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Book

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Prime Minister's meeting with Basie Heppov,
President of the Institute of Directors,
Southern Africa. 28 February 1989

PRIME MINISTER.

June 1988

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
9-1-89							
28-2-89							
1-3-89							
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1 March 1989

The Right Hon. Mrs. Margaret Thatcher,
10 Downing Street,
London. S.W.1.

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Dear Prime Minister,

May I express most sincerely my appreciation, and that of my colleagues, for your courtesy in spending so much time with us yesterday. It was an honour and a pleasure to be with you and I believe the exchange of ideas was both instructive and important.

I return home in the hope that I may continue to influence progress in the direction we discussed and hope that I was able to convey to you a clearer picture of current developments.

It was also a pleasure to meet again Charles Powell and Sir Percy Craddock. I look forward to further meetings in the future with a background of substantial and significant change in my country.

The enclosed may interest your colleagues, especially the portion of my Chairman's Review dealing with training.

With my sincere thanks and good wishes.

Most sincerely,

Basil Hersov

Basil E. Hersov

ATT/BEH/JF

Enc.

SUBJECT a MASTERS



bc PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

28 February 1989

SOUTH AFRICA

The Prime Minister had a meeting this afternoon with four representatives of the South African Institute of Directors, led by Mr. Basil Herzov. Mr. Herzov acted as spokesman.

The group were moderately optimistic about the prospects in South Africa, based largely on a conversation between Herzov and de Klerk. The National Party appeared to be moving towards an election at the end of May. This would point to President Botha stepping down before then. It was not certain this would happen, indeed Botha would probably try to stay on as titular President. But discreet pressure was being exerted through his wife. The succession was not certain, but de Klerk was well placed. De Klerk himself seemed ready to envisage removal of remaining civil discrimination. Discussions with Chief Buthelezi would probably be easier. De Klerk saw a vanguard role for the private sector in bringing about change in South Africa.

Some aspects of the economic picture were encouraging. Deregulation had led to a burgeoning informal sector. But the big limitations were lack of external investment and inadequate education. It should be possible to repay the bearer bonds when they fell due next year, but the diversion of savings necessary for this inhibited economic growth. The Namibia settlement would have considerable political implications in South Africa. Whatever the result of the elections, Namibia would remain heavily dependent upon South Africa in economic terms and this would help ensure the preservation of a mixed economy. The next priority was to achieve peace in Mozambique. The South African government was trying to persuade the private sector to take a role in Mozambique. More generally, the group believed that the South African government wanted to stabilise Southern Africa in the belief that this offered the best prospect of attracting foreign investment back.

The group spoke positively of the work of the Urban Foundation in housing and education. They thought that the South African government should take the calculated risk of releasing Mandela, while expressing understanding for the government's worry that he might link up with the external ANC to form a government in exile. They also thought that the

best way to undermine the attraction of the ANC was for the South African government to be prepared to deal with black organisations within South Africa such as the UDF. They spoke of the isolation of South African ministers and their lack of understanding of how South Africa was seen by the outside world. They hoped that the Prime Minister could contribute to breaking this down.

The Prime Minister spoke in familiar terms about her opposition to sanctions and the need for early resumption of reform in South Africa, with the release of Mandela being the crucial first step. I need not record her remarks in detail.

C. D. POWELL

Richard Gozney, Esq.,
Foreign and Commonwealth Office

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PRIME MINISTER

MEETING WITH THE INSTITUTE OF DIRECTORS OF SOUTHERN AFRICA

John Hoskyns is bringing some members of the South African Institute of Directors to see you tomorrow. The delegation is led by Basil Hersov who is one of the most important businessmen in South Africa. You will find notes on the delegation in the folder.

You will want to ask for their assessment of prospects in South Africa, particularly if President Botha does leave the scene. You will also want to impress on them the need for business leaders to use all their influence to try to get some momentum back into the reform process. This is absolutely vital if they are to surmount the problems of rolling over South Africa's debt. It would be helpful if you could express your support for the work of the Urban Foundation. While it would be in order for you to say that we do not want to isolate the next generation of political leaders in South Africa and that you intend to encourage contacts, it would be better not to mention the specific arrangements made for Pik Botha, du Plessis and de Klerk to come here. All three are anxious that these arrangements be kept under wraps.

