United Kingdom, in other areas of the English-speaking world and in Continental Europe where the combined expertise of Sun Life, UAP, TransAtlantic and The Liberty Life Group is expected to provide significant benefits for all the parties involved. In particular, both UAP and TransAtlantic believe that the powerful and stable shareholder base resulting from the consolidation of their shareholdings in Sun Life brings exceptional prospects for the development of Sun Life's life insurance business for the benefit of its policyholders, employees and shareholders.

20 September 1991

GENMIN FM 24/9/91

French connection (64)

Genmin's agreement with the French mining house Bureau de Recherché Géologiques et Minières (BRGM) does not yet represent a major financial commitment, and nor are any concrete benefits imminent. The only firm purchase has been 10% of the Salsigne gold mine in France, for FFr10m (about R5m). Salsigne's output has similar qualities to the refractory ores in Barberton, so Genmin can put its own experience to valuable use.

More significantly, BRGM and Genmin have been given the right to explore and exploit the gold prospect at Montagne Tortue in French Guiana, where exploration activities have already begun.

Steve Oke of London brokers Smith New Court says that it makes sense for Genmin to get into bed with groups which already have good mining prospects. He says that there are signs that Gencor is ultimately planning an international exposure, in line with rival Anglo American Corp. There are mineable economic deposits in nearby Costa Rica, says Oke, and the outlook for French Guiana is quite promising.

Genmin will own 42,5% of the joint venture, with the right to buy up to 50% later. According to John Raubenheimer, CE of Genmin Mineral Resources, the geochemical soil sampling is promising and there is potential for a low-cost opencast mine. Genmin could hope for 50 Mt of reasonable grade ore, if the mine follows the pattern of existing South American gold mines. Genmin's Sao Bento mine in Brazil produced 2,5 t of gold in the year to August 1990.

Raubenheimer says that, though there is no exclusivity in Genmin's relationship with BRGM, the relationship will spread to other ventures and to other mineral exploration. Ironically, when the agreement was announced by French Trade Minister Dominique Strauss-Kahn, he said that France would maintain sanctions on coal, which rules out joint ventures between BRGM and Trans-Natal at this stage. Though BRGM is not State-owned, it has State-funded geological

continue

FM 24/9/91 **FOX** (64)

and consulting arms.

Raubenhiemer says about 30% of Genmin's exploration funds are spent outside SA, principally in Brazil and Turkey. As opportunities diminish in SA, he expects this to increase to half its total funds. *Stephen Cranston*

Another French group starts local link-up

Star 30/9/91.

(64)

By Jabulani Sikhakhane

French company Ecco, the world's third-largest human resources group, is acquiring a 60 percent stake in JSE-listed Technihire for R4 million cash, or 45c a share, from the Eliasov family.

A similar offer is being extended to the minority shareholders, it was announced yesterday.

Technihire executive chairman Jack Eliasov, whose family trust controls 70 percent of Technihire's equity, remains on under a management agreement.

The Technihire board will be reconstituted, with three Ecco executives joining.

Technihire offers the hire of skilled personnel, professional placement services, collection and administration of debt, and computer isography.

"The Ecco group is virtually a mirror image of Technihire and we see strong synergies between the two," Mr Eliasov said.

"The group is well geared presently, but the initial cash injection by Ecco is only the first step to later investments as opportunities are identified and explored."

Ecco, with a turnover of R6 billion, has 600 branches in 21 countries. The acquisition of Technihire is its first investment in Africa.

The deal is the third (two of which involved French government-owned companies) between French and South African companies in the past month.

Recently, Liberty and leading French insurance group UAP combined their holdings to get control of of UK life assurer Sun Life. UAP is controlled by the French government.

In the mining sector, Genmin (Gencor's mining arm) signed an agreement with BRGM, a major French government organisation. The two will mine gold and look for new mining ventures.

These deals follow the visit by a French trade delegation led by the Minister of Trade and Industry, Dominique Strauss-Kahn, who said France wished to become SA's biggest trading partner.

FM 27/9/91

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JOINT ANNOUNCEMENT

by

SOCIÉTÉ CENTRALE UNION DES ASSURANCES DE PARIS

("UAP")

TRANSATLANTIC HOLDINGS PLC

("TransAtlantic")

LIBERTY LIFE ASSOCIATION OF AFRICA LIMITED

("Liberty Life")

and

FIRST INTERNATIONAL TRUST LIMITED

("First International Trust")

- *Proposed merger of the interests of UAP and TransAtlantic in Sun Life Corporation PLC ("Sun Life")*
- *Formation of jointly controlled company, Rockleigh Corporation PLC, to become controlling company of Sun Life*
- *Acquisition ~~of further~~ shares in Sun Life from Sun Alliance Group PLC (Sun Alliance) at £11.60 (ex interim dividend)*
- *Conditional offer to be extended to minority shareholders of Sun Life at £11.60 (ex interim dividend)*
- *Acquisition of 40 million shares in TransAtlantic by UAP*

UAP (the leading French insurance group) and TransAtlantic (the London-based international investment vehicle of The Liberty Life Group) announce that they have acquired from Sun Alliance 3.02 million shares in Sun Life representing approximately 4.5 per cent. of Sun Life's issued share capital at £11.60 per share excluding the right to receive the interim dividend of 14p per share declared by Sun Life on 18th September, 1991. The Sun Life shares have been acquired by Rockleigh Corporation PLC ("Rockleigh Corporation"), a special purpose English registered company owned jointly and controlled equally by UAP and TransAtlantic.

UAP and TransAtlantic both had a holding prior to the above acquisition of 18,835,000 Sun Life shares, each representing approximately 27,7 per cent. of Sun Life's issued share capital. UAP and TransAtlantic have entered into an agreement which is expected, subject to the necessary regulatory approvals, to lead to a transfer by both parties of their existing respective shareholdings in Sun Life to Rockleigh Corporation which will become the controlling company of the Sun Life group with a 59.9 per cent. shareholding, including the shares acquired from Sun Alliance.

Although there is no obligation to do so, Rockleigh Corporation intends to make an equivalent offer to all the minority shareholders of Sun Life once the necessary approvals and consents aforementioned have been obtained and subject to no material adverse change in the financial position or prospects of Sun Life or in relevant financial markets. Any such offer will be subject to the usual offer conditions and will be at the price paid to Sun Alliance of £11.60 per share on the basis that the interim dividend of 14p per share announced by Sun Life on 18th September, 1991 would be paid to the existing shareholders of Sun Life.

FM 27/9/91.

MEETING THE FRENCH GODFATHER

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Donald Gordon's opposite number at Union des Assurances de Paris (UAP) is chairman Jean Peyrelevade — who will be in SA next month to address the *FM* Investment Conference.

Peyrelevade (51) has been christened the "Pope of the mixed economy" and the "Red Godfather" by the French press for his ability to merge his identities as an aggressive businessman and the head of a nationalised company. UAP is France's largest insurance company and is listed on the stock exchange despite being government-controlled.

UAP was due to be denationalised, but the stock market crash of 1987 and the Socialists' victory a year later killed the plan. As of last year, the company directly owned about 4% of total value of the shares quoted on the Paris Bourse, according to *The Wall Street Journal*.

Though he lives in the upmarket Neuilly district and calls himself a "left-wing capitalist," Peyrelevade has been a paid-up member of the Socialist Party since his student days. Even in the Seventies he was a polemicist for the party, working under the name Jean Rey, according to *L'Express*. It was during that time that he wrote *La Mort du Dollar* (*The Death of the Dollar*).

The Wall Street Journal comments that "his willingness to knock heads and flex his muscles . . . have made him one of France's biggest power brokers, possibly the most influential."

Born in Marseille just six weeks after the outbreak of World War 2, Peyrelevade started his career as an aircraft engineer before moving into banking and then into politics as an economic adviser to top government officials. Over the years, he has been touted as a candidate for Finance Minister, though he modestly avers that such a decision would not be up to him.

Peyrelevade

In addition to his chairmanship of UAP, he sits on the boards of eight French companies and Sun Life. He's also involved in a number of other organisations and serves as president of the association of the Jeu de Paume, the Paris museum devoted to the Impressionists.

His parents were both teachers (English and literature) and his wife teaches high-school French.

Though he wanted to be an archaeologist, Peyrelevade's parents made him study maths at the prestigious Ecole Polytechnique, where he came to disdain the elitist rich kids who took their upper-class status for granted. He told *The Wall Street Journal* that he still dreams of moulding France into a society free of class privilege through restructuring elitist French capitalism into "professional capitalism."

When he moved out of the civil service and into the business community, he was ridiculed for dressing like a bureaucrat — short sleeves and woollen vests — in a three-piece-suit world. "It took me a long time to accept wearing a tie," he told *L'Express*. But he seems to have adapted, if his designer ties are any indication.

Since joining UAP in 1988, he has introduced a number of radically businesslike incentive schemes — yearly evaluations, profit-sharing, stock options — for a government-sector operation. As chairman, his salary ranks behind the top-10 income-producing employees.

During the Eighties, Peyrelevade was president of the Banque Stern and chairman of the Cie Financière de Suez. On the government side, he was adviser to Socialist Prime Minister Pierre Mauroy in 1982 and director of the department for external trade prior to that.

□ His address to the *FM* conference on November 1 will be on the financial services industry, including banks, in Europe in 1992.

Big French investment plan

(64) CT 24/9/91

Own Correspondent

FRENCH companies were looking at a substantial investment in high-tech industry in South Africa in satellite technology, aeronautics and telecommunications, French Trade and Industry Minister Mr Dominique Strauss-Kahn said last night.

He was speaking at the close of a four-day visit to South Africa, the first by a French cabinet minister since 1975. He was accompanied by senior executives from 25 French firms.

Earlier in the day Mr Strauss-Kahn met ANC president Mr Nelson Mandela and President F W de Klerk, both of whom agreed to a French proposal for training programmes for black top and middle managers to service new French investment.

ANC international affairs head Mr Thabo Mbeki said after meeting Mr Strauss-Kahn that foreign investors should start planning investment in SA now, "even to the extent of coming to talk to the trade unions, the ANC and other people".

Mr Strauss-Kahn said 90% of South Africa's political transformation had been completed and that France's coal embargo would remain as a symbolic trade sanction.

He said France wanted to increase its stake in South Africa's international trade which at present stands at 4%. French industries would also help develop infrastructure and housing.

French set to control Technihire

S Times (Bus) 29/9/91.

THE R5,6-billion Ecco human resources group of France is reportedly set to gain control of Technihire.

It amounts to the first post-sanctions acquisition of a South African listed company by French interests.

The terms of the deal have not been announced, but it is believed that the basis is a cash injection of several million francs to give Ecco outright control of the SA group.

Technihire founder and chief executive Jack Eliasov will apparently stay with Ecco, which will appoint its own men to the board.

The deal sets the scene for Ecco's expansion.

The French interests see the deal, the first by Ecco in Africa, as a platform for entry to sub-Saharan countries where expertise is desperately needed.

Business Times Reporter

Technihire is the holding company for several specialists in personnel hire and executive placement. They include Drafthire, Draftcraft, Tradehire, Managerial & Engineering Recruitment Consultancy (Merc), Draftrite and Tower Group.

Advanced Credit Bureau, a computerised debt-collection service, is a joint venture with Information Trust Corporation, a division of M-Net.

Ecco is a R5,6-billion international operation trading in 21 countries with 600 branches. It is quoted on the Paris Bourse and in Lyon and is rated as the third-largest human resources group internationally.

Ecco made a net profit of R123-million in its latest year.

Warning

Chief executive Philippe Foreiel Destezet has set his sights on R500-million profit by the end of the decade.

Technihire has performed consistently since being listed on the JSE in 1965. Its last year's trading shows a net attributable profit of R1,1-million on turnover of R6,6-milllion, giving earnings of 8,4c a share.

Ecco's shares are trading at 15 times earnings, compared with 4,8 for Technihire. The share price rose after a warning notice about negotiations.

The proposed Technihire deal follows the announcement by the French Trade Minister that France intends to become SA's biggest trading partner. Technihire is well placed to benefit from any French trade or investment.

R4m French injection for SA

(64)

CT 30/9/91

JOHANNESBURG. — In a major international investment breakthrough for SA, the giant R5,6bn Ecco human resources group of France is set to acquire locally quoted Technihire Ltd.

The announcement sets the scene for major expansion, acquisitions and diversification of Technihire with SA providing a springboard into Africa for the French interests.

The deal is for a cash consideration of R4m for 60% of the issued ordinary shares of Technihire at 45c per share.

Technihire CE Jack Eliasov will remain on under a management agreement and three Ecco executives will be appointed to a reconstituted Technihire Board.

Ecco is the third largest human resources group internationally with a current turnover of some R6bn with 600 branches in 21 countries. The acquisition of Technihire is its first investment in Africa.

Listed on the Paris Bourse and in Lyon, Ecco returned a R123m net profit in its latest financial year. Its share trades at a 15 times earnings compared with Technihire's PE of 4,6 indicating an unjustified low rating for the local company.

French arrive for trade talks

DARIUS SANAI

THE first French trade minister to visit SA in 16 years arrived in Johannesburg yesterday with a top-level trade delegation, including CEs from 25 major French firms.

French Trade and Industry Minister Dominique Strauss-Kahn said yesterday a substantial number of major French companies were interested in investing.

He said economic links with SA were underdeveloped and had the potential to grow rapidly.

The delegation includes CEs and MDs from Banque Nationale de Paris, Banque Paribas, Credit Lyonnais, Renault Vehicle Industries, Aerospatiale, Total, Indosuez, Rhône Poulenc, Dassault and coalmining company Le Carbon Lorraine.

Also in the party are the presidents of the Paris Chamber of Commerce, the French External Trade Organisation, the Southern Africa committee of the French Confederation of Industry, and national telephone firm France-Télécom.

(64)

The minister said all the firms represented were "interested in specific developments" in Southern Africa.

Strauss-Kahn would meet President F W de Klerk, ANC president Nelson Mandela, senior Cabinet Ministers and Gencor chairman Derek Keys during the trip.

He would not be meeting Inkatha leader Mangosuthu Buthelezi "because of the crowded schedule", a French embassy spokesman said.

The Bureau de Recherches Géologiques et Minières (BRGM) would also be signing an agreement with Gencor to co-operate in mining gold in Guyana, Strauss-Kahn said.

TTA deal opens door in Africa

ROBERT GENTLE

WEST and central Africa have moved a step closer to SA exporters thanks to a key move by the French company Delmas, one of Europe's largest shipping and freight forwarding organisations.

Delmas, which generates 43% of its turnover in Africa, has signed an exclusive agency agreement with SA freight forwarding company TTA.

TTA MD Georges Kriemadis said in an interview on Friday that airfreight and seafreight forwarding was now possible to almost any country in west and central Africa.

TTA, which was now a full subsidiary of Delmas after a takeover of the parent company in France this year, could provide SA clients with a comprehensive service, Kriemadis said.

Safto GM Ann Moore said, "We welcome any move that strengthens transport links with Africa. This agreement complements our own work done in this area."

B/Day 2/9/91 64

French firms keen to invest in SA's high-tech industry — Minister

B Day 24/9/91

PATRICK BULGER

FRENCH companies were looking at a substantial investment in high-tech industry in SA in the fields of satellite technology, aeronautics and telecommunications, French Trade and Industry Minister Dominique Strauss-Kahn said last night.

He was speaking at the close of a four-day visit to SA, the first by a French cabinet minister since 1975. He was accompanied by senior executives from 25 French firms.

Earlier in the day Strauss-Kahn met ANC president Nelson Mandela and President F W de Klerk, both of whom agreed to a French proposal for training programmes for black top and middle managers to service new French investment.

ANC international affairs head Thabo Mbeki said after meeting Strauss-Kahn that foreign investors should start planning investment in SA now.

Strauss-Kahn said 90% of SA's political transformation had been completed and that France's coal embargo would remain as a symbolic trade sanction.

He said France wanted to increase its stake in SA's international trade which presently stands at 4%. French industries would also help develop infrastructure and housing.

