

## AFRICA

Tonight I see my task as to present Africa to you in a relatively positive light, recognising that I have an intelligent audience, who in some cases have specialist knowledge of that mysterious and yet strangely compelling continent.

Let me, however, be clear. I do not know whether the African genuinely wants foreign investment or genuinely wants to get rid of us foreign investors. You don't know either and as Mr DiBona pointed out to me correctly at breakfast this morning, nor does the African probably know.

Africans don't say please or thank you and don't write letters. They are accordingly in many respects beyond analysis. Let me, however, traditionally commence with an anecdote which at least demonstrated to me that Africans mean what they say, unlike the euphemistically inclined European.

A few years ago I had been involved in negotiations with the Governor of the Reserve Bank of Zimbabwe to bring in capital provided by no less than Li Ka-Shing to develop a new mine there. I had spent a week with the egregious Governor going round in circles and on Saturday afternoon I was slumped in my hotel room when there was a knock at the door which opened to reveal the Governor, fetchingly but curiously, clad in canary yellow track suit. My heart sank. Oh God, I thought, this is my first experience of the brown envelope situation. However, he said "May we resume our negotiations?" "Of course" I replied. "But first" he said "may I use your bathroom?" Coming from the land of euphemism I assumed he needed to respond to a call of nature but was too delicate to say so. "Of course" I replied. He headed for the bathroom. An hour and a half later he emerged having had a bath! Africans, I began to realise, do at least mean what they say!

When Harold MacMillan delivered his notorious wind of change speech in Cape Town in 1960, he provided the catalyst for nationalism in Africa. His antagonists were shocked as though MacMillan had invented nationalism in Africa, whereas he

argued he was merely stating a fact. Cynics maintained that what he really meant was Britain is broke and we are getting out of here. And there is an element of truth in both these arguments. What is undeniable is that that speech launched the demolition of Saxon and Gallic Africa and led to the scene which forty-three years later we, as business men, now contemplate.

To be fair to MacMillan it was as far back as 1923 that the Duke of Devonshire, the Colonial Secretary of the day, issued a famous but forgotten declaration which made it abundantly clear that it was the intention of the British Government in any conflict of interest, to regard the interest of the Africans as paramount. This had the full support of Bonar Law's cabinet and the doctrine of African paramountcy was never challenged until the difficulties arose with white settlers in the 1960's. Interestingly, that Duke of Devonshire was Harold MacMillan's father-in-law.

Within weeks of MacMillan's speech, the wind of change rapidly became a hurricane and yet at the first Lancaster House African Conference in London on Kenya in 1960, so little understanding of the urgency existed that the African delegates were issued with passes to the building but not to the conference. Kenyatta's chief representative, Peter Koinange, at the time a milkman in Watford, was the subject of a quatrain by the Permanent Secretary at the Colonial Office, Sir Hilton Poyton.

Mau mau milkman, have you any pass?  
Yes sir, yes sir, but only third class.  
Good for the cloakroom and good for the loo  
But not for the main room among the chosen few.

It is largely forgotten now how deeply the divisions were over these moves towards accepting African nationalism and how complicated the process of pressing ahead became. Reconciling the views of the white settlers in Kenya and Rhodesia were nightmare enough particularly, as in the case of decent white politicians such as Sir Roy Welensky, many of the whites were not opposed to the Devonshire doctrine and

in the eventual evolution of black rule. But they genuinely believed that that time had not arrived and how can you disagree with that in hindsight.

We can now see that the speed of political advance in Africa completely overwhelmed the administrative preparations. Africanisation was proceeding but painfully slowly and was lagging far behind the constitutional development. But MacMillan's government was determined not to lose the political momentum, although Ian Macleod told me many years later, that the process should have taken twenty years not two.

What Harold MacMillan wearily called the African maze was in reality a maddening distraction from serious economic issues at home not to mention de Gaulle's veto of the UK's attempt to join Europe, the Cold War and the Cuban missile crisis. One of the great ironies of this period was the huge expenditure of time and debate spent on decolonising Africa and the Far East as rapidly as possible whilst South Africa was engaged in precisely the reverse policy.