C.D.P.

(C.D. POWELL)

27 February 1989

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Foreign and Commonwealth Office

London SW1A 2AH

24 February 1989

Jean Charles,

South Africa: Meeting with the Institute of Directors
of Southern Africa

Thank you for your letter of 31 January about the call on the Prime Minister by a delegation from the Institute of Directors of Southern Africa on 28 February. I enclose short notes on the individuals concerned.

The delegation will no doubt wish to explain that they see the Institute as an effective instrument in the economic advancement of non-white South Africans.

We understand that Basil Hersov plans to speak first, on behalf of the delegation, followed by Mr Rutowitz. Messrs Herbert and Hawksworth are unlikely to make formal statements. After the opening remarks, Mr Hersov, who is a powerful and influential figure in South Africa, is likely to do most of the talking for the South Africans. He has influence with the South African Government and the Embassy have enlisted his help recently in lobbying South African Airways to consider purchasing Rolls Royce engines for their new Boeings. That issue is still under consideration.

In political terms, Hersov is on the enlightened wing of the National Party. He knows F W de Klerk well and Sir Robin Renwick has suggested to Hersov that he should have a talk with de Klerk before he sees the Prime Minister. Hersov is a great admirer of the Prime Minister and is likely to give her a good account of the political situation in South Africa.

The Prime Minister may wish to impress on the delegation as a whole the need for business leaders to exert their influence to give a fresh impetus to the reform process, which will be indispensable if South Africa is to find a way through its current balance of payments and other economic difficulties and if the Prime Minister is to be given ammunition to resist calls for further sanctions.

The Prime Minister may also wish to outline the expansion of our own programme of positive measures in South Africa. I enclose a factual note. By 1990 we shall be supporting 1,000 black South African students, mostly at university level, in Britain and in South Africa. We have also been increasing

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our assistance to projects in the townships and have had a very positive response from black community leaders. Mention might also be made of the revised (1985) EC Code of Conduct for European companies with interests in South Africa, which now includes a section specifically aimed at urging companies to support black businesses.

Because he is in Tokyo, the Foreign Secretary has not seen this letter. If he has any comments, we shall pass these to you first thing on 27 February.

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

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INSTITUTE OF DIRECTORS OF SOUTHERN AFRICA

Institute of Directors of Southern Africa (IOD)

The IOD represents a broad cross-section of the industrial, commercial and professional life of South Africa and is an important and influential body of opinion. All 1,400 members are also members of the UK Institute of Directors.

Basil Hersov: Chairman of Anglovaal, a major mining and industrial conglomerate and Chairman of the First National Bank (formerly Barclays). One of the really major tycoons in South Africa. Mr Hersov will be calling on the Minister for Trade, Mr Clark on 28 February prior to the meeting with the Prime Minister.

Glyn Herbert: Present Chairman of the South African Institute of Directors and a tax partner in the firm of accountants Aiken and Peat. He is friendly and a strong supporter of UK policy.

B M Hawsworth: Vice Chairman of the South African Institute of Directors and a tax partner in the firm of accountants, Ernst and Whinney. A competent accountant but not a particularly dynamic figure.

I J Rutowitz: A former Chairman of the South African Institute of Directors, a Director of Norex Holdings (property developers) and part-time Director of Maizccor Industries. Mr Rutowitz led an IOD delegation on a visit to the UK in 1987 which called on Mrs Chalker.

UK AID PROGRAMME TO BLACK SOUTH AFRICANS

GENERAL

1. UK bilateral aid programme started 1979 (though British Council involvement in educational programme for black South Africans started in 1958). Aid delivered direct to communities and individuals concerned. No government to government contact. Programme expanded rapidly in size and scope since 1986. An important demonstration of our commitment to help ease the difficult transition to a post-apartheid society.

