Loans to South Africa Being Urged

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WASHINGTON, Jan. 30—The Administration is under pressure from business interests, Congressmen and some of its own officials to allow the resumption of direct loans to South Africa by the Export-Import Bank. Such loans were banned 12 years ago.

If the policy is reversed, Administration officials say, United States concerns could gain almost half of a $2 billion contract for the development of a plant in South Africa capable of converting coal into gas.

Without an Export-Import Bank loan, proponents maintain, hundreds of millions of dollars would be lost in exports and jobs. But opponents—mostly African specialists in the Administration—argue that the United States would become further identified with South Africa and risk further alienation of black Africans.

The no-loan stand was taken in 1964 as a way of showing American displeasure with South Africa's policy of apartheid, or separation of the races, and as a possible means of mitigating that policy.

Study Opposes Change

The officials said that an Administration staff study completed on Thursday recommended against a change in policy. In the judgment of most certainty of straining relations with black Africa by making such a change outweighed the risks of losing parts of the contract because foreign competitors were offering slightly better credit terms.

Several of these officials, however, expressed the view that this conclusion was not likely to be shared by top policy-makers.

The study was requested by Secretary of State Henry A. Kissinger. Some Kissinger aides said that the Secretary made the request routinely and he did not favor changes in economic relations with South Africa at this time.

Other State Department officials insisted that Mr. Kissinger had been and still was in favor of relaxing the Export-Import Bank ban. This view is supported in part by a memorandum dated Jan. 2, 1970, that has been obtained by The New York Times.

The memorandum was sent by Mr. Kissinger, at that time President Nixon's Assistant for National Security Affairs. It recommended: "That you authorize full Ex-Im facilities for South Africa and the Portuguese territories — avoiding, however, conspicuous trade promotion."

Sources said that Mr. Nixon approved the recommendation, but that nothing was actually done about it.

Officials who agreed that the Administration was receiving a steady flow of letters and telephone calls from corporations, Congressmen, and friends of President Ford, disagreed on who was directing the lobbying effort.

Some reported that it was being managed by the Fluor Corporation, the American-based engineering and contracting concern that is petitioning for an exception to the ban. The Washington representative of Fluor did not return a call from The New York Times.

Other officials said that the South African Government itself was using the appeal of great profits to change the Administration's stand and thereby draw the United States into closer association.

A high official of the Export-Import Bank said: "It's a concerted effort by the South Africans to stir this up, and it stems from their embassy here in Washington." Another bank official added that "Pretoria is trying subtly to tell us that unless we change the policy, some of our firms won't get contracts even if their financing is competitive."

A South African official flatly denied this.

Export-Import Bank officials said they had received more than 25 letters from Congressmen, including Representative George H. Mahon, Democrat of Texas and chairman of the Appropriations Committee.

Administration officials said that the former Defense Secretary, Melvin R. Laird, had expressed interest in the project and in changing the loan policy. Mr. Laird, in an interview, denied this but indicated that he had talked to people about his admiration for South African technology in pressurizing coal to make natural gas and oil.

The Export-Import Bank was authorized in 1934. In 1945 it was made an independent agency of the United States Government. Its purpose is to facilitate American trade by loans, loan guarantees and insurance. In practice, it seeks to give American traders a credit advantage or credit parity with foreign competitors.

Legally, the bank has the authority to provide financing except where it is prohibited by act of Congress. In practice, the officials of the bank, who are appointed by the President, are responsive to the Administration's foreign-policy wishes.

The officials said that Fluor has already been awarded a small contract by South Africa, and that the Westinghouse Corporation is also, as one official put it, "In on the ground floor."

The bank's policy allows for only two kinds of transactions with South Africa: loan guarantees and loans to American concerns up to $2 million. The bank's policy is not to give credits directly to the South African Government or South African companies.

A White House official involved in the Administration study of this issue said: "We don't know the degree to which there are real competitors in the areas where we are likely to get contracts; we're looking into that."

Other officials were not interested in the financial transaction at all. Their concern was the damage they felt would be done to American relations with Black Africa.

One African specialist said: "After we got involved in covert operations in Angola and after the South Africans sent in their troops to Angola, the blacks began once again to frame us in the same picture with South Africa; we can't afford to make it worse."

Another State Department official said: "Look, the no-loan policy didn't change apartheid. Other nations did business in South Africa, and the Africans aren't screaming at them. We ought to see whether our policy has just been a lot of posturing or whether it means something."