



Anti-Apartheid Movement

Southern Africa and the British Trade Union and Labour Movement

**A one-day Delegate Conference organised by the Anti-Apartheid Movement
6 November 1976**

A REVIEW OF THE ACTIVITIES OF SELECTED BRITISH
COMPANIES IN SOUTH AFRICA

The following short reports were produced for the AAM Trade Union Conference in 1976. They provide some indication of the nature of British economic involvement in South Africa. Further information is available from AAM at the address given below.

ANTI-APARTHEID MOVEMENT

SOUTHERN AFRICA AND THE BRITISH TRADE UNION AND LABOUR MOVEMENT

Conference Paper : 6 November 1976

THE COMPANIES

1. IMPERIAL CHEMICAL INDUSTRIES LTD

ICI's major investments in South Africa are through its wholly owned subsidiary ICI South Africa which apart from its own activities holds substantial holdings in two leading South African firms, AECI and South African Nylon Spinners. In 1974 the net asset value of ICI SA was some R53 million including its investments. At first the company was involved in the promotion of ICI UK products but now it has expanded into local manufacture of pharmaceutical and veterinary goods. Nevertheless, ICI UK still exports £35 million of goods to South Africa every year - an increase of £20 million. Britain is an important outlet for South African products; and ICI is the tenth largest importer of these. In export terms ICI is sixteenth in the league with its sales to South Africa accounting for approximately 7% of its total world sales.

ICI's most important investment is explosives: it has a 47.5% stake in African explosives, the third largest company in South Africa and one of the biggest producers of commercial explosives in the world. They certainly have a virtual monopoly of the domestic market, 50% of which is associated with gold production and controlled, and through a long-running agreement with the Chamber of Mines they receive orders worth over R24 million a year for gold mining alone.

AECI is a particularly significant investment for ICI because of its key position in the South African economy: AECI is the largest private industrial company in the Republic and according to the Financial Mail "if AECI shut down tomorrow the repercussions to South Africa would be far more serious than those of the recent coalminers strike in Britain. All mining and much of industry would come to a standstill". Through financial links with other companies AECI has close relations with government bodies and the top mining shipping transport concerns.

The explosives industry - rivalled only by the USA - is one which the South African government is anxious to expand and as it is in the unique position of being able to supply explosives at less than half of world prices it has close associations with explosives and chemical groups in Canada, Australia, USA, UK and Brazil. This means that South Africa has access to sophisticated technology and research work overseas and problems can be discussed in collaboration with experts in other countries. Earlier this year, for instance, AECI bought an invention from Mobil Oil which will enable it to manufacture ethylene from coal and get high quality petrol as a by-product. If successful, it is estimated that AECI could provide 25% of the country's petrol needs in 7 years time and would free it considerably from dependence on overseas imports. In addition to this, AECI spends more than R2 million a year on research and development. One important fact to bear in mind when considering British involvement in companies of this nature is that South Africa clearly envisages takeover of foreign firms which can easily be adapted to military production in times of emergency. AECI for example, with its guaranteed supply of

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international technical resources from ICI has been building its munitions plants which by prior agreement are taken by the government at a certain stage. In this case the company's policy towards the government would be irrelevant, only their presence would count.

At present there seems to be no indication that ICI UK are planning to decrease or withdraw their investments in South Africa: on the contrary they appear to be stepping up their level of investment - at the beginning of this year ICI UK helped to raise R83million for the construction of a R300 million complex of coal-based chemical plants at Sasolburg. The project is to be a joint one with Sentrachem (a subsidiary of BP) who, with AECI, dominates the chemicals market. South African Nylon Spinners, in which ICI have a 37% stake, are also undergoing substantial expansion and have recently announced plans to spend R32 million on extending their plant in Natal and building a new polyester plant at Belville Cape. For the 1980's, both AECI and SANS have already announced tentative plans to spend over R300 million. A few statistics will reveal why the group is sure of the future: in 1975 AECI's turnover was R383.7 million on which they made R52.8 million profits.

South African legislation prevents ICI SA from sending information overseas about wages and employment conditions in companies in which it has less than a 50% holding. It is known, however, that in 1972 AECI made R35 million profits of which 13% went on labour costs. Of its 13,094 employees only 1,608 were white and almost 9,000 were African but African labour costs accounted for 6% of the total. The most recent information available is about the conditions at ICI SA for 1976. Here 195 Africans are employed and 78 of them are on the lowest paid grade. The wages for this are between R170 and R209 per month, the average wage being R202 per month. No figures are given for present white wages but in 1973 average monthly wages for whites in the lowest grade was R207 per month since there were no whites in the six lowest grades. It would be surprising if differentials had been substantially eroded since then despite ICI's claim that they are increasing training opportunities to enable more Africans to move into skilled jobs. If anything, this indicates that there is a severe shortage of skilled white labour and management and white trade unions alike are having to accept the presence of Africans in skilled positions. On the basis of PDL and MEL estimates calculated in 1975, ICI claim that no African employee earns below the PDL and that the average wage is 23% above the MEL. In real terms this means that the lowest paid workers are earning R6 above the MEL (excluding overtime and bonuses) but ICI counter this by saying that as the majority of the lowest paid are young men without families and the MEL is calculated for a family of six then the wage would appear to be more than enough. When the Managing Director of ICI's African Zone was approached on the subject of black trade unions he admitted that as yet there were none; ICI had not recognised any black trade unions on any of their sites but this was because management felt that the majority of black workers were reluctant to join them in the fear that they would be overwhelmed by the better, more organised white trade unions. In 1973 a few African employees claiming to represent the majority of African workers at AECI asked to be allowed to join the black Chemical Workers Union. Management then 'Consulted' their African workforce, though we are not told how, and found that most of them preferred to work through the liaison committees approved by the government which were allowed to discuss, but only to discuss, all aspects of employment.

