CITIBANK MAKES NEW LOAN TO SOUTH AFRICAN GOVERNMENT

New York, N.Y. September 10, 1980... In a reversal of corporate policy, Citibank, the nation's second largest bank, has agreed to participate in a $250 million loan to the South African government. This nullifies Citibank's 1978 policy of making no new loans to the South African government because "apartheid was having a negative effect on the economy." George Houser, executive director of the American Committee on Africa, in a letter to Citibank's chairman, Walter Wriston, criticized the reversal and called the loan, "one more effort to uphold the white minority government of South Africa."

1980 has been a year of student protest and labor strikes involving hundreds of thousands of people. The American Committee on Africa, a leader in the campaign against loans to South Africa since 1966, has charged that the new loan strengthens the minority government at the very time that it has increased its detentions of protest leaders, broken strikes, and shot down peaceful student demonstrators. In addition to overestimating the level of political stability in South Africa, the bank underestimates the opposition to the loan by institutions in the U.S.

Already the National Council of Churches, which represents 33 national Protestant and Orthodox denominations in the U.S. has sent telegrams to the heads of eleven major U.S. banks, calling on them to refuse to participate in the loan. National Council president, the Rev. William Howard has said, "I expect there will be a chorus of opposition to this loan from churches, universities, unions, the black community and Congressional leaders, and many institutional investors."

During the period 1972-78 no bank in the U.S. or overseas loaned more to South Africa than did Citibank, which was involved in 27 loans totaling $1.6 billion. The moratorium on loans was short-lived, and has ended because of an apparent reassessment of South Africa's viability.

The lead bank in this new loan is Dresdner of West Germany, with Britain's Barclays and Union Bank of Switzerland co-managers alongside Citibank. The funds will be used to finance housing and education projects for blacks. But as George Houser points out, regardless of its stated intent "a loan of this size frees up funds for other purposes, including the police and military."

The full text of the American Committee on Africa's letter to Citibank is enclosed.