The United States and Africa: 1981

Business Weighs In

By Reed Kramer

NEW YORK [AN] Several of this country's largest corporations, whose executives have been among Ronald Reagan's most enthusiastic supporters, have become apprehensive about key elements of the administration's Africa policies.

Fearing that potentially profitable operations in what is seen as a rapidly expanding market could be jeopardized, these companies have quietly passed the word in Washington that vital business interests could be adversely affected by the government's handling of such sensitive issues as independence for Namibia, white rule in South Africa, Cuban troops in Angola, and bilateral relations with economically important nations such as Zimbabwe and Nigeria.

The corporate concerns began to solidify as early as January, when business executives at an African-American conference in Freetown, Sierra Leone, talked informally about the implications of Reagan administration policies.

Since then, apprehension has been conveyed in various, mostly private ways:

- a letter from David Rockefeller before he retired in April as chairman of Chase Manhattan Corporation;
- representations by officials from the Bechtel engineering and construction company to Defense Secretary Casper Weinberger, who was Bechtel vice president and general counsel before his nomination to Reagan's Cabinet;
- high-level meeting such as Vice President George Bush's 8 a.m. session on April 1 with James Lee, president of Gulf Oil, and Melvin J. Hill, president of Gulf Oil Exploration and Production Company; and
- the March 26 discussions between members of the House Subcommittee on Africa and executives from major mineral, financial and industrial firms.

Angola, which was the subject of Rockefeller's letter, is perhaps the clearest example of the Reagan administration's geopolitical strategies coming into direct conflict with the goals of corporations whose leadership strongly supported the Reagan candidacy. Despite the lack of diplomatic relations between the United States and Angola, visits by American representatives to Luanda have become routine, and Angolan government officials are regularly seen in New York corporate offices.

Angola's economy "could be poised for a takeoff," says the current issue of Chase Manhattan's newsletter for corporate customers and correspondent banks. Along with the obvious assets of oil and diamonds, "the liberal investment code and sound economic management policies of the government are attracting increasing numbers of foreign firms," Chase economists report.

Many companies doing business in Africa are worried that U.S. attempts to destablize the Angola government of Jose Eduardo dos Santos — by assisting the dissident movement UNITA, led by Jonas Savimbi — may backfire. At stake, they feel, are not only current and potential interests, mostly oil-related, but also interests in nations that have already warned of reprisals against U.S. intervention in the affairs of a soverign African state.

"The U.S. attitude toward one problem affects the African perception of the positions the U.S. might take in other areas of Africa," Gulf Oil's Melvin Hill told Congress at hearings in April, arguing against repeal of the Clark Amendment, which bans clandestine aid to UNITA. Gulf, which is pumping 100,000 barrels a day from the northern Angolan enclave of Cabinda, advocated normal relations between the United States and Angola.

Another illustration of the diverging perspective of the administration and members of the corporate community came last month. During the same two days that three senior State Department officials were in Cape Town talking with South African government leaders, a dozen business and foundation executives were holding unprecedented meetings in New York with Oliver Tambo, president of South Africa's oldest annd best know black-led political organization, the outlawed African National Congress.

The ANC's stepped-up guerrilla campaign has been responsible in the past two years for attacks on strategic government installations, including one that caused more than $7 million in damage to a secret, heavily-guarded coal gasification plant.

According to the executives, more and more corporations recognize that political change in South Africa is inevitable, and that the issue of change is a sensitive one in the rest of Africa and the world. Companies say they are taking seriously the recommendations of the Study Commission on U.S. Policy Toward South Africa, a panel of business, labor and academic leaders whose $12 million, two-year study for the Rockefeller Foundation produced a report in MMay entitled *South Africa: Time Running Out*.

Rejecting disinvestment and trade embargoes, the commission nevertheless called on U.S. firms in South Africa to "commit themselves to a policy of nonexpansion" and to devote "a generous portion of corporate resources to improve the lives of black South Africans."

"We're looking at this very closely," said a vice president at Citibank, the nation's largest financial institution and the only American bank with branch operations in South Africa, although many others do bu iness there. Citibank also operates in thirteen other African countries and plans to open a Zimbabwe branch in September.

