

APARTHEID IS BANKRUPT



**NO DEBT
RESCHEDULING**

What is South Africa's debt crisis?

In 1985 the apartheid regime was plunged into its worst economic crisis ever when the township revolt and anti-apartheid pressure persuaded international banks to cease lending to South Africa. In the previous five years, South Africa's debt had quadrupled to \$24 billion, almost all of this money being lent by international banks, and much of it being used by the regime to pay for huge projects designed to defend white domination — armaments and oil imports, nuclear and other energy plants, railways and transport infrastructure.

When the banks suspended lending in 1985, South Africa was unable to meet its debt repayments and had to announce a freeze on all financial transactions. In effect it was bankrupt.

During the next eighteen months, South Africa and the banks met to negotiate agreements on how this debt would be repaid.

In March 1987 they agreed to reschedule \$14 billion worth of loans to South Africa. This meant that South Africa would make token repayments equivalent to only about 10% of the debt it owed. In return, the banks allowed South Africa to keep their money for a further three years. The Governor of the South African Reserve Bank welcomed the agreement as 'very favourable for South Africa and its creditors'.

Although the apartheid regime was bailed out on this occasion, the debt crisis shook the confidence of the apartheid regime and showed how vulnerable South Africa is to banking sanctions.

The agreement is due to be renegotiated in the coming months. The **No Debt Rescheduling Campaign** must pressure the banks involved to refuse to agree to any further concessions to Pretoria. The apartheid regime is as bankrupt economically as it is politically — the banks must keep it that way.

APARTHEID

The South African economy is on the rocks, weakened by international sanctions against apartheid. It now only functions with the aid of deals allowing South Africa to keep billions of pounds of their money while they continue to lend to South Africa. This money is

In the next few months, as South Africa's current debt repayments are due, the apartheid regime is looking to these banks to reschedule their previous agreements made in 1986 and 1987.

Rescheduling would provide the finance for South Africa to continue its apartheid against the South African people.

The Anti-Apartheid Movement and End Loans to South Africa must pressure the banks to bear on the banks so that this rescheduling does not take place.

Banks have the opportunity to refuse to collaborate with the apartheid regime. Take it.

Join the campaign to stop any debt rescheduling

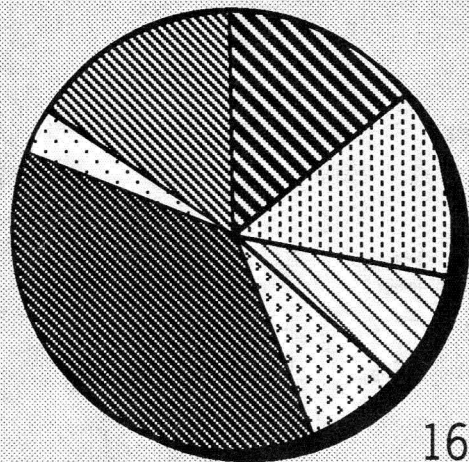
What has South Africa done with the money?

South Africa has frozen repayments on around \$14 billion worth of loans. As long as these funds remain in South Africa they are effectively invested in the apartheid economy, and, according to specific clauses in the debt deal, may be used directly for military expenditure.

In the 1987 budget, £400 million of frozen loans due to be repaid to foreign banks, were used instead by the South African government. You do not have to look far to see what this money

was spent on. In the same budget, official defence expenditure rose by 30%, while police spending climbed by 50%. Defence spending increased in 1988 by 22% and again this year by 24%. Banks have stood by silently while money which should have been repaid to them has been used to finance South Africa's military expansion.

Source of loans to South Africa 1985



16% Holders of bonds

NatWest
The Action Bank

Standard

S BANKRUPT

d by the combined effects of popular resistance and the active help of international banks. They have made of their money long after it was due to be repaid, and literally buying time for apartheid.

repayment agreement falls due for renewal, the apart- its debt on the same lenient terms it obtained under

a's wars on its neighbouring states and for repression

ern Africa (ELTSA) are campaigning to bring pressure not take place.

ny further with apartheid. They must be compelled to

Rescheduling — protest to the banks!

"We call on the international banks not to roll-over loans until specific political conditions are met — an end to the state of emergency, the release of detainees and political prisoners, and a willingness to engage in real talks with the authentic leaders of the South African people."

