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SOMO

P. ELSHOF

UNILEVER IN AFRICA

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SOMO Paulus Potterstraat 20 1071 DA Amsterdam (Neth.) tel.: 020-737515

UNILEVER IN AFRICA

1. The Development of Unilever on a World Level

a. Since the end of the seventies, Unilever's interest in different parts of the world has been subject to drastic revisions. For several decades, the focus of Unilever activities was in Europe and Africa.

Europe (especially England, Holland and Germany) is the birthplace of the concern, brought about in 1929 by the merging of the biggest soap and margarine companies in those countries, respectively Lever Brothers and the Margarine Unie (van den Bergh en Jurgens/Hartogs/Schicht).
Over the years, the largest part of Unilever's capital has been invested in Europe: an average of 65%, and in the 1970s as much as 70 to 75%.
Turnover in Europe amounted to between 60% and 70% of Unilever's total turnover. Between 50% and 65% of profits came from Europe.

Until the end of the seventies, the African continent took second place after Europe, at least in terms of turnover and profits. Africa also came second in employment.
Unilever's capital investments in Africa were always relatively small, in relation to Africa's share of turnover and profits. The explanation for this is the position of the United Africa Company. A large part of the turnover and profit in Africa is the result of the enormous trade activities of the UAC in all African countries. That means that a relatively large part of Unilever's activities in Africa involve a low level of fixed capital investment.
An example of the above: In 1975 and 1976, about 10% of Unilever's capital was invested in Africa. In those two years, Africa contributed no less than 25%!! of the concern's total profits. the result of the fact that Unilever profitted substantially through UAC, from the OPEC oil dollar boom in Nigeria.

The positions of Europe and Africa have been changing drastically within Unilever's policy since the end of the seventies.
This is not because these continents are becoming less important for Unilever. But Unilever is seeking to strengthen its position on a world level, with priority given to the United States and also in Asia. In Asia, this involves particularly Japan, Indonesia, Thailand and Malaysia. In Australia and India, Unilever has already built up considerable operations.
Central to the new strategy is the fact that Unilever literally must become a world concern in the eighties, and no longer wants to be largely dependent on the course of things in Europe and Africa.

The strategy of strengthening Unilever's position, emphasising the USA and Asia, involves three main factors:

* The USA and a couple of countries in Asia show the biggest economic growth, far more than in Europe and Africa. And it appears that this will continue in the coming years.
In these growth regions, Unilever wants to be optimally repre-

sented. Several years ago, Unilever management announced that more than 1 billion US dollars would be used in the first place to finance purchases in the USA.

* Europe and Africa, areas where Unilever has always been best represented, are on the other hand experiencing stagnation.
In Europe, for some important Unilever products (Margarine, oils and fats, dairy products and other food and drinks, which together account for about 70% of total turnover), the market is nearly saturated. Market growth by population increase is not possible and competition is becoming stiffer.
In Africa, a potential market growth does exist, for example through population increase, but in the coming years there is little perspective for Unilever in many countries, especially because of their difficult economic positions: low export yields, and high debts.

* A third major factor is accelerated development during the last few years, in which the big food concerns have prepared for a battle for market shares world wide, through takeovers. Because the USA is one of the most important markets with its considerable buying power, the fight for a market position there is the greatest.
In 1983 Unilever bought Shedd's Food Products, the biggest margarine producer in the US. Further takeovers will probably following in coming years.
Nestle is bidding almost three billion US dollars in order to purchase the American Carnation Company. Just like Unilever, the aim is to strengthen its position on the US market.

The results of this strategy for Unilever companies in Europe and Africa are that investment policy will be much more selective. An increasingly large part of annual investments will be channelled to North America, especially the US, and Asia/Australia, in order to take over, extend and modernise Unilever's factories.
In Europe and Africa, the level of investment will rise less, and investments there involve restructuring, together with capital intensive investments and projects, in order to produce at minimal cost.
The consequence of this is that in a short period of time large number of people have been made redundant, and an even larger number of jobs have been destroyed.

b. Unilever investments according to extent and region (in billion guilders)

	1979	1980	1981	1982	1983	growth compared to 1979
EEC countries	1052	1485	1221	1118	1147	+ 9%
Rest of Europe	103	112	117	115	123	+ 19%
Africa	79	124	163	201	143	+ 81%
North America	179	189	208	254	443	+ 147%
Asia, Australia and New Zealand	106	145	282	280	281	+ 165%
Central and South America	55	145	110	65	43	- 22%

From this survey of annual investments since 1979, it is quite evident that the extent of investments in North America and Asia have increased far more than in other regions.
Though investments in Africa increased considerably, they remained behind increases in Asia.

