South Africa's increasing dependence upon the steady infusion of foreign capital is shown by the fact that while in 1956, total foreign investment stood at $3.22 billion, by 1979, the figure leaped to $26.8 billion. The critical role that foreign businesses play in the stability of the apartheid system is further illustrated by the fact that 40% of all manufacturing and 80% of all industrial production in South Africa is under foreign control. Great Britain, the United States, West Germany, Switzerland and France hold 80% of all foreign investment in South Africa. The U.S., with total investment of $14.6 billion, has surpassed its competitors as South Africa's biggest investor, lender and trader.

### Direct Investment

For the last 20 years, U.S. officials have formulated public stances critical of apartheid rule. However, during this same period American corporate investment has risen at a rate of $100 million per year. In 1960, U.S. direct investment stood at $500 million; by 1983, it jumped 400% to $2.6 billion. Over 6,000 U.S. firms do business with South Africa. Of the 320 corporations that have subsidiaries or affiliates there, 3/4 of all American direct investment is controlled by only 12 companies: General Motors, Ford, Chrysler, Goodyear, Firestone, IBM, 3M, Mobil, Caterpillar, ITT, and Caltex (a jointly-owned subsidiary of Texaco and Standard Oil of California). Only four of these corporations — Mobil, Caltex, Ford and General Motors — control more than 50% of the total U.S. direct investment in South Africa.

These corporations occupy strategic positions in some of the more viable sectors of the South African economy: manufacture, petroleum production, mining, computers, high technology and heavy engineering. Increasingly, American businesses are viewing the cheap labor practices and official policies of repressing Black labor unionization as lucrative prospects for investment. This is evidenced by the fact that while profit rates for U.S. investments worldwide average 11%, the profit return for their ventures in South Africa averages 18.6%.

### Oil Production and Refinement

Oil is critical to the apartheid economy, supplying 75% of the energy requirements in the transport sector alone, much of which is consumed by defense forces. Yet, despite its multi-million dollar coal conversion projects, South Africa has no domestic reserves of oil and imports 90% of its petroleum needs. Six multinational corporations import, refine and market oil in South Africa. Three of these — Caltex, Mobil and Exxon — control 45% of the oil market there. Mobil and Caltex, with combined investments in excess of $650 million, hold 42% of apartheid’s oil refining capacity, 40% of the petroleum products market and 40% of U.S. assets in South Africa. In 1978, Caltex, through its $135 million expansion of its Cape Town refinery, increased the regime’s total refining capacity by 11%. Mobil opened the second largest lubricant refining plant in South Africa. Both firms are aiding the minority regime in its endeavors to become less vulnerable to international oil embargoes by prospecting for uranium.

In 1979, the Fluor Corporation, a California-based engineering and construction company, was awarded major contracts worth $4.2 billion to design, construct and provide technical expertise in the expansion of SASOL coal-to-oil conversion plants. These projects were slated for completion in 1983.

While these companies circumvent U.S. sanctions, State Department regulations and customs agreements, they readily comply with stipulations outlined in the National Supplies Procurement Act, which gives the apartheid state power to regulate all industries deemed vital to national security, and empowers them to demand that U.S. companies produce and sell any commodity for any government agency requesting them — including the military or police.

### Nuclear Energy

While the imposition of the 1977 U.N. mandatory arms embargo did compel the Carter Administration to stop direct shipment of enriched uranium fuel to South Africa, the U.S. government and private corporations have played an important role in the development of South Africa’s nuclear industry. In 1949, the S. Atomic Energy Commission opened its facilities to engineers and scientists from the South African Energy Board; in 1957, the U.S. and South Africa entered into a bilateral nuclear energy cooperation pact; and in 1961, the Allis Charmers Corporation supplied Pretoria with a $450 million research reactor.

### Motor Vehicles

This cornerstone of the apartheid economy is also dominated by foreign corporations. GM, Ford, and Chrysler control 33% of the market and in 1977 contributed 60% of the $450 million invested in this industry. The South African Financial Mail listed GM's South African affiliate as the 17th largest company in South Africa in total assets and sales and 34th in employment. GM was also responsible for the first car designed and developed in South Africa — the Ranger.

These auto manufacturers also do business directly with the government. In 1973, Ford reported that it sold the apartheid state about $2 million worth of vehicles each year, and during that year, Ford sold 3,079 such vehicles to various government agencies including the Ministry of Defense and the Police.

### Rubber

Goodyear and Firestone are two of the top three firms which dominate the rubber and tire industry. South Africa Railways, the largest public truck transport system, is one of Goodyear’s biggest clients and in 1975, finished a $10 million plant constructed to manufacture mining conveyor belts. Goodyear’s subsidiary in South Africa reported total assets of $58 million. Firestone, with total investments of $30 million, also manufactures tires and tubes for cars, trucks and tractors, as well as conveyors, hoses, and V-belts. Many of these rubber products are sold to the defense forces.

