ELTSA
END LOANS TO SOUTH AFRICA

NEWSLETTER

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NEWSLETTER FOR THE CAMPAIGN AGAINST BRITISH FINANCIAL LINKS WITH APARTHEID

TRADE AND INDUSTRY COMMITTEE ASKED TO EXTEND APARTHEID COVER

In Oct 1989 The United Kingdom South Africa Trade Association (UKSATA) submitted a memorandum at the invitation of the Trade and Industry Committee concerning cover for UK/SA trade. The Export Credits Guarantee Department (ECGD) already insures UK/SA trade and has ignored calls from anti-apartheid protests to take South Africa 'off cover'. The memo calls for an increase in the facilities for underwriting trade with apartheid.

Point number five of the memo states. "The main concern of UKSATA relates to the present situation where the level of cover available for export to South Africa is unrealistically low and endangers the prospects for profitable exports" It goes on to outline the fact that the limit was reduced due to a "dark perception of the future" but that it should now be increased.

It notes the "recent export sucesses" of capital goods (eg. Rolls Royce engines, Mossel Bay contracts etc) and laments the fact that these 'sucesses' have used up available ECGD cover. It suggests that the lack off sufficient Export Credits Guarantee Department (ECGD) cover at this time will jepodise potential contracts for UK suppliers (citing ESKOM and the Lesotho Highlands Development Water Scheme contracts to name but a few).

Picket of the London offices of the Export Credits Guarantee Department.

The tone of the memo is soley preoccupied with the fact that greater cover facilities will be more profitable for British business. At a time when British banks have a policy of no new loans to South Africa the whole area of trade finance and trade finance insurance seems to be one that is considered exempt from such a policy, both by the banks and the Government.

In the memo political concerns do actually rear their heads for a moment, but not in a way that would interfere with the glories of a rampant free market economy! It continues: "We understand that our Ambassador, Sir Robin Renwick, believes that restricted ECGD credit for UK export orders would send the wrong political signals at this time". How convenient for those who stand to profit from apartheid

It goes on : "We ask therefore that the select committee should recommend a raisng of the limit of cover applying to South Africa so that British companies can take advantage of the first class export market where we can have a substantial balance of payment."

A good example of the destructive role of the Export Credits Guarantee Department (ECGD) plays is the expensive Mossel Bay oil from gas conversion project, constructed to help South Africa circumvent the oil embargo, and in which British companies are heavily involved.

The Export Credits Guarantee Department (ECGD) is providing insurance cover for trade finance worth well over £50m for eight and a half years. What can this suggest but another eight and a half years of investment in apartheid, as a democratic non-racial South Africa would not need to build expensive sanctions busting projects. The ECGD Chief Exec. Malcolm Stephens has stated that under the Mossgas project "ECGD — in common with some other EC official credit insurance agencies — has been prepared to support the bids of UK exporters seeking various contracts" The Commonwealth Heads of Government report is yet another source that has proposed that South Africa be taken 'off cover' for offical trade credit and insurance purposes.

During the International Week of Action against the Debt Rescheduling (Nov 13th-19th 1989) End Loans to South Africa (ELTSA) and the British Anti-Apartheid Movement in conjunction with London student groups held a demonstration outside the London offices of the Export Credits Guarantee Department (ECGD) at Ludgate Hill. A letter was sent by ELTSA (see over) explaining the negative role that the ECGD was playing in South Africa. The short reply was as follows:

"The position remains as set out in Malcolm Stephens letter of 5 September, which is that it is government policy that the level of civil trade with South Africa should, within the limits of our

The Chief Executive
Export Credits Guarantee Department
50 Ludgate Hill
LONDON EC4M 7AY

Dear Sir/Madam,

Every year the Export Credits Department encourages trade with apartheid South Africa through its role in insuring finance for trade to that country. This support for South Africa's trade cannot help but constitute compliance with apartheid, as it is a source of much needed revenue. South Africa has become increasingly dependent on trade finance since it lost access to the international money markets in 1985. Any revenue that goes to South Africa both directly, and indirectly, finances the repressive organs of that abhorrent system and adds to the misery inflicted on the majority population of the country.

