CITIBANK AND SOUTH AFRICA

Citicorp, through its Citibank subsidiaries, is the largest U.S. lender to South Africa, with $800 million in outstanding loans to that country. This figure represents a quarter of the total $3.2 billion in current U.S. loans to South Africa. Citicorp's South Africa related lending policy was that of providing loans to both the public and private sector. Until 1985, Citicorp's official South Africa lending policy continued to allow loans to both private and public sector borrowers. But as a result of intensified pressure from anti-apartheid forces in the U.S., as well as new Federal restrictions on bank lending to South Africa, Citicorp was forced to end all loans to the public sector in 1985.

Citicorp is also the only U.S. bank with a subsidiary in South Africa, Citibank, N.A., Ltd. This distinction enables Citicorp to function as a normal commercial bank with assets and deposits held by local branches. It is through this subsidiary that Citicorp has continued to expand its operations and finance the apartheid system. As a result of these operations, in 1984, Citibank, N.A., Ltd. more than doubled its assets, and in 1985, its assets increased approximately 73% (see table).

The Role of Foreign Banks in South Africa

Foreign banks have played an integral role in bolstering the South African economy, especially during times of political crisis following events such as the Sharpeville massacre of 1960 and the Soweto uprising of 1976. More recently, the political turmoil surrounding the declaration of the first State of Emergency in July 1985, induced most banks, including most U.S. institutions, to cut off South Africa's lines of credit and request immediate repayment of outstanding short-term loans. This financial panic caused the white minority government to impose a moratorium on its short-term debt of $14 billion in September 1985, and to enter into negotiations with its creditors on the rescheduling of payments on that debt.

At that time, Black South African leaders such as Bishop Desmond Tutu and Rev. Allan Boesak implored the foreign lenders not to roll over the loans unless the Botha government resigned and was replaced by a government representative of all South Africans. The international banks, however, ignored these pleas and agreed to conditions which require South Africa to pay only 5% of its short-term debt by April 1986, and to renegotiate conditions for the repayment of the remainder of the debt in February 1987.

Citibank and South Africa

Citibank was one of the last U.S. banks to provide the Botha government with a loan in 1980. When the debt moratorium was imposed in September 1985, Citibank had approximately $800 million tied up in outstanding loans to South Africa, a figure which was more than one-third of the $2.35 billion total exposure of the nine largest U.S. lenders. The moratorium forced Citibank to temporarily suspend all dollar loans to that country, but the bank's subsidiary in South Africa still does business in Rand (the South African unit of currency) through its commercial branches. Citibank continues this lending, as well as relending those monies "blocked" by the moratorium to its existing clients within the country.

At a time when most U.S. banks have been reducing their involvement in South Africa and the total value of U.S. lending has dropped by one-third, Citibank is becoming more deeply entrenched in the apartheid system. Since 1983, Citibank N.A., Ltd. has grown dramatically. It is now ranked among the
top six South African banks in growth of assets and deposits. In 1984, it ranked first in asset and deposit growth, with an astounding 154% growth in assets and 229% growth in deposits (see table). Citibank's performance also strongly suggests that after the debt crisis is over, it will resume providing direct loans to the private sector and to South African banks. This loan activity will in turn make funds available for loans to the government and its parastatal agencies.

Citibank's advertisements in the South African Financial Mail underline the bank's view of its central role in the exploitative apartheid system, describing Citicorp as, "...an essential business resource of South Africa's major corporations." And Gordon Phelps, the bank's Senior Vice President responsible for Northern Europe and South Africa has reassured South Africa's business community that Citicorp would never completely withdraw from South Africa.

CITIBANK'S INVOLVEMENT IN SOUTH AFRICA

<table>
<thead>
<tr>
<th></th>
<th>Total (in Rand million)</th>
<th>Rank (among South African banks)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>83</td>
<td>84</td>
</tr>
<tr>
<td>Total Assets</td>
<td>115.3</td>
<td>291.1</td>
</tr>
<tr>
<td>Growth of Assets</td>
<td>59.9%</td>
<td>152.4%</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>63.2</td>
<td>207.9</td>
</tr>
<tr>
<td>Growth of Deposits</td>
<td>93.3%</td>
<td>229.0%</td>
</tr>
</tbody>
</table>

source: Financial Mail Top Companies (1986)

Citicorp Under Fire

In recent years, Citibank has been the target of protest both in South Africa and the U.S. In April, 1985, forty members of the United Democratic Front, a leading opposition coalition in South Africa, demonstrated inside the bank's Johannesburg offices displaying signs which read, "Citibank you finance apartheid!" In the U.S., Citibank's offices have routinely been sites for anti-apartheid protests, including a major rally at Citicorp headquarters in New York in October, 1985.

The U.S. religious community has also joined the protests against Citibank's links with apartheid. According to the Interfaith Center for Corporate Responsibility, more than twenty churches have closed their accounts and/or completely divested Citibank stock worth over $100 million. In addition, municipal governments, trade unions, student groups and community organizations around the country have been boycotting Citibank because of its involvement in South Africa.

CITIBANK WILL CONTINUE TO BE A TARGET OF PROTESTS, BOTH IN THE U.S. AND SOUTH AFRICA, UNTIL IT SEVERS ALL TIES WITH APARTHEID.

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