Strauss-Kahn said that partly because France had applied sanctions as strictly as it had, it now wanted to expand trade with SA which was well below the share of SA's other European trading partners.

Straus-Kahn, in an earlier briefing with Mbeki, said the French government would become involved in assisting an interim SA government to meet the country's housing and educational needs.

"An interim government will have a great need because people will be demanding a lot," Strauss-Kahn said.

Investment alone would not meet all the needs. France would provide housing assistance as soon as an interim government was in charge, which he thought would happen in about eight months' time. He said an interim government would have to define its needs but that meeting housing demands was a priority.

Mbeki said an interim government of national unity would be faced with a range of demands in the fields of housing, education and training, and would thus "need to be empowered to address some of these questions".

Mbeki, while denying that the ANC was softening on its sanctions policy, said new investment decided on today would materialise only in two years' time, by which stage SA would have a new constitution.

"We shall come to the point when it will be agreed that the ban on new investment will be lifted. It is not yet the time."

However, Mbeki urged foreign companies wanting to invest in SA to start making preparations, "even to the extent of coming to talk to the trade unions, the ANC and other people".

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Prepare to invest in SA now, Mbeki tells French

64

Star 24/9/91

**By Kaizer Nyatsumba
Political Staff**

Foreign businessmen and governments interested in investing in a future democratic South Africa could start making preparations now, according to ANC international affairs director Thabo Mbeki.

Speaking at a press conference after top ANC leaders held a meeting with French Industry and Trade Minister, Dominique Strauss-Kahn and his delegation in Johannesburg yesterday, Mr Mbeki said the ANC's position on sanctions remained unchanged.

He said the organisation's national congress in Durban in July had decided in favour of a phased lifting of sanctions in response to political progress made in the country, and nothing had changed since then.

However, countries which wanted to invest in a future democratic South Africa had to start making preparations now.

"We will come to the point when it will be agreed that the ban on investment will be lifted, but it is important that countries interested in investing in South Africa start making preparations now," said Mr Mbeki.

Mr Mbeki was a member of an ANC delegation which held talks with Mr Strauss-Kahn and his delegation of MPs and businessmen, who yesterday ended their five-day fact-finding mission to this country.

Leading the ANC delegation was president Nelson Mandela, who had to leave before the meeting was over to attend "an unscheduled urgent meeting", according to Mr Mbeki. Also in the delegation was ANC national chairman Oliver Tambo.

Mr Strauss-Kahn said the hour-long meeting was "informative and emotional", and his government undertook to help train black South Africans in preparation for senior jobs in future. He said preparations made towards investment now could lead to actual investment about 18 months later.

Mr Mbeki was optimistic that the democratic process would succeed in the country, saying the demoratic movement in South Africa was strong enough to "make these things happen".

The ANC international affairs director said an interim government would be faced with "a series of demands from the people", and the interim government would therefore need financial help.

I back SA effort to play in World Cup – Mandela

ANC president Nelson Mandela will back South African cricket's bid to play in next year's World Cup, he said yesterday.

At a meeting with Dr Ali Bacher, managing director of the United Cricket Board of SA, and former West Indian test captain Clive Lloyd, Mr Mandela said his organisation would "do everything in its power to support SA's application" for inclusion in the World Cup.

He was responding to confirmation by Dr Bacher that the UCBSA had decided to forward an application to play in the tournament despite opposition from Pakistan.

Star

Mr Mandela praised cricket's commitment to a development programme.

24/9/91

"Nonracialism in sport mustn't just start at the top, it must also be seen to appear at the bottom," he said.— Staff Reporter.

Alusaf ties up deal for French smelter

B/Day 25/9/91

MATTHEW CURTIN

ALUSAF has concluded a deal with French aluminium and packaging group Pechiney to design the smelter for the company's proposed R4,5bn expansion programme, MD Rob Barbour said yesterday.

Pechiney would design the entire plant and the contract provided for two years' operational support. The deal meant Alusaf would expand production by an extra 466 000 tons a year, from current levels of 172 000 tons and against original plans for 420 000 tons of additional capacity.

The go-ahead for the expansion programme is dependent on government applying its new export incentive scheme for large capital and export-orientated projects to Alusaf. Barbour said the agreement with Pechiney included a let-out clause if the project did not go ahead. He said the chances that the project would get off the ground were excellent.

He said Alusaf was keen to "deter" others from proceeding with their plans to build new aluminium smelters, moderating an article in yesterday's London Financial Times which reported Barbour as saying his mission was to "frighten off" investors who might be tempted to put up money for other new projects.

Barbour said the timing of the Alusaf project was crucial. If it went ahead, it would be on-stream by 1994. Current aluminium demand was about 15-million tons a year, and with forecasts that consump-

☐ To Page 2

Smelter

B/Day 25/9/91

☐ From Page 1

tion would grow by 3% a year, Alusaf's new capacity would absorb some of that excess demand and have no downward effect on prices.

However, there were as many as 15 other projects on the drawing board and if some of these — the most likely of which were in Venezuela and Nigeria — went ahead, the market would be flooded and prices would fall. Aluminium prices were already low and would make the early life of the Alusaf venture difficult.

Barbour said he wanted to impress upon international investors that the Alusaf programme was unstoppable.

He said the cornerstone of success was the deal with Eskom by which the utility would provide electricity for 25 years at a rate tied to aluminium prices. This meant Alusaf's power supply was competitive with, if not as cheap as, hydroelectric and gas flare powered options in South America and the Middle East.

Government assistance was vital to defray the capital costs of the project, but labour costs would be relatively low because the new plant was highly automated.

Alusaf also had the backing of Gencor, which has a 31% stake in the company, the Industrial Development Corporation (41%), and Swiss aluminium group Alusuisse (22%). Eskom had the option of taking a 25% stake.

The IDC has announced it has allocated R10bn to finance new export projects in the next five years.

'No coincidence' in Alcatel reports

BDay 26/9/91. (64) (CA)

Reports by
MELANIE SERGEANT

REPORTS that French companies are looking at a substantial investment in high-tech industry in SA, in the fields of satellite technology, aeronautics and telecommunications, come as no surprise to industry observers.

News of the possible investment came from French Trade and Industry Minister Dominique Strauss-Kahn at the end of his four-day visit to SA on Monday.

One industry source says that among the senior executives from 25 French firms who accompanied Strauss-Kahn were Alcatel Espace CE Jacques Imbert and MD Alain Roger.

Alcatel Espace is the space research division of Alcatel, the world's largest telecommunications company, and represented in southern African by Altech.

"It seems more than coincidental that Altech, which has been manufacturing under licence to Alcatel for several years, should have recently launched its own satellite interest, Altech Space," the source said.

"With developments in the telecommunications industry heading in the direction of satellites, it seems clear SA is seeking to position itself in the forefront of this communications technology in Africa."

Adding fuel to speculation that significant new developments are afoot, is the fact that Alcatel Telecommunications CE, Pierre Giuchet, arrives in SA for talks with Altech directors next week. It is understood he met government representatives on a previous visit.

Envoy to see FW, Mandela

Sowetan

23/9/91

THE French Minister for Industry and External Trade, Mr Dominique Strauss-Kahn, is scheduled to meet ANC president Nelson Mandela and State President FW de Klerk separately today.

Strauss-Kahn arrived in South Africa on a fact-finding mission last week and will leave tonight after a news conference in Johannesburg.

He said France wanted to strenghten its economic and political ties with South Africa.

64

Strauss-Kahn brought a strong trade delegation that investigated business opportunites with South Africa. - *Sapa*.

Royal, French firm talk about joint operation

ROBERT GENTLE and SEAN VAN ZYL

BSN, the French food multinational with a string of world-class brand names in its stable and subsidiaries on four continents, is negotiating with JSE-listed Royal Corporation to set up an operation in SA.

A BSN spokesman, speaking from Paris, said yesterday there had been contact with Royal during the visit last month of French Trade and Industry Minister Dominique Strauss-Kahn. ([illegible]) 64 ([illegible])

She spoke of negotiations being at the pre-selection stage, and played down suggestions that a final deal was imminent.

Royal chairman Vivian Imerman said the companies had "a close relationship" and discussions on areas of mutual interest had been in progress for some time.

"At this stage, the discussions have not reached any conclusion."

French commercial sources in Johannesburg said the calibre of the representatives BSN sent out to SA, both before and during Strauss-Kahn's visit, suggested a major thrust was being planned relatively soon. B/Day 24/10/91.

The key areas of interest were yoghurt and biscuits.

It is reliably understood that BSN is on the lookout for a partner to facilitate the establishment of a distribution and marketing network.

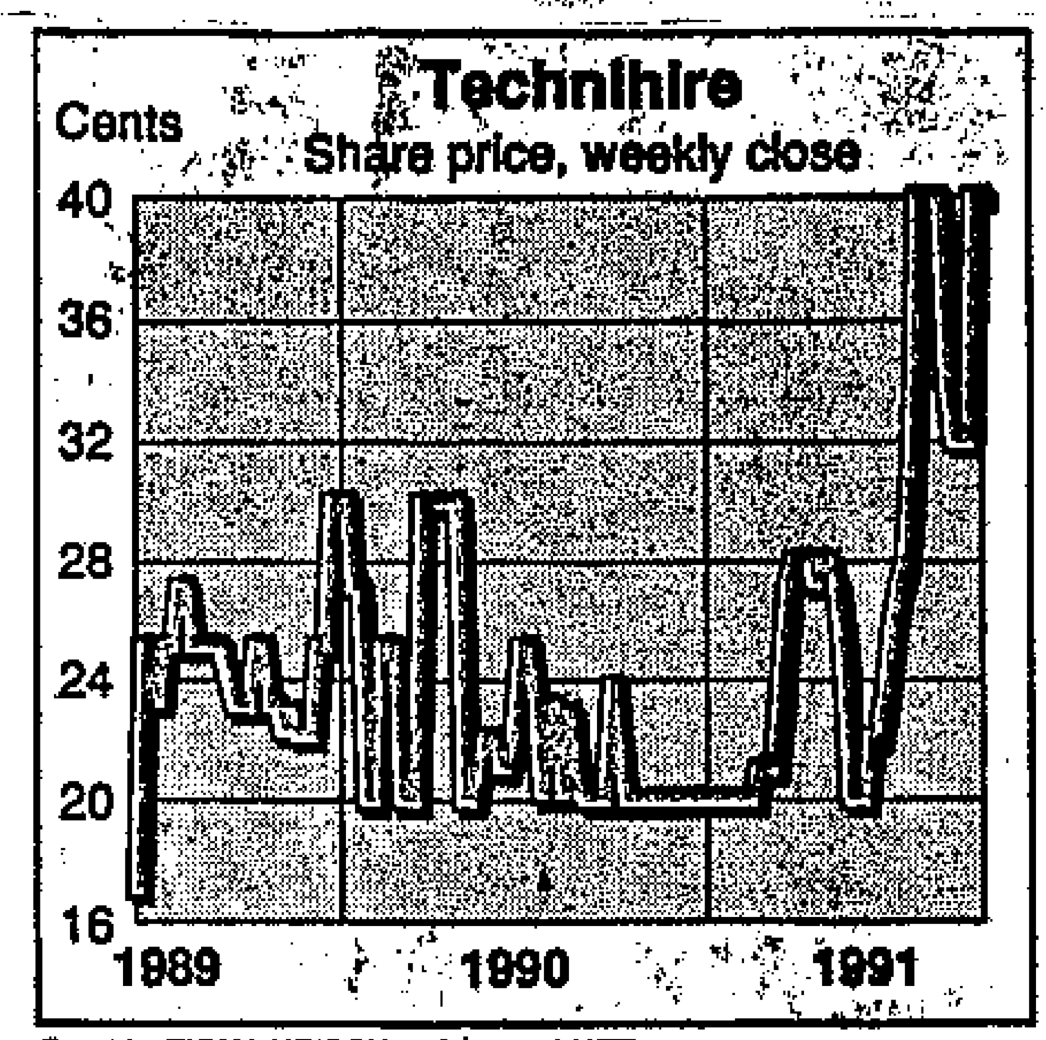
BSN, which in 1990 made net profits of Ff3,1bn on turnover of Ff53bn, has six main branches of activity: dairy products, general foods, biscuits, beer, mineral water and packaging.

Among its famous brand names are Gervais Danone (yoghurt, desserts), Evian (mineral water), Kanterbrau (beer), Panzani (pasta) and Amora (mustard).

Traditionally active in mainland Europe, BSN has gradually moved into England and the US, where it has become a major force in yoghurt and biscuits.

Royal, which in 1990 made attributable earnings of R12,5m on turnover of R171m, is active in the SA biscuit industry and acquired Royal Beech-Nut from the American Nabisco group two years ago.

Its product line also includes baking powder, cake mix, sweets, jellies and chewing gum.



Graphic: FIONA KRISCH Source: I-NET

B/Day 30/9/91

French firm set to acquire Technihire

64

MARC HASENFUSS

FRANCE's human resources group Ecco is set to acquire the JSE-listed Technihire Group for R4m as part of a strategy to expand into Africa.

Ecco was ready to expand and diversify Technihire and use the group as a springboard into Africa for French interests, a joint statement at the weekend said.

The deal, believed to be the first post-sanctions acquisition by French interests, involves R4m cash for 60% of Technihire's share capital at 45c a share. A similar offer will be made to minorities.

Technihire peaked at 40c on the JSE last week, recovering strongly after languish-

☐ To Page 2

Technihire

(64)

☐ From Page 1

ing at a 20c low in May. The share has seen unusually heavy trading volumes since late July.

B/Day 30/9/91

Technihire CE Jack Eliasov will retain his post under a management agreement and three Ecco executives will be appointed to a reconstituted Technihire board.

The core business of the group will remain the same: hiring skilled and semi-skilled personnel through Drafthire, Draftcraft, Draftrite and Tradehire.

Eliasov said: "The Ecco Group is virtually a mirror image of Technihire and we see strong synergies between the two."

He said Ecco was in a strong position to pursue expansion in SA. The group is the third-largest human resources group internationally, with a turnover of more than R6bn and 600 branches worldwide.

Eliasov expected major benefits from the deal in terms of international know-how, business opportunities and financial resources.

The group was well geared. Ecco's initial cash injection would be "only the first step" to later investments as opportunities were identified and explored.

Ecco CE Philippe Poriel Destezet saw great potential for human resources services as the region recovered from political and economic problems.

B/Day 6/11/91

Wellcome planning to sell two divisions

PAUL ASH

BRITISH drug group Wellcome and France-based chemical company Roussel-Uclaf SA had entered into negotiations for Roussel Uclaf to acquire Wellcome's Environmental Health business, the company said in a statement yesterday.

The operations are focused on insecticides. Wellcome said the planned sale fitted into its plan to refocus on its core pharmaceutical operations.

Wellcome Environmental Health SA GM Martin Bezuidenhout said business would continue as normal while negotiations were in progress. Wellcome staff would become Roussel-Uclaf employees. Financial details of the sale were not divulged.

Canada-based International Murex Technologies is negotiating the purchase of Wellcome's diagnostic kit design and manufacture division.

64

Wellcome said Murex sought to acquire Wellcome Diagnostics as an element of its overall corporate strategy to build a diversified diagnostics company capable of competing effectively in global markets.

Wellcome SA GM Brian Stratton said yesterday the company's SA operation would not be affected by the sale.

French Bank adopts higher profile as curbs are lifted

B/Day 18/1/91 (64)

ROBERT GENTLE

FRENCH Bank of Southern Africa, one of the oldest foreign-held merchant banks in the country, is finally coming in from the cold and raising its profile after years of sanctions-induced discretion.

"The changing political situation and the ending of European restrictions on investments in SA have allowed us to reassert our image more clearly than perhaps we were previously able to," says MD Francis Klein.

While Klein is French, the bank employs only about six native Frenchmen, and barely one in 10 of its 240 staff members has a working knowledge of French.

"We are essentially an international bank and all communications with our worldwide network are in English," says Klein.