Leaders of the democratic struggle in South Africa and their supporters in solidarity groups all over the world, are asking banks to cease the provision of trade finance, and asking Government insurance agencies to take South Africa 'off cover'. The recent Commonwealth report on financial sanctions also stressed the importance of the ending of Government insurance of trade finance. We are therefore asking that the ECGD cease cover for apartheid trade.

An example of the Export Credits Guarantee Department's role is the Mossel Bay project which you support. The point of this costly project is to circumvent the oil embargo and to therefore help sustain the apartheid system. Your refusal to cove this, for example, would be welcomed by the representatives of the people of South Africa and would show clearly that Her Majesty's Government does not want to see the oil embargo legislation and guidelines of oil producing countries being violated or circumvented.

I am aware that this trade with South Africa is justified on the basis of supporting British exports and therefore British employment, but it should be noted that most black workers in South Africa must contend with slave wages and appalling conditions of work. In a free, democratic and non racial South African import and exports with that country would once again open up and provide a boost for British and South African traders and workers alike. Since the announcement of the recent lenient rescheduling deal that South Africa has arranged with it's creditor banks, it has become increasingly important that financial institutions such as yourselves ensure that this is not interpreted as an act of confidence in apartheid. Withdrawal of trade finance cover would strongly make the point that the British Government and its agencies does in fact deplore apartheid.

I look forward to hearing from you.

Yours sincerely

Ms. Roshi Naidoo
Executive Secretary
End Loans to Southern Africa (ELTSA)

international obligations and undertakings, be determined by the commercial judgement of those engaged in it".

It is obvious that there needs to be a significant change in Government policy. When confronted with any protests of a political nature, the banks have always stated that as financial institutions they are not subject to taking moral or political stands, and judge investments purely on commercial criteria. This position has allowed them to make a profit out of the misery of apartheid while hiding behind British government policy.

The ECGD and the Department of Trade and Industry is part of the government, a government who are elected to make decisions on moral and political grounds. There is no where else to hide and no one else to blame. Providing financial support for apartheid's trade promotes the legitimacy of that regime. Those that provide the cash must take some responsibity for the death and repression that the racist regime inflicts on the majority population of South Africa.

Some banks will confidently tell you that their lendings are a result of supporting non-military British exports. In the same breath they claim that they cannot tell you a figure for the amount of trade finance they provide for South Africa because they provide general credits to companies and therefore cannot determine a specific figure for South Africa. If this is true, two things create a problem of logic. Firstly, how would the risk and hence the insurance be estimated unless they had figures for specific destinations, and secondly how could they guarantee that they only support non-military Britsh exports. For example a general credit to a company may be being used to export computers or radar for sale to the military. The policy of the ECGD is not to reveal information about the level of exposure to any single country even for a Parliamentary Question.

As South Africa's access to other forms of international finance have been systematically closed off by financial sanctions it has become increasingly dependent on trade finance as a means to generate muscle into its import/export industry. Taking South Africa 'off cover' would dramatically cut down the amount of access to trade finance the country had and also act as a symbolic gesture to discredit the apartheid regime.

That the United Kingdom South Africa Trade Association (UKSATA) is recommending an increase of cover at this time is a scandal. Changes that have taken place in South Africa in recent months have come about due to the internal peoples struggle and also due to the impact of international sanctions and the isolation of South Africa. Now is the time to mantain and increase that pressure and not to encourage British business to fill their coffers with the blood stained Rand.

ALL THAT GLITTERS . . . !

In the last few months you may have noticed a glossy advertising campaign urging you to buy gold, spread over your TVs, magazines and bus shelters. Blatantly sexist, they featured images of a woman clad only in gold leaf, nonchalantly admiring herself, while a tiger or leopard or some such feline slinks past, to hammer home the unsubtle point that gold is 'sexy'.

If you were not already afronted by the the cheap advertising ploy you may be interested to know that there is yet another reason to feel angered by the gold ads. Who is putting them out? The answer ? The World Gold Council, a South African dominated organisation.