In a letter to the British Miners leader, Lawrence Daly, ICI assured the Miners that they were in contact with the South African Congress of Trade Unions Liaison Group on the issue of African unions though they have not responded to the SACTU's call for recognition. As far as ICI are concerned African workers can join trade unions if they are eligible to do so but at the moment it was the view of management that it was just as well for industrial peace that most Africans had chosen not to. Meanwhile committee delegates are being given training in negotiating procedure, labour legislation, etc.

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It is extremely difficult to believe that African workers have chosen to be represented by powerless committees which have done nothing to alleviate the appalling conditions in which they have to work. AECI are notorious for their disregard for safety measures. The coal-based ammonia plant at Modderfontein, the biggest explosives plant in the world, for instance, and the limestone ammonium nitrate factory next to it are operating with design faults in much of the machinery which has still not been taken out of use. This has resulted in countless cases of blood poisoning and lung cancer. The sulphuric acid unit there also falls short of acceptable standards of reliability and safety by exposing the workers to the risk of severe burns. In 1975 a serious explosion took place at Modderfontein in which 5 African workers were killed: the Chairman of AECI issued a statement expressing his appreciation to "those whose prompt actions quickly returned the factory to normal working". This disregard for basic safety precautions could be due to the fact that virtually the entire workforce employed at these plants are African and it is clear that ICI would prefer to see it remain disorganised and unrepresented for as long as possible. The British trade union movement also has a crucial role to play by expressing its solidarity with the struggle of the black workers in South Africa and by taking action against all firms and institutions involved in the apartheid economy.

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COURTAULDS

Courtaulds operations in South Africa fall into two sections, the forestry and pulp mill interests and the garment companies. The former Chairman, Lord Kearton, had himself worked on the pulp project in South Africa and boasted that "it must be most profitable pulp project in the world". The reasons for this are not hard to find. Courtaulds factories in South Africa are sited in the Cape area and Natal, with smaller units in Johannesburg. The labour force is predominantly coloured or Asian and consists mainly of women. Wage negotiations are carried out by the Industry Trade Unions to which all workers belong, but the company admitted that they dealt with the white craft unions in calculating wage increases, following the findings of the parliamentary committee. At one Courtaulds subsidiary the company was forced to recognise the biggest African union in the country, the National Union of Clothing Workers to which all their African workers belonged and who would not accept works committees as substitutes for trade unions. The situation is still far from satisfactory, however.

In December, the average weekly earnings of a labourer at the Courtaulds mill was £9.35 and for the next grade £10.90. This was for a 55 hour week. After the Guardian published details of wages and conditions in British subsidiaries in South Africa and the fact that there was a growing black strike movement, a rapid rise of just over £2 a week was handed out all around. This raised the average weekly wage to £12.30 and the next grade to £13.40. Inflation cancelled this out with the rise in food prices for that period amounting to 17%. Lord Kearton claimed that the increases were "commercially damaging" but in fact the increases totalled some £100,000 compared to pulp profits for 1972 of more than £3.5 million. African wages were 1.1% of profits. Further disclosures concerned the appalling conditions at the Courtaulds timber yards where factory inspectors discovered that the lavatories were infested with maggots and rat droppings, there were no furniture or beds in the house and the compound itself was a sea of mud. No sick pay, maternity leave, paid holidays or rations were paid to the workers, many of whom were women and earned as little as £10 a month. From April 1973 new increases were implemented so that most workers were paid £11 for a 46 hour week. In some sectors, however, like FCW Knitwear and R & HW Symington many workers were taking home £5 - £6 for a 44 hour week. Particular improvements that were carried out concentrated on male employees who were a minority in the industry. So, though the minimum age for workers over 18 was set at £11 per week the minimum female wage was £7. Information submitted in April 1976 shows that the situation has not changed radically. Lord Kearton said in 1973 that profits had been halved by raising wages above PDL and the MEL and present wages are just above the MEL.