This becomes evident in the trend of relative shares of different world regions in Unilever's yearly investments over a number of years:

Relative share of yearly investments (in %)

	1975	1979	1983
EEC countries	68.3	66.8	52.6
Africa	6.4	5	6.6
North America	9.3	11.4	20.3
Asia/Australia and New Zealand	6.3	6.8	12.9

Four tables have been attached as appendici, which show the relative shares of different world regions for the period 1974 up to and including 1983, in relation to:

* turnover (sales to third parties), Table I
* invested capital according to region, Table II
* capital expenditures on a yearly basis, Table III
* profits before taxation and outside interests, Table IV

An example of the above is the development of Unilever's turnover and profit per region. Of course, this is not only a consequence of market conditions, but also a result of the above mentioned investment policy.

c. Development of turnover and profit per region

	Turnover (in bln guilders)				Operating profit (mln g			
	1979	1981	1983		1979	1981	1983	
EEC countries	28,6	34,2	34,1	+ 19%	1489	1472	1146	- 33%
Rest of Europe	2,9	3,7	3,8	+ 33%	192	311	327	+ 70%
Africa	3,1	4,2	4,2	+ 34%	240	373	399	+ 66%
North America	4,4	7,0	9,6	+115%	249	360	622	+150%
Central/South Am.	1,0	1,6	1,7	+ 70%	92	229	235	+155%
Asia/Australia New Zealand	3,2	5,3	6,2	+ 91%	307	580	594	+ 93%
total	43,2	56	59,6	+ 38%	2569	3325	3323	+ 29%

With a 1983 turnover of 59.6 billion guilders (US$ 19.4 billion), Unilever is the largest food processing company in the world. On the basis of turnover figures for 1983, the largest food processing firms can be ranked as follows:

Unilever $ 19.4 bilion (plus takeover Brooke Bond $ 1.4 bln = $ 20.8)
Nestle $ 13.3 billion (possible take Carnation $3.4 billion)
Beatrice Foods $13.2 billion (including takeover Esmark in Aug. 1984)
Procter and Gamble $13.0 billion
General Foods $ 8.7 billion

Comparing the net profit and net margin (net profit as a percentage of turnover), it is worth noting that Unilever falls behind in relation to the other big concerns.

1983 figures	Unilever	Nestle	Procter & Gamble	General Foods
turnover*	19.4	13.3	13.0	8.7
net profit*	554	573	890	317
net margin (in %)	2.9	4.3	6.8	3.6

* in billion $

Unilever's lower net margin compared with the the other big firms is to a large extent the result of the high costs of restructuring and increasing advertising expenses.
The battle for a share of the market means, on the one hand, that
- high costs are being incurred in order to produce at minimal costs. That means reorganisations, closures of smaller plants, high investments in capital intensive, labour-saving and energy saving production processes.
- on the other hand, it means that a considerable share of increasing profit margins are being spent on higher expenses for advertising and marketing.

This battle has resulted in an extensive and rapid destruction of jobs within the concerns.
Unilever has carried out this restructuring policy particularly since 1980. This has put pressure on profit margins over the past years. But already in the first half of 1984, considerably higher profit margins have been reported at Unilever, notably in Europe, where relatively more restructuring has taken place.

d. The development of employment in Unilever on a world level

The consequences of the above mentioned restructuring and investment policy can clearly be seen in the development of employment at Unilever in different parts of the world.

