CAMPAIGN TO OPPOSE BANK LOANS TO SOUTH AFRICA

BANK CAMPAIGN ACTION ALERT -- APRIL 1983

U.S. LOANS TO SOUTH AFRICA RISE BY $2.6 BILLION IN 1981-82
AFTER FOUR YEAR DECLINE

BANK LOAN BOOM IN SOUTH AFRICA:

U.S. and European banks dramatically upped their stakes in white minority-ruled South Africa in 1981-82. South Africa raised at least $2.4 billion in European lending markets last year alone, almost five times the $510 million it raised in the same market in 1981. This does not include the $1.07 billion International Monetary Fund (IMF) loan which it successfully negotiated in November 1982 over the protests of 68 countries.

This international lending helped South Africa weather its 1982 trade deficit of $2.8 billion, following its record 1981 deficit of $4.5 billion. The bulk of these loans have helped finance massive infrastructure projects aimed at making white-ruled South Africa less vulnerable to international sanctions or domestic labor unrest. They have also enabled South Africa to strengthen its military and police apparatus—and sustain its illegal occupation of Namibia—during a period when its revenues from gold sales dropped dramatically.

Major public sector borrowers have included South Africa’s Electricity and Supply Commission (ESCOM runs South Africa’s energy and nuclear power programs); South Africa Transport Service (SATS constructs and operates South Africa’s airlines, harbors, transport); the Strategic Oil Fund (SOF purchases/stockpiles strategic oil supplies to protect against a possible future international oil boycott). Private borrowers have included the African Explosives and Chemicals Industry (AECI), which is linked to the government-run arms and nuclear weapons programs.

U.S. BANKS JOIN IN "LOAN RUSH"

Outstanding U.S. loans to South Africa steadily declined to about $1.05 billion between June 1977 and December 1980. Between January 1981 through June 1982, however, U.S. banks increased their lending by $2.6 billion — a whopping 246%.

An October 1982 United Nations study documents 57 new loans made between 1979 and mid-1982 by over 181 transnational banks from 18 countries. The study listed 19 U.S. banks and financial institutions involved in South African financing during that period:

- Arnhold & S. Bleichroeder Inc.
- Bache Halsey Stuart Shields
- Chase Manhattan Corp.
- CM Capital Markets/CM Ltd-UK
- Chemical New York Corp.
- Chem. Bank Int’l Group
- Citicorp
- Citibank NA/Citycorp Ltd.-CA
- Citycorp Int’l Grp/Int’l Bank Ltd-UK
- Dean Witter Reynolds Organization
- DWR Int’l/DWR Overseas Ltd-UK
- Crocker National Corp. (C Nat’l Bank)
- Dillon Read & Co. (DR Overseas Group-UK)
- Dow Chemical Corp (Dow Banking Group-Switz.)
- Drexel Burnham Lambert Inc.
- First National Boston Corp.
- Goldman Sachs & Co. (GS Int’l Corp-UK)
- INA Corp. (Blyth Eastman Paine Webber)
- Kidder Peabody & Co. (KP Int’l Ltd-UK)
- Lazard Freres & Co.
- Manufacturers Hanover
- Merrill Lynch & Co.
- Morgan Stanley & Co. (NS Int’l-UK)
- Smith Barney Harris Upham & Co. Inc.

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The U.N. statistics, however, represent only the tip of the iceberg in U.S. financing of apartheid. U.N. figures show U.S. banks participating, with other banks, in only $203.1 million in loans to South Africa during the first half of 1982. The U.S. Federal Reserve Board (FRB), however, indicates new U.S. lending to South Africa increased by $933 million during the same period. FRB data show U.S. loans to the South African Government and public corporations increased 122% from January 1981 to June 1982. U.S. loans to South African banks increased almost fourfold during the same period.

The top 24 U.S. banks (ranked by total assets) account for: (as of June 1982):
* 90% of all US loans to the S.A. government and public corporations;
* 86% of all U.S. loans to South African banks;
* 72% of all U.S. loans to other private South African borrowers.

South Africa's banks have provided a way for the S.A. government to borrow overseas without attracting public notice. Nedbank recently raised $200 million for the South African Treasury, much of which came from U.S. commercial banks which could claim they were not lending to the South African government directly.

* Nine top U.S. money center banks accounted for $2.4 billion (65%) of all outstanding U.S. loans to South Africa: BANKERS TRUST * CHASE MANHATTAN * CHEMICAL * CITIBANK * MANUFACTURERS HANOVER * J.P. MORGAN * CONTINENTAL ILLINOIS * FIRST CHICAGO * BANK AMERICA.

These 9 upped their loans to South Africa's public sector from $141.5 m. to $403.9 m. in 1981. Six of the nine banks, however, claim they have not lent to South Africa's public sector in recent years. If these assertions are true, only three U.S. banks account for virtually all such new lending: CITIBANK * BANK AMERICA * J.P. MORGAN.

* The next 15 largest U.S. banks account for $669 million (18%) of all outstanding U.S. loans to South Africa as of June 1982 (they account for this amount as a group; not all banks listed below have necessarily been involved in direct lending): FIRST BOSTON * MARINE MIDLAND * BANK OF N.Y. * IRVING TRUST * MELLON BANK * NATIONAL BANK OF DETROIT * INTERFIRST BANK OF DALLAS * REPUBLIC BANK (DALLAS) * FIRST CITY NATIONAL BANK OF HOUSTON * TEXAS COMMERCE BANK * SECURITY PACIFIC * FIRST INTERSTATE BANK OF CALIFORNIA * CROCKER NATIONAL * WELLS FARGO * SEATTLE FIRST.

**WHAT CAN WE DO**

These "dirty double dozen" banks account for the overwhelming bulk of new loans to South Africa. They should be priority targets for bank campaign organizing in the coming year. Many other banks, however, are involved in lending to South Africa. In some cases, major lenders like CITIBANK have "shared" or "passed along" part of their loan to other, often smaller banks. You can:

* Ask your bank to publicly state its opposition to all lending to South Africa.
* If they refuse to certify that they do not have any outstanding loans to South Africa, WITHDRAW your individual/organizational accounts! Ask others to join you.
* Support state and municipal legislation to take public monies out of banks that refuse to adopt a policy of no loans to South Africa.

Please contact COBLSA for more information and for a list of bank lenders (and subsidiaries of bank lenders) in your state. Also, let us know how your campaign is progressing.