JOB RATES

The basic job rate is about £18 for the lowest grade, an increase of about £4 in three years. The highest grade received £34 per week though very few coloured workers were in this grade. A married man with four children received about £26 per week if he was in the grade third from the lowest. No details were given of wages for family men in the lowest grades and no details were given for family men in the highest grades. The average weekly wage is therefore about £28.

Courtaulds also has a direct identity of interest with the South African government. Through the Industrial Development Corporation the government owns one third of the shares of the operating company SAICCOR and the relationship is such that, despite this minority shareholding it also appoints the Chairman and half the directors of the company. Furthermore, many of these directors are South African and sit on the boards of various South African concerns. In 1974 the chairman of SAICCOR J.J. Kitschoff was also the chairman of the IDC, the Armaments Development and Production Corporation of South Africa, ISCOR (the state-owned steel company) and the state's aluminium concern. Demonstrating strikers at ALUSAF were fired and police with teargas used to disperse them. Another director of SAICCOR is also on the Board of the Bantu Mining Corporation, the Bantu Investment Corporation and South African Nylon Spinners an ICI subsidiary.

In the light of recent announcements of massive closures and redundancies by Courtauld in Britain, a traditional tactic employed by the company to avoid improving wages and conditions, a demand can be raised by the British labour movement to stop the export of capital to South Africa which helps to bolster the apartheid regime, in favour of reinvestment in British industry.

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THE COMPANIES

3. BRITISH STEEL CORPORATION

"The steel industry has never been more important to South Africa than it is now". This was the comment made by a government minister earlier this year to the Financial Mail. The same could easily be said of the steel industry in Britain but it will come as a surprise to some to know that the two are so closely linked. With nationalisation British Steel inherited considerable investments in South Africa. Now it has more than £15 million invested in its wholly owned subsidiary BritSteel (British Steel Corporation South African Sales). This acts as an agent for BSC exports to South Africa and through it British Steel has shareholdings in Dorman Long, Stewarts and Lloyds, Richard Thomas Baldwin and United Steel Companies. From this investment alone its divided earnings in 1971 were R1,268,000 on overall profits of R2,511,000. Through Britcor (British Steel Corporation of South Africa) it has a 35.29% stake in IPSA - the International Pipe and Steel Investments of South Africa. The other partners in this R179 million venture are Iscor, the state owned steel producers and the Anglo-American Corporation. In 1971 Ipsa's operations exceeded R17 million. In addition BSC either directly or through Britcor holds a further 23% interest in Stewart and Lloyds. Though the present investments are comparatively new the operating companies themselves have been established in South Africa for many years and were in the words of a BSC director "among the pioneers of South African industry". The largest companies Dorman Long and Stewarts and Lloyds were originally established by UK steel companies.

The IPSA group is by far the largest steel consumer in South Africa and therefore Iscor's largest customer. Its activities are fairly diverse but on the whole it is a major supplier of steelwork plant and equipment to Iscor and of railway locomotives and rolling stock to the South African Railways. It has also provided a power station plant to Escom, the state owned electricity board. The group is the principal supplier and manufacturer of steel tubes and pipes for gas and water distribution. It designs and installs complete irrigation systems: it builds the largest ships in South Africa and manufactures bus bodies. Finally it operates the largest iron foundry in Africa producing pipe fittings and components for the motor and other industries. To give an approximate idea of the size of the two largest companies Stewarts and Lloyds and Dorman Long there are the following figures: in 1973 the combined stock value of the two firms was over £50 million. Turnover was £71 million on which a profit of between £8 and £10 million was made. The companies employed some 30,000 workers of whom 55% were African. The lowest paid African was receiving R53.20 per month and the highest paid R143.50 per month. No details are given of the wages paid to white employees but there appear to be no white workers in the six lowest grades. In the two wholly owned subsidiary companies, Britcor and Britsteel, only three Africans are employed receiving an average wage of R124 per month or R31 per week and just above the MEL. In reply to recent inquiries BSC stated that these Africans received wages substantially above the MEL (highest estimate was R117 per month) and many fringe benefits. No mention is made of employees in the subsidiaries in which BSC have a less than 50% share.

SEIFSA

All the BSC subsidiaries are members of the Steel and Engineering Industries Federation of South Africa (Seifsa) the employers federation responsible for negotiating with trade unions wages and conditions in the iron, steel, metallurgical and engineering industries.

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SEIFSA (Cont.)

So far their policy has been that the relevant consultative machinery for Africans should be liaison or works committees: their chairman has said publicly "we don't believe there is any place in this system for black trade unions". Consequently the members of Seifsa have refused to recognise any black unions, even the highly organised ones like the Metal and Allied Workers Union which claims to have signed up the majority of African workers in the industry. Ironically, it has been in the metal industry in which British firms have been prominent that resistance to black unions has been strongest; British Leyland, for example, have refused to negotiate with the black union even after its members have been repeatedly elected to form the majority on the works committee.