COSTS

2. Expenditure of £4.5 million in 1988/89 rising to estimated £6.5 million in 1989/90. Further increases thereafter bringing estimated total of well over £25 million over 5 year period 1987-92).

TYPES OF AID

3. Programme consists mainly of:

Scholarships. Funds provided in 1988/89 for:

- 90 undergraduate awards in UK;
- 60 undergraduate awards in South Africa;
- 60 postgraduate Nassau (Commonwealth) fellowships in UK;
- 150 shorter postgraduate awards in UK;

- 10 special FCO postgraduate/post experience scholarships in the UK (open also to whites with a record of achievement in cross-community work);

- in total, including continuing studies from previous years, we are financing some 500 individual awards in 1988/89, rising to 650 by end 1989 and 950 by the end of 1991.

- education-related technical assistance, books, English and Maths/Science specialists, local courses are also provided.

Community Development Projects

- £500,000 provided from the Ambassador's Gifts and Small Projects Schemes in 1988 for wide variety of self-help projects in the deprived urban and rural areas. Provision increased to £600,000 in 1989.

NGOs

- £1.5 million allocated to NGOs for social welfare projects, eg the Alexandra Clinic (Save the Children Fund) and the Red Cross Society's community organisers' programme.

Trades Unions

- £100,000 provided annually to the TUC to finance trade union training activities in South Africa.

Assistance to Refugees

- Nearly £100,000 being provided in 1988/89 for feeding programmes and community projects for refugees from Mozambique.

NAMIBIA

- A separate programme of assistance (some £1.5 million in 1988/89) is provided mainly for English Language training at Namibian institutions in Zambia and the Congo and scholarships for both internal and refugee Namibians.

MULTILATERAL AID

- In addition to biateral programme we make annual grants of £50,000 to UN and £75,000 to Commonwealth multilateral scholarship schemes and contribute around £3.5 million to the EC special programme of assistance. This includes substantial provision for bursaries in South Africa and a wide range of other social and humanitarian projects.

IOD
Institute of Directors

From the Director General

off to keep now

ED 1071

Charles Powell Esq
Private Secretary to the Prime Minister
10 Downing Street
London
SW1

*NTC/A
SR*

9th January 1989

Dear Mr Powell,

Thank you so much for your letter of 23 December which was I am afraid somewhat delayed by the Christmas mail.

We are of course delighted that the Prime Minister is able to see Basil Hersov and his party and I am most grateful for your help in setting this up.

Your sincerely
John Hoskyns

Sir John Hoskyns



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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

23 December 1988

Thank you for your letter of 15 December about Basil Hersov's visit. The Prime Minister has agreed to see Mr. Hersov and his four colleagues at 1700 on Tuesday 28 February. I hope this will be convenient.

(C. D. POWELL)

Sir John Hoskyns

Charles Powell Esq
Private Secretary to the Prime Minister
10 Downing Street
London
SW1

15th December 1988

Dear Mr Powell,

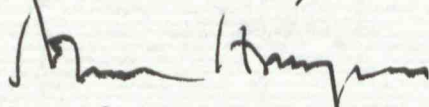
You will remember I wrote to you on 16th June 1988 about Basil Hersov's visit from South Africa to the UK in February 1989.

I am writing to suggest one of the following times for Mr Hersov and four of his colleagues to visit the Prime Minister:

Any time on Monday 27 February, but preferably in the afternoon;
or the late afternoon or early evening of Tuesday 28 February;
or the morning of Wednesday 1st March.

I do hope one of these proves possible.

Yours truly,



Sir John Hoskyns

IOD
Institute of Directors

From the Director General

Charles Powell Esq
10 Downing Street
London SW1A 2AA

Please his
forward in late
November
an

16 June 1988

Dear Mr Powell ^{20/6}

Thank you for your letter of 11 June and I am delighted to know that there is a possibility that the Prime Minister may be able to see Basil Hersov and his group.

I thought it might be helpful to let you have an up to date CV for him, which the Prime Minister can have a look at nearer the time.