French Bank's parent company is Banque Indosuez, the Paris-based banking group active on all five continents in banking services, capital markets, financial engineering and investment services. Banque Indosuez is itself part of the French multinational Groupe Suez, nationalised in 1981 by the incoming socialist government and privatised again in 1987.

French Bank, unlike foreign representative offices in SA, is a fully capitalised deposit-taking institution that subscribes to Reserve Bank capital adequacy requirements. Klein says the capital base now stands at about R85m and is set to reach R100m by year end, with total assets of R1,5bn. By comparison, Rand Merchant Bank has a capital base of R121m and total assets of R2,7bn.

Despite French Bank's relatively small size, Klein says it has carved itself a niche in areas like foreign exchange, trade finance, offshore financial engineering and clearing/settlement of JSE transactions. It also has a London branch.

"We deal with about 80 of the FM Top 100 companies."

French Bank sees itself as having an edge over other merchant banks because of the advantages of belonging to a worldwide banking group providing access to international markets, expertise and competitive pricing — free of the type of risk premiums usually charged by intermediaries.

It has started to tap the client base of the NBS banking group, which is a 39% stakeholder. "We are starting to provide forex operations to some of NBS's larger clients," says Klein.

French Bank made net profits of R7,6m in 1990. Klein says these will increase "well above inflation" for 1991. There were "very few" provisions for bad debt because of the bank's blue chip client base. Return on assets is a comfortable 0,8%, in line with the successful big five banks.

French Bank feels its wider range of services and experience of the local market enable it to head off any competitive threats from other foreign banks.

Klein says there are no plans to change the name of the bank. "What we will do, however, is highlight more prominently our association with our parent company Banque Indosuez."

Roychem close to deal with US group

B/Day 20/11/91 (64)

SEAN VAN ZYL

ROYAL Group's listed chemical subsidiary Roychem has struck a deal in principle with US chemical group Ferro for the local manufacture of chemicals to be distributed by the US group's worldwide network, group MD Doug Johnston said yesterday.

Johnston would not disclose the value of the deal or the product concerned and noted that the venture still had to be finalised.

Roychem was formed earlier this year when Royal acquired Ferro Industrial Products from Ferro US after the former parent company pulled out of SA. The local Ferro operation manufactures speciality plastics, coatings and ceramics.

The Ferro deal closely follows news that Royal — through its food operation Royal Foods — is negotiating a joint deal with French food multinational BSN.

BSN manufactures and distributes world-class brand names in food and is apparently looking for a local partner to market its products in SA.

Royal chairman Vivian Emerman admitted the group had a "close relationship" with BSN but said discussions were far from concluded.

Market sources said Royal, possibly with BSN, was also set to acquire a major local distributor in the dairy field.

Imperial Cold Storage and Supply Company (ICS) would appear to be the most likely candidate. However, market analysts did not expect ICS's parent CG Smith Foods and ultimate controlling shareholder Barlow Rand to put the company on the bidding block.

Johnston declined to comment on the food-related deals but said Royal was in contact with various parties worldwide and had openly expressed its intention to seek international partners.

Ecco buys 42% of Techire

64 ROBERT LAING BDay 3/12/91.

FRENCH-based human resources group Ecco has acquired 42% of Technihire (Techire) from its controlling shareholders, Jack Eliasov Holdings and the Jack Eliasov Family Trust.

Ecco said in a statement issued today the controlling shareholders had accepted an offer of 45c a share for 60% of their holding from Ecco and had undertaken to top up Ecco's stake by up to a further 18% if sufficient minorities did not accept the offer.

First official French trade exhibition in many years

BDay 27/12/91 (64)

DARIUS SANAI

TWELVE French companies will exhibit under that country's flag for the first time in many years at next year's Foodpro-Printexpo and Pack-Process Exhibition at Nasrec.

The companies specialise in the manufacture of food processing, packaging and printing equipment.

A French embassy spokesman said this would be the first official exhibition in SA "for many years". A trade delegation accompanied French Foreign Trade Minister Dominique Strauss-Kahn to SA in September.

The companies at the exhibition from February 24-28 are: Adamel Lhomargy, which makes quality control instrumentation; Machines Automatiques pour Polystyrene Expansible (MAPE); Imaje, which makes ink jet printers; Eberle France, manufacturers of paper converting machines; Seailles et Tison, manufacturers of printing machines; Delta Neu, manufacturers of waste recovery equipment; Barriquand Steriflow, manufacturers of sterilisers and heat exchangers; Samifi Babcock, manufacturers of refrigeration equipment; Phenix Rousies, manufacturers of grain storage equipment; Adepta, a group specialising in the agricultural industry; Lagarde, which makes food sterilisers; and Sodime, manufacturers of flow equipment.

FOREIGN FIRMS IN SA — FRENCH

1992

Ecco nets 60% of Technihire

(64)

Business Day Reporter

MAJOR French group Ecco has effectively acquired 60% of SA human resources group Technihire after acceptances of an offer to minorities and further sales of shares by the controlling shareholders.

Minorities, representing about 6,5% of Technihire's issued share capital, had accepted the cash offer for their 830 113 shares and controlling shareholders Jack Eliasov Holdings and Jack Eliasov Family Trust had sold 1 45-million more ordinary shares to Ecco.

They had previously sold Ecco 5,32-million shares at 45c a share. The deal effectively gives Ecco a 60% interest in Technihire worth a total of R3,42m.

The acquisition was made through Ecco's Dutch subsidiary, Nobra.

Further investments to fund expansion and acquisition would be injected into Technihire by Ecco, Ecco international operations director Christine Raynaud said. B|Day 6|1|92

French group buys R25-m stake in Grincor

By David Canning STAR 17/1/92

(64)

In one of the largest local foreign investments since the ending of sanctions, a giant French shipping group is to inject more than R25 million into Durban-based Grincor group's holding company.

Grincor chairman Murray Grindrod said in an interview that Grinhold and the French SCAC-Delmas-Vieljeux SA had entered a "strategic partnership". which would greatly aid South Africa's growing trade with East, West and Central Africa.

At the same time it would give Grincor additional trading opportunities and help to consolidate Grindrod's international freight forwarding network.

Mr Grindrod, who signed the deal with French representatives in Durban yesterday, said the quoted Grincor group would be making a R50 million rights issue. This would give it the opportunity to increase investment in ships and other ventures.

SCAC-Delmas-Vieljeux (SDV) is a major operating subsidiary of the R12,5 billion giant French group Bollore Technologies. It formally came into existence only this month as a result of a merger of SCAC, the largest freight forwarder and shipping agent in France, with Delmas-Vieljeux which itself is by far the biggest private French shipping company.

This month's merger makes SDV a major player in the international shipping and transportation industry, giving it shipping services on many of the world's major trade routes. It also has a comprehensive network of freight forwarding and ships agency operations and is particularly strong in Europe and East and West Africa.

As a result of the partnership, Grincor subsidiaries will acquire SDV's local investments. The main operation is that of freight forwarder Walon.

The French investment will give SCAC-Delmas-Vieljeux SA a 25 percent stake in Grinhold and enable the local parent company to follow its rights in Grinhold, maintaining its stake at more than 50 percent.

French buy Grinhold stake

BDay 17/1/92 **JONO WATERS** (932)

THE French shipping and transportation giant, SCAC-Delmas-Vieljeux (SDV), has acquired a 25,13% stake in Grindrod Holdings for more than R25m.

Grinhold chairman Murray Grindrod said the investment would be followed by a R50m rights issue in Durban shipping and transport subsidiary Grincor. This would be done without the loss of control of Grincor by Grinhold.

The merger would provide the group with the opportunity to consolidate its international forwarding network in Europe and East and West Africa. (64)

"The strategic nature of the investment will give Grincor additional trading opportunities while giving SDV a meaningful stake in the Durban-based shipping and transport group," Grindrod said.

French giant SCOA to open branch in SA

STAR 16/3/92 (64)

By James Tomlins
Star Foreign Service

PARIS — The giant French trading house SCOA, with vast experience in Africa, is opening an office in Johannesburg, it announced in Paris yesterday.

The multibillion rand firm was founded by two Swiss businessmen in 1907, and by 1952 had opened 600 bureaux in Africa.

Managing Director Jacques Marcelin told the Star: "Our decision to start major operations in South Africa reflects our confidence in the country's future economic progress and stability."

SCOA's move comes directly after the decision last week by the French government to resume SA coal imports, boycotted since 1985.

The company is particularly active in seven West African countries — Cameroon, Congo, Gabon, Niger, Nigeria, Senegal and Togo.

But as its director for Africa Jean-Claude Gammacurta admits: "Some of our clients there left us with huge debts. We closed down half our 26 supermarkets, reorganised our administration, trained new personnel and put an end to our sales on credit."

French multinational firm comes to SA

The Argus Foreign Service

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(64) ARG 19/3/92

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The company is particularly active in West Africa — Cameroon, Congo, Gabon, Niger, Nigeria, Senegal and Togo.

Benefits of links with strong parent company

B/Day 24/3/92 (64)

LIQUID Air is a subsidiary of the international group L'Air Liquide, which has a large share of the world's gas market.

The group has 21% of the $19bn a year international industry, compared with BOC's 17%, and Union Carbide's 13%.

Liquid Air MD Jacques Parente says the benefits of being a subsidiary of the world's major gas company, employing about 30 000 people in 60 countries, are considerable.

The parent company, which was established in 1902 by Paul Delorme, is listed on the Paris stock exchange and in other major countries.

It has a subsidiary in Botswana and is represented throughout Africa.

Apart from the production and supply of the more popular industrial and medical gases, L'Air Liquide has been involved in space projects for 15 years, and is strong in the electronic industry, where it supplies the electronic high quality gases through its facilities in France and Japan.

Its strategy is to constantly develop service and quality, to concentrate on its core business (industrial gases), to develop new applications in growing sectors and to make people its top priority.

With major research centres worldwide spending over R1m each day on research and development, new concepts and technology are passed on to the subsidiaries around the world.

Between 1976 and 1981, L'Air Liquide installed the world's largest oxygen plant, comprising 13 units, on Sasol sites.

Together with Sappi, L'Air Liquide developed the Sapoxal pulp bleaching process, "and now occupies a leading position in the field of paper pulp delignification through the use of oxygen or ozone", says Parente.

It recently concluded an agreement with Sasol for a Krypton/Xenon project, a crude product of rare gases to be purified in Europe.

In SA, Liquid Air operates in the food, steel, engineering, construction and beverage industries. It also operates in the medical sector and is involved in environmental applications.

Local

Parente says all of these areas of its business have had and continue to enjoy a strong international backup in terms of new technological applications.

Although its links with France have always been strong and will remain so, Parente says it is the group's policy to try and have more local people managing subsidiaries.

The aim is to promote local people and to give them the opportunity of training overseas, in order to equip them to handle high level positions.

The mix of local and expatriate employees contributes to the transfer of new ideas as well as a good exchange of information.

A major thrust of the group is its philosophy of being fully integrated in those countries in which it operated.

Parente says the group is considering increasing its presence in SA through new projects and new investment possibilities. The scale of such a new investment will be largely dependent on the number and size of new projects in SA.

Although the SA part of the global organisation is small in relation to the total group, it is performing well in terms of sales, profitability and return on assets and the company has, up to now, managed to develop the resources necessary to carry out its innovative policies.

Liquid Air is one of the major gas companies in SA.

"Compared with BOC subsidiary Afrox, we look like the challengers. But being in this position means the company has to be flexible, mobile, aggressive and creative," says Parente.

"As the challenger, we have to be differentiated, and we achieve this by being close to the customer and through our reliability and the high quality of our product".

"In SA we are well positioned in terms of customer perception. This has encouraged us to further improve our quality of service through a 'zero defect' quality training programme for all the employees."

More displays from France as SA comes in from the cold

64

RJ094 27/3/92

FRANCE has maintained ties with SA's aviation sector for over three decades.

These were traditionally through the sale of military and civil aircraft and parts, although military deals were curtailed by the the arms embargo.

Aviation Africa '90 marked a turnaround in that Airbus Industrie, Aerospatiale and Avions Transport d'Regionale (ATR) were all represented in SA.

However, this year's expo promises even more from the French, with other prominent aerospace companies taking part.

Promoting

While those interested in airline manufacture will focus on Airbus Industrie and its two US-based "heavy metal" competitors, Boeing and McDonnell Douglas, corporate and military aviation watchers will view activity at other stands flying the tricolour.

Aerospatiale will be promoting the Ariane IV rocket launcher, satellites and, through its local agent, its stake in the Eurocopter consortium.

Midrand-based Advanced Control and Engineering will represent Dassault and several other French electronic systems, avionics and navigational aid manufacturers, such as Sectant Avionique, Intertechnique, Labinal, Sully Produits Speciaux, Teleflex Syneravia, Secan, Elecma and others.

Cabris will be promoting products in the hardware and electrical/electronics sector, as well as steel and aluminium raw materials.

Other French aeronautical firms will be represented by France's aerospace industry association, Gifas.

A source close to the expo organisers says he hopes by the Aviation Africa expo in 1994 the arms embargo will have been lifted and military aircraft and support equipment will be displayed and sold in SA.

At present, the majority of aircraft and missile systems used by the SA Air Force are either French built or based on French designs.

ATR is back this year, keen to capitalise on the foothold it gained in the SA market when Flitestar bought two ATR 72s for its coastal services.

Limited

Previously, its profile in southern Africa was limited to Air Botswana and Zambia Airways, which have several smaller ATR 42s between them.

Airbus, which had a good year in 1991 as far as the SA airline industry goes, will be promoting its entire family of aircraft, from the single-aisle A320 twinjet to the new wide-bodied four-engined A340 long-haul jetliner.

SAA and Flitestar are both Airbus A320 users, while the national airline was one of Airbus's first customers for A300s in the mid-'70s.

Paris chamber group ready for business in SA 64

KATHRYN STRACHAN

DELEGATES from the Paris Chamber of Commerce and Industry arrived in SA yesterday to set up business deals with local companies.

French Chamber of Commerce and Industry GM Dominique Brunin said the delegation had come "with their cheque books" prepared to sign contracts with local companies. There had been numerous fact finding missions to SA by French business in the last six months, he said, and this time the delegation was here "to do real business". B/Day 18/5/92.

Information director of the Paris chamber Marc Deballon said the 15 companies represented by the delegation already had investments in French-speaking Africa, and were interested in developing SA into a platform for establishing ventures in southern Africa.

A number of companies were interested in establishing joint ventures with local businesses. These included railway equipment manufacturer Le Materiel de Voie which will be meeting Spoornet and Iscor. Delegates will also meet the Premier group, Barlow Rand, Dorbyl, KWV, CSIR and SA Druggists.

Aerospace firm seeks SA partners

BDay 29/5/92

(64) (85) (289)

LINDEN BIRNS

FRANCE's state-owned aerospace giant, Aerospatiale, is seeking SA partners for several projects which could include subcontract manufacturing work on aircraft and space programmes.

The firm, which is a partner in Airbus Industrie, Avions Transport Regional (ATR turboprop airliners), Europcopter and Eutelsat, recently opened a representative office in Sandton.

General Representative for Southern Africa and the Indian Ocean, Jean-Pierre Chapplain, said on Wednesday SA was important for Aerospatiale because it had expertise for co-operative ventures.

"The forms of co-operation have not yet been defined, and whatever they turned out to be, they would have to be suitable to both the local companies and the Aerospatiale Group," he explained.

Aerospatiale, in its former guise as Sud-Aviation, pioneered the concept of multinational aeronautical partnerships when it joined hands with the British Aircraft Corporation (now British Aerospace) to design and manufacture Concorde, the only supersonic airliner to enter commercial service to date.

Last year the company made a FRF213m (about R106m) profit and reported a 16% increase in product sales compared with 1990.

French group buys computer company

DUMA GQUBULE 64

GROUPE Bull of France has bought a controlling share of Mohawk Computers SA to become the first major information technology supplier to invest in the country since sanctions were dropped.