Recent events in South Africa disprove employers claims that black unions are disorganised and unrepresentative. The chairman of Seifsa, Dr. Errol Drummond admitted in the Financial Mail, that in the weeks of strike action following the events in Soweto, absenteeism was as high as 60% in some of the industries. Many Seifsa companies reported quite serious losses in production with the average stayaway for most companies at 50%. The majority of them have acted harshly by creating redundancies or stopping wages or deducting from holiday pay.

In 1975 the Labour Government gave BSC permission to extend their involvement in South Africa. The Corporation were allowed to use over £20 million to build a ferro-chrome plant in the Eastern Transvaal in partnership with the South Africa Industrial Development Corporation. The contract will give Britain a long term agreement to manufacture and purchase charge chrome, a purified ore used in the production of stainless steel. BSC gave a number of reasons for the decision. They argued that their stainless steel project in Sheffield was threatened with closure because of lack of supplies and South Africa has 67% of the world's reserves of chrome ore. However, only 5% is suitable for producing ferrochrome. The Soviet Union is the largest single producer of chrome ore but it is felt that these supplies would be expensive and unpredictable compared to South African supplies. This is hardly surprising considering the low wages paid to non-white workers and the fact that the South African government is only too willing to encourage foreign investment. No reason has been given why alternative sources cannot be developed e.g. Philippines (largest exporter of chromite to UK in 1974), Turkey, Finland, Malagasy etc. Furthermore, the British government claims that the money being used to invest in this project is to come from funds which local exchange control regulations prevent from being remitted to the UK. Even if this were true and there is considerable doubt about it, such funds can always be reinvested in a local quoted security which can always be sold abroad for foreign currency after five years.

There are even more serious implications of British Steel's involvement with South African government agencies like the IDC. The IDC is engaged in the development of key sectors of the economy which are considered too risky or too expensive in their developmental phase for private enterprise to handle alone. They are vital to the governments goal of industrial self-sufficiency and are responsible for generating over half of new fixed investments in South Africa: half of all funds raised abroad go to parastatal corporations like IDC. An important aspect of this strategy is to encourage the dependence of Western economies on South African sources of raw materials. In 1973, for example, negotiations were reported between South African Steel Corporation, BSC, two German firms, and the Austrian steel corporation for the establishment of a giant steel plant in South Africa. European, including British, interest would have been to save resources and reduce costs by closing uneconomic plants in Europe and producing steel products in South Africa for final processing in Europe. The plans did not come to anything but the possibility still remains.

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/.....the possibility still remains.

The success of South Africa's Strategy also fulfills three major needs: the transfer of sophisticated technology from Europe and North America to South Africa, investment from abroad specifically in the enterprises of the government corporations and an assured market for South Africa's products particularly its minerals.

From this report it would appear that Britain's State Corporations are taking as much advantage as possible of the opportunities of profitable dealings with South Africa. This implies that there is no difference in the official sanction involved in the activities of private and nationalised enterprises. Does it also follow that a Government is no more responsible for the actions of public corporations than for those of private enterprise? It is ironic that a nationalised industry in submitting to its own government should reveal that its lowest paid workers had to undertake an average of $9\frac{1}{2}$ hours overtime per week in order to be above the Poverty Datum Level. This is clearly an issue which the British labour movement can take up and ensure that at least these industries are made publicly accountable.

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THE COMPANIES

4. GENERAL ELECTRIC COMPANY LTD

GEC is Britain's largest electrical engineering and electronics company. A succession of mergers and takeovers has made it Britain's twelfth largest company, one of the country's largest private employers, and the fifth largest exporter. Its recent annual report showed that the firm controlled total assets of £880 million and earned a pre-tax profit of £207 million on its worldwide turnover of £1,752 m. It has links with the major industrial concerns in the UK with contracts to supply the Post Office, British Rail, British Steel and Electricity Boards throughout the country.

GEC's investments in South Africa are small in relation to its worldwide operations but they are crucial to the South African economy. In 1973 GEC were the largest company in the South African electrical industry and the sixth largest employer of black labour, employing 4,753 black workers. GEC have interest in seventeen South African companies most of which are wholly owned subsidiaries or joint ventures with major UK or foreign competitors like Plessey and Standard Telephones and Cables. The companies are primarily engaged in the production, distribution and maintenance of consumer goods like telephones and domestic appliances and capital goods such as turbines, locomotives and electrical switchgear. Its major activities are in the industrial areas in the East Rand but it has a large factory near the Bophuhatswana homeland and is constructing another one in the Kwazulu homeland. This means that they will be able to employ casual labour which has had little contact with the black trade unions in the urban townships and can be sent back at any time to the homeland areas if they do not have a job.

