



MOTOROLA INC.

Law Department

File
No
(see attached
article)

June 15, 1985

Congress of the United States
House of Representatives
Committee on House Administration
Subcommittee on Office Systems
722 H.O.B. Annex 1
Washington, DC 20515

JUN 20 1985

Dear Sirs and Mesdames:

Pursuant to your letter of May 15, 1985, there follows a description of the current business activity of Motorola, Inc. and its subsidiaries with the country of South Africa.

Motorola has a small subsidiary in South Africa that manufactures and sells communications equipment. Motorola and its subsidiaries also sell small quantities of semiconductors and other products to customers in South Africa. Total sales to South African customers represented less than one percent of total worldwide sales of Motorola and its subsidiaries in 1984.

Motorola is a Sullivan Principles signatory and has recently adopted a policy of not selling any goods or services to the South Africa police, military, prison system, or the agency that administers the pass laws.

Sincerely,

A. Peter Lawson

A. Peter Lawson
Vice President and
General Attorney

APL:ss

Motorola Inc. Pulls Out of South Africa

By Michael Isikoff
Washington Post Staff Writer

The roll of U.S. corporations pulling out of South Africa has continued to grow with the announcement by Motorola Inc. that it has sold off the last of its manufacturing operations in that country to a South African communications firm.

The disclosure of the Motorola sale comes amid other signs that the pressure on U.S. companies with South African business has intensified. A senior official of Citibank, the largest U.S. bank, confirmed last week that the bank has recently informed South African government officials that it will not make any new private-sector loans there until that country makes progress in dismantling its system of apartheid.

Citibank, which continues to operate branch offices in South Africa, had announced earlier this year that it was ceasing all lending to South African government agencies. In addition, Citibank was among a number of leading American banks that last month ceased providing

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short-term trade credit to South African companies following Pretoria's unilateral declaration of a four-month moratorium on the repayment of its foreign debt.

But speaking at a conference on Business Ethics at Bentley College in Waltham, Mass., Citibank Vice President Wilfred D. Koplowitz indicated the bank has recently gone beyond those moves and is ceasing all private loans to that country. Senior bank officials have told the government in Pretoria that the financial markets have lost "confidence" in South Africa as a result of continued political turmoil in that country, he said.

"There will be no new loans—even to the private sector—under the present situation in South Africa," Koplowitz said.

In announcing the sale of its only South African plant to Allied Technologies Ltd. (Altech), a South African-owned company, Motorola said it was motivated by "strategic and economic" considerations. The plant, which manufactures two-way radios and employs about 225 people, will continue to assemble and sell Motorola-brand name products under a licensing agreement between Altech and the U.S. firm.

"The decision to sell was more of a strategic thing based on how we can best serve that market," said George Grimsrud, a Motorola spokesman. "These negotiations have been going on for a while."

However, when asked if political developments also were considered, Grimsrud said, "there were a lot of factors and I really can't go beyond that."

The sale by Motorola brings to about 20 the number of U.S. companies that have either sold off their South African interests or ceased sales to that country over the past year. Most of them, including such major U.S. firms as Singer Inc., PepsiCo and Coca-Cola, have cited changes in business strategies or losses stemming from the deteriorating South African economy.

But anti-apartheid advocates say there is growing evidence that the campaign for disinvestment is taking

its toll. Motorola, for example, had often been targeted by activists because it had sold equipment to the South African police. But earlier this year, the company said it was ceasing such sales to comply with a new New York City ordinance prohibiting U.S. companies from bidding on city contracts if they sell equipment to South African agencies that enforce the apartheid system.

Motorola is a supplier to New York City, Grimsrud said. As part of the company's new contract with Altech, the South African firm will also be prohibited from selling two-way radios to the South African police, military and passport authorities, Grimsrud said.

Another potentially ominous sign for U.S. companies came this week from the Rev. Leon Sullivan, a civil

rights leader, also speaking at the Bentley College conference, who said he would call for a complete withdrawal of U.S. firms if apartheid is not legally dismantled by May 1987. Sullivan, who serves on the board of directors of General Motors Corp., is the author of the code of conduct for U.S. companies in South Africa pledging that they provide nonsegregated facilities and equal employment opportunities for black workers.

Virtually all major U.S. companies in South Africa have signed the so-called Sullivan Principles and have publicly cited their compliance with it as evidence they are a positive "force for change" there.

On another front, the Reagan administration put into effect Friday a set of limited economic sanctions against South Africa, including a ban on the sale of gold krugerrands, a curb on some bank loans and a ban on the sale of nuclear technology.