The word 'world' is a total misnomer in the face of the fact that its membership represents just 39 mining companies from only six countries, of which thirteen members are South African companies or companies controlled by them. This information, acquired through leaked documentation, clearly explaning why the World Gold Council wishes to keep its membership a secret and mantain an anonymous presence behind their promtions.

The whole raison d'etre of the WGC is to promote gold, not only as a desirable jewellery item but as a safe investment option. And why should a South African organisation wish to do this? . . . because South Africa provides the world with 40% of its gold. Revenue from the sale of gold represents almost half of South Africa's foreign income. Taxes raised directly and indirectly from the gold mining industry represent a quarter of all taxes raised by the South African government. It all adds up to The World Gold Council being an internationalist front to promote the apartheid economy.

If you are still in doubt about the World Gold Council's motives a potted history of the organisation should convince you. The WGC arose from an organisation called the International Gold Corporation Ltd. (Intergold). Intergold, with its head office in Johannesburg, was engaged in such ventures as the promotion of the Kruggerrand. Despite the millions of dollars spent on this, the coin ceased to be minted in face of the pressure of an international public boycott. Intergold dredged up a few other mining companies outside South Africa to join it, then changed its name to the World Gold Council. Its head office is now in Geneva and also has two offices in London. One, an information office on Haymarket, and the other within the complex of the Wool Buliding in Carlton Gardens SW1. The second of these is hid very unobtrusively behind a highly stylilised logo, with no explaination of what 'WGC' stands for.

The fact of the matter is that gold need not be purchased from South Africa at all which is why the World Gold Council needs to work so so hard and in such an underhand way to maintain apartheid's monopoly of the market. The anti-apartheid research and information body the **World Gold Commission** was set up to investigate the feasibiity of a gold sanction and the means by which South Africa's earnings from gold may be reduced within the context of comprehensive mandatory sanctions.

One of its aims is to produce and promote a supply of 'clean' gold which can be made into jewellery items that are not tainted by the stain of apartheid's racism and tyranny. Gold comes from many places in the world, and apartheid's monopoly of the market could be broken.

The seeming paranoia that the World Gold Council exhibits all adds up in the face of the evidence of the true motives of the organisation. So next time you are faced with the gold leaf woman, or similar adverts suggesting that you buy more gold, remember the vested interest behind it is the maintainance of the apartheid economy.

For more information contact:
World Gold Commission, 13 Mandela Street, London NW1 0DW

BRITISH BANKS AND THE DEBT RESCHEDULING

National Westminster, Barclays and Standard Chartered were the three British banks on the international 'Technical Committee' of South Africa's creditor banks who had the opportunity to make a stand against apartheid and didn't. Instead they allowed a shameful deal to be struck with apartheid whereby the pressure on the racist regime to repay its massive outstanding debts were lifted. By the terms of the deal only 20.5 % of the debt caught in the moratorium (frozen) net [$8 bn] needs to be paid back over a period of three and a half years in eight installments. This was seen, even by independent financial analysts, as being extremely lenient especially considereing that the same country that was pleading poverty in terms of repaying its debts, was able to increase its military and police spending in 1988 by 22% and again in 1989 by 25%.

This act represented a flagrant disregard for the people of South Africa and for the massive 'No debt rescheduling' lobby that gathered momentum across the world. In the UK letters and postcards flooded in to the three British banks concerned and several delegations, representing a broad cross section of people, arranged meetings with the banks to discuss the matter further. It was heavily rumoured that Britsh banks were in a very influential postion to determine the course of event and even that the Nat West were to resume their role of Chairing the deliberations. Nat West denied this with the claim that no one was chairing and that all the banks would sit around and come to a democratic decision without such formal structures!

The position of the banks was predictable; as always protecting the long financial cooperation that has existed between Britain and South Africa. They said that they were not in a postion to take action on governments; they said they were committed to no new lending (although they did not see the provision of money for trade finance as constituting new lending);they said ". . . the rescheuling is certainly seen by us as the hardest bargin that could be exacted in the circumstances." (Standard Chartered Oct 89);they said ". . . our position remains unchanged" [Barclays, Nov 89] they said "Our lendings are the result of supporting non-military British exports" [Nat West Oct 89] (see article on UK/SA trade), and so on . . . Already deeply ashamed of the the British Governments stand on apartheid we can also feel sickened that once again the British banks have missed an excellent opportunity to isolate apartheid.