Yours sincerely

Alan Hargreaves

Sir John Hoskyns

enc

MR BASIL E. HERSOV

Basil Edward Hersov was born in Johannesburg on August 18, 1926. He is the eldest son of the late A.S. (Bob) Hersov, founder and former Chairman of Anglo-Transvaal Consolidated.

Basil Hersov is the Chairman of Ridge Preparatory School where he started his academic career in 1932, leaving in 1939. He then went to Michaelhouse where he remained until he matriculated in 1943. He was made a Governor of this school in 1976 and is also a Governor of Rhodes University.

In 1944 he joined the SAAF where he was commissioned as a pilot, leaving with the rank of Captain. The year 1946 saw him move to Christ's College, Cambridge, from where he graduated in 1949 with BA (Hons) and, later, MA degrees in chemistry, mineralogy, metallurgy and geology. While at Cambridge he obtained his 'blue' for swimming and water polo and sailed in the 1948 Olympic Trials.

Returning to South Africa he joined the Anglovaal Group as a Learner Official on the mines in 1949, later holding a number of senior executive positions within the Group. He also served with 3 Squadron in the South African Air Force as a pilot from 1953 to 1960.

Between 1965 and August 1967 he served on the Gold Producers Committee of the Chamber of Mines, immediately after which he was appointed Managing Director of Anglovaal - a position he still holds.

In June 1970 he was appointed Deputy-Chairman of Anglovaal and in January 1973 he became Chairman. He is also Chairman of Hartebeestfontein Gold Mining Company, Anglovaal Industries, Associated Manganese Mines of South Africa and South Atlantic Corporation.

In addition he sits on the Board of many companies both within and outside the Anglovaal Group. His outside directorships include First National Bank Limited - of which he is Chairman - Mutual & Federal Insurance Company Limited and Goodyear Tyre & Rubber Company (SA) (Pty) Limited.

He was elected an Honorary President of the South Africa Foundation in March 1979 - after serving as President for the two previous years - is a governor of the Urban Foundation and is also President and a Fellow of the SA Institute of Directors, a Fellow of the SA Institute of Mining & Metallurgy, of the South African Institute of Management and of the Royal Society of Arts. Apart from being a member of the Council of the Chamber of Mines, he is a Trustee of the South African Nature Foundation and a patron of The Free Market Foundation and the Avril Elizabeth Homes for Children.

For these and other public services he was awarded South Africa's highest civil decoration - The Decoration for Meritorious Service - in 1980 and, three years later, was awarded an Honorary Doctorate - (the degree of Doctor of Laws) - by Rhodes University. He was made Honorary Colonel of 40 Squadron of the South African Air Force in 1983 and of 21 Squadron in 1985.

An ex polo-player, he is also keen on tennis and is well known in horse-racing circles. Naturally enough, he pilots his own aircraft, currently a twin-engined jet.

September 28, 1957 saw his marriage to Antoinette Herbert. With four children - two boys and two girls, including a pigeon pair of twins born on Halloween - the Hersovs are a close-knit family who enjoy their own company as much as any.

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

11 June 1988

Dear Sir John,

The Prime Minister has asked me to thank you for your letter of 8 June suggesting that she should see Basil Hersov when he comes here in late February next year. There is a chance that she may be able to see him and his colleagues although I cannot offer a firm appointment yet. We have noted their dates and I suggest that you get in touch again early in the new year. I will do my best.

Yours sincerely,

(C.D. POWELL)

Sir John Hoskyns

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IOD
Institute of Directors

Prime Minister From the Director General
Would you be ready
in principle to see
the group?

The Rt.Hon. Mrs. Margaret Thatcher, M.P., 8 June 1988
10 Downing Street,
London S.W. 1.

Yes no CDP 1076

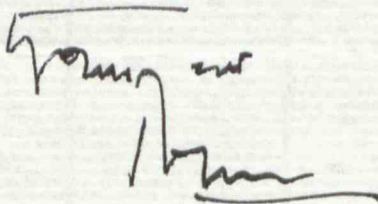
Dear Prime Minister,

The President of IOD in Southern Africa, Basil Hersov, will be in the UK in ~~late~~ February 1989, for the week of 27 February, and very much hoped that he and two or three of his colleagues could come and see you during that visit.

