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S.AFRIEA SET TG-IBSUE PUBLIE EUHDEDND 5 BANKERS  
By Andrea Shnlal-E5a 3  
BDNN, Aug 23, Renter 5 South Africa will unveil its first  
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isulation, r511n551..ing expiring bmnds i.n privat.e placemeni:5 to  
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gnurantae a succms.g, banFtng-5ources Said.m  
"The time has came," said-one banker close to South Alrica.  
noFThg the path t5 a reemergence on the international scene had  
been clearmd a4ter the U18. lifted aanctinus in July and Denmark  
agreed- to \$511 in line with it5 EC partnerm earlj.5r this month,  
pav:ing th5 way Far the F.C tu 1.14t -its trade ban in Octmher.  
AnJfotriaT announ5mm551 15 ex 555520 on 559551 28.  
De5pjt5 lt5 bahind che scenas jacking to win 1H5 lead,  
Daut5che Bank is keeping the news under wrapa, a Fact Other  
-Franu(urt h5nker5 d5 not find surpri5ing.  
"South R(rica 15 very interes.ting but remains ..nn5itlve  
puli.tic.ally," said one bank 5r at a large German bank.  
Deutsche 5pmkasman Hellmut Hartmann declined commenf, but  
said Smuth Africa had made real progre55 1n dl5mantling  
apartheid-Imws in the past year.  
If the first public 15553 HUHCEEUE, nthar borrowers liku  
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055 banker CI055 tn South Alrl.ca. A 5550nd qmvmrnmmwnt band could  
b5 155umd a5 early 55 March 1992, he said.  
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5::ternal. ra55urces dried up after the 1985- 5tand5t111 5n  
repayment 54 14 hillimn dlrs a! Dut5tanding -Fuaaign debt.  
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pangntationm tn top banh:ers ln Zurinh? Paris and London, which  
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l"h15 mvans the gmvernment N11.1 buiid housing and gchomlg for  
blank South nfricans, who have succeeded in dismantllng  
anmrtheid laws, but mtill taunnt vmta in their own country.  
Subsequmnt jagues are likely to be.more cmmmercial in  
nature.  
Same bankers arm still a little worried about the marketla  
rmdution t0 the first public deal. "Smuth Africa haw abolighmd  
apartheid, but thera are stiiil big riskg," said one. uThey are  
Ptill BitLlnq an a racial powder keg."  
"I would 024lnltely warn pimple against ton much Gunnaria,"  
.5351! another, citing a smhack ln hn-aigrrinvcaatzmant .5er lasst  
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End Loans to South Africa

56 Camberwell Road London SE5 OEN

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?Africa prepares ground

for public Eurobond issue

By Slmon London

THE South African

government is making presen-  
tations to institutional inves-

tors. and bankers in Germany

next week, preparing: (hr

ground for its first public Euro-  
bond issue. since 1985.

Deutsche Bank. the biggest

German bank and favourite to

win the mandate for a public

issue. is hosting presentations

gr inksftititutional investors in

ran urt on . Repre-

sentatives of the South African

ministry of finance will be

present.

- However. a senior Deutsche

Bank official said that no deci-

sion has been made on the tim-

int.r 01' am: of a public bond

issue.

South African government-

hacked borrowers such as tho

l,iepartmem of Post and Tele-

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communications and 'llransnet.

the railways group, have been

active in the private placement

markets of Germany and Swit-

zerland this year.

The (?untre for the Study of

the South African Economy in

London estimated that South

African borrowers have raised

about \$300m from this source

in the first half of this year.

However. almost all of these

funds have been used to refin-

mice. the redemption of out-

standing bond issues made in

the early 1980s.

There has been no public

bond issue by a South African

borrower since 1985. The gov

crnment has said that it would

like to make a big. public bond

issue in the name of the

Republic: of South Africa and

would like to raise new money.

Tel: 071 -708-4702

Fax: 071 -708-5751

Bankers said that the lifting

of US sanctions against the

country in July made it possi-

ble for institutional investors  
to participate in a pllhlt' issue.