GE play a significant role in providing South African state corporations with sophisticated technology and equipment. It has been calculated that technological advancement accounts for 60% of the increase in the Gross National Product. This has been particularly the case in the fields of telecommunications, rail transport and electric power generation. During the last five years GEC subsidiaries in South Africa and the UK have won contracts for the supply of almost £200 million worth of transport, power engineering and telecommunications equipment to South Africa's state corporations including South African Railways, Electricity Supply Commission, State Steel Corporation, the South African Post Office and others. The bulk of this, particularly the more sophisticated equipment, comes directly from the UK. Sales from the UK have been in excess of £150 million in the past five years and in the context of low markets in the Western world, for most GEC products and South Africa's industrial programme it looks as though this will continue for a considerable period. Needless to say, the equipment supplied includes the most advanced technology in its field having been designed in the first place to meet the needs of nationalised industries in the UK. The following figures will reveal the extent of GEC's relationship with the state corporations. Telephone Manufacturers of South Africa which GEC owns jointly with Plessey accounted for $\frac{2}{3}$ of sales of switching equipment to the Post Office worth some £13 million per annum in turnover to GEC. Secondly, it has a 30% stake in African Telephone Cables which accounts for 75% of telephones sales. The Post Office has often been the first to receive new products and now stipulate that supplying companies should be prepared to allow other suppliers to produce the product in South Africa. In fact Telephone Manufacturers of South Africa in which GEC have a 50% stake have been sending key management on training courses at GEC's industrial staff college at Rugby.

It is, however, GEC's involvement in the manufacture of military equipment through its electronic concerns that is particularly worrying at this time. As Britain's principal electronic engineering group, they are responsible for the production of

a wide range of military hardware for the Royal Navy and the British Army. It also has a 50% stake in the British Aircraft Corporation and is thus a sub-contractor for armaments produced by BAC. Overall turnover for military sales is hard to assess but figures for a particular subsidiary will show the amount involved. Marconi-Elliott Ltd accounts for some four-fifths of the military computer market in the UK, while some 20-25% of total group turnover was estimated to come from military sources. Despite the UK's arms embargo against South Africa certain GEC manufactured products have appeared in South Africa. During the last five years, however, there has been an increase in the military significance of developments in equipment used for electronic surveillance, monitoring, communications and data processing and nuclear power generation. These are fields in which GEC has supplied the South African government and the defence force but are specified as non-military and so are outside the arms embargo. During the last five years, GEC Marconi has been involved in four major contracts within these categories. One of these was to supply the South African Defence Force with closed circuit television. More recently Marconi Communications Systems Ltd has accepted an £8 million order from the South African Defence Department to supply a long-range communications system, the Troposcatter. This will be bigger than anything built by Marconi before and will require special development. It is believed that the system will be used by the army "to extend its anti-guerilla technological strength by bringing into service battlefield sensors which transmit data on movements in the area". It is more than likely that the equipment will be used to counteract the activities of SWAPO, the national liberation movement of Namibia (illegally held South-West Africa). In the face of public criticism, GEC have warned of the need for boosting exports and preserving British jobs. In the early seventies, GEC, along with the British Nuclear Design and Construction Ltd and the British Nuclear Power Company, (GEC was involved in both) held tentative negotiations to supply a Koeberg nuclear reactor to the Electricity Supply Commission of South Africa. This was eventually abandoned but the possibility of GEC further committing themselves and the British government to the expansion of South Africa's nuclear programme still remains. The fact that South Africa has access to developments in nuclear research is in itself a sinister reminder that they are probably on their way to developing the kind of equipment they will need to maintain white supremacy in Southern Africa.

Prior to 1973, GEC policy was to pay its lowest paid employees the minimum rate laid down by a Seifsa, an employers federation for the industry. The highest wage for an African was below the Poverty Datum Level. In its evidence to the parliamentary hearings in 1973 the company stated that all their lowest-paid workers were above PDL. However, further details show that Africans, making up 51% of the total workforce received 22% of the wage, i.e. 3 $\frac{1}{2}$ % of total sales value. The firm stated its commitment to raising wages to the MEL as laid down by the British Government. Today GEC claim that the minimum rate for male adults with over three months service is 30% above the PDL. This gives a figure of a monthly wage of about £91. Of a total workforce of nearly 3,500, 36% of 1,277 are on the minimum wage and a further 7% are classified as probationers and got 18% above the PDL. Since GEC has refused to submit information on at least a quarter of their workforce these figures are only approximations. At the moment liaison committees are the only channels of representation for African workers even though GEC have said that if a significant number of employees joined a black trade union the company would recognise it. However, no attempt has been made to approach the workers who have joined a union at two GEC plants. At one plant 100 out of 420 black workers had joined the Engineering and Allied Workers Union and four were on the liaison committee. At the other site 200 out of 1,400 had joined the union and five members are on the liaison committee. There has been no contact between management and union and GEC have not conveyed their willingness to negotiate with black unions to either the shareholders or the workers.