You will find in the final volume of MacMillan's memoirs only the two references to South Africa. Both concerned with the necessity of dispensing with that country as the only means of preserving the existence of the Commonwealth. The word 'apartheid' receives no mention.

It was in 1960 that I first arrived in Africa as a 20 year-old soldier on a troopship appropriately named "The Devonshire". Our mission was entirely consistent with the mood of the time. In our case we were charged with keeping order in the British Cameroons whilst their citizens, not even offered the choice of independence, were permitted a vote on whether they preferred a merger with the much larger French Cameroons or with Nigeria. Both these options were unsatisfactory – they chose the French Cameroons and became the Cameroon Republic – but it was a rapid and arrogant housekeeping exercise by Britain whose anxiety was to exit from a problem sideways rather than face it head on.

So, in the space of two or three years, we and the French, the Spanish and the Portuguese contrived to deliver independence to dozens of countries. But what is independence if it is not supported by universities, by institutions and economic power. I will tell you – it is a chimera, a terrifying but non-existent thing, according to my dictionary. It would naturally be foolish to be overly critical of countries like Britain for frantically seeking to avoid engaging in more of those colonial wars which we conducted in Malaya, in Cyprus and in Kenya against Mau Mau. But the historians of the future will surely excoriate the colonial power for granting independence without its handmaidens – training and commercial ownership.

The appalling incompetence and dishonesty of 90% of Africa's leaders since independence derives largely from this lack of training although, as least now, young intelligent Africans, and there are proportionally as many young intelligence Africans as there are Europeans or Americans, are being properly trained and are trying to raise the continent's ethical standards. They are, however, having to do so whilst the world largely looks on in a disinterested and resigned fashion.

These youngsters realise that there is no point in political power unless it is complemented by commercial power, and that is where those of us here tonight appear centre stage. We, not the Africans, still either have or are perceived to have that commercial power nearly fifty years after the independence movement matured – much more recently, of course, in the case of South Africa. The severity or importance of this issue naturally varies from country to country. In Burkina Fato, for example, there never was a land-owning white elite and in many of the West African countries where there were and are large foreign vested interests such as Unilever and British American Tobacco, the ownership never arose because wisely those companies gave the plantations to the people whilst guaranteeing to purchase the produce.

It is largely in Southern Africa that we have to ask ourselves the leading question. Are we now no longer welcome as proprietors and must we be content to function as

contractors ultimately and in the short term in a hybrid but constantly shifting form which denotes funding difficulties.

In Zimbabwe the message is so definitive that it hardly merits discussion. Or is it? Zimbabwe has always been a mysterious place with a polyglot urban population of Lebanese, Syrians, Greeks, Chinese, as well as Europeans. Fly over suburban Harare and you will see thousands of houses boasting – behind high walls – satellite dishes, swimming pools and so on. I was there ten days ago and it is clear that many of the white tobacco farmers have not been disenfranchised, that white farmers who have been dispossessed are in some cases being invited by the new proprietors to return to the farms and run them as managers and only last week Anglo-Platinum announced a \$90m new investment programme.

I stayed a night at the Victoria Falls hotel and very pleasant it was. Asian, Spanish and Americans there but an occupancy level of 15%. There was certainly no sense of hostility – and the hotel was in immaculate condition.

I believe that Mugabe's maverick behaviour will be terminated shortly either by his own party or, if not, by the people. In a sense, the culprits in Zimbabwe have been successive British Governments driven in the conservative context by an economic imperative to rid ourselves of expensive distractions and in the socialist context by a virtual paralysis when confronted by a black-white political circumstance compounded by its colonial baggage.

The origin of the present problem was the Unilateral Declaration of Independence and the UK's limp response to what, after all and whatever you may feel about it, was an act of illegal rebellion against the British Crown. Harold Wilson was as exasperated by this African maze as Harold MacMillan had been eleven years earlier. But instead of acting with prompt military execution and arresting Ian Smith and his small gang of cronies, he applied the hopeless sanction programme which not only did not work but was the catalyst for the war which Mugabe fought and won, and in the process engendering much unnecessary bitterness between black and white. We then

compounded the problem which we had created by breaking the clear Lancaster House Agreement provision to make available the money to buy out the commercial white farmers.