Mohawk Computers is SA's largest independent non-listed supplier of computer hardware and software.

Its turnover for the year to May was R25m. BDay 26/6/92

The French government-owned Groupe Bull, with a significant sales network on the African continent, has a presence in more than 100 countries. Its 1991 sales were R17bn.

The significance of Groupe Bull's investment is that other information technology multinationals have established only licensing agencies in the country.

Groupe Bull southern Africa GM Daniel Farhi said: "We believe there is a substantial requirement for our technology in SA.

"Because SA is a business leader in the region we also see it as a natural gateway for stimulating our operations in neighbouring markets."

Kerk Street in the days of the oxwaggons. On the right is Bourke and Co, where Garlicks now stands.

Budget Formule 1 hotel to be built

B/Day 26/6/92 (64)

FRENCH-based hotel group Formule 1 is coming to Pretoria.

MD of Formule 1 SA Roland Du Trevou said in an interview the group had identified a site near the Pietersburg highway to develop what will become the fifth of its low-cost, no-frills hotels in SA.

Pretoria, he said, figured prominently in the group's plans for this country. "It is a major city and one which will continue to be very important for the country in the future."

By the end of next year Formule 1 will have 10 hotels in this country.

The chain's world-wide success is based on affordable accommodation. Rates are charged per room and not per bed.

The target market is the budget-conscious person — particularly salesmen, civil servants, and businessmen — working away from home during the week.

Du Trevou said the site — between the Menlo Park and Lynwood off-ramps on the N1 — was ideal.

Du Trevou said it was expected the passing traffic would generate considerable business, with many visitors from Pietersburg, the northern Transvaal and Zimbabwe expected to stop off there.

It is also accessible from the industrial area of Silverton and is near large residential areas.

Du Trevou said the new hotel would have 80 rooms.

Formule 1 hotels do not offer restaurant and bar facilities, but the company sees to it that there is a good restaurant within easy reach.

If there is not one nearby, it develops restaurants which it often sells to private owners.

Bull takes on IBM, Olivetti

S/Times/Buss/ 12/7/92 (64)

BULL Groupe is set to challenge the supremacy of Olivetti and IBM computers in South Africa.

Its majority stake in Mohawk Computers, acquired last month, gives it a ready-made nationwide distribution and services network and an installed base of about 300 customers.

Bull is the largest computer group in Europe and one of the 10 biggest in the world. Its annual sales total $6-billion.

"We have not come here to play a small game," says the managing director of Bull Information Technology (Southern Africa), Daniel Farhi.

"We have a few trump cards. The first is our distributive computing model, which can be integrated with multi-vendor environments.

"Second, we are in a strong position in advanced technology, such as the smart card which we were first to develop, videotex and artificial intelligence. They are sustained by huge investments in research and evelopment, amounting to 11% of group turnover.

"Third, we have specially designed solutions for banking, insurance, retail and distribution, manufacturing, public utilities and administration."

Mr Farhi says Bull will be able to offer a wide range of hardware, application software and professional services.

"We will also be able to offer installation and maintenance of the computer systems we sell here."

Why did Bull decide to enter the SA market through Mohawk?

"We had discussions with several groups, but Mohawk impressed us because it has been established in SA for 20 years, it has a nationwide structure for servicing and distribution and highly trained staff.

"It has a common culture with Bull, but lacked the ability to source products from the designer, which is where we come in."

Mohawk is said to be the largest privately owned computer group in SA.

Bull is owned by the French Government and is recognised as a world leader in high-speed printers, point-of-sale equipment, automoatic telling machines and artificial intelligence.

Its development of the smart card revolutionised card technology.

It developed the telematix videotex system in France, similar to SA's Beltel, which allows millions of telephone subscribers to access a huge database of information, from telephone numbers to restaurants and theatre events.

Business Times Feature

R100m for gas plants

S Times (Buss) 12/7/92

LIQUID Air, the SA subsidiary of L'Air Liquide, the French industrial and medical gas group, plans to invest more than R100-million in new ventures, more than doubling the size of its assets here.

This will be one the largest investments by a French group in SA in recent years.

Managing director Jacques Parent says the money, most of which will come from the Paris-based parent, will be used to expand the company's activities.

Liquid Air has factories in Germiston, Cape Town and Richards Bay. They make medical gases, such as nitrous oxide and oxygen, and industrial gases, such as acetylene, carbon dioxide and nitrogen.

The company has been in SA since 1948. It employs 320 people and controls assets of R70-million. Liquid Air's main competitors in SA are Afrox, Fedgas and Air Products.

64 188

Long

Improving relations between SA and Africa have enabled the group to start exporting high value-added gases to its companies in West Africa.

"Gases are costly to export over long distances," says Mr Parent.

"It takes a 10kg container to hold a kilogram of gas. Long-distance transport only becomes feasible where the gas has a high value."

L'Air Liquide is represented in 60 countries, 25 of them in Africa. The group had international sales of R16-billion in 1991.

Because the production of gases is capital intensive, the group has large investments in plant, buildings and equipment. In 1991, these were valued at about R10-billion.

"Our job is not only to sell gases," says Mr Parent.

"We spend much of our time consulting businesses on improving their manufacturing processes using gas. For example, we can use gas to cool a reactor in only seven hours as opposed to the usual 24 to 48 hours. A plant that is idle for this length of time costs the company money."

JACQUES PARENT: Liquid Air to double its assets

The group has developed the use of gases in a variety of food and manufacturing processes. It is both cheaper and more effective than conventional electrical methods. Liquid Air therefore has an unlikely competitor in the form of Eskom, which markets the energy and cost-saving benefits of switching to electrically powered processes.

Cyanide

Environmental consciousness in Europe has been a fillip for the industrial gas business. L'Air Liquide has developed environmentally sound gases for use in laser welding and oxygen-based processes for the paper and iron-foundry industries.

The company pioneered the use of oxygen in gold leaching, a process which reduces the need for chemical additives, such as cyanide.

A leader in medical science

ST Times (Buss) 12/7/92

64

LOUIS Pasteur discovered the germ theory of infection.

Scottish scientist Joseph Lister applied this knowledge to surgery and reduced post-operative mortality from 43% to 15%.

Antoine Henri Becquerel discovered radioactivity in 1896, a scientific event which led Marie Curie to isolate the element radium, later used in the treatment of cancer.

These three events established France as a world leader in medical science, spawning a vast pharmaceuticals industry. This tradition of pioneering medical research continues.

Medical science in SA has been advanced through the presence of two French research-based pharmaceutical and chemical manufacturers, Roussel Laboratories and Rhone Poulenc. Both have been represented here for more than 20 years.

They are world leaders in combating cardiovascular and immunological disorders.

Rhone Poulenc owns 35% of Roussel, although both compete in several markets.

They produce a wide range of antibiotics and cardiovascular medicines, insecticides and chemicals.

Rhone Poulenc, the world's seventh-largest chemical group, has some impressive achievements.

One of its group companies, Merieux, owns the Pasteur Institute in Paris which is credited with the discovery of the human immuno-deficiency virus (HIV), which is thought to lead to AIDS.

The discoverer of the virus, Luc Montagnier, is now questioning his earlier hypothesis that HIV alone causes AIDS — stirring disagreement in the AIDS establishment. Last month the institute began clinical trials of the first AIDS virus.

Rhone Poulenc subsidiary Maybaker began operating in SA in 1932. Today the group has three factories — in Port Elizabeth, Pretoria and Midrand — with annual sales of more than R200-million. Rhone Poulenc has worldwide sales of R42-billion a year.

Like many of the leading French corporations, Rhone Poulenc is controlled by the French Government.

Its three core businesses are bio-science, advanced materials and applied speciality chemicals and chemical intermediates.

"Our strategic objective is to be in the top five companies in each of our three core businesses," says Rhone Poulenc SA managing director Michel Chretien. "We want to strengthen our presence in the higher value-added markets.

"Our objective of globalising our operations has largely been achieved and 25% of our sales now come from the US."

Rhone Poulenc is digesting a spate of international acquisitions, the largest of which was US pharmaceuticals group Rorer. Earlier, it took over Canadian company Connaught and Germany's Nattermann.

The group is a major player in the crop protection industry in SA, making many pesticides at its Pretoria plant. The pharmaceuticals factory in Port Elizabeth makes drugs to treat cardiovascular illness, vaccines and antibiotics, among others.

Animal health products are made at Midrand. The group is also known for its flavours and scents.

As official sponsor of the French Grand Prix, it has helped France's Formula One drivers to achieve better performances through the development of special diets to reduce dehydration and suits to reduce G-forces.

It is one of the leading sponsors of environmental programmes in France and sponsored the design and building of a high-performance sail-free yacht.

Rhone Poulenc has branches in 140 countries and employs 85 000 people worldwide.

Roussel's core businesses are in research-based pharmaceuticals, fine chemicals and insecticides. Group turnover is more than R9-billion a year. It is represented in most countries and employs 16 000 people.

SA is one of only seven countries where Roussel carries out medical research. It recently introduced an innovative range of cost-effective antibiotics to combat infection.

Chief executive Philippe Robert-Gorsse says: "The excellent level of academic medicine in SA has allowed Roussel South Africa to make a substantial contribution to the international research and development programmes of our group."

Roussel recently acquired UK pharmaceutical group Wellcome's environmental health business worldwide, including interests in Zambia, SA and Zimbabwe.

Top supplier of high-tech equipment

S/Times (Buss) 14/7/92 (64)

FORMED three years ago through the merger of Alcatel Alsthom of France and GEC plc of the UK, GEC Alsthom is one of South Africa's largest suppliers of advanced technology.

Much of the hardware for Eskom's power stations and Transnet's rolling stock came from GEC Alsthom, the Anglo-French conglomerate, which is owned equally by the French and British parents.

Alsthom, as part of the French Framateg consortium before the merger, played a vital role in the development of SA's nuclear industry.

Sister

It provided the turbine generator plant at Koeberg nuclear power station and is still involved in its running. Alsthom provided most of France's nuclear power plant.

The company also supplied the generators at Eskom's Matla, Lethabo, Matimba and Zimbabwe's Hwangwe power stations.

Sister company Sieva supplied the coal mills for the pulverised fuel firing at most of Eskom's recent power stations in addition to the boilers at Matimba.

Another group company, CEM, provided the turbo alternator sets for Kriel and Arnot power stations. Delle Alsthom supplied 400kv and lower voltage circuit breakers and generator transformers to Eskom.

"GEC Alsthom has supplied 82% of the total generating capacity in SA since 1970," says GEC Alsthom International managing director Keith Maxted.

"This makes the group overwhelmingly the major electrical supplier in the country.

"We are also the largest supplier of traction equipment in the world. Most of Spoornet's locomotives and suburban rolling stock over the years have been supplied by GEC Alsthom."

Ships

A GEC Alsthom-led consortium won a £500-million (R2,5-billion) order last month to supply high-speed TGV trains for a network which will link Paris, Brussels, Cologne and Amsterdam. The order is for 27 train sets which travel at speeds of up to 300km/h.

The company is also building the trains for the Channel Tunnel.

GEC Alsthom shipbuilding subsidiary Chantiers de l'Atlantique recently delivered the two largest cruise ships in the world to Royal Caribbean Cruise Line. The 73 000-ton ships with 1 177 cabins can accommodate nearly 3 000 passengers.

Another subsidiary, Neyrpic, is involved in the Lesotho Highlands water project and won orders for the supply gates, valves and penstocks. It was also involved in the Orange River project.

Reason for the merger of the two mega-corporations was the need to meet the challenges of Europe 1992, says Mr Maxted.

FRENCH-SOUTH AFRICAN RELATIONS

FIRM HAND RESTRAINS AFRICAN SPENDING

Franc Zone inflation rate checked by Paris controls

S1 Times (Buss) 12/7/92

64

FRANCE's economic hold over Francophone Africa may smack of neo-colonialism, but these countries have fared better than their Anglophone neighbours.

A comparison of Anglophone and Francophone Africa by Paul Collier of Oxford University, entitled Africa's External Economic Relations 1960-90, showed that in the past 30 years prices in Africa as a whole rose 21-fold while in Francophone Africa the increase was sevenfold.

The reason is that most of French-speaking Africa is part of the CFA, or Franc Zone. The CFA franc is issued in Paris, eliminating the ability of governments to print money.

Mr Collier says Anglophone Africa's rapid inflation was useful in helping to reduce wage gaps in the formal sector.

The CFA franc is interchangeable with the French franc at the rate of 50:1. This guaranteed exhange rate imposes monetary constraints on members of the club.

Francophone countries forfeit independent central banks in favour of membership of the Franc Zone, which is administered by a system of rewards and penalties.

The rewards include the benefits of reserve pooling among the African members and the undertaking from France to finance aggregate deficits when these arise.

The penalties include the loss of the benefits of intra-African reserve pooling and of French aid. Breaking the rules results in expulsion from the club.

Anglophone Africa is plagued by a lack of hard currency. Franc Zone countries, on the other hand, are able to trade freely with the rest of the world, using convertible CFA francs.

Look

Mr Collier says it is time to rethink the Franc Zone because of the impending monetary union of Europe and the possible disappearance of the franc.

The Franc Zone may choose to link itself to the European Monetary System and allow Anglophone countries into the club.

The Franc Zone is traditionally regarded as a kind of French province, accessible to only the hardiest outsiders. But French investment in Africa has been declining for more than a decade — from a net inflow of $1-billion at the beginning of the 1980s to a net outflow of $824-million in 1988.

Disinvestment started to accelerate with the liberation of Eastern Europe, but the reality of doing trade with former socialist countries caused many French companies to take another look at Africa.

A 1990 survey among members of the Council of French Investors in Africa indicated that only 13% planned to scale down operations compared with 32% the previous year and 58% were planning to expand.

There are 1 300 French companies in West Africa compared with 100 in Southern Africa.

Trade counsellor at the French Embassy Jean-Claude Bouchet says SA and Southern Africa are the new African growth markets and French companies are starting to move in.

"The French Government has downrated the importance of its Africa ministry," says Richard Cornwall of the Africa Institute. "This reflects a growing disenchantment with the continent, although more interest is being shown in SA."

Formule 1 finds right formula for hotel success

STimes (Buss) 12/7/92

64

ROLAND du TREVOU: Volkswagen of hotel accommodation

THREE years ago Roland du Trevou read in a Paris magazine of the runaway success of French hotel group Formule 1.

Started in 1985 by French hotel conglomerate Accor — it owns the Pullman and Wagon Lits hotel groups — Formule 1 has become the fastest-growing chain in the world.

The group comprises 239 hotels, a new establishment opening each week.

Research had shown that 60% of French people had never stayed in a hotel because prices were too high. Accor came up with a no-frills hotel concept that would appeal to almost any budget.

Mr du Trevou boarded an aircraft to France and tried to interest Accor in launching the concept in SA.

Accor believed the "time was not ripe" to open here.

Muscle

Mr du Trevou returned to SA empty handed, but far from defeated. The fact that the hotel trade in SA was going through hard times because of a tourism slump did little to dent his enthusiasm.

He registered the name Formule 1 and approached Meyer Khan, chairman of SA Breweries, which owns the Southern Sun group.

With the financial muscle of the SA Breweries group now behind him, Mr du Trevou and Southern Sun managing director Ron Stringfellow approached Accor a second time and a partnership was formed in December 1990.

The first Formule 1 hotel in SA near Jan Smuts Airport opened in June 1991 and is running at "very high" occupancies. The average occupancy of SA hotels is about 50%.

Formule 1 hotels are aimed largely at the SA market and are relatively immune to international tourist cycles.

"We plan to open 10 hotels before the end of 1993 and 50 by the year 2000," says Mr du Trevou.

Slash

A second Formule 1 is being built beside the Ben Schoeman highway's Sandown-Wynberg off-ramp and a third, on Louis Botha Avenue in Berea, will be ready by December. A fourth will be built close to Jan Smuts Airport.

By dispensing with costly restaurant overheads, room service and bars it is possible to slash tariffs to the bare minimum.