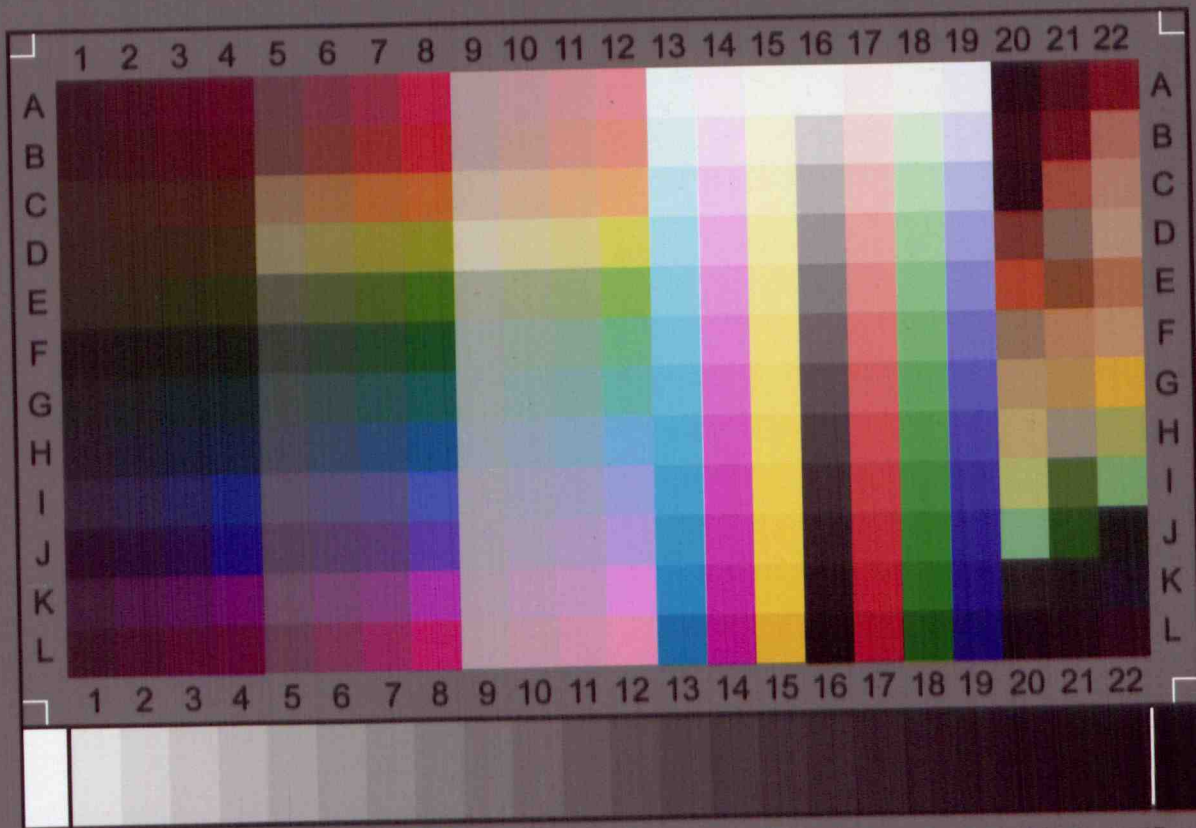
Basil Hersov is a very impressive man. He is Chairman of Anglo-Vaal and also Chairman of the South Africa Foundation, and took over from Harry Oppenheimer as our President in South Africa about 18 months ago. I believe that a meeting was set up for him with you about two years ago but that you had to call it off at the last moment.

I believe that Hersov has had contact with Charles Powell, and he felt that it might be useful to you if he and his colleagues were able to give you a brief summary of how business sees the political and economic scene in South Africa; current relations between business and government; progress in the involvement of blacks in business, an area in which the IOD is increasingly active.

It is obviously not possible to fix firm dates at this stage but I thought I would write to you early to find out whether there was a reasonable chance of your being able to see Hersov and his small group.



John Hoskyns



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