Employment per region (x 1,000) Subsidiaries and associated companies

	1976	1977	1978	1979	1980	1981	1982	1983
Total Unilever	342	378	383	373	354	343	326	306
EEC countries	180	180	176	167	159	154	145	137
Rest of Europe	18	18	17	18	17	16	15	15
Africa	71	104	99	107	97	93	88	78
North America	20	20	23	22	21	21	20	19
Central/South America	11	12	13	14	13	14	14	13
Asia/Australia and New Zealand	42	44	45	46	47	45	44	44

Since 1979, the year that policy changes at Unilever started to their full extent, total employment has been reduced by no less than 67,000 jobs. This destruction of jobs took place mainly in Europe and Africa: in EEC countries since 1979, 30,000 jobs have been lost, with Africa losing 29,000.
But also in other areas, much employment has been destroyed, though that doesn't show up in these figures. In North America, Unilever's employment has remained rather constant, looking at the above table. The high investment level in the US during recent years and the takeover of National Starch and Chemical in 1978 (3,800 employees) distort the picture.
Also in the US, an extensive destruction of jobs is taking place by means of rationalisation and automation processes though it is camouflaged because job losses are partly compensated by expansion through takeovers.
This same phenomenon will take place in Africa in the coming years, through the takeover of Brooke Bond Group PLC.

e. The Takeover of Brooke Bond Group

In the middle of October 1984, Unilever succeeded in taking over Brooke Bond to the amount of about 470 billion US dollars, in spite of the resistance by the Brooke Bond management.
While Unilever already is one of the biggest tea companies in the world through its Lipton subsidiary, in one fell swoop it became number one in the tea field by taking over the biggest tea company in the world, Brooke Bond.
Unilever had already for many years been number one in the fields of margarine and vegetable oil and fats (recently strengthened by the takeover of Shedd's, the leading margarine producer in the USA), frozen products and especially of ice cream and now also of tea.

On account of this takeover a few important matters can be established:

* the takeover itself: in the past Unilever took over companies after agreement had been reached with directors of that

company. In this case Unilever committed itself in a public battle over the possession of shares of Brooke Bond, after Tate and Lyle had appeared as the first potential buyer. This takeover is a sign of increasing aggressiveness.

* the now functioning Special Committee, the 'top trio' of the Board of Directors is being described in the financial press as the most aggressive trio at Unilever since 1945.
  K. Durham profoundly restructured the English animal feeds branch in the seventies. M. Angus reorganised Lever Brothers in the USA at the end of the seventies so profoundly that their two own margarine factories were closed down and the production was contracted to Shedd's. This step meant the dismissal of over 2000 employees.
  F. Maljers completely reorganised the margarine, oils and fats sector in Europe in the seventies.
* The takeover of Brooke Bond fits completely in Unilever's strategical policy. Outside the traditionally strategical product group margarine/oils and fats, within the other food product group a fewyears ago tea was designated as the most important strategical production group for the eighties. The takeover of Brooke Bond is much less a deviation from the strategy of takeovers (especially in the USA), than is being portrayed publically. Moreover after the takeover of Brooke Bond, Unilever still possesses about US $ 1 billion in cash means for the takeovers in the USA.

The turnover of Brooke Bond in 1983 was £1.01 billion and increased in 1984 to £ **1.19** billion. 65 % of this turnover was made in the food sector,especially tea, but also coffee, meat and soup.
With regard to turnover, Europe is the most important area: about 55% of the total turnover. Africa contributed with £ 97 mln turnover in 1983. The importance of Africa is much bigger for Brooke Bond, though.
In 1983 African interests contributed 17.5 % to total profit and in 1984 that percentage grew to about 26 %. This is a result of Brooke Bonds large interests in tea plantations. The rise in tea prices on the world market in the past half year has meant sharply increasing profits for Brooke Bond, which has interests in the whole chain of the plantations, including the marketing and sale of the packed tea bags in the retail business.
Especially because of plantation activities, a large part of the company's capital in Africa is invested in East Africa, next to India: }80 billion, about 20% of total invested capital.

Of the total 61.500 employees in 1983, 45.610 worked on the plantations: 75% of the total!
For Africa this concerns plantations in:

* Kenya: tea (6.000 hectares), coffee (500 hectares), cinchona, sisal, cut flowers. In Kenya 23.000 people work for Brooke Bond (1984).

* Malawi: tea and coffee.

* Tanzania: tea.