Although many involved in the 'No debt rescheduling 'campaign were obviously disappointed with the outcome of events the issue of South Africa's financial dependence on the rest of the world was highlighted and many new constituencies of people were brought on board the campaign for the severence of all financial links with apartheid. So what now?. The present agreement will no doubt be up for dicussion in less than two years . . . lets make sure that easy debt repayment terms are not repeated.

NO MONEY FOR APARTHEID
For further details see the International Campaign against Banking on Apartheid (ICABA) special 'Debt Bulletin'. Produced by ELTSA.

HANSON TAKES OVER CONSGOLD

In 1988 when the South African owned company, Minorco chaired by Michael Edwardes put in a bid for Rudolf Agnew's Consolidated Gold Fields, the anti-apartheid lobby in Britain raised strong protests at the idea of the such a substanial increase in South African capital investment in Britain. Consolidated Gold Fields was a long term foe of the anti- apartheid movement with their holding of a 38% stake in Gold Fields of South Africa (GFSA). GFSA in turn also held mining interests in Namibia, and a reputation for being the worst employer in the area. ELTSA was at the head of the campaign that called for 'Minorco out of Britain — ConsGold out of South Africa'.

The situation has resolved itself thus. After a protracted struggle with Minorco with many cliff hanging events taking place Agnew was able to ward of the hostile bid from Minorco (undoutably aided by the the pressure the anti-apartheid lobby had built up) only to find that they were then faced with another takeover bid, this time not so unwelcome.

It came from the acquisitive UK conglomorate Hanson which acquired ConsGold for £3.5bn in August 1989. Agnew was reported to have found Hanson's attentions much more civilised and the take over carried none of the drama that typified Minorco's efforts. Almost immediately Lord Hanson started selling off assets. First he sold off 30% of Gold Fields of South Africa (GFSA) to the Rembrant tobacco/ mining/banking group for £368m. Later other South African assets went including the remaning 8% stake in GFSA, share stake in Kloof Gold Mining, Deelkraal Gold Mining other GFSA related gold mines and the interest in Northam platinum. It is thought that these were done through private deals.

Hanson's sales are not reflective of any rampant anti- apartheid politics on his part but is in the nature of how the company conducts its business. The sell offs were not confined to ConsGold South African interests; for instance, the American arm of ARC, the construction company, was also sold.

Also, when foreign exchange dealers in Johannesburg expressed concern that any rapid flight of capital from South Africa would put too much pressure on the financial Rand, there were stong rumours that Hanson was set to strike a special deal with the South African Reserve Bank to allieviate that. South Africa operates on a two tier exchange rate system in order to discourage flights of capital. It should also be noted that because some 10% of ConsGold was owned by South African investors Hanson's take over meant that he injected about ú350m of sterling in to the Republic.

Despite the sell offs they are not yet in a position to pronounce themselves 'clean' and probably still have some SA assets, though at this stage they are bound be minimal. In a letter from Hanson in December they acknowledge that they still have limited investments remaining but suggest that we contact them for an update in six months.

The long battle against Consolidated Gold Fields presence in South Africa seems to be over and must be registered as a victory for all those who campaigned for them to leave, as well as for all those who campaigned against the Minorco takeover bid. However the last thought must be for the workers at the South African mines who continue to endure the degradation of the apartheid labour system. The struggle continues!

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'Icaba' Debt Special — Newletter specifically dealing with the recent debt debt rescheduling — Free

The Case for a Gold Sanction in the Fight Against Apartheid — World Gold Commission — £2.00

Apartheid's Easy Money — British Banks and Trade Finance — £1.00

{Please note that a new briefing on British banks and their relationship to South Africa will be available in the spring.}

'Boycott Apartheid Gold' T.SHIRT (SIZES: M, L, XL) — £7.50 inc p+p

'Boycott Apartheid Gold' mug — £2.95 inc p+p.

Embargo Newsletter