Its involvement in South Africa, including participation in a $250 million loan last year to the government for black schools and hospitals that prompted several church organizations to cut business ties with the bank, has not created problems with African governments, bank officials maintain. And they believe the controversial loan follows at least the spirit of guidelines proposed by the Study Commission for acceptable exceptions to the ban on increased investment or lending.

The turnout for Tammbo is regarded as a signal that the companies involved want to be prepared for whatever comes in South Africa. Although invitations to the June 12 dinner went out less than 48 hours in advance, they attracted three of the top ten American investors in South Africa — Ford, General Motors and General Electric — along with three of the largest U.S. banks — Citibank, BankAmerica and Manufacturers Hanover Trust.

Foundation presidents Franklin Thomas of Ford, who chaired the Rockefeller Commission, and Alan Pifer of Carnegie, a commission member, met with Tambo at a morning coffee attended by trustees of the African American Institute, which also gave the dinner. Financed by corporations, foundations, and U.S. government contracts, AAI seeks to promote understanding between Africa and the United States.

The lobbying efforts and the ANC contacts are signs of a developing corporate consensus about what kinds of Africa policies best serve American economic interests, according to executives interviewed here and in other cities in recent weeks.

"Clearly evident today in the business community is a deeper interest and knowledge about Africa than ever before," says T. Wayne Fredericks, Ford Motor Company's executive director of international government affairs. Fredericks, who was in Freetown and whose own direct Africa experience predates his tenure as deputy assistant secretary of state for Africa in the Kennedy administration, believes "business has moved a long way toward a comprehension of Africa that goes beyond labels and stereotypes. The result has been corporate actions that would have been unthinkable just three years ago."

From the Freetown discussions and subsequent conversations and meetings, general agreement emerged on five policy areas, these executives say. In addition to the concerns about South Africa and Angola, business leaders believe the United States must continue to accelerate efforts aimed at an internationally acceptable independence plan for Namibia and must pursue cordial relations with Zimbabwe and Nigeria.

Namibia is at the top of the African leadership's agenda, and any perception of U.S. complicity in South African foot-dragging is seen as creating a potential backlash in countries where American companies are competing with European and Japanese companies for contracts.

The backlash may have already begun, said Donald Easum, president of the African American Institute, pointing to resolutions adopted three weeks ago by the Organization of African Unity summit. African leaders singled out the United States for criticism in their Namibia declaration and said the Reagan policies amounted to an "emerging unholy alliance between Pretoria and Washington."

"The American companies that are interested or involved already in doing business with Africa surely have to be concerned by this kind of expression of African views," Easum argues, "because if they want to do business in Nigeria or Kenya, the Ivory Coast or Cameroon, or if they are already there, they surely must be alarmed by the fact that the leaders of those countries joined in this condemnation of U.S. policy."

Even those like Chase Manhattan Bank senior vice president Landon Palmer, who says his trip last month to Cameroon, Senegal and the Ivory Coast produced no evidence of immediate problems, believe strongly that government actions affect the climate for doing business. "You can't say foreign policy won't have impact," says Palmer. "It will."

In Zimbabwe, corporations favor expanded U.S. relations and what one executive calls "efficient, accelerated economic assistance."

"American policy toward Zimbabwe should follow concrete national interests rather than ideological labels," the Zimbabwe trade and investment group of the U.S. Chamber of Commerce said in a February statement. "While Zimbabwe's leadership espouse certain Marxist ideas, they have pursued policies of friendship with the United States." The group's members include executives from Union Carbide, Westinghouse, Manufacturers Hanover Trust, and H.J. Heinz.

The oldest and largest U.S. investor in the area, Union Carbide, whose pre-independence support for sanctions-violating mineral imports made it the target of boycotts and protests, has quickly settled into a comfortable relationship with former guerrilla leader Robert Mugabe's government. Company chairman William S. Sneath, who recently attended the dedication of new ferrochrome furnaces at Que Que, commended "Zimbabwe's growing political stability and its democratic society. "Union Carbide," he pledged, "supports your goals."

Nigeria, Africa's most populous state and second largest supplier of U.S. oil imports, is also a top corporate concern. "Carter deserves high marks for opening the door for doing business in Nigeria, and in many other parts of Africa," says one company official — an assessment that probably explains why two of the previous administration's top Africa policymakers were snapped up by banking firms here to advise their clients on African investment decisions. Richard Moose, who as assistant secretary of state for Africa visited every sub-Saharan country on the continent, is busily traveling for Lehman Brothers Kuhn Loeb, whose clients include oil-producing Gabon. And Gerald Funk, Africa specialist on Zbigniew Brzezinski's National Security Council staff is a vice president at Banker's Trust.

