

# CN-ICCR

CALIFORNIA/NEVADA INTERFAITH COMMITTEE ON CORPORATE RESPONSIBILITY  
P.O. Box 6819 · San Francisco, California 94101 · (415) 885-5102  
Offices at 220 Golden Gate Avenue, San Francisco, 9th Floor

TO: Endorsers of the Barclays Campaign

March 18, 1986

FROM: John Lind, CN-ICCR

## BARCLAYS' NEW POLICY STATEMENT ON SOUTH AFRICA

On March 6th, Sir Timothy Bevan, Chairman of Barclays Plc., made the following policy statement:

"Our policy on further lending in South Africa is quite simple: we shall commit no new money to that country nor shall we be party to any formal debt rescheduling until South Africa has demonstrated its ability to reduce its indebtedness and meet its obligations and until there are changes which confirm an end to the bankrupt policy of institutionalised racial discrimination."

This statement is by far the best statement of any bank on South Africa and comes closest to the policy requested by church groups of no lending until the apartheid system is dismantled.

The statement was issued only a day after our letter of March 4th arrived on Sir Timothy Bevan's desk by air express. If he had not seen it, he certainly knew of our organizing. Our two points of concern were:

1. The lending by Barclays Plc. directly in South Africa and especially to its associated bank, Barclays National of South Africa, and
2. Ownership of 40.4% of the equity in Barclays National.

I believe that our efforts helped in a significant way to produce this new policy statement which satisfies our first concern listed above.

What affect will this statement by Barclays have in South Africa as well as on other U.S. and European lending banks?

The statement was front-page news in South Africa as described by the following excerpt from The Washington Post by Allister Sparks on 8 March 1986:

The decision by Barclays Bank of Britain to stop all future loans to South Africa and not to reschedule its \$1.2 billion in existing loans has shaken the Botha government and business circles here. It prompted warnings that the optimism that followed an informal agreement reached last month on a rescheduling of South Africa's foreign debt may have been premature.

Barclays has now declared that it will not accept that arrangement, and there are fears that other banks may follow.

South Africa's leading financial newspaper, Business Day, said in a front-page report today that the decision had dashed hopes of a gradual return to international money and capital markets.

The shock is particularly great because Barclays has nearly a 50 percent share in South Africa's biggest commercial bank, Barclays National Bank, and for years has withstood pressure from antiapartheid groups in Britain to end or at least reduce its involvement here.

Finance Minister Barend du Plessis declined to comment on the decision today, saying he would meet soon with Barclays' chairman, Timothy Bevan, to discuss it.

The turning point in Barclays' close relationship with South Africa came last November when Bevan launched a broadside attack on apartheid, describing it as "repugnant, wrong, un-Christian and unworkable."

His sudden announcement of the loan ban came yesterday at a routine meeting in London.

Saying that Barclays wanted "to see an end to the bankrupt policy of institutionalized racial discrimination," Bevan set as conditions for granting new loans the scrapping of apartheid and a clear indication by the Pretoria government that it can reduce its foreign debt.

This article misinterprets the statement on the debt rescheduling. Formal rescheduling is precluded but the informal type that occurred last month is not. However, the Barclays' statement does put an end to an easy return to finance as normal.

With respect to the other banks lending in South Africa, the statement is a standard to which they can be held. Barclays Plc. has a lending exposure of \$1,100 million, larger by far than any U.S. bank. It is much larger than the \$700 million exposure estimated for Citibank, the most highly exposed U.S. bank. Churches in California and the U.K. should now concentrate on Standard Chartered Bank and its California subsidiary, Union Bank. The latter has assets of over \$8 billion and the parent U.K. bank has a lending exposure in South Africa of \$1,500 million. This exposure is greater than Barclays, but Standard Chartered's assets in local currency in South Africa in Standard Bank of South Africa are smaller than Barclays.

Sir Timothy Bevan's letter to me with their press release stated that Mostyn T. Lloyd, CEO of Barclays Bank of California, would contact us "with a view of discussing the matter further." I will follow up on this invitation and arrange for the meeting. In the mean time we will need to develop a strategy for the meeting. This would presumably combine praise for their statement with a gentle push for greater disinvestment. These events probably preclude a large kick-off event in May and this will required further discussion.

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Offices at 220 Golden Gate Avenue, San Francisco, 9th Floor

March 4, 1986

Sir Timothy Bevan, CEO  
Barclays Plc.  
54 Lombard Street  
London, EC3P 3AH  
UNITED KINGDOM

Dear Sir Timothy:

Many thanks for your letter of December 10th in reply to my request for an up-date on Barclays' actions in South Africa. Your letter, together with your speech and the report on the EEC Code, have been circulated to the signers of the cable of 23 April 1985 as well as to a number of other church groups.

The church leaders listed at the end of this letter are very concerned about the pivotal role played by Barclays Plc. in supporting the South African economy through:

1. Lending by Barclays Plc. directly in South Africa and especially to Barnat and
2. Ownership of 40.4% of the equity of Barnat.

We believe that this economic support directly contributes to the maintenance of the apartheid system.