ANTI-APARTHEID MOVEMENT

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THE COMPANIES

5. RECKITT AND COLMAN LTD.

Reckitt and Colman's total investments in South Africa amount to some R12,641,000 and consist of an integrated groups of companies involved in the manufacture and sale of consumer goods covering household, pharmaceutical, toiletry, food and industrial cleaning products. Manufacture and distribution are carried out at premises in Cape Town, Durban and Johannesburg. Control and management of Reckitt and Colman South Africa lies within its own company but close liaison is maintained with the parent company which is the sole shareholder and has the right to appoint the members of the Board. There is frequent exchange of visitors both ways.

At the time of the parliamentary hearing in 1973 Reckitt and Colman accepted the Poverty Datum Level figures published by Johannesburg Chamber of Commerce as being representative of the main urban centres, that is, R17.50 per week for a male adult worker. The company point out that all workers were above this level and furthermore the company has a very small labour turnover and has been largely unaffected by industrial disputes.

The company has a coloured workforce of 1,650 of whom 432 are women. In 1973 the national wage range for men under 18 was from R13.50 to R16.00 per week. Their female counterparts received between R11.50 and R13.50. Adult male beginners received R17.50 (the exact PDL). No coloured employee was in a supervisory position and the highest paid were classified as trainee salesmen and handymen and received R67.50. The highest paid female employee was getting R38.50 even though it was for skilled work like shorthand typing and telephonist work. The highest paid white worker was getting R242.30 per week.

Since then the company has implemented certain overdue wage increases and revised its view of the PDL as a criteria for determining wage rates. Along with most other companies they now accept the statistics produced by the University of South Africa. These are known as Minimum Living Level and Supplemented Living Level and are determined by the number of persons per household and the location. From information relating to the cost of living for 1975 the MLL is calculated at R24.75 per week and the SLL is R33.75. From information submitted in 1976 we can see that all adult males are paid above the MLL but closer examination will also show that the difference is not as radical as it appears. The company claim that since May 1975 the basic wage rates of the three lowest grades have been increased by 70% and that of the highest grades by 40%

In reality juniors under 18 started at R23.02 per week and beginners under 21 got R26.50. Female juniors and beginners under 21 received R20.50 and R21.50 respectively. Since we are given no information concerning the number of non-white workers in the various grades or whether there have been any changes in the kinds of jobs made open to them we can assume that there have been no significant changes. So in March 1970 the highest paid coloured worker was receiving between R89 and R91 per week. The highest paid female employee got between R65.00 and R83.00. What this really means is that adult beginners and unskilled general labourers who form a substantial section of the workforce get between R29.50 and R33.25 per week.

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Since the MLL for 1975 is R24.75 and the SLL is R33.75 this hardly represents a radical improvement in the position of non-white workers.

There are no black trade unions at Reckitt and Colman plants but Industrial Councils to which the workers contribute in the form of deductions from pay: for lower paid employees this amounts to 5% of their wages. Training takes the form of "on the job" training and the company claims to have a policy of encouraging further education among all races by giving financial assistance "where the employee is able to benefit from it".

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ANTI-APARTHEID MOVEMENT

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6. BRITISH PETROLEUM

South Africa has no domestic source of oil, apart from an oil-from-coal plant that produces about 8% of its needs and is an extremely expensive process. The importance of the six international oil companies operating there is self-evident, particularly in light of the Arab nations total embargo of Southern Africa. Two of the companies are British, BP and Shell, and in collaboration with the other major companies they have enabled South Africa and Rhodesia to evade the embargo. With their massive resources they have been able to provide services which are indispensable to the South African economy and have transformed the oil industry in the Republic into a R700 million business. The chairman of BP during a visit to South Africa in 1974, confirmed that all the international oil companies had "intentionally set out to thwart Arab attempts at enforcing oil embargoes on countries like South Africa." Shell and BP are among the most prominent of these companies with 23% and 14% respectively of sales of all petroleum products in South Africa. At present the Republic is 90% dependent on Iran for its oil imports but recently even this supply has had a limit placed on it because of pressure put on Iran to conform to the Arab policy. Consequently, the dependence on the oil companies is likely to increase especially since despite strenuous efforts by the companies to discover oil both in South Africa and Namibia it seems unlikely that oil will be discovered in commercial quantities. BP now claim to have withdrawn from all exploration activities in S.A. but both BP and Shell are still engaged in oil prospecting and marketing in Namibia.

Until 1975 many of the Shell and BP subsidiaries were jointly operated but now the two are largely independent of each other and in the case of Shell the controlling influence would appear to lie with the Dutch half of the company.

As far as BP are concerned their major involvement in South Africa is through a wholly owned affiliative BP South African Petroleum Refineries (Pty) Limited in which BP have a 50% interest. Dragon Gas Service (Pty) Ltd. and Duckhams Oils Africa which are both wholly owned subsidiaries of BP Southern Africa.

BP's activities include the marketing and distribution of oil products, crude oil refining and the manufacture of lubricant and chemical products. The distribution business is so lucrative in fact that companies have been known to engage in prospecting activities in order to gain marketing concessions from the government.