A joint U.S./Nigerian agricultural consultative committee established during the Carter administration now includes more than fifty members representing such firms as Allis Chalmers, Borden, Chase Manhattan, Control Data, Ford, International Harvester, Occidental Petroleum, Pillsbury, Ralston Purina and Uncle Ben's

Agricultural development is top priority for President Shehu Shagari's government, and the committee is designed to stimulate American participation in agricultural, educational, housing, health, and small-scale industrial projects — potentially several billion dollars worth of business.

Donald Easum, who before he became AAI president in 1979, served for five years as American ambassador in Lagos, worries that the "enormous possibilities" for U.S. business in Nigeria "can be seriously jeopardized" by U.S. actions elsewhere on the continent. "Southern Africa is the international issue Nigerians care most about," he says, and in that "highly politicized country, where the students are active, the newspapers are active, political parties are active, a U.S. action could produce a self-generating reaction that could oblige the government to strike out in some way against American economic interests — no matter how pragmatic the government might wish to be."

Ironically, the policies worrying Nigerians the most at the moment are not those of the administration, but of companies, such as Gulf, who hope to push prices below the current $40 per barrel rate Nigeria says is necessary to avert a major economic downturn. The Nigerian government's determination to uphold prices has already forced it to cut production by at least a third.

Few corporate analysts believe that Nigeria, with its dependence on oil revenues, is ready to take drastic action for political reasons. However, Easum argues that Nigerians do "care enough about U.S. comportment in Angola, Namibia, and South Africa to cut off our oil. Under certain market circumstances they might well take such action — even it if hurt."

Whether corporate coaxing on the five areas of concern has produced tangible results is difficult to measure. Business leaders are reluctant to point to successes, although they are clearly pleased by several recent administration actions.

The U.S. pledge of a $75 million aid package to Zimbabwe in March, which may have helped smooth the way for Citibank and First National Bank of Boston to open permanent offices in Salisbury, is one example. Approval earlier this month of $85 million in U.S. Export-Import Bank financing for an oil development project in Cabinda, despite vocal administration opposition to Angola's Marxist government, is another. The $160 million project, for which Morgan Guaranty Trust and other banks are also providing credits, is a joint venture of Gulf Oil and the Angolan state oil company Sonangol.

Assistant Secretary of State for Africa Chester Crocker, who has maintained regular contact with the business community, has brought in former Westinghouse executive David Miller as private sector liaison, and he plans to upgrade the post to deputy assistant secretary level.

"You have this administration's pledge that we will work toward creating a more favorable environment in Africa for private sector initiatives," he declared recently before a gathering of American businessmen and African diplomats in Kansas, an event co-sponsored by the African American Institute and Senate Africa Subcommittee Chairman Nancy Landon Kassebaum (R-Kansas). "We believe that our own policies at home and abroad will create the environment in which U.S. business can operate more effectively."

Editorial

North Carolina Must Continue To Move Forward

With Howard N. Lee having resigned the post of Secretary of the Department of Natural Resources and Community Development of the State of North Carolina, no black will be left in the cabinet.

We credit Governor Jim Hunt with progressive thinking and actions in the significant appointments of blacks he has made in this state. Such have given support to the thesis of some that North Carolina is coming out of the "Dark Ages". Though it appears that President Reagan is attempting to take the country backward, we would urge Governor Hunt to stand firm in progress and not to turn back now. As North Carolina proclaims "First In Freedom" on her motor vehicle license tags, she can proclaim progressive consideration, treatment and representation for all of her citizens on all levels and in all endeavors.

Joseph W. Grimsley, Secretary of Administration, has replaced Lee and it is rumored that Mrs. Jane Patterson, Deputy Secretary of Administration, will replace Grimsley.

To our knowledge, blacks will thus be represented only on the level of Assistant Secretary in the Administration.

Qualified and competent blacks CAN be found to fill any post this state has to offer. If Governor Hunt needs help in finding them, this newspaper stands ready and willing to help. We must continue to move forward.