### Mining

U.S. firms control 25% of all foreign investment in this sector, and have combined investments of over $138 million. Moreover, they own 33% of all South African gold mining shares. Some of the largest U.S. mining concerns include: Union Carbide, which produces 20% of all South African chrome; Newmont Mining, who with their total investments of $120 million, owns 28% interest in Palabora Mining, the largest corporation in South Africa, 57.7% interest in O’okiep Copper, the 2nd largest, and Tsumeb Corporation in Namibia; and Phelps Dodge, with total assets of $24 million and in its joint partnership with Goldfields of South Africa produces metals worth $1.4 billion a year. Other U.S. based corporations with operations in South Africa are: Kennecott Copper, American Metal Climax, Alcan Aluminum, Kaiser Aluminum, U.S. Steel and King Resources.

Not only is Pretoria reliant upon U.S. corporations to aid in exploiting these vast mineral resources, but the regime also provides the U.S. with a major source of strategic minerals. The U.S. imports from South Africa: 46% of its chromium ore, 20% of its manganese ore and 58% of its manganese ferroalloys; 67% of all platinum-group metals; and, 72% of its vanadium pentoxide.

### Computers

Every key industry in South Africa is serviced by computers. U.S. companies control 79% of the computer market in that country. Some of these corporations include: IBM, National Cash Register, Burroughs, Control Data, Univac, Sperry Rand, Honeywell and Hewlett Packard. IBM alone controls nearly 50% of the computer market share, and of the 320 computer installations in South Africa, 240 have been leased or purchased from IBM, including installations
at the Anglo-American Corporation, African Explosive and Chemical Industries and the Johannesburg Stock Exchange. One-third of all IBM business in South Africa is done with the government. IBM, along with Burroughs, Sperry Rand, Control Data and Honeywell supply computers used to implement pass laws, influx control of migrant laborers, coordinate information for police establishments, and oversee nuclear power systems and weapons of the Atomic Energy Board.

- **High Technology and Heavy Engineering:** The bulk of U.S. firms not operating in the manufacture of motor vehicles, oil production and refinement, computers, or mining are located in those sectors involving heavy engineering or high technology, which accounts for 60% of the $1.5 billion in U.S. annual exports to South Africa. The regime's dependency upon foreign investment in this sector is most marked by its expanding requirements for sophisticated electrical equipment and scientific instrumentation. In addition to the manufacture of washers, refrigerators, and housewares, General Electric's South African subsidiary has supplied 80% of the diesel locomotives used by the South Africa Railways, and has constructed 130 control relay panels for the South African terminal from the Cobora Bassa Dam in Mozambique. Dresser Industries is among the top 25 companies operating in South Africa, employing 1120 workers in the manufacture of mining equipment, road maintenance machinery and gas station parts.

**Indirect Investment:** Indirect Investment represents the largest portion of U.S. capital flowing into the apartheid economy. This kind of investment basically assumes two forms: a) Portfolio investment, i.e., U.S. ownership of stock in South African businesses or industries; and b) loans which U.S. banks or their subsidiaries extend to South African firms, commercial banks or government agencies.

An important component of U.S. portfolio investment is their ownership of gold-mining stock. The U.S. alone holds 75%, or $2 billion, in South Africa's total gold mining stock.

U.S. financial institutions hold 33% of all outstanding loans to South Africa. By 1983, U.S. banks had surpassed their European counterparts with a total of $4.5 billion in commercial bank loans to South Africa, representing a jump of 332% within the last 15 years. The lion's share of U.S. bank loans have been made by: Manufacturers Hanover Trust, Citicorp, Chase Manhattan, Bank of America and Morgan Guaranty. As Pretoria's largest lender, Citicorp holds 25% of the total U.S. loans claims against that country, with total loan liabilities reaching $200 million. Through its wholly-owned subsidiary, Citibank, N.A., Citicorp, since 1958, has been the only U.S. bank with full operations based in South Africa. With branches in Cape Town, Johannesburg and Durban, Citibank, N.A., is the 12th largest financial institution in South Africa. By law, Citibank, as all foreign companies operating in the country, must leave 15% of their public assets in South African government bonds.

In periods of political instability, U.S. banks have played a strategic role in the preservation of apartheid rule. The weeks of African rebellions following the Sharpsville massacre in 1960-1961, caused the flight of capital, coupled with the worldwide depression of gold prices and the spiraling costs incurred by apartheid's war against Angola, forced the regime to pursue U.S. banks even harder. U.S. financial institutions quickly obliged and by late 1976, outstanding U.S. loans more than doubled to $2 billion.

Another aspect of U.S. loans which makes them increasingly important to the strategic interests of South Africa is that generally, they are extended to prominent government agencies. Many of these state institutions, such as ISCOR (Iron and Steel Corporation), the Industrial Development Corporation, and South Africa Railways, are also among the largest economic enterprises in the country. ESCOM (Electricity Supply Commission), for example, provides 86% of South Africa's power needs, also received a $200 million loan from the U.S. to finance its expansion plans.

**Trade:** Having outdistanced Great Britain as South Africa's number one trading partner, overall U.S. trade with the apartheid state has climbed to $4.5 billion, representing 1/3 of all U.S. trade with sub-saharan Africa. Not only do U.S. businesses sell their goods to South Africa, but in 1979, the U.S. imported $1.9 billion worth of South African goods.

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