Why did we do so? It is impossible to secure a satisfactory answer. During this period of about fifteen years after Zimbabwe's independence in 1980 Mugabe behaved with exemplary tolerance and in effect he protected the white farmers who gradually recovered from the catatonic state they were in after independence. They failed to understand the pressures on Mugabe to defend a situation where, notwithstanding that the black man fought and won a war, 70% of the best land was owned by 5000 whites.

Britain could easily have recognised the dangers of this situation and defused it by reviving a financial settlement and indeed John Major proposed a somewhat diluted version of the Lancaster House deal towards the end of this last Government only for Tony Blair to repudiate that, writing to Mugabe to explain that he had no mandate to use British taxpayers money to bail out colonial white farmers.

What the Africans and indeed the white farmer, must think about this convoluted thinking as they compare billions of dollars we have spent in political paradoxes of impenetrable value as we busybody our way from Bosnia to Kosovo to Serbia to Iraq but are unable to find \$3m to solve the Rhodesian problem, I cannot imagine. I hold no brief for Mugabe's deranged behaviour – in fact, if we have time later, I could explain the Tragi-comic circumstances in which I last met him – however, there has been no blood bath in Zimbabwe. There has simply occurred – as the Africans would see it – a shift of power which in the light of the supine behaviour of the British Government was inevitable and is justified.

I believe that in many respects the African is a more forgiving and mature individual than many of these rest of us. Alas he had been badly led for the best part of thirty years and as I have said the historians will judge that the colonial powers should bear responsibilities for that.

Let me continue seeking to answer my own question as to the future of the white investor in Africa. I believe, and I think you will agree, that much of West Africa and East Africa now meet most international investment criteria. We have certainly experienced nothing but courtesy and cooperation and pragmatism in our recent dealings with Governments in these areas. It is South Africa which has become the focus of foreign worry with retrograde implications for the rest of Africa.

I will forcibly resist this argument as follows. If you can accept my argument about colonial culpability regarding what was known as Black Africa, our record in South Africa is even more depressing and inexcusable.

As I have said previously the only anxiety Harold MacMillan expressed about apartheid was that for South Africa to remain a Commonwealth member could lead to the disintegration of that organisation. Nothing about the evil of apartheid. Surely one of the most indefensible crimes of the 20<sup>th</sup> century. What did the Commonwealth or the United Nations do about apartheid. In effect – nothing.

It is interesting to reflect what the history of South Africa might have been had Field-Marshal Smuts won that critical election in 1948. There may not have emerged the perfect solution but there would have surely been no apartheid. However, for thirty years there was visited on the South African blacks a humiliation and a deprivation of outrageous degree. There is no value or point in engaging now the names of the individuals who were complicit, although the mining industry must accept that its role was wholly unsatisfactory with regard to black advancement.

When de Klerk bowed to the inevitable there were naturally many doomsters on hand contending that a peaceful transition to democracy was impossible. But peaceful it was, and not only that but the elections were followed by the virtual evaporation of the right wing Afrikaner as a political force and then South Africa was and is governed with overall competence and decency. For example, good economic control rendered the Rand immune for the Asian flu which literally decimated the

eastern currencies. Notwithstanding unemployment rates of 40% the Government still had the courage to reduce defence spending to 1.5% of GDP even though this involved reducing military personnel strength by 50,000 individuals.

Reflect for a moment how the population of Britain or Australia would respond to 40% unemployment. I doubt there would be a building standing in London or Melbourne.

More recently, of course, we have observed with incredulity the strengthening of the Rand and the extraordinary demand for property by white Europeans in the safe-haven of South Africa. Naturally, you could lob negative hand-grenades at me regarding a number of worrying issues but nonetheless happily as is usually the case the pessimists have been routed by the optimists.

Alas, the mining sector has been the exception. Following in rapid succession the Minerals Bills, the Mining Charter and the present mining royalties proposals have left many mining companies and professional mining investors in an angry and exasperated state and the shares of companies with predominant South African exposure have been savaged.