* Zimbabwe: cattle breeding ranches (total 526,000 hect. with 1,800 workers.

Besides that Brooke Bond owns production companies and packing companies for export in Kenya, South Africa, Zambia and Zimbabwe.

The takeover of Brooke Bond by Unilever will make Unilever's policy in Africa more unclear in the coming years.

Through the takeover, Unilever's interests and employment in Africa have grown considerably.
First of all, the question is if Unilever will keep all of Brooke Bond's activities. Merging activities in Zimbabwe and South Africa and other countries seems probable and will cost many jobs.
As well, Unilever will persist in the restructuring process in Africa undiminished. The extent of this will be less easy to be seen, because of the takeover of Brooke Bond.

2. UNILEVERS CONTROL OVER ACTIVITIES IN AFRICA.

Unilever's policy aiming at strengthening it's position in the USA and Asia means that the interest of its activities in Africa in relation to the development of the concern as a whole will diminish.
That doesn't change the fact that Africa is pre-eminently Unilever's part of the world. Especially through UAC International, Unilever controls in Africa a far larger range of activities then anywhere else in the world.
The fact that direct employment in Unilever's companies in Africa is about 25% of total Unilever employment, is a result of the century long presence of Unilever in Africa. If we add indirect employment to it, the percentage is even higher.
So even with the influence of the activities in Africa becoming less important in total development, on the other hand Unilever's activities will remain of great importance for the economic, social and political development of practically all african countries.
This concerns not only their own traditional activities: by Unilever's powerfull position in many african countries, and by its long presence in those countries and familiarity with the situation there, Unilever is for other multinationals pre-eminently the partner to build a position of power within several African countries. Unilever's position in Africa is the reason that in many countries it has the agency af among others General Motoors, Caterpillar, Kodak and Heineken.

To the outside, toward unions and governments, Unilever stresses the extensive decentralisation in the decision making, as if local company boards do take independant decisions to a large extent on policy concerning 'their' company. The most important aim of this kind of message is to keep the real power centers within the concern out of range when there are conflicts in the associated companies.
In contrast of what Unilever wants us to think, the actual decision making is very strongly centralized. That is why it is important to know a lot about the lines of decision making and control.

a. The general decision making structure.

Unilever operates as one whole, eventhough there are two parent companies: Unilever PLC, with its head office in London, and Unilever NV, with its head office in Rotterdam.
Both parent companies have a board of directors, which are made up of the same persons. The president of the board of PLC is vice president of the board of NV, and the other way around.
On practice, then, both parent companies are governed by the same Board of Directors.

Unilever PLC Keeps the shares of companies in the United Kingdom, Ireland, Canada, the ex Common Wealth countries, and of UAC International (and thtough that also the UAC subsidiary Niger France in France). PLC has the shares of all African Unilever companies, with the exception of Plantations Lever au Zaire and of Marsavco in Zaire. The shares of these companies are in the possession of Unilever NV.

Unilever NV holds the shares of the companies in all the countries of the European continent, in the USA, Middle and South America, Indonesia, Japan, the Philippines, Thailand and Turkey (and PLZ and Marsavco in Zaire).

The above made distinction according to possession of shares says little of the structure of decision making and the division of power and responsibilities. As both parent companies are ruled by a board of directors that consists of the same persons, the functional division of tasks within the Board of Directors is far more important for the insight in the lines of management and control within the concern.

The Board of Directors consists at the moment of 19 persons:

* 3 persons make up the Special Committee
*7persons, each with the main responsibility for one of the eight product coordinations
* 5 persons, each with responsibility for one region.
* 4 persons, with responsibility for a special section.

Because the companies in Africa deal with several sections of this subdivision, a short characteristic of each will be given.

The Special Committee (the 'top trio') is generally responsible for the total management, and especially responsible for the following matters:
- appointment, promotion and salary of the top 200 managers from the total of about 20.000 managers within Unilever.