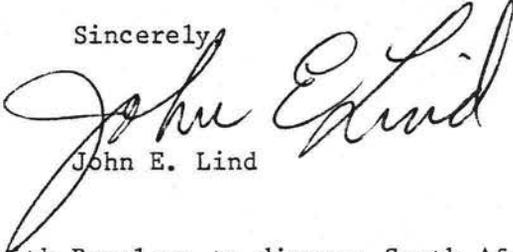
Before proceeding any further on matters so sensitive, we believe it would be advantageous for all concerned to have a meeting with the representatives of these groups to fully understand Barclays policies and activities in South Africa. Such a meeting might discuss:

1. An amplification of the EEC Code Report on non-white employees, their positions, earnings, and living accommodations relative to white employees. The report indicates that significant steps have been taken to employ non-whites on an equal basis at higher levels of training.
2. Some overview of the pressures Barclays Plc. and Barnat are exerting on the South African government to eliminate apartheid. We were pleased to see that the managing director of Barnat was a signer to the newspaper ad of 29 of September 1985, and we would like to understand the strategy the bank is now taking.
3. The role of Barclays Plc. vis-a-vis Barnat and other direct lending in South Africa. As I mentioned in my previous letter, we are very concerned that Barclays Plc. has been playing a major role in providing external credits for Barnat since the moratorium of 1 September 1985.

4. The general question of Barclays Plc. applying more pressure to the South African government through planned reduction of equity in Barnat in continuation of the reduction of last summer.

We hope that such a meeting could be arranged in the next few weeks, perhaps at the offices of Barclays Plc. here in San Francisco?

Sincerely



John E. Lind

Those requesting this meeting with Barclays to discuss South Africa are:

Rev. John R. Deckenback  
Associate Conference Minister  
Executive Director  
Northern California Conference  
United Church of Christ  
20 Woodside Avenue  
San Francisco, Ca 94120

Sister Maureen Fenlon  
Sisters of St. Dominic of Adrian, MI.  
Portfolio Board  
3835 Sonoma Highway  
Santa Rosa, Ca 95405

Will Herzfeld, Bishop  
President, Association of  
Lutheran Churches  
958 12th Street  
Oakland, Ca 94610

Leontine T.C. Kelly, Bishop  
California-Nevada Conference  
United Methodist Church  
330 Ellis Street  
San Francisco, Ca 94102

Rev. John C. Moyer  
Executive Director  
Northern California Ecumenical  
Council  
942 Market St. 7th Floor  
San Francisco, Ca 94102

Stanley E. Olson, Bishop  
Pacific Southwest Synod  
Lutheran Church of America  
1340 S. Bonnie Brae Ave  
Los Angeles, Ca 90006

Rev. J. Alfred Smith, Sr.  
Allen Temple Baptist Church  
8500 A Street  
Oakland, Ca 94601  
Los Angeles, Ca 90006

Reverend James Stewart, Pastor  
Past President, American Baptist  
Churches of the West  
1640 Stuart Street  
Berkeley, Ca 94703

Sister Kathleen Tighe  
Sisters of Loretto  
Investment Board  
529 Pomona Street  
Albany, Ca 94706

cc. Brian G. Pearse, CEO  
Barclays, North America

Mostyn T. Lloyd, CEO  
Barclays Bank of California

CHAIRMAN

01-626 1567

BARCLAYS BANK PLC  
54 LOMBARD STREET  
LONDON, EC3P 3AH

11th March 1986

Dr J E Lind  
Executive Director  
CN-ICCR  
PO Box 6819  
San Francisco  
California 94101

*Dear Mr Lind*

Thank you for your further letter of 4th March.

I am asking Mostyn T Lloyd, Chairman, Barclays Bank of California to contact you with a view to discussing the matter further.

Enclosed is a booklet, detailing Barclays National Bank's employment practices in South Africa which I hope will be of interest, together with a press release on our 1985 profits. I should draw your attention to the final two paragraphs which mention South Africa.

*Timothy Bevan*

T H BEVAN



**BARCLAYS**

6 March 1986

BARCLAYS GROUP PROFITS  
1985

Sir Timothy Bevan, Chairman, commenting on the results, said:

For Barclays the past 12 months have been eventful and successful.

1. Our performance has improved enough to put us back at the top of the British banking profits league.
2. We have been able to provide a 14% increase in dividends.

. . . . (continued to page 3)

The contribution of Barclays National Bank to Group results is no longer consolidated now that our stake in that bank has fallen from 50.4% to 40.4%. Instead it is included in 'share of profit of associated companies'. To aid comparison we have restated all 1984 figures in the profit and loss account on a deconsolidated basis.

Like so many US and European banks we were caught by the unilateral standstill on loan repayments imposed by the South African Government last autumn. Our lending is a little under £800 million and is mainly to Barclays National. But it is UK money and we would like to be able to get it back. That is why we were one of the banks meeting under Dr. Leutwiler's mediation to seek an acceptable formula. The offered interim repayment of 5% is small but welcome and is probably as much as we could expect at this time.

But one point I must make clear. Our policy on further lendings into South Africa is quite simple: we shall commit no new money to that country nor shall we be party to any formal debt rescheduling until South Africa has demonstrated its ability to reduce its indebtedness and meet its obligations and until there are changes which confirm an end to the bankrupt policy of institutionalised racial discrimination.

But the present moratorium does mean that the probability of South Africa receiving the benefit of foreign capital inflow is virtually non-existent and without that inflow it will be increasingly difficult for South Africa to promote economic growth to employ the ever growing non-white population.

(Ends)