A room costs R74 a night whether it sleeps one, two or three people. A Continental breakfast costs only R6, but no lunch or supper is served.

For those in need of a midnight snack, a vending machine is available.

"Our market is travelling salesmen on limited budgets, technicians, public servants, trainees, families and people from out of town."

Mr du Trevou says Formule 1 does not compete with the newly launched Southern Sun Garden Court, or the successful City Lodge, which pioneered this market in SA.

"It is not uncommon for a Formule 1 hotel to be full on the first night after opening," says Mr du Trevou.

"We do little advertising. We promote the hotel with huge billboards while construction is under way."

Formule 1 will expand to Durban and Cape Town next year and thereafter into smaller towns in competition to one- and two-star hotels. A 40-room hotel can be run by a staff of three or four.

Tapping

Guests arriving late at night can check themselves in with a credit card, but Mr du Trevou says there has been little opportunity to use this facility at Jan Smuts because the hotel is generally full at this time.

"Our research indicates that 90% of South Africans have never stayed in a hotel because the prices are too high. So we are tapping into a new market, offering low-priced, yet hygienic and comfortable accommodation to budget-conscious guests."

Accor comprises 1 900 hotels and is the largest hotel group in the world.

A Business Times Feature

Lively band of bankers spurs trade

S/Times 12/7/92

THE arrival of two French banks in SA in the last 18 months, Parisbas and Societe Generale, signifies a growing trade interest among French corporations in the region.

Several other French banks have long been in SA. Credit Commercial de France has been here SA since the 1960s, French Bank since 1949, Credit Lyonnais since 1972, and Banque Francaise du Commerce Exterieur (BFCE) since 1970.

Two of the largest foreign-owned banks in SA are Societe Generale and French Bank of Southern Africa, with combined assets of more than R2-billion.

Parisbas is the largest privately owned banking group in France.

Gradually

Societe Generale acquired 100% of International Bank of Johannesburg in 1991. The bank has two branches — in Cape Town and Johannesburg — and assets of about R700-million.

Managing director Peter Gray says the bank plans to "grow gradually" without concentrating on asset growth.

The bank is represented in 64 countries.

"The corporate bank will take advantage of its group strength, capitalising on French-SA trade," says Mr Gray.

"We will continue to develop business with the corporate sector in SA, particularly in international markets and foreign trade.

"We also have considerable expertise in treasury department activities."

Societe Generale group chairman Marc Vienot visited SA in February, calling on government officials and businessmen to strenghten ties in SA.

The bank has representations in 11 African countries. It is well positioned to challenge other SA banks in developing business contacts with the rest of the continent, says Mr Gray.

French Bank is a subsidiary of Banque Indosuez, part of the Compagnie de Suez group, one of the largest investment holding companies in France.

The bank's SA shareholders include NBS (39%) and Barlow Rand (10%). It is the largest foreign-owned bank in SA, counting among its clients some of the largest corporations.

"Trade will grow between SA and the rest of the world and French Bank will take part in financing that growth," says managing director Francis Klein.

"As foreign investment increases and SA investment grows abroad we are well placed thanks to our FBSA project finance subsidiary."

Credit Commercial de France maintains a representative office in SA. It does not carry out any banking transactions in SA.

Advice

"Our activities consist of arranging, through the Paris head office, short- and medium-term offshore loans in various currencies."

Societe Generale was chosen by Havas and Compagnie Generale de Electricite to advise on the privatisation of these two companies in France.

It is the fourth-largest banking group in France with more than 300 000 corporate clients, including most of the blue chips, in which it also has sizeable shareholdings.

They include Accor, CGE, Canal Plus, Generale des Eaux, Havas, Perrier, Peugeot, Printemps and Rhone Poulenc.

Liberty grows in Europe

SOUTH African life assurer Liberty Life is expanding its presence in Europe.

In September last year it teamed up with Union des Assurances des Paris (UAP) to take joint control of UK-based Sun Life after almost 10 years in the trying. UAP is 65% owned by the French Government and is the second-largest life assurer in Europe.

But its relationship with Liberty has not always been cordial. In 1988 UAP tried a merger with Sun Life in which Liberty's UK subsidiary, TransAtlantic, had a stake of 29,8%. The merger was blocked by TransAtlantic.

Foothold

Had it failed to block the merger, the result would have been to eliminate TransAtlantic's influence in Sun Life. Once the merger had been blocked, TransAtlantic won two seats on the board of Sun Life, held by Michael Rapp (formerly of Rapp & Maister, the Liberty subsidiary) and the Marquess of Duoro. S/Times (BUSS)

The relationship between TransAtlantic and UAP improved thereafter and agreements were entered into whereby both sides equalised their holdings in Sun Life and decided to take joint control of it. 12/7/92

UAP acquired 16,8% of TransAtlantic and Liberty's stake dropped to 59%.

UAP, Liberty and TransAtlantic plan to develop their interests in the UK and elsewhere in the English-speaking world through Sun Life. UAP's strong foothold in Europe presents Liberty with its best opportunity yet to penetrate the Continental market.

Sun Life was delisted after the takeover to pave the way for TransAtlantic's listing on the London Stock Exchange.

French business is moving south

ST Times (BUSS) 12/7/92 (64)

EVERY year July 14, Bastille Day, focuses the world's attention on France and the French. For us in South Africa it is no exception. CIARAN RYAN looks at South African-French relations.

THE French are moving in. Many companies are quitting their traditional markets in West Africa after several years of sluggish growth to focus on Southern Africa.

Jean-Claude Bouchet, trade counsellor attached to the French Embassy in Pretoria, says: "We are encouraging them to start business in SA because we believe this is the best growth market in Africa.

"SA companies interested in penetrating the West African market will find it a lot easier if they form joint ventures with established French firms there."

Several French companies have opened branches in SA in recent months.

Civil

Some of the more notable arrivals are:

● Bull Groupe, Europe's largest computer company, which acquired a majority stake in Mohawk Computers last month and will challenge IBM and Olivetti.

● Societe Commerciale Oust-Afrique (Scoa), the trading house with a strong presence in West Africa.

● Societe Generale bought the International Bank of Johannesburg last year. Parisbas, the largest private banking group in France, has opened an office in Johannesburg.

● Bouygues, the civil engineering and construction firm which is involved in the construction of the Katse Dam in Lesotho, has an office in Sandton and is reported to be looking for acquisitions.

● Aerospatiale will compete with British Aerospace among others.

● Formule 1, owned by hotel conglomerate Accor, opened its first no-frills hotel near Jan Smuts Airport last year and plans to open nine more before 1994. The SA company is jointly owned by Southern Sun and Accor.

Investments by French companies already in SA include:

● Total SA invested R480-million in the Arthur Taylor open-cast coal mine which opened on the East Rand. Total exported 4-million tons of coal last year. It is SA's fifth-largest coal exporter and the largest French company in SA.

● L'Air Liquide, the medical and industrial gas group, plans to spend R100-million on expanding the activities of subsidiary Liquid Air.

● Tonnellerie Radoux invested R6,3-million in extending its cooperage in Stellenbosch in partnership with Stellenbosch Farmers' Winery and Distillers Corporation.

● A R20-million joint venture was signed in April between Pretoria Portland Cement and Cedest of France to make precast concrete products.

Coal

● Andalusite producer Damrec bought two SA mines, Annesley, a subsidiary of Zaaiplats, and Purity Metals subsidiary Andafax, both in 1991.

Several co-operation agreements have been signed between SA and France.

● Several pacts in May are aimed at promoting industrial co-operation and French investment. Another between the Industrial Development Corporation (IDC) and France seeks to encourage industrial development.

● A treaty was initialled to do away with double taxation of French companies in SA.

● In February, French utility Electricite de France entered an agreement with Eskom to help with electrification project and an extension of the power grid throughout Southern Africa.

● Bureau de Recherches Geologiques et Miniere (BRGM) and Genmin will co-operate in mining projects around the world.

The French Government guarantees all investments in SA against nationalisation and loss as a result of political actions.

An insurance policy offered by Assurance Prospection compensates French companies for losses incurred while establishing markets in SA.

Rolling

France's contribution to SA's technological development has been significant, even though the French community in SA numbers only about 5 000.

Alsthom, the French part of UK-French consortium GEC Alsthom, was instrumental in setting up Koeberg nuclear power station on behalf of Eskom and provided generators for Matla, Lethabo, Matimba and Hwangwe power stations.

Most of Spoornet's locomotives and suburban rolling stock were provided by GEC Alsthom.

France supplied the SA Air Force with Mirage jets and the navy with submarines.

Many French companies have been in SA for years. Names such as Lancome, Ellebelle (a market leader in SA's cosmetics industry), L'Oreal, French Bank, Credit Lyonnais, Liquid Air, Michelin, UTA, Merlin Gerin, Telemecanique, Roussel Laboratories, Rhone Poulenc, Spie Batignolles and Total are well known here.

The lifting of European Economic Community sanctions earlier this year and prospects for a political settlement resulted in a flood of trade inquiries at the French Chamber of Commerce in Johannesburg.

Rapidly

France is SA's seventh-largest trading partner with total trade of R4,3-billion last year.

The balance of trade is generally in SA's favour, although the inclusion of three Airbus 320s in last year's figures swung the balance in France's favour. Although France is only a one-third partner in the Airbus consortium, the full value of the aircraft is reflected in its trade figures because assembly was completed in France.

France exported goods worth R2,5-billion to SA last year and imports were valued at R1,8-billion.

Mr Bouchet says trade should start to pick up rapidly now that sanctions have been removed.

Example

France has already bought about a million tons of coal from SA at a price of about $27 a ton. SA fruit and vegetable products are in demand in France.

Because of drought this summer, France is resorting to coal-fired electricity generation. France depends heavily on nuclear power, which requires large volumes of water.

An important step in forging closer trade ties is the establishement by the French Embassy's trade desk of a working group to promote joint activities between French and SA companies in Africa.

"This will be an important step for SA involvement in West Africa," says Mr Bouchet.

"French companies have been in West Africa for many years and it is not always easy for English-speaking countries to establish a presence. The currency, the language and the design standards are French.

"It will be much easier for SA companies to enter this market together with French firms."

An example of French-SA co-operation is IMS subsidiary Aquazur's partnership with Degrement, a world leader in water treatment. Both companies are active in several African countries.

Mr Bouchet says many trade delegations have expressed interest in visiting SA, but large-scale investment will be slow in coming.

BENEATH A LANDMARK: Tourists receive directions at the foot of the famed Eiffel tower

Study expects $15bn foreign funds inflow

(64)

BDay 27/8/92

CHARLIE PRETZLIK

THE SA economy could grow by between 3% and 4% a year between mid-1993 and 1996, economic consultant Thierry Apoteker concludes in a study produced for the French Bank of Southern Africa.

From its current negative annual growth rate, a post apartheid economy would be boosted by at least $15bn in foreign funding over a three-year period.

Apoteker predicts a Budget deficit which would be restricted to 3% of GDP.

A consumer led recovery will operate alongside an increase in exports, spurred on by the suspension of sanctions and the exploitation of SA's advantageous position for trading with Asia and Europe, Apoteker says.

Although inflation would be a prominent feature on the post-apartheid economic landscape, Apoteker is confident any future government, whatever its political hue, will be forced to adopt a relatively conservative and liberal economic policy and contain public spending within limits acceptable to international funding institutions.

This optimism is matched by French Chamber of Commerce and Industries of Southern Africa (FCCISA) GM Dominique Brunin.

Brunin said in an interview: "We have seen French interest in SA take off this year as businesses realise the reticence of British and German companies is an opportunity not to be passed over by them."

He said since January the FCCI had recorded more than 50 businesses arriving in SA from France to investigate business potential, and added most departed either with contracts or with a commitment to return.

He explained this French optimism — at a time when other overseas businesses were "keeping their powder dry" — was borne out by the fact France was already the largest investor in sub-Saharan Africa and considered the gap left by other countries as an opportunity to move in to SA.

In recent months, contracts have been signed between French computer company Bull and Mohawk, between Alusaf and French steel giant Pechiney, and between Sun International and France's Accor hotel group.

SA's technology 'lagging behind'

GERALD REILLY

PRETORIA — The rest of the world was way ahead of SA in the technological field, even more so than was realised in the "comfortable" days of sanctions and isolation, Foundation for Research and Development Council (FRD) chairman Johan van der Walt says in the organisation's annual report published yesterday.

Van der Walt said government and the private sector would have to make a far greater investment in training scientists and technologists than it was doing at present.

The report, handed to National Education Minister Piet Marias yesterday, said more than R59m was allocated to the FRD in 1991/92 for developing human resources in science and technology.

27/8/92

Koeberg bank returns to SA

ST Times (BUSS) 20/9/92. 64

By DON ROBERTSON

BANQUE de L'Union Europeene, the leading bank in raising finance for the Koeberg nuclear power station, is back in SA, but under a different guise.

In January, Compagnie Financiere de CIC et de L'Union Europeene (CIC Group) opened offices in Johannesburg to provide project finance for major developments. It also offers its services for mergers, acquisitions, debt swops, tourism and trade.

The CIC group evolved after the merger of Banque de L'Union Europeene and Compagnie Financiere in 1990 and is headed in Johannesburg by Philippe Uzac.

The group consists of 12 regional French banks dealing with medium-size companies, plus several specialised subsidiaries. It has 40 agencies and representatives in Africa, North and South America, Asia and the Near and Middle East with a staff complement of more than 23 000. It has assets of about R215-billion.

The CIC group is controlled by the French Government through the 82% interest held by GAN, France's third-largest insurance company.

Mr Uzac says the group will not compete with SA banks, but will co-operate with them in projects.

The group has scored several successes in Africa. It was the leading bank in the restructuring of the commercial debt of Mozambique. It is on the short list as possible managers of the railways and harbours in Mozambique after privatisation.

Trade between French and SA companies is also high in CIC's priority list. Two months ago CIC was responsible for bringing 15 delegates from French companies to SA. They will return in February.

CIC has a strong presence in eastern Europoe and Mr Uzac believes he can foster relations between companies in the two regions, particularly in mining.

CIC is also assisting the French Meridien hotel group, owned by Air France and UTA, in investigations into establishing a presence in SA.

Our correspondent reports from [Ca]pe Town that the Correctional Ser[vi]ces Department confirmed that 431 [Po]llsmoor inmates were on a hunger [str]ike in protest against the release [of] political prisoners.

Picture: BRIAN HENDLER

Army chief accuses MK of sabotage plans

6/01/M 2/10/92

STEPHANE BOTHMA

THE ANC's military wing Umkhonto we Sizwe plans to undertake acts of sabotage against government installations and infrastructures during the fourth phase of its mass action programme, says SA Army chief Lt-Gen Georg Meiring.

Available information made it clear MK members would be deployed among mass action participants during "exitgate" to provoke the security forces of SA and the TBVC states, Meiring told a military parade in Voortrekkerhoogte on Wednesday. Meiring's speech was released to the media yesterday.

ANC spokesman Carl Niehaus last night rejected Meiring's claims as "utterly untrue" and said the ANC was committed to a peaceful campaign of mass action which would be conducted within the parameters laid down by the Goldstone commission and the national peace accord.

Meiring said: "In the event of counter-action by the security forces, it is planned that MK will be used to create the impression among the broad population that MK is a people's army protecting the people against so-called aggressors."

In addition, plans existed to use so-called "special operations teams" from the PWV area during mass action to sabotage government installations and infrastructures in certain TBVC states and black residential areas, he said.

"Not only will the use of members of special teams ensure good security during these operations, but also hamper attempts to trace these actions back to ANC members. It rather seems then that these so-called 'special operation teams' are just another term for the notorious self-defence units," Meiring told the parade.

He said acts of violence had already been committed against government buildings in the Ciskei, which indicated members of these teams would most probably be deployed in future.

Apparently these actions would be extended to SA as well.

Similarly, "pseudo operations" were obviously being used to place the blame for murders on the shoulders of the SADF, SAP or the government.

According to Meiring, only two alternatives existed in SA's future.