The product coordinations are in fact a sort of division board for the most important product groups within Unilever, each under the direction of a product coordinator, who is automatically a member of the Board of Directors. At the moment, there are seven product co-ordinations:
- Edible Fats and Dairy
- Food and Drinks
- Detergents
- Personal Products
- Chemicals
- Paper, plastics and packaging

Each coordination consists of a management team, in which knowledge in the areas of marketing, research and engineering are gathered. The teams for the first three coordinations are established in the main office in Rotterdam, the others in the main office in London.

The product coordinations are generally responsible for the companies belonging to their product group in Europe. They establish the policy concerning product development, investment decisions and assignment of products to the companies. Decisions regarding the reorganisation or closing down of a company are initially under their responsibility. For the production companies outside Europe the coordinations play a role of growing importance. Formally, for instance, the responsibility for the margarine and detergent factories in Asia, Africa, and North and South America, fell under the regional boards (we shall come back to this later). Decisions are in practice made after extensive consultations of the involved product divisions. This is because of the process mentioned in the first section, in which Unilever is extending its position in the USA and Asia, and because large scale multinationals increasingly compete with each other on a world level. It is reasonable to expect that the influence of product coordinations on the companies belonging to their field outside Europe will increase in the coming years.

The regional boards are each under the direction of a member of the board of directors. The following are the regional groupings:

- UK and Ireland	head office London
- continent of Europe	head office Rotterdam
- North America	head office Rotterdam
- remaining countries (the overseas committee)	head office London
- UAC International	head office London

UAC International operates in 4 continents: Africa, Europe, Asia and Australia, but because of the different activities with respect to the rest of Unilever it is governed by a separate unit.
It seems logical that between the top of UAC international and that of the Overseas Committee there is a lot of consultation on numerous matters, because both mainly deal with companies in the same countries.

The regional directors and their management teams are those ultimately responsible for the policy in the companies in their regions, with the exception of two directors in Europe (UK/Ireland and the continent of Europe). The two directors are responsible for the policy for the companies in their regions as far as it concerns subjects that are not under the responsibility of the product coordinators.
What this means is that the two directors in Europe are not responsible for decisions concerning investments, product development and research and restructuring; they are mainly responsible for relations with 'outside' : trade unions, authorities, the taxes department, and with the welfare state. In all regions outside Europe the regional directors and the board of UAC International have the major responsibility for the total policy. To stress the point: the role of the product coordinators in the decision making for the companies in North America and those under the Overseas Committee is growing.

On a national level there are national management teams. The conditions outlined above for regional directors serve also at the national level. All national management teams or national boards are responsible to the regional boards at the head office.

Outside Europe they are responsible for the total policy of the companies operating in "their" own countries. This does not apply in Europe, where the product coordinations are primarily responsible; they are responsible for contacts with external organisations and institutions.

For the unions this structure means that they are excluded from contact with the policy makers bearing ultimate responsibility.

The four members of the Board of Directors heading a specialist section are responsible for the sections on the central level concerning;
- research, engineering and patent policy
- economic affairs, for both computer management and the international communications network within the concern
- finance and administration also responsibility for corporate management
- central personal policy, especially the international management training policy.

Concerning research, the following is important.
The big central research laboratories are in the first instance the responsibility of the Research Board. The three biggest laboratories are in the UK (Colworth House and Port Sunlight) and in the Netherlands (Vlaardingen). The role of the laboratories in the USA (Edgewater) and India (Bombay) is becoming increasingly important.
From 1979 a new organisation structure was introduced in the central laboratories, in which the various research projects are subdivided. Three divisions have been formed:
- a background research division, in which all fundemental research takes place which is relevant to several product groups
- an output division : here the applied research is bundled, taking place in commission of the coordinations and paid for by the coordinations
- the application units: in each coordination small research teams have been set up in order to support all Unilever establishments in the world which do not have production development divisions, in introducing new products and procedures and the research this requires. This means that those units also play a large role in introducing small changes in product compositions whereby products fulfill the needs defined by local traditions or situations.
These application groups play a particularly important role for companies in Africa, which seldom have an own laboratory. We can conclude from this organisation build up that Unilever chooses for a structure of small travelling research units operating from the central laboratories rather than establishing laboratories in various countries with important production companies. This structure confirms the dependence of the companies in Africa, South America and Asia on the central head office.