The involvement of large

investment institutions would

be vital to ensure the success

of a public issue in the region  
of DM150m to DM200m.

They also noted that political sensitivities remained great.

For example, some of the biggest borrowers in the international capital market, such as the Province of Ontario and Ontario Hydro will not deal with banks which have trading links with South Africa.

Deutsche Bank Capital Markets lead managed the last Eurobond issue by Ontario, 11 C\$500m deal, in June.

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President: Richard Harries, Bishop of Oxford Chairperson: Cosmas Desmond

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HUHQBDND MARKET SET TD WELEDME S.AFRICA'S RETURN-

By Paul Keller

LONDON, Aug 2?, Reutmr - Newg that South A4rica 19 puimwd to  
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"Fggentially, Snuth Africa wants to gm hack to the marketh  
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k Bmuth A\$riudn eurmbmnd ufferringm, daniewg said.

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Howmver, Emma Eyndimhtm mnagars warned that the cmuntry  
would be unwige t0 deluge the euruhund market with dmht tam  
quickly.

"I think it would be premature tn talk ahaut Smuth Africa  
launching a auwodmllar bond," said an official at a major U.5.  
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End Loans to Scum Africa Tel: 071 -708-4702

56 Camberwell Road London SE5 OEN Fax: 071-7085751

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23 August 1991 Immediate Release

PUBLIC BOND ISSUE EFFORTS CONDEMNED

Anti-apartheid pressure group End Loans To South Afrlca (ELTSA) to-day condemned attempts by German-based Deutsche Bank to organise the first public bond issue to South Africa since anti-apartheid resistance forced the debt crisis in 1985.

Deutsche Bank is reported to be hosting presentations for potential investors in Frankfurt on 28 August in an attempt to gain support for a public bond issue. A spokesperson for Deutsche Bank indicated that a road show is being organised in a couple of cities to present the latest developments in South Africa in preparation for a possible re-entry into international capital markets. She refused to exclude the possibility of a new loan. The involvement of large institutional investors is considered essential to ensure the success of a large public issue in the range DM150-200m.

An ELTSA spokesperson stated "A premature public bond issue could take critical pressure off De Klerk at the very time that lnkathagate has proven he cannot be trusted. Once a bond issue is made it cannot be withdrawn. An increase in Seuth Africa's access to international capital markets now, before transitional arrangements including an Interim Government have been agreed. could stall the entire negotiating process." ELTSA is calling on institutional investors not to become involved prematurely in new loans to South Africa.

President: Richard Harries, Bishop of Oxford Chairperson: Cosmas Desmond

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BACKGROUND:

The drying up of new loans to South Africa since 1985 is widely believed to have played a crucial part in forcing President De Klerk's decision to release Nelson Mandela, unbanned political organisations and commence talks-about-talks with the African National Congress (see ICABA 12 available from ELTSA). The UK Government Foreign Affairs Select Committee recently concluded that the reluctance of banks to continue loans to South Africa has been 'a powerful lever for change'. As a result of restricted access to international capital markets since 1985, South Africa has had to run an enormous trade surplus on its balance of payments Current account in order to obtain foreign currency to cover existing obligations. Although South Africa has been able to reschedule and refinance some existing debt and government-backed borrowers such as Department of Post and Telecommunications and Transnet are reported to have been involved in the private placement markets of Germany and Switzerland, it has still been unable to achieve a new public bond issue. The ability to raise a public bond issue on the international capital markets would represent a breakthrough for South Africa. ESCOM, the state owned electricity corporation, has recently opened an office in Frankfurt in its attempts to obtain new loans.

The involvement of large institutional investors would be essential to the success of a sizable bond issue over DM150m. The Gramm Amendment, which is blocking access to IMF lending for South Africa, is still in place in spite of President Bush's decision to lift the Comprehensive Anti-Apartheid Act (CAAA) last month.

Details: David Craine Tel: 071-708-4702 or 081 -961-4391/ Fax:708-5751

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