"We can attempt to negotiate for a joint future with built-in protection of minority groups, or we can settle our differences by using violence — in other words get involved in a civil war or a bloody battle."

However, the Defence Minister had given an undertaking that government would not rest until a new and just democracy was in place, and that government would continue to negotiate to achieve this goal, Meiring said.

Chemical fire death probed

6/01/M 2/10/92

STEPHANE BOTHMA

POLICE opened an inquest docket yesterday into the death of a Midrand worker whose body was found near the site of a gutted chemical warehouse.

The fire occurred on September 19 at the Rhone-Poulenc warehouse and consumed about 74 chemical substances — five of which were considered potentially harmful.

Firigas Ngoma, 35, died on Wednesday night. (64)

A Rhone-Poulenc spokesman said yesterday they would receive the post-mortem report today. But he added that at the time of the fire and afterwards, several employees had been at the site without protection or gas masks without showing ill effects.

Meanwhile, the company has offered to pay the costs of tests for residents affected by gas from the fire.

Rhone-Poulenc faces police probe

FRENCH pharmaceuticals giant Rhone-Poulenc, already under threat of possible civil suits following a blaze at its warehouse north of Johannesburg, now faces a police probe, the Midrand Town Council announced on Wednesday.

In a letter to residents, the council said it would ask police to investigate the fire on September 19 in conjunction with the National Health Department, which issued the licence for Rhone-Poulenc to store chemicals.

(64)

Midrand town secretary Tom Pieters said the police and the department should make sure any party involved in the "disaster" had complied with the regulations.

The council has complained that Rhone-Poulenc did not warn its fire brigade about the chemicals on site until about two-and-a-half hours after fire crews arrived, and did not make a full disclosure until six days later.

Eighteen firemen were taken to hospital suffering from nausea, vomiting, skin irritation and diarrhoea, and six were found to have non-lethal amounts of organo-phosphates in their blood.

On Monday, Rhone-Poulenc appointed the Atomic Energy Corporation to conduct soil and air tests and put together a dispersion model to see where a cloud formed during the fire might have deposited toxins. The scientists were looking for dioxins, which may have been formed when phenol-related products in the warehouse burned, said warehouse general manager Simon Grimbeek.

BDAY 8/10/92.

Grimbeek said the samples may be sent to the US for analysis. Results would take at least three weeks to come back. An independent search for dioxins by a Pretoria company, based on samples around the site, is expected to yield results earlier.

Tests for organo-phosphate, benzene and other chemical poisoning carried out on Rhone-Poulenc's 49 workers and some 27 people in neighbouring offices, have come back negative.

The council has advised the nearby offices to have their air conditioning systems cleaned out. — Sapa-AFP.

Code of conduct approved for the timeshare industry

BDAY 8/10/92.

ANDREW KRUMM

THE Harmful Business Practices Committee had approved a code of conduct for the timeshare industry, said committee chairman Prof Louise Tager.

The code of conduct had been drawn up by the Timeshare Institute of SA and would allow the industry to regulate itself.

Tager added that a newly established industry watchdog, the Timeshare Standards Council would administer the code of conduct, and could turn to the committee for enforcement against unscrupulous timeshare operators.

Retired Judge Cecil Margo would act as industry ombudsman and head the council. The code would apply to all timeshare companies and developers to ensure that consumers were protected.

Resort Condominiums International MD Steve Griessel said the formation of the council was only part of a broad initiative by the institute to clean up the industry's image, and boost slowing sales.

Speaking at the launch of the Timeshare 2000 initiative yesterday, Griessel said the customer would benefit directly from a range of innovative programmes which would come into effect on November 1 this year.

One innovation was the introduction of a mandatory five-day "cooling-off" guarantee, which did away with pressure-selling tactics by salesmen.

"The cooling-off period gives purchasers the option of cancelling agreements within five days, should they feel they have been pressured into buying.

"This is one of the most significant changes as salesmen are going to have to become far more creative in their selling methods," he said.

Among other things the institute would offer a 15-year warranty to provide holidays to timeshare buyers whose resort had been liquidated, or who had lost their occupation rights, Griessel said.

Satour director Kobus Roux endorsed Timeshare 2000.

"The far-reaching changes will ensure the continued growth of this vital part of the tourism infrastructure, while at the same time eliminating undesirable practices."

Midrand task group chemical fire probe

BIDAY 14/10/92

KATHRYN STRACHAN

THE Midrand Town Council on Monday night initiated a task group in response to inadequacies in dealing with the Rhone-Poulenc chemical fire last month.

64

A council spokesman said the fire showed a number of gaps in dealing with the disaster, and steps had to be taken to ensure the situation was not repeated.

Representatives from chemical companies, residents' associations, pressure groups and various experts came together to work out a strategy so that any situation such as the Rhone-Poulenc fire might be averted, or, at least, that its impact be reduced.

The task group's primary function is to identify deficiencies in legislation concerning chemical companies and to put together an initiative which would ensure that residents and businesses in the area are better protected.

Midrand mayor Alan Dawson said the main problem his council faced in dealing with the crisis was the lack of information as to what chemicals were stored on the property.

Competition BIDAY (245)

Visa move 'an indication of confidence in SA'

SHARON WOOD

VISA'S investment in SA demonstrated its faith in the future of the country and would contribute to trade and tourism in the southern African region, Finance Department director-general Gerhard Croeser said at the opening of Visa's offices in Johannesburg yesterday.

The move was an indication of the confidence Visa had in the area's potential, he said. BDAY 20/10/92.

It also demonstrated Visa's appreciation of the sophistication of the domestic financial services sector, Croeser said, and the fact that SA was becoming accepted for the appropriate expertise it could provide. (64)

"We are going to find increasing trade and tourism throughout the region and Visa will play an indirect role in this by oiling the wheels of tourism."

Croeser said the message was coming home that SA's economic problems needed to be solved, otherwise a future government was going to have a severe problem. "Hopefully the political posturing will disappear," he said.

Visa president and CE for Europe, Middle East and Africa, Jean Jacques Desbons, said the decision to open offices in SA was evidence that Visa thought the southern African region would be of growing importance to the organisation.

"It is a bet on the future and the best way to show it is to be here and invest here," he said.

French business delegation visiting SA

8/0A7 4/11/92

GERALD REILLY (64)

PRETORIA — Most French companies had great faith in SA's economic future, in spite of political and economic uncertainties, French Employers' Union executive adviser Bernard Gruet said yesterday.

Gruet and Paris Chamber of Commerce and Industry executive director Edmond Viviand are leading a delegation of leading French businessmen to promote investment and co-operation with SA interests.

At the French embassy in Pretoria yesterday, Gruet told reporters the emphasis in discussions with the Industrial Development Corporation (IDC) was on joint management development programmes.

Referring to a co-ooperation agreement signed earlier this year with the IDC, Gruet said an important aspect was technology transfer.

IDC MD Carel van der Merwe said a first objective of the agreement was to attract greater French investment to this country.

French looking at SA

(64)

ST Times BUSS

By ZILLA EFRAT

22/11/92

FRENCH companies are eyeing investment opportunities in South Africa, says Ernst & Young Europe chairman Antonie Bracchi.

He warns, however, that Europe will look to its own backyard — eastern Europe — before it invests in SA.

"The eastern bloc is too close not to be given primary attention. It is the European Community's biggest concern."

If eastern European countries' needs are not dealt with, the EC will face mounting problems.

Mr Bracchi says: "But SA cannot be forgotten. For a long time, SA was viewed as being outside the world community. Now it is seen as a country with potential, especially as a stepping stone to other Southern African countries."

Mr Bracchi, who is based in Paris and Brussels, says several French companies are considering investment in SA. Those he knows about are in minerals, pharmaceutical and high-speed transport. One retailer is also looking at SA.

Although eastern Europe is the EC's priority, investment in SA is being held back because of political uncertainty.

French Bank to increase its capital

BDAY 26/11/92. (66) 64

LINDA ENSOR

CAPE TOWN — A R100m investment was planned for the French Bank of Southern Africa to expand its capital base over the next two to three years, chairman Phillipe Brault said.

Brault spoke at a farewell function yesterday for MD Francis Klein and to welcome his replacement, Marc Verhille.

He said the bank anticipated an economic recovery from the second half of 1993. He said this would bring more business and necessitate an increase in its own funds to comply with the Deposit-Taking Institutions Act.

The wholesale bank's own funds currently amounted to R100m but it wished to increase this to R200m by 1995. Last year R25m was injected.

Consumption was expected to increase next year with a better agricultural crop and World Bank and IMF funds coming into the country following an interim government.

The bank is 51% owned by international merchant bank, Banque Indosuez, 39% by Natal Building Society and 10% by Barlow Rand. Its total assets amount to R2bn.

Brault said sanctions had forced the bank to keep a low profile, but this was changing. It had been in the country since 1948.

The bank was active in the first half of this year in assisting European companies to gain a foothold in SA. However, this had tailed off with the increase in violence. "The political situation in SA in not clear enough for major new investment," Brault said.

Confidence begins at home, SA told

C/Press 13/12/92 (64)

MONEY TALK

AN important West European leader, Edouard Balladur of France, has pointed out some unpleasant truths to South Africans during a fairly low-key visit to the country this month. C/Press

It is important that we take note of his remarks. He was economics, finance and privatisation minister in the government of Jacques Chirac. What is even more important is that he is a possible new prime minister should there be a change of government in France after the March elections.

Balladur has warned, for instance, that the reluctance of SA businessmen to invest in their own country's future is having a detrimental effect on foreign perceptions about possibilities here.

Balladur pointed out that French industrialists have been decentralising their activities for many years – firstly to neighbouring countries such as Spain and Portugal and then to countries as far afield as Malaysia.

Although he did not say it, it is clear that SA is very low down on the list of French investor priorities.

Apart from new investments he even foresees the possibility that we may lose existing investments. Continuing violence, labour unrest, high taxes and similar factors are causing local and foreign investors to spread their risk by investing overseas.

Yet Balladur and others of his ilk understand that we are experiencing a transitional period, and, one can assume, they are still sufficiently interested to get a foothold here, given the right conditions.

At the moment he believes our trade with western Europe – the world's largest trading block – depends too heavily on raw and semi-processed materials. We should add more value to create greater wealth locally.

Yet here lies the crux of the problem. To do so needs confidence and new investments in the future of the country. At the moment so many of our own businessmen are reluctant to commit themselves while overseas industrialists are fed regular TV scenes of violence and confrontations between business and labour that they are understandably inclined to look elsewhere for opportunities.

Thus, Balladur's message is clear: the world owes us nothing, but is interested in doing business with us provided we create the a stable and profitable climate.

FOREIGN FIRMS IN S.A

- FRENCH -

FEBRUARY '93 - FEBRUARY '97

French group buys 25,9% of Basil Read

(69)

B/DAY 10/2/93.

EDWARD WEST

LEADING French international construction group Bouygues has taken a 25,9% stake in Basil Read to become its major external shareholder.

Bouygues, which currently operated all over Africa, had been looking for a SA partner with which to explore opportunities in southern Africa, a statement from Basil Read said yesterday.

Basil Read MD Chris Jarvis said the move was initially only a change of shareholding. In future, however, co-operation between the two companies would be of substantial assistance to Basil Read and would allow it to develop business opportunities in surrounding countries in partnership with Bouygues.

Bouygues bought the stake on the JSE on February 1 1993 from German textile industrialist Claus Daun with 3,7-million shares worth R3,3m changing hands at 70c a share.

Daun doubled his money on the JSE in four months, having bought the stake in Basil Read in October last year when the share was trading at 35c. The share was untraded at 70c yesterday, still well below net asset value at end-June 1992 of 288c.

In that year, Basil Read reported its first losses in a decade and steps were being taken to reduce high gearing. Staff and management held the major shareholding at approximately 40%, it was reported.

SA Federation of Civil Engineering Contractors executive director William Vance said in future there would be great potential for contractors to take part in foreign aid-funded infrastructural development in southern Africa.

The World Bank accumulated $1bn in interest last year on funds it had allocated for southern African countries but had not spent, because of an inability of those countries to motivate and process fund applications, he said.

French giant targets SA for growth

STAR 23/2/93.

64

By Sven Lünsche

Groupe Bull, the giant state-controlled French computer group, yesterday officially launched its South Africa subsidiary and unveiled its long-term growth strategy.

Bull last year acquired a controlling interest in Mohawk Computers and plans to increase its share of the local market through organic growth and further investments, including acquisitions.

Jacques Lebhar, chairman of Bull International, said in Johannesburg the group had pinpointed South Africa as a major new growth point for its activities and selected the country as its southern African base.

"We are setting out to be a major force on the local information technology market within the next five years."

The expansion to SA was part of its international strategy to develop significant growth potential countries for its technology, Lebhar said.

Daniel Farhi, Groupe Bull's Southern Africa managing director, said the parent company had made a capital investment soon after the Mohawk takeover.

"We are now involved in the transfer of expertise and training of local users.

"SA will be a major new target market for the company's technologies, ranging from artificial intelligence and smart cards to electronic data interchange and portable PCs.

"We will also be marketing our internationally-known GCOS line of mid-range and large systems in SA," Farhi said.

Bull has worldwide sales of R17 billion and apart from the French state, which controls 72 percent of the shares, has IBM and NEC as major shareholders.

French actively investing in SA

64

STAR 25/2/93

By Sven Lünsche

France and South Africa have completed negotiations on an agreement to avoid double taxation, the French special representative for international investments, Jean-Daniel Tordjman, said in Johannesburg yesterday.

Tordjman, who is on a 10-day visit to SA, told a press conference French companies had been among the most active foreign groups to invest in SA recently.

"Over the past two years French investment in SA has increased by 40 percent and the recent influx of big companies should be followed soon by other medium-size corporations."

The French government had been supporting investments by negotiating the double tax agreement, which was ready to be signed formally.

The French Export Credit Insurance Corporation was also providing guarantees on the political risks to new French investments.

Tordjman warned, however, that foreign investors, who had not visited SA, had a terrible perception of the latest political and economic developments.

"These investors will wait for respectable black leaders to indicate that they are serious about a stable economic and political situation before they make a move," he said.

SA needed to be fully re-integrated into the world financial community by restoring normal relations with the IMF, the World Bank and Gatt.

"To achieve this you have to pay the price of lower import tariffs and a more stable import duty structure — you can't just lift duties up and down when you deem it appropriate."

SA had the potential to attract large foreign investments. "You have an excellent infrastructure and superb top management, as well as an abundance of natural resources," he said.

French envoy has good news for SA

(64) MATTHEW CURTIN

DIRECT investment by France in SA would be eased by strategic alliances between French and SA companies, particularly banks, and a French government proposal for middle-management training for South Africans in France, France's ambassador-at-large Jean-Daniel Tordjman said yesterday.

French investment in SA had risen by 40% in the past two years, albeit off a low base, with the recent arrival of companies like merchant bank Societé Générale, civil engineering group Bouygues, and telecommunications group Alcatel.

Tordjman, a special representative of the French government with responsibility for international investments, said his 10-day visit to SA had convinced him the country was able to compete for international investment with areas like southeast Asia. BIDAY 25/2/93

International investors were attracted by countries with a pool of engineering and managerial talent, a workforce of quality, and an industrial sub-contracting network. He said he was "impressed" with the diversity of SA's industrial base.

SA's rich mineral resources and cheap electricity would also encourage investment, providing a sound base for economic development, with the proviso that international confidence in a smooth political transition had to return first.

Tordjman said France's and SA's interests were converging, with Europe likely to remain SA's main trading partner, while France was intent on maintaining its strong ties with Africa.

Sapa reports he said SA and France were close to signing a fiscal agreement on double taxation and investments protection.

The agreements had been on the table for some time "and will be discussed and realised very, very soon", he said.

There's a direct banking link to East

SI Times (Buss) 21/3/93

FRENCH Bank of Southern Africa can offer local companies a direct link into Singapore and South-East Asia through its parent Banque Indosuez's international network.