In this way the application units for the Edible Fats and Dairy coordinations and for the Food and Drinks coordination are in Vlaardingen (the Netherlands). Port Sunlight houses the unit for

Detergents coordination, while Colworth House plays a central role in agricultural research. This is important for the plantation activities, for sunflower production in which Unilever is involved in several countries, and for the fish farming projects being set up in increasingly more countries in the Third World by Unilever.

The activities in Africa are under the responsibility of UAC International or the Overseas Committee.
It is evident that the specialist divisions at the head office play at some stage a role in the decision making of these two boards. But the primary responsibility for the African companies lies with the boards of UAC International or of the Overseas Committee.
A few main features of the policy of those divisions will be discussed separately. We will give special attention to the Plantation Group when dealing with the Overseas Committee. That is a separate unit within the Overseas Committee, responsible for policy in regard to Unilever's plantations (oil palm, rubber, copra, cocoa and tea) and whose central direction is established in the head office in London.

3. STRUCTURE AND POLICY OF UAC INTERNATIONAL

* History

UAC International is, with all the associated firms, by far the most important "general trading" society in Africa. UAC has had this position in Africa since its founding in 1929. In that year the African and Eastern Trade Corporation and the Niger Company merged, and operated further under the name United Africa Company. Parts of African and Eastern and of the Niger Company operated in Africa since the 17th century, the era of the slave trade. In the 1930's during the Great Depression, a number of other trade concerns were taken over; the most important of these were Ollivant and Gailey and Roberts.

By the end of the 30's the United Africa Company was the biggest trading company in the world. In Africa the UAC was the symbol of colonialism in various countries. The more so as the UAC had a factual monopoly in buying the raw materials important for European industry, such as palm oil, ground nut oil and cocoa. Because the bulk of the imports of a number of African countries went through UAC, this Unilever subsidiary held a central position in the economic development of these countries.

From the end of the 40's and beginning of the 50's, UAC withdrew itself almost entirely from the retail trade. Because of the politically changed situation caused by the increasing power of the independence movements, the Unilever top felt it wisest to become less visible.From this time date the first steps taken by Unilever to school local intermediaries and traders in their sales activities.
At the end of the 50's UAC withdrew entirely from raw material trade, at least from the direct buying of raw materials from

producers and middle men. The most important reason for this was the creation of Marketing Boards. These activities had also become politically too sensitive. This does not change the fact that Unilever continues to control the world market in edible oils and fats via the head offices in London and Rotterdam, because of the centralised purchasing of these products.

At the same time the UAC began extending its interests in new areas: instaed of a general trader, UAC became a company specializing in building a power position in specialized distribution companies and agencies (for example Caterpillar, General Motors) often combined with assembly activities. As well as this, from the early 60's the policy particularly in West Africa was to build up industrial activities. Through their own companies and participation in other companies the UAC subsidiaries participate in production activities having only one thing in common: they have very little to do with the production activities of the rest of Unilever.

UAC production firms include forest felling and timber exploitation, breweries, textile companies, pharmeceutical companies, building material companies, matress manufacture and toiletries. Participation in practically all forms of production industry outside oil exploitation is particularly in Nigeria the case.
In the 50's and 60's an important change in UAC policy took place: the withdrawal from retail trade activities and later from the commodities trade catering to European trade, replacing this with an extensive concentration on specialist distribution companies and agencies and on industrial activities which are partly import substitutive.
Despite these far reaching changes in activities UAC remains one of the largest general traders in Africa. The direction of the trade flow has however been dramatically changed: in the past the most important part of the company was trade in raw materials from Africa to Europe; now the emphasis is on trading products from the world market to Africa.
This policy change has been very successful for Unilever. While investing relatively less capital the turnover was kept at the same level and even raised. The profit certainly did not suffer from this shift in activities.
In the 70's about 10% of the total of Unilever's turnover was made by UAC. UAC's contribution to the total gross profit of Unilever amounted in those years also to some 10%, with the exception of 1975 and 1976 when the UAC's share in the total profit ammounted to 23%. This was due to the rapid increase in imports in Nigeria as a result of the OPEC countries agreement to increase the oil price whereby Nigeria now had a larger buying power.

