

# African state woos territory's investors

By Shane Green

In the plush sitting room of a suite at the Mandarin Oriental this week, the Republic of Transkei was involved in the wooing of Hongkong money.

Transkei, the republic of, population 3.5 million, is about twice the size of Taiwan. It has its own government — or did at least until the army took over in a coup on New Year's Eve. But looking for Transkei on international maps can be an eye-straining affair.

Internationally, Transkei doesn't exist; no country or international organisation recognises it. The reason has all to do with location. The Republic of Transkei is well and truly part of South Africa.

It is one of the eight Homeland or Black states established by the South African government based on the theory that removing Blacks from the body politic will solve the country's racial problems. Four of the states have been granted "independence". Transkei was the first in 1976.

Critics see it as no more than part of the grand apartheid vision.

So the presence this week in Hongkong of representatives from the Transkei Development Corporation was more than just another trade visit, particularly since the Hongkong Government has an official policy of discouraging new investment in South Africa.

The function run by the Transkei Development Corporation attracted about 10 potential investors from the manufacturing sector. They were plied with colour brochures and videos extolling the virtues of investing in Transkei ("Move to Transkei, where work is a way of life"). The incentives are plenty: hefty relocation expenses, factory rent at 20 percent for 10 years, a 95 percent wages subsidy for seven years.

Individual meetings continued with another 10 or so, and at least two will soon visit Transkei for an on-site assessment.

This is despite Hongkong's policy of discouraging investment in South Africa, adopted in 1986 as part of the international move for sanctions against Pretoria following some of the worst riots in South Africa's Black townships.

"You know, industrialists, by virtue of

the fact that they are governed by economic laws rather than political laws have a tendency of making their own choices in these matters," said Mr Ignatius Mdlekeza, leader of the delegation.

"Whereas they may not shout about it, in actual fact they make their own independent decisions."

The Government remained silent about the Transkei visit. Requests for comment from the Secretary for Trade, Mr Hamish MacLeod, on both the delegation and Hongkong's sanctions, were turned down.

Instead, the Department of Trade's public relations officers produced the two-year-old speech by Financial Secretary Piers Jacobs to the Legislative Council when he announced the sanctions.

The key, of course, to the ban on new investment and loans to South Africa is that it is voluntary. As Mr Jacobs pointed out to Legco, Hongkong doesn't have the legislation to allow restrictions in areas like new investment.

Hongkong investors are already well entrenched in South Africa. TDC marketing consultant, Mr Arthur O'Connor, said there is significant Hongkong investment in another Homeland state, Bophuthatswana. The investment in the platinum-rich state concentrates on producing goods to service the South African market. Transkei is looking for export industries.

In 1987, the United Nations listed 25 Hongkong companies with investment in South Africa.

A delegation from Transkei came here in 1985 to win Hongkong investment but had no success. Last time, it relied upon a Hongkong contact setting up meetings with industrialists. On this trip, a local public relations firm was employed to organise the visit.

"We are likely to be successful here this time — even if it is just a few," Mr Mdlekeza said. "I think we will get some investment (from Hongkong) coming in."

So far, 135 foreign firms have established in Transkei, the bulk coming from Taiwan — Taipei was the first leg of the TDC delegation's trip. The only Hongkong interest in Transkei is a cutlery manufacturer who relocated there six years ago.

Transkei has an overwhelming econo-

mic dependency on the South African Government. Half its annual budget — 900 million Rand — comes from Pretoria. Its army, now running the government under the 32-year-old Major General Bantu Holomisa, is trained by White South African officers.

Transkei, according to Mr Mdlekeza, "totally" rejects apartheid. So how does this Homeland state of the Xhosa people justify taking money from South Africa?

"It is a question of, you know, the fact that the new state is not recognised anywhere else," he said. It was a case of nowhere else to go.

"There is only one way out — South Africa coming to the rescue as far as that is concerned," he continued. "Refusing that and wanting to govern the country yourself, those two could not go together at all. Because you have got to have funds. You have got to have funds from someone."

Mr Mdlekeza acknowledged the anti-apartheid movement in South Africa regarded the Transkei administration as "selling-out".

"That word is sometimes flung at us," he said. "We quickly retort that we've got a duty to do to see that this country is developed. And it must go on as in all other countries. The things that are done by all governments elsewhere, we've got to do here in Transkei."

"But there is only one difficulty — the question of funds. But as Major General Holomisa said a few weeks ago, we are working towards a situation where we will be able to be self-sufficient as a country and be rid of South Africa."

Whether Pretoria would allow Transkei real independence is open to serious debate. Total independence, claimed Mr Mdlekeza, was the South African government's intention. "So far as we have seen in their attitude and the way they've come to our assistance whenever we've applied for assistance, we've got no reason not to trust them."

Transkei's government was toppled in a bloodless coup by Major General Holomisa and his soldiers on New Year's Eve. The reason cited was "corruption" in government circles. Major General Holomisa is described in a video shown to Hongkong

businessmen this week as a "rugby-playing crusader with a disarmingly informal approach to matters of state."

The coup, said Mr Mdlekeza, was "carried out in a very quiet and unobtrusive manner". Ministers were presented with letters asking them to resign. "Each man just found himself surrounded by soldiers and they were saying 'here is a letter of resignation for you'. They all quietly obeyed and resigned."

Previously, there was a parliamentary system of government. The assembly was a mix of chiefs and elected representatives.

Mr Mdlekeza said Major General Holomisa promised a return to civilian government once the corruption was cleared up.

Transkei already has a full-time representative in Taiwan, who will soon be looking after its interests in Hongkong.

When the TDC delegation flies out to Johannesburg tonight, they will do so confident that their mission to Hongkong has been a success, sanctions or no sanctions. "Industrialists don't always see things the way governments see them," Mr Mdlekeza said. "Where they see an opportunity for investment, nothing will stop them..."