Banque Indosuez, one of France's largest banks, transferred its Asian headquarters from Paris to Singapore in mid-1990, enlarging its functions and scope at the same time.

The headquarters supervise branches and affiliates in Hong Kong, Indonesia, Malaysia, People's Republic of China, Singapore, Thailand, Taiwan, the Philippines and Vietnam. It also covers Burma, Cambodia and Laos.

Renamed

Banque Indosuez's ties to Singapore go back to 1905, when Banque de l'Indochine first opened its doors at Raffles Place. Banque de l'Indochine was merged with Banque de Suez in 1975 and the group was renamed Banque Indosuez in 1981. It is now one of 23 fully licenced foreign banks operating in Singapore.

Banque Indosuez has a 51% stake in FBSA and an active presence in 65 countries. Because of this network, the transactions of SA companies can be handled in-house by FBSA with clear cost and speed advantages, says FBSA assistant general manager Jean-Michel Caffin.

(64).

Further ties between FBSA and Banque Indosuez's Asian operations also exist. Eric Maurin, who spent seven years as head of FBSA's corporate banking division, is now managing director of Indosuez Vietnam. And Mr Maurin's predecessor, South African-born Bruce Fraser, now heads the bank's corporate banking international desk in Hong Kong.

FBSA has been in SA since 1949 and operates largely as a wholesale corporate and merchant bank. Its customers are mainly large corporates, multinationals and parastatals.

Technihire bounces back to strength

DUMA GQUBULE

HUMAN Resources group Technihire rebounded sharply in the year ended January, more than doubling its attributable earnings compared with the previous year's annualised figure.

Technihire, controlled by French company Ecco since last year, saw its earnings increase to 8,07c a share (3,82c) from which a dividend of 3,2c a share was declared. BIOAY 23/3/93.

The group did not declare a dividend last year.

CE Jack Eliasov said certain ~~core~~ businesses had experienced excellent growth during the year.

But the past year's "excellent performance" would not be repeated in the coming year as a result of the uncertain political and economic climate.

Turnover was not disclosed, but the company said it was up 15% over the previous year's figure. Operating income before tax increased by almost a half to R1,8m (R1,2m). 64

The tax rate fell to 43%, previously 58%, and attributable earnings increased 111% to just more than R1m (R484 000).

French firm 'may want aid deals'

ANDREW KRUMM

BIDAY 30/4/93.

FRENCH construction group Bouygues's interest in a bigger slice of SA contractor Basil Read could stem from a desire to tap the future flow of EC and French development funds to southern Africa, sources speculate.

The speculation follows Basil Read's cautionary announcement yesterday that negotiations between the two groups had not yet been finalised. (64)

One source said: "One has to look at why Bouygues, which has a R34bn turnover internationally, is interested. The major reason is probably that overseas donors envision much infrastructural investment in southern Africa over the next few years."

The deal made "geographic sense". Aid usually came with the stipulation that companies from the place of origin participated in the provision of the development service. Bouygues was probably looking "to cash in" on the flow of development assistance.

"France has just had a change of political leadership, and the conservatives now in power appear about ready to make a contribution to southern African development."

Basil Read MD Chris Jarvis yesterday declined to comment on the issue of price, and declined to specify what additional stake Bouygues would take. He did say Basil Read would keep its name should the deal go through. "Indications are that negotiations will end before the end of May."

Star 6/5/93

Altech, Alcatel in joint venture

Altech, a member of the Altron group, has entered into a joint venture with French industrial giant, Alcatel.

The new company, Alcatel Altech Telecoms, was launched yesterday by Altron chairman Bill Venter and Alcatel vice-president Pierre Guichet.

In terms of the deal, Altech has acquired 425 000 Alcatel Alsthom shares, while Alcatel has acquired 50 percent of Altech Telecoms.

In the 50-50 joint venture, Altech retains management and board control, with Venter as chairman.

Venter said yesterday that Altech would gain access to Alcatel telecommunications technology and a valuable cross shareholding to further enhance group exports.

Alcatel Altech Telecoms will become the sole representative of Alcatel for telecommunication infrastructure products in Southern Africa. — Sapa.

French making a special effort in SA

Star 12/5/93

Special Correspondent

PARIS — The French are making a "special effort" in South Africa, giving it a priority status well above its economic weight in the world.

This was one of the messages delivered at a two-day conference on South Africa held in one of the gilded lecture halls of the famed French university, La Sorbonne, and attended by academics, ambassadors and business leaders from Francophone Africa as well as France.

Participants included spokesmen for France's two most important business organisations — the French Business Council or Patronat, represented by former ambassador Christian Graef, and the director-general of the powerful and well-endowed Paris Chamber of Commerce and Industry, Professor Raymond-Francois le Bris.

Both these business leaders stressed the importance they attached to South Africa and gave details of an ongoing programme of business missions and other activities there, including the field of training.

Professor Etienne Le Roy of the Sorbonne said that in a time of massive global restructuring and reorientation, South Africa remained a laboratory, or a mirror, to the world at large. "Only innovation will work," he said.

Focus of the discussions was on legal matters, notably the balance between constitutions and societies. The organiser, Professor Gerard Conac, pointed out that constitutions were the result of political reconciliation but also the essential means to further co-operation.

Drafting a constitution was like proclaiming a "sacred cow", above all parties, said Mr Justice Olivier, vice-chairman of the South African Law Commission.

His presentation stressed compromise, consensus and reasonableness. He added in an aside, however, that "the near desperation of the situation is perhaps driving us to find a solution".

Professor Albie Sachs of the ANC spoke of constitution-making as "an exercise in learning to live together". South Africa's majority, he said, would not treat the minority the way the minority had treated the majority.

Minorities had to be properly protected, he added, but "minoritarianism" was unacceptable and the main obstacles to progress in South Africa now came from those who refused elections.

In response to a question about black expectations, Sachs said that people are not expecting miracles but there had to be better government, broader participation and more-visible, material progress.

In constitutional matters, South Africa could usefully take pointers from countries such as West Germany, India, Australia and Namibia.

The French, he said, should also contribute to the constitutional debate but, above all, participate more in the cultural and economic fields.

He stressed the strength of South Africa's infrastructure — that it had a "strong business community". But people abroad "have to know where they stand and it is up to we, South Africans to create a climate in which businessmen can make money".

Desmond Colborne of the SA Foundation said that South Africa — in the future, as in the past — would be the key link between regional and world economies.

He pointed out that France's most famous historian, Professor Fernand Braudel, the great authority on the progressive globalisation of the world economy, had recognised South Africa's importance since the 17th century.

South Africa was no longer a defensive, inward-looking fortress but once again a bridge between Europe and Africa.

COMPANIES

Samancor strikes French deal

DUMA GQUBULE

SAMANCOR has reached agreement with French company Société du Ferromanganese de Paris-Outreau (SFPO) to co-operate in the production of 40 000 to 80 000 tons of medium-carbon ferromanganese a year. BiDay 24/6/95

A joint announcement yesterday said Samancor would acquire a 5% shareholding in SFPO for an undisclosed sum. Further details about the structure of the arrangements would be announced at the end of the year.

Samancor would supply 80 000 to 160 000 tons a year of its of its high-grade manganese ore to SFPO, which would convert it into low-phosphorus high-carbon ferromanganese using its blast furnaces in France. The alloy would be refined into medium-carbon ferromanganese.

The parties said the agreement, still subject to approval by French authorities, would strengthen both businesses.

SFPO would enjoy a higher level of capacity utilisation, gain access to ore which was complementary to its traditional source from Gabon and enter a new market. 64

Samancor had secured an additional outlet for its high-grade manganese ore and would gain access to the market for refined manganese alloys.

Trials of the equipment required for the refining process were well advanced and small-scale production and sales would start shortly.

Output would be increased gradually in line with market requirements and was expected to exceed 40 000 tons per year in 1994.

Both SFPO and Samancor would individually market the product.

It was intended that the project would provide a reliable and stable source of medium-carbon ferromanganese to consumers worldwide.

Further details would be announced at the end of this year. In the meantime, Samancor said the agreement with SFPO would not affect alloy output from its Metalloys works in Meyerton.

French firm to increase SA chemical operations

(64)

Own Correspondent

JOHANNESBURG. — French-based multinational company Rhone-Poulenc would increase its SA operations within the next few months, group president Jean-Marc Bruel said yesterday.

Bruel said SA had been chosen as the centre for expanding the group's operations in Africa. "We believe in the future of this country, and we're attracted by its rich natural resources."

He said the group, whose activities included pharmaceuticals, and agricultural and specialty chemicals, had realised that local resources were not fully utilised. "We think this spare capacity, especially in the field of chemicals, can only be fully exploited by expanding our operations."

CT 7/1/94

The expansion programme would begin by training local personnel "before looking at technology and assets. For this we'll send our key people in the research unit to assist here." This would take place within the first half of this year.

The local company Rhone-Poulenc, formerly Maybaker, has an asset base of R50m and annual turnover of R250m and has been in SA since 1934.

It is involved in research in both the fields of agriculture and pharmaceuticals. It is also building a plant to manufacture generic medicines.

Rhone-Poulenc expands operations

B/Day 7/1/94

JOHN DLUDLU

FRENCH-based [illegible] company Rhone-Poulenc would increase its SA operations within [illegible] months, group president [illegible] yesterday.

Bruel, [illegible] coun-try had [illegible] centre for expanding [illegible] in Africa.

"We [illegible] of this country, and we're [illegible] natural resource[illegible] (64)

Bruel [illegible] activities included [illegible] agricultural an[illegible] had realised that local resources were not fully utilised. "We think this spare capacity, especially in the field of chemicals, can only be fully exploited by expanding our operations."

The expansion programme would begin by training local personnel "before looking at technology and assets. For this we'll send our key people in the research unit to assist here". This would take place within the first half of the year.

☐ To Page 2

Rhone-Poulenc

B/Day 7/1/94

☐ From Page 1

The local company Rhone-Poulenc, formerly Maybaker, has an asset base of R50m and annual turnover of R250m.

The expansion plans would go ahead regardless of what government was installed after April 27. "This is part of our long-term vision about the continent."

Rhone-Poulenc has been in the country since 1934, and was one of the few multinationals that remained during the sanctions era. It is one of the 50 French companies operating in SA. (64)

The group is ranked third worldwide in the field of agricultural chemicals and is represented in more than 140 countries.

At present the local company is involved in research in both the fields of agriculture and pharmaceuticals. It is also building a plant to manufacture generic medicines.

Bruel said Rhone Poulenc supported generic medicines provided all rules were followed. These included that the medicines were introduced after the expiry of their patents and the manufacturers registered with proper authorities.

French companies to expand from SA base

BDay 21/3/94

FRENCH companies plan to use SA as a base for expansion of their interests in Africa, say leading French officials.

French Chamber of Commerce and Industries in Southern Africa GM Dominique Brunin said at the weekend French companies were confident about the future of SA, as well as trade and investment prospects.

This interest was demonstrated by the number of trade missions that had visited the country since the lifting of sanctions.

According to French embassy economic counsellor Dominique Bon, French investments in SA had increased in the past 12 months. There were now 74 French companies operating in the country compared with 52 the previous year. The value of these new investments was estimated at Ff1,7bn.

At present about five "major French companies" were doing feasibility studies in SA. One of these was expected to begin operating in SA before the elections, Bon said.

Another reason for choosing SA as gateway to Africa was the recent devaluation of the CFA franc in francophone African countries, which had cost French companies Ff10bn.

He said French commerce had, with its government's assistance, realised the amount of "catching up to be done after sanctions".

JOHN DLUDLU

Brunin said the determination in Paris to regain France's pre-sanctions position as one of SA's main trading partners was demonstrated by its unusual decision earlier this year to allow French development bank CFD to operate in SA.

(64)

Since the removal of sanctions, the French government had allowed its export agencies to function in SA. These included foreign investment insurer Coface, small business developer Proparco and Ocsaf, intended to promote joint French-SA partnerships.

Meanwhile, visiting Paris Chamber of Commerce and Industry MD Raymond-Francois le Bris said the multibillion-franc Eskom-EDF joint venture, aimed at electrifying Khayelitsha township, would begin next month.

He said it was hoped to electrify 600 000 homes by 1996. The electrification project would place strong emphasis on training.

Le Bris said he was also planning to start a training programme for artisans who would work in the small and medium business sector.

CNPF, a French employers' confederation, would send a senior official within the next few weeks to work out the logistical framework of the project.

US company jumping the gun on investment

Star 6/3/95 (64)

BY PETER FABRICIUS
STAR BUREAU

Washington — The SA Government is considering an offer by a US company to enter into a partnership with one of this country's parastatal corporations, even before it is privatised.

Deputy President Thabo Mbeki disclosed this after a week-long visit to New York and Washington to launch a US-SA binational commission, which is aimed at strengthening ties.

Mbeki said he had had several meetings with corporations in an effort to resolve specific problems which were preventing investment in SA.

He said one (unnamed) company was eager to buy a certain parastatal which might be privatised. It had offered to enter into joint ownership of the public company with the SA Government, even before the corporation had been privatised.

Mbeki said the US company had offered a good commercial argument. It would bring in technology and capital, and raise the value of the corporation significantly before it was privatised.

Mbeki also talked to another company, which wanted to put some of its products into the SA market to familiarise consumers with them before investing.

He also discussed tariff barriers with some companies. One said that even though it faced import tariffs of 25% in SA, it had still taken 40% of the SA market with its product in the past 12 to 15 months.

Mbeki said that if some tariff barriers came down, a certain SA industry would be wiped out. The US company was ready to enter, instead, into a partnership with the SA company.

He said a group of US businessmen would be travelling to SA with him, including one interested in offshore oil drilling.

Water giant invests in SA

JOHANNESBURG. — The world's largest water-supply company, Lyonnaise des Eaux, has announced a multi-billion rand investment plan for South Africa.

Lyonnaise des Eaux's international water division president, Mr Jacques Petry, said the company would enter into a joint venture with SA water suppliers Aqua-Gold Services, a subsidiary of Group 5 Ltd.

The joint venture would divert international financing and management expertise into underdeveloped communities. 64

Joint venture investment would entail a delegated management contract to manage a water-supply system for a local or provincial authority. — Sapa CT 3/9/94

Renault to assemble vehicles in SA

MICK COLLINS
and MUNGO SOGGOT

THE SA motor industry was boosted yesterday by the news that French car maker Renault would assemble trucks, buses and coaches in SA, while Mercedes-Benz would start making the Mitsubishi Colt pick-up at its East London plant. BDay

Renault said it would invest R15m in a local assembly operation in what a spokesman said was the first step towards a full return by the French manufacturer.

Investigations into the import and assembly of the Renault range of passenger vehicles were under way. 30/11/94

In East London, Mercedes-Benz SA said it planned initially to produce about 8 000 Colt units a year for the SA market.

Mercedes-Benz AG chairman and CEO Helmut Werner said at least DM100m would be invested in SA in the next five years to develop SA as a base for exports and raise productivity.

Reuter reports Mercedes-Benz SA said it had invested R5,6m in plant facilities.

The joint venture between Renault and local company Euro Truck Manufacturers (ETM) would see the vehicles imported in completely knocked down form and assembled with integrated local components at ETM's Midrand factory. (64)

"We expect to sell between 60 and 80 units from the 3,5-ton to the 33-ton range in the first year," said ETM MD Piet Uys.

SA would be used as the distribution point for neighbouring states.

The company sold 4 000 trucks a year in Africa. Other assembly plants were in Algeria, Morocco, Tunisia and Egypt.

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Peugeot to return in deal with McCarthy

ST Times (Buss)

By DON ROBERTSON

FRENCH motor manufacturer Peugeot and McCarthy Motor have signed a distribution agreement which will see the return of the French marque in the new year.

Peugeot withdrew from South Africa for "business reasons" in November 1985 when it was manufactured by Sigma, later to become Samcor.

Earlier this week, Ford announced it was reinvesting in Ford manufacturers Samcor by buying a 45% stake in the group from Amic and the employee trust, set up when it withdrew in 1988.