Archbishop Desmond Tutu

"Rescheduling should be made conditional upon the resignation of the present regime and its replacement by a government responsive to the needs of all South Africa's people."

Archbishop Tutu, Rev Allan Boesak & Rev Beyers Naude

What bargaining power do the banks have?

When challenged on their lenient treatment of South Africa, banks often claim that because South Africa already has their money, they have to accept whatever Pretoria offers. In fact banks could easily refuse to offer trade-related credits which finance South Africa's imports and exports.

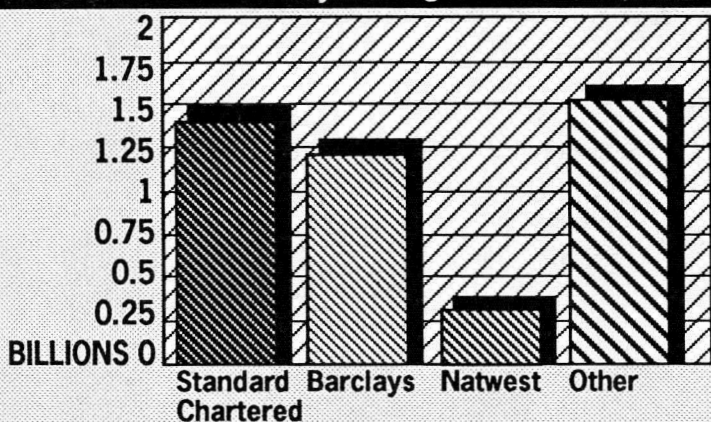
According to Chris Stals, South Africa's Director General of Finance:

"If the world banking community should effectively exclude South Africa from international trade and payment systems, it would be a much more effective sanctions measure than the trade sanctions applied by governments. It would put us on a barter trade system overnight. That is the muscle they have on their side."

Which banks are involved?

A 'Technical Committee' of fourteen international banks was instrumental in negotiating the last debt agreement with South Africa. Among these were three British banks — Standard Chartered, the largest lender to South Africa in the world, Barclays, the second largest lender, and National Westminster which chaired the Technical Committee's deliberation. Both Standard Chartered and Barclays have sold their South African subsidiaries, though they still have massive outstanding loans in the country. The No Debt Rescheduling Campaign will focus on these three banks, and especially on the pivotal role of NatWest.

Loans to South Africa by leading British banks, 1985



NO DEBT RESCHEDULING



BARCLAYS PLC

Standard Chartered Bank PLC

ACTION NOW!

South Africa is desperate for foreign money. Its economy is collapsing as the liberation struggle and sanctions attack the very foundations of apartheid. Banks must not be allowed to come to apartheid's aid again. Pressure on them NOW is vital.

Our demands are

- ◆ No debt rescheduling: Apartheid must not be bailed out again. It must repay all its loans immediately.
- ◆ No new loans: Banks must give firm commitments that they will not resume lending to South Africa until apartheid is dismantled.
- ◆ No trade finance: Virtually all British banks continue to make these loans on which South Africa has become increasingly reliant as other forms of finance have dried up. Banks must guarantee the cessation of trade-related loans.

What you can do

- ◆ Send the No Debt Rescheduling postcards to NatWest, Barclays and Standard Chartered.
- ◆ Write to the Chairmen of these and other banks, and to your own bank manager demanding that the banks refuse to agree to any rescheduling settlement.
- ◆ Raise the issue of British bank collaboration with apartheid with your MP, local AA group, trade union, church etc.
- ◆ Send off for more information on this campaign.

NO DEBT RESCHEDULING

Please send me _____ No Debt Rescheduling postcards.

Please send me _____ copies of the No Debt Rescheduling Campaign pack @ £1 each.

Total	_____	£	_____
Donation	_____	£	_____
Total enclosed	_____	£	_____

Name _____

Address _____

Return to:

End Loans To Southern Africa (ELTSA)

c/o Methodist Church, 56 Camberwell Road, London SE5 0EN Telephone: 01-708 4702

or **Anti-Apartheid Movement**

13 Mandela Street, London NW1 0DW Telephone: 01-387 7966

ELTSA