BP's total investment in South Africa at the end of 1975 was approximately £72 million and plans have been announced recently to step up its investment programme to £250 m. over the next five years. Most of the capital will be funded from outside South Africa and some of it will have to come from the parent company in Britain. Of this about £100 m. has been set aside to develop BP's coal interests in South Africa which includes the construction of a 3 million ton a year export mine in the Eastern Transvaal in conjunction with Total and Trans-Natal, a subsidiary of General Mining. The project is already underway and should start producing by 1978. BP's other coal interests include a 50% option in the Eikeboom colliery worth about £16 million, and its coal reserves in the Middleburg area.

Other future investments include plans to spend £50 million on improvements and extensions to the existing refinery at Durban so as to increase the output of crude oil.

BP is one of a growing number of British companies prepared to collaborate with the South African government through participation in state controlled companies and in government projects. BP, for instance, has 19.6% stake in Sentrachem a chemical concern in which the State has investments through the Industrial Development Corporation. Secondly although the biggest Shell/BP refinery at Reunion has been taken over by the government Shell/BP will still retain an 18% interest.

Finally, Shell and BP are planning a joint project with SASOL (the state oil corporation) to spend £50 million between 1976-79 on the construction of an ethylene plant receiving its input from BP's Durban Refinery. Shell's projects for South Africa are too numerous to list here but most of them involve the use of BP's facilities and technology. Clearly, BP believe in the long term stability of South Africa and are laying down hard cash to prove it. The British Government own 48.2% of BP shares and the Bank of England own 20.2%. To date the Government has merely repeated its assurances of not interfering in the management of BP. It has, in fact, said that it will continue to act as if it only had a 48.2 interest (i.e. minority interest) even though with the Bank of England holding it is technically the majority shareholder.

On the question of Black trade unions and working conditions for black workers generally BP are not so innovative. In the evidence submitted to the parliamentary sub-committee in 1973-74 Shell and BP claimed that in their jointly operated companies the 2,366 members of the non-White workforce were all above the Poverty Datum Line (the highest estimates for the urban areas were R78.58 p.m.) At that stage over 1000 black workers were earning less than R100 p.m. The lowest grade white employees received was R366.67 p.m. compared to R177.50 for their black counterparts. Also for some unknown reason three times as many black workers than white were classified one grade above the lowest and were incidentally being paid the lowest wage at R97.82. The highest paid white employee received an average of R878.37 p.m. There were no blacks in the top two grades and the three who occupied the highest grade earned R417 p.m.

The British Government concluded that the PDL was not a humane estimate and recommended that British companies in South Africa should use the Minimum Effective Level as their target for wages, to be implemented as soon as possible. The M.E.L. was calculated as PDL "50% thereby making the highest estimate R117 p.m.

From information submitted to the Secretary of State for Trade in March 1976 it appears that BP have not been so willing to explore the possibilities for change in this direction. The minimum monthly wage for the lowest grade was R145 at all the BP subsidiaries except Duckham Oils Africa where it was R91. At this company of a total of 24 Africans employed three were below the PDL and 21 below the MEL. The situation for the other affiliates was much the same: BP Southern Africa and Shell/BP S.A. Petroleum Refineries employed a total of 847 African employees of whom 246 were in the lowest paid grades and all were below the MEL. Dragon Gas Service has 59 African workers but claimed not to use a job grading system. Not one of the companies had a timetable for achieving the MEL but all cited it as one of their objectives.

In the sphere of industrial relations BP are equally backward: the management make it clear that though not recognised by law black trade unions are not illegal but they point out that the issue is meaningless in the present context because there are no recognised trade unions operating in the Oil Industry for African, Asian, Coloured or White employees. When "appropriate" unions emerge BP will not hesitate to co-operate with them. On the other hand they appear to have set up official Liaison Committees for their African workers consisting of elected and appointed representative members. We are not told exactly what these committees are for or what powers they have except that "There is no limitation to the number of items they may wish to raise." The prime aim seems to be to establish these committees (for which the members are given training in consultative procedure and the provisions governing African workers) rather than black trade unions as the legitimate channels of communication for black workers. It is the policy of South Africa to encourage liaison or works committees which have no right to discuss or set wage levels or in any way undermine the privileged position of the white workers and has in the past objected to minor concessions made by the white trade union movement to admit African unions into their midst. BP has chosen to follow the Government line and even when they increased black wages recently because of the wave of strikes in other industries led by the unofficial Engineering and Allied Workers Union (the one union likely to win recruits in the oil industry) they negotiated the increase with the engineering union which is the procedure laid down under the Industrial Conciliation Act.

It is clear, therefore, that British companies are willing to let black wages rise at a certain rate but are not prepared to acknowledge the power that black workers as constituting 71% of the economically active population hold and which the existence of organised unions like the Metal and Allied Workers would channel into attacking the political system which tries to justify such economic exploitation.