Peugeot will add to the list of imported vehicles now available in South Africa, including Alfa Romeo, Subaru, Volvo and the "semi-imported" Hyundai which have entered the extremely competitive and perhaps bloated SA market. Even local manufacturer Audi is expanding its model range through imports.

The first order of 30 Peugeot vehicles is already on the water and will arrive soon, says McCarthy Motor chairman Theo Swart.

The marketing thrust will be aimed at the rally-winning Peugeot 405, which will sell for between R80 000 and R120 000 for the standard and upmarket models. The more luxurious 605 will cost between R220 000 and R300 000, while limited numbers of the 306 cabriolet will also be available.

4/12/94

The models, being specifically manufactured to meet SA conditions, will be extended when demand develops and pricing will be structured to be competitive in the middle sector of the market, says Mr Swart.

The timing of the agreement is described as excellent. Although details were revealed only this week, a company with French connections has already placed an order for nine cars.

(64)

"The economy is picking up and GDP growth next year should be about 3%. The car market should rise to between 215 000 and 220 000 and import duties are due to fall further. The Peugeot has always been known as the Africa car."

Sales will initially be limited while a dedicated dealer network is established. The first branch will be in Johannesburg, followed by Durban and Cape Town.

McCarthy has had a long association with Peugeot dating back to the 1960s. It continues to supply Peugeot spares through its Midas outlets.

Peugeot back in SA

(64)

C. 5/12/94

PEUGEOT has returned to SA, signing a distribution agreement with McCarthy Motor Holdings.

McCarthy will start distributing spare parts for the many Peugeots still on SA roads as well as launching a new range of cars in the new year, McCarthy chairman Theo Swart said.

The imported French range will include the Peugeot 405 and the luxury 605, which are being manufactured specifically to suit local conditions.

French giant invests in SA

By Isaac Moledi (64)

FRENCH liquor giant Pernod Ricard has established a sales and marketing operation in South Africa in a joint venture with Vinimark Trading of Stellenbosch.

With branches in Cape Town, Johannesburg and Durban, the company's operation represents its first direct investment anywhere in Africa, says head of Pernod Ricard's Stellenbosch office, Mr David de Mardt.

The company is an international group with subsidiaries involved in the production, marketing and distribution of alcoholic and non-alcoholic drinks worldwide.

Although the amount involved was not divulged, the company stock is ranked number two of the best performing shares on the Paris Stock Exchange over 35 years and has a market capitalisation of about R10 billion.

Mardt says they are still in the early stages of "putting up a quality sales and distribution network". The formal launch of Pernod Ricard SA will be in May.

"We expect to employ local people. But the number of people we employ will be dictated by what happens in the market. If our product sells well we will employ more people," he says. Sowetan 5/1/95

The company's major international wine and spirit brands are now available in South Africa. Mardt is confident that their products will make a significant impact on the local spirits market.

"Pernod Ricard is committed to making its brands as successful in South Africa as they are elsewhere in the world," he says.

Vinimark Trading of Stellenbosch, which has a national marketing and distribution network with branches in all major centres in the country, will help with national distribution and provide sales support.

Renault car sales higher

(64)

PARIS — French car maker Renault SA yesterday reported preliminary consolidated sales for 1994 of Ff178,5bn, up 5,2% from a year earlier.

Sales of the group's car division amounted to 76% of the group total at Ff135,5bn and were 4,1% higher than in 1993.

Renault's unit sales rose by 9,4% in 1994 to Ff1,35m, compared with a 5,7% growth in the overall European market. BD 14/2/95

In an otherwise depressed market sales of Renault and its French rival PSA Peugeot-Citroen were boosted last year by government financial incentives in France and Spain for buyers of new cars when they scrapped ones that were more than 10 years old. — AP-DJ.

Pernod for Africa

CT(BR) 16/5/95 (64)

European liquor company Groupe Pernod Ricard has set its sights on South Africa as a new major market for its international brands.

"Pernod Ricard is committed to making its brands as successful in South Africa as they are elsewhere in the world," the company's local managing director David de Mardt said.

Among the Pernod Ricard wine and spirits brands already available in South Africa is the flagship brand Jameson Irish Whiskey.

Other labels available here include Clan Campbell Whisky, Wild Turkey Bourbon, Jacob's Creek Wine, Pernod as well as the world's largest-selling spirit brand, Ricard.

Pernod Ricard is the largest producer and distributor of spirits in Europe, De Mardt said.

Having established a sales and marketing office in Stellenbosch, De Mardt said the company now planned to focus on stepping up its investment while also increasing marketing backing for its brands in this country.

Developments

The year ahead, he said, would see exciting developments in both the alcoholic and non-alcoholic beverage sections.

De Mardt also hinted at imminent launches which would be tailored to the needs of the South African market.

Groupe Pernod Ricard has appointed a firm based in Cape Town, Relationship Marketing, to assist it with its public relations and launch activities.

French caterers tuck into Western Cape

CT (BR) 29/5/95 (64)

BY FRANÇOISE BOTHA
STAFF WRITER

The French-owned Sodexho group — the world's largest contract catering company — is set to expand in the South African market through a joint venture with Premier Foods.

Francois Bejui, chief executive of Sodexho Southern Africa, told Business Report that a key focus of the move is expansion into the Western Cape.

"For the next year we are looking at creating 100 permanent jobs in the Western Cape because of our growth plans in contract catering."

Bejui added that the group was looking to challenge the dominance of major players in the market, and revolutionise the pricing structure of the sector.

Local catering market leader, Fedics, has responded positively to the announcement.

Shelley Walley, Western Cape business development manager of Fedics said: "We will always welcome professional competitive caterers, because healthy competition is good for the industry."

The group's move into the region follows a strategic decision taken before the election to grow their southern African business.

Bejui said, "We identified the South African market as a big market with big potential and want to establish a synergy with our other southern African markets which include Lesotho, Swaziland and Namibia."

Sodexho came into the South African market in 1993 via a takeover of Hospitality, but has concentrated on the government sector and the tender business.

The company has managed to secure a number of large contracts, which include parliament and Koeberg power station.

Bejui said: "We will be putting more efforts than before into growing our private client business. Because 50 percent of catering is done in-house, we have targeted this area to go to contract catering."

The group, which has been active in southern Africa for two years, has a worldwide turnover of R15 billion, of which more than R150 million comes from this region.

Renault truck plant for Brakpan

(192) (64) BD 22/6/95

Business Day Reporter

EAST Rand company SA Euro Truck is to set up a truck assembly plant in Brakpan on the East Rand, under a Renault Motor Company franchise.

The project's first phase — the purchase of land from the Greater Brakpan transitional local council — is completed. Two more phases — a new headquarters for the company and a display room — will be completed by the end of the year.

Euro Truck spokesman Johan Dippennary said the company would produce Renault commercial vehicles including light, medium and heavy trucks, as well as coaches.

He said the project would include the distribution of the product; the assembly plant; building of new premises, and marketing.

Dippennary said the company was SA's sole Renault representative.

The Brakpan council that the company had bought about seven hectares of land.

A council spokesman said the assembly plant would create about 2 000 jobs.

French group acquires stake in SA company

(64) Star 20/9/95

BY ROY COCKAYNE

Paradym Systems Technology (PST), which was part of an IBM-led consortium awarded a R980 million contract by the Royal Air Force last year, has undergone major restructuring.

Sema, the French information services group, has obtained a minority shareholding in PST, a logistics-information computer-software developer which is based in Pretoria.

Leo Theron, a PST account manager, said there were two share take ups in PST by Sema this year.

However, neither the total shareholding taken up by Sema nor the price paid for the shareholding was divulged.

The acquisition of the PST shareholding by Sema has prompted a decision by the South African shareholders to consolidate their majority shareholding into a holding company, Paradym Holdings.

The board of PST has also undergone some changes.

Dries Groenewald has retained the chairmanship of the board of PST but JC de Kock, an industrial engineer by profession, has been appointed the new managing director.

Three other directors were also appointed to the board.

Paradym Logistic Systems United Kingdom has also been established as a 100 percent PST-owned subsidiary to spearhead and support the activities of PST in Europe.

Renaults set to return to SA roads

~~192~~ (64)
ST(BT) 15/10/95

THE once-popular Renault range will again be seen on SA roads following an agreement signed between Imperial Motors and the French manufacturer, writes **DON ROBERTSON**.

Bill Lynch, chairman of Imperial Holdings, was reluctant to disclose details of the deal, but confirmed that the cars would be imported early next year.

The vehicles will be sold and serviced through a number of Imperial dealerships.

Taking advantage of the lower import duties announced in the Motor Industry Development Programme, the McCarthy group began importing Peugeot's earlier this year. Last year Durban-based Combined Motor Holdings reintroduced the Volvo range to motorists.

Last week Venture Imports, a large Opel dealer, announced that it would bring in a range of Chevrolet vehicles, while Chrysler is expected to reveal details of a similar scheme soon. There is also talk that Daewoo will soon be exporting cars to South Africa.

Local manufacturers believe that by 2000 imported cars will make up about 25% of sales.

More French firms plan to invest in SA this year

(64) CT (BR) 30/10/95

BY JAMES TOMLINS

Paris — French exports and investment in sub-Saharan Africa have been declining since 1989 while remaining stable in South Africa, an economic survey reported last week.

Fifty-nine percent of French firms trading with South Africa said they planned further investment this year, compared with 58 percent in 1994.

No detailed financial data were given in the seventh annual report of the Conseil des Investisseurs Français en Afrique (CIAN).

It noted that: "For many years Africa was France's second trade partner after Europe. Last year it dropped to fourth place, behind Asia."

Last available figures, for 1993, put that year's total at Ff5,9 billion (R4,2 billion). CIAN chairman Jean-Pierre Proteau said: "France faces a triple challenge in Africa: increase our exports, guarantee the presence of French firms already there and encourage others to follow suit."

The 1993 figures show France with 20 percent of the African market, compared with the US, (13,6 percent), Germany (12,7 percent), Japan (10,7 percent), Italy (10,7 percent), and Britain a low 8,9 percent. France's prominence at that time, which has started to dwindle, is accountable by the franc bloc of its 12 former colonies.

Franco-African two-way trade in 1994 is estimated at Ff138 billion (R98,5 billion)), with French exports totalling Ff81 billion (R57 billion).

The 1994 trade balance was favourable to France at Ff24 billion (R17,1 billion), but down from Ff29,7 billion (R20,7 billion) in 1993. — The Independent of London

French interest in SA

(64) Sowetan 2/11/95

AN increasing number of French investors in Africa are turning their backs on their traditional economic partners and looking to South and Southern Africa.

This was revealed in a report published last week by Jean-Pierre Prouteau, chairman of the Conseil des Investisseurs en Afrique Noire, a committee of French company bosses specialising in Africa. The annual report, based on a survey carried out among French companies on the continent, is aimed not at analysing the economic situations of the African countries, but at reflecting the attitude of French investors toward these countries.

According to the report, reigning "afro-pessimism" and the sudden devaluation, in January 1994, of the West African CFA franc, had not caused the expected exodus of French investors. France remained the biggest trading partner of the African continent.

Altogether 69 percent of French companies operating on the continent wanted to maintain their level of investment for at least the next three years — 42 percent even planned on extending their activities.

The decline in Afro-French trade — six per cent since 1992 — was due to a drop in French exports to five countries: Egypt, Algeria, Cameroun, Gabon and the Congo where specific financial problems hampered investment.

France's Danone buys into Clover

(64) BD 4/12/95

Amanda Vermeulen

PARIS-based food giant Danone has bought a minority stake in SA dairy group Clover in a deal estimated at more than R300m and believed to be one of the largest European investments since sanctions were lifted.

The director of Danone's sponsoring brokers Fleming Martin, Richard Stuart, said the food group had bought a minority stake in both Clover Holdings and Clover SA, and would establish a new joint venture company, managed by Danone, to tap into the value-added fresh milk market. He declined to disclose the value of the transaction.

Danone is one of the world's largest food groups, with a market capitalisation of £10bn. It has interests in dairy products, biscuits, beer, grocery products, pasta, ready-to-serve dishes, and mineral water. It operates in 24 countries and has an annual turnover of close to £11bn.

It said it was entering SA because of the potential to grow its business and to establish a base for entry into Africa. The group was considering entering other southern African markets.

Clover dominates the local dairy market with a range of products including fresh milk, yoghurt, cheeses, fruit juices, dairy desserts, butter, milk powders and condensed milk. It also owns 100% of Sacca, a cold chain distributor in SA.

Stuart said Clover had about a third of SA's dairy market by volume.

He said the deal would strengthen Clover's balance sheet by partially reducing its R440m debt, while also bolstering its business.

Danone had identified growth areas in the SA market. It was a major player in the yoghurt, soft cheese and dairy desserts markets, all of which would be developed in SA.

The transaction should be completed early next year.

Tati may invest R25m to open more local stores

CT (BR) 24/4/96 (64)

By Françoise Botha

Cape Town — Tati, the French discount clothing chain, which is set to open its first outlet in South Africa this week, could invest more than R25 million to open more stores, said Fabien Ouaki, the managing director.

Ouaki said yesterday that the chain, which had formed a joint venture with Pepkor's Pep International, planned to open 10 outlets in South Africa.

Initial projections were to spread the investment over five years, but this may be reduced.

In terms of the joint-venture agreement, Pepkor would provide the personnel training and expertise for running the outlets and Tati would be responsible for merchandise design, sourcing and store development.

The capital investment would be shared equally between the companies. The first outlet will open in Cape Town this week.

More stores will open in Johannesburg and Durban later this year.

Ouaki said South Africa, the first non-French country to benefit from investment by the company, would be a springboard for expansion into southern Africa.

The company, which imports its clothing from Europe, has reached agreement for the manufacture of some garments in South Africa.

The company is planning to increase its exports of South African clothing to its French stores, with an initial medium-term target of R10 million a year, said Ouaki.

The stores, which target cost-conscious shoppers, are not expected to affect Pepkor's stability.

Matthys Loubser, the managing director of Pep International, said that although the clothing groups competed with one another, stores in the stable such as Jet and Ackermans were aimed at a specific niche market, which Tati was not.

French buy out meter factory

Schlumberger investment in SA tops R45-m

ARG 6/2/97

(64)

LLEWELLYN JONES
BUSINESS REPORTER

Schlumberger, the $9-billion French multi-national, has bought the remaining equity in Cape electricity pre-payment meter specialist, AEG Energy Control, taking its total investment in South Africa to over R45 million.

Schlumberger first bought a 50 percent stake with management control in AEG Energy Control in April 1995 when Daimler Benz, the holding company of AEG, decided to sell off all of its non-core assets to focus on its transportation business.

Dermot O'Leary, the managing director of the South African operation, said Schlumberger invested in the company because it had specific cost effective technologies that complemented the multi-national's other technologies in metering.

AEG Energy Control started out in 1986 as Angcon Tech and was one of the first companies to develop a fully electronic pre-payment meter which is today called the Electricity Dispenser.

Now known as Schlumberger Measurement and Systems, the company produces about 300 000 pre-payment meters a year at its Atlantis factory. Turnover is between R100 million and R150 million.

Eskom is Schlumberger's largest customer, but Schlumberger also supplies its meters to many of South Africa's 400 municipal utilities and exports about 10 percent of its production.

"There is not a municipality that does not know us," Mr O'Leary said, adding that there were more opportunities for "this pre-payment technology" in the export market.

"The fact that this technology has been brought to commercialisation is really thanks to Eskom, because their commitment to the RDP and providing 300 000 new electricity connections a year has really given this industry the base on which to grow on. It has allowed us to invest in the technology, make it cost effective and make it attractive to other electricity utilities around the world."

He said opportunities existed in North and South America, Europe and Asia - most were trial programmes and pilot systems.

"But I am hopeful that within five to 10 years some of these pilot systems that we are installing today will see full scale implementation like we have seen here in South Africa."

Mr O'Leary said the company could also be expand its operations into water metering, petrol pumps and public telephones.