My own company will need to secure new capital to fund the development of one and possible two new platinum mines in the near future, and I assure you my mind is very focussed in the regard. But let me ask why the investment community is so exasperated with the South African mining sector and if they are right to be. I believe not. In fact, I would ask you to consider the consequences for the mining sector if the government had not acted as it has. The answer is that there may not have been a mining sector to invest in. I regard the South African Minister of Mines with respect and I would argue that she has headed off a potentially dangerous situation which may have culminated in large scale nationalisation.

What is wrong with the Minerals Bill? In my view, very little. Indeed, it serves to make South Africa's mining practice complementary to the rest of the world in

particular by vesting mineral rights in the hands of the State and the use it or lose it provision is long overdue.

The Mining Charter was leaked in a clumsy and unfortunate manner but I can find little to cavil at the prospect of mining properties being 26% in black hands in ten years. In fact, I believe that the whole process will eventually become otiose as more and more blacks become successful and a figure of 26% becomes irrelevant.

The present debate about royalties is also, I believe, too alarmist. I think there will be a compromise here and the Minister of Mines will persuade Mr Manuel to trim the proposed levels. But remember that even if she fails to do so the royalties are simply replacing State profits tax and the royalties previously paid to Afrikaner farmers and to tribes, and the overall effect still leaves the South African code genuinely competitive with the rest of the world.

As an aside I must say I am surprised that they have alighted on the mining industry as their first stab at black empowerment because by its very nature it is likely to ruin as many blacks as it enriches.

I remember stopping at the village mine shop at our Freda Rebecca mine in Zimbabwe a few years ago. Behind the counter there was a formidable lady cradling an obnoxious child on her ample breast. What's this charming boy's name I insincerely enquired? "Predicament" was the surprising reply and a very appropriate one in a mining context! My dear father once told me that he nearly slept with Ava Gardner. That sums up one's attempt at the big discovery and believe me it is in Africa that these discoveries will occur!! It's full of Ava Gardners.

I commend that continent to you from Morocco to South Africa. Do not allow political ephemera to overshadow Africa's potential. In my long experience investing in oil and mining, the worst experiences I have had were not in Africa but in Canada when Trudeau was Prime Minister, in Britain when Tony Benn was Minister for Energy, and in Australia when Gough Whitlam was Prime Minister.

I was staying with a good friend of mine who was recently the British Ambassador to Thailand. As a matter of interest I said, Charles how does Thailand work? After all, he has been there for five years. He looked at me and said with disarming candour, "Do you know, I haven't got the faintest idea!" But work it does.

Africa is similarly impenetrable in many respects but during the thirty years I have operated there I have always been treated courteously, have never paid or been asked for a bribe, have never lost one day in industrial action at our mines in Ghana and Zimbabwe.

I believe in our company rule of making no more than two visits to a country in which you are contemplating investment. If you judge that they are hostile or even indifferent to your interest move on elsewhere. That is why we have invested in so many African countries and why we have not invested in France, Cuba or Vietnam.

You may feel I have been excessively critical in these remarks of my own country and I would like finally to qualify that criticism by stating how proud I am of what was achieved in Africa by the British and how correctly and professionally those colonies were run by unselfish officials possessed of the Devonshire doctrines that ultimately the African must be enfranchised.

These administrators worked for a pittance in the most difficult conditions and it is time their memory and achievements were celebrated and not mocked. Hong Kong is an example of what might have happened in Africa had we been given the time and the money.

We got it right in many countries, Malaysia and Singapore, for example and indeed in India. We very nearly got it right in Africa but post war problems conspired against us. It very nearly reminds me of the famous remark of another British politician, Hugh Fraser, when Minister for Air. Hawker Siddeley had developed a new aircraft and he agreed to host a presentation of its capabilities at the Air Ministry. One

questioner rose and said, "Minister, what is the range of this aircraft? Will it get across the Atlantic for example?" "Very nearly" was the Minister's encouraging reply.

Anyway, finally, may I urge you to endorse my enthusiasm for a continent which needs help and I believe deserves help.