ANTI-APARTHEID MOVEMENT

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7. BRITISH BANKING LINKS WITH SOUTH AFRICA

Banking plays a key role in the South African economy. It also plays a crucial part in servicing the growing economic links between South Africa and the outside world. There are two main facets to British banking links with the apartheid regime: first, the involvement of British banks inside South Africa; and, secondly, the growing volume of Eurocurrency loans to South African government corporations.

BRITISH BANKS OPERATING IN SOUTH AFRICA

Who is involved?

Two British banks - Barclays and Standard - have dominated the South African banking scene over the last fifty years. Since the end of the Second World War they have been challenged by a number of Afrikaner banks, particularly Volkskas and Trust, but even today the two major British banks control almost 60% of South Africa's banking deposits.

Both Barclays and the Standard have hived off their South African operations, by establishing locally registered subsidiaries, and have already issued shares on the Johannesburg stock exchange. This is in line with South African government regulations which require foreign banks to reduce their shareholdings to 50% within the next few years. It is important to note, however, that the parent banks in London are likely to retain a controlling interest in their South African subsidiaries for the foreseeable future.

Table 1: Comparative data on British banks in South Africa

	<u>Barclays</u>	<u>Standard</u>	<u>Hill Samuel</u>
Parent company	Barclays International (wholly-owned subsidiary of Barclays Bank)	Standard Chartered	Hill Samuel
SA subsidiary	Barclays National	Standard Bank of S.A.	Hill Samuel (SA)
% of shares held by parent	64%	67%	77%
Offices in SA	989	873	7
Deposits in SA	R2302m (£1535m)	R2091m (£1394m)	R69m (£46m)
Pre-tax profits	R44m (£29m)	R30m (£20m)	R3m (£2m)

Taking all the different types of banks together - commercial banks, general banks, and hire purchase house - British companies have majority holdings in four of the South African top twenty, and substantial minority holdings in another four. Yet just two companies, Barclays and Standard, provide a complete range of banking services (commercial banking, merchant banking, HP, credit cards, insurance, growth funds, etc) and dominate the South African financial scene.

Money represents power, and the banks control and influence its use. Investment in Apartheid is extremely profitable for the banks and their major clients.

Barclays, Standard and Hill Samuel also provide a comprehensive range of services - both in London and Johannesburg - to companies wishing to expand UK-SA trade. The three banks also play a major role in promoting British investment in South Africa. Strengthening Britain's economic links with South Africa increases our country's stake in the maintenance of the status quo - in the apartheid system - and makes it less likely that the British government will take effective measures against the oppressive South African regime.

British banks also help to prop up the white regimes in neighbouring Namibia and Rhodesia. The two major banks operating in Namibia, Barclays and Standard, recognise the illegal South African administration and facilitate the operations of companies involved in the exploitation of Namibia's resources. The two banks are also contravening UN sanctions by transferring money, on behalf of their customers, between South Africa and Rhodesia.

LOANS TO SOUTH AFRICAN GOVERNMENT CORPORATIONS

Who is involved?

South Africa has become increasingly dependent on Eurocurrency loans as a source of foreign capital for its economic expansion. During the first half of 1976 South Africa received \$585m in publicised Eurocurrency credits, compared to \$320m raised last year. Most loans are syndicated between a large number of Western banks. Indeed there are few major British banks that have not been involved in loans to South Africa.

Table 2: Eurocurrency loans arranged by British banks in 1976.

<u>Amount</u>	<u>Borrower</u>	<u>Lead Banker</u>
£30m	SA Railways	Hill Samuel
\$200m	ESCOM (Electricity Corporation)	Barclays
£60m	ESCOM	Hill Samuel
\$12m	Xhosa Development Corporation	Hill Samuel
\$7m	Johannesburg City Council	Barclays
\$8m	Transkei government	Hill Samuel

The Banker recently estimated that South Africa would require \$50,000m in capital for investment during the period up to 1979. A good part of these funds should be generated internally. Much of this capital, however, will come from abroad, and foreign banks will be an important source. Loans to the South African government, and its corporations, directly support apartheid by channeling capital into institutions which are committed to the maintenance of the apartheid system.

Appendix: Labour Party Programme

Labour's Programme 1976, approved by the party conference in September includes a number of recommendations concerning British banking links with South Africa:

- 1) Ensure that all British banks withdraw from South Africa.
- 2) Immediately forbid British banks from operating in Namibia and transferring funds to and from Southern Rhodesia.
- 3) Ban all further loans by British banks to South Africa.

Campaigns to work towards the implementation of Labour's policy on banking links with South Africa are being mounted by three organisations. Details of their activities can be obtained from: Anti-Apartheid Movement, 89, Charlotte St., London W.1; Haslemere Group, 467, Caledonian Rd., London N.7; ELTSA (End Loans to South Africa), 134, Wrotesley Rd., London N.W.10.

Further information on the operation of the largest bank in South Africa can be found in Barclays and South Africa (Anti-Apartheid Movement/Haslemere Group publication), available for 20p plus postage.