Compared with thirty years ago the position of UAC in Africa has changed in form; the position of UAC within Unilever has also changed.
Within the Unilever concern the position of UAC has become less important. That is clearly illustrated by the following figures:

Position of UAC within Unilever

	1st half 50's	end 70's
Contribution of UAC to total U turnover	20-25%	10-15%
Contribution of UAC in total U profit (gross)	20-25%	10-15%
Invested capital in Africa through UAC compared with total Unilever	10-15%	7-10%

NB. These figurres are partly misleading because:
- since the beginning of the seventies UAC operates increasingly outside Africa as well
- because of the Nigerianisation (indigenization in Nigeria) whereby in 1974 40% and later in 1977 60% of the share capital of UAC in Nigeria had to be given to private and public authortities in Nigeria, turnover, profit and investment figures concerning Nigeria are no longer consolidated in Unilever's annual reports. On the basis of the annual report of UAC of Nigeria Ltd. over 1981 it can safely be stated that Nigeria is a very important market area for UAC International. With its 80 million inhabitants it is the largest market with respect to its population size and by the oil income it is also a market with a great purchasing power. A comparison of the consolidated annual reports for the whole concern and the annual reports of the UAC of Nigeria Ltd. is difficult for several reasons. Therefore a rough estimate has been given here for the last years in the 70's follows, in which UAC of Nigeria results are taken into account.

Basic Data UAC of Nigeria Ltd (40% UAC International interest)

	'76	'77	'78	'79	'80	'81
Sales to 3rd parties (in N mln)	576	702	789	627	707	870
Profit before tax	91	109	94	46	56	73
Net profit	46	59	42	24	24	37
Dividend payments	4	7	21	12	24 !	22
Investments minus depreciations	16	8	16	20	15	9
Profit as % of capital employed	22%	24%	17%	9%	8%	12%

Rate of exchange of the Naira (annual averages)

1976	N 1 = $ 1,60
1977	N 1 = $ 1,55
1978	N 1 = $ 1,57
1979	N 1 = $ 1,66
1980	N 1 = $ 1,81
1981	N 1 = $ 1,59

In 1981 the cost structure of the activities was as follows:

* sales to third parties	N870 million
* minus costs of sales from third parties (raw materials, services, accessories for plant, equipment, vehicles, rent of buildings, energy costs etc)	N653 million
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	N217 million

This was spent on:

* employees (wages, pensions, training)	N107 million
* government tax on profits	N 36 million
* shareholders	N 24 million
* investments (not actually, but approved and not yet started or postponed projects should be included)	N 46 million
* interest on loaned capital	N 4 million

In 1981 the value of the Naira was 1 N = US$ 1.6 = UK L 0.8 = Dfl. 3.91.

With this UAC of Nigeria is by far the most important private company in Nigeria. This is also true if one looks at the employment in this conglomerate in Nigeria. At the end of 1981 a total of 20,000 people worked in the companies forming UAC of Nigeria.

The extent to which UAC of Nigeria is import substitutive is not great. Only the end products approach this. Countless endproducts are manufactured in Nigeria by the production companies of UAC of Nigeria which would otherwise have had to be imported. It is unavoidable that the bulk of the raw materials and semi-manufactured articles be imported. UAC of Nigeria refuses to comply with the Nigerian policy of enlarging the share of the completely locally produced goods in the total sales turnover. According to Ernest Shonekan, chairman of the Board of Directors of UAC of Nigeria, "the margins in these goods are nothing to write home about". The extent of the import of goods by UAC of Nigeria, which were for the greater part produced in their own production companies, became evident after the coup of 31 December 1983. Shortly afterwards the Unilever head office announced that UAC International still owed UK L 100 million back payments to Nigeria. Fortunately, it was stated, the larger part of this sum was insured by the English export credit insurance company and re-insured by the Britsh government.

*<u>Organisation and decision making structure of UAC international</u>

Unilever is as a concern - as previously mentioned - principally organised along two lines: one on activities (product coordination) and one on regions. UAC International forms the big exception within Unilever. But as one of the biggest associate firms, a concern within a concern, UAC International has exactly the same structure internally.:
<u>an organisation line by regions</u>
<u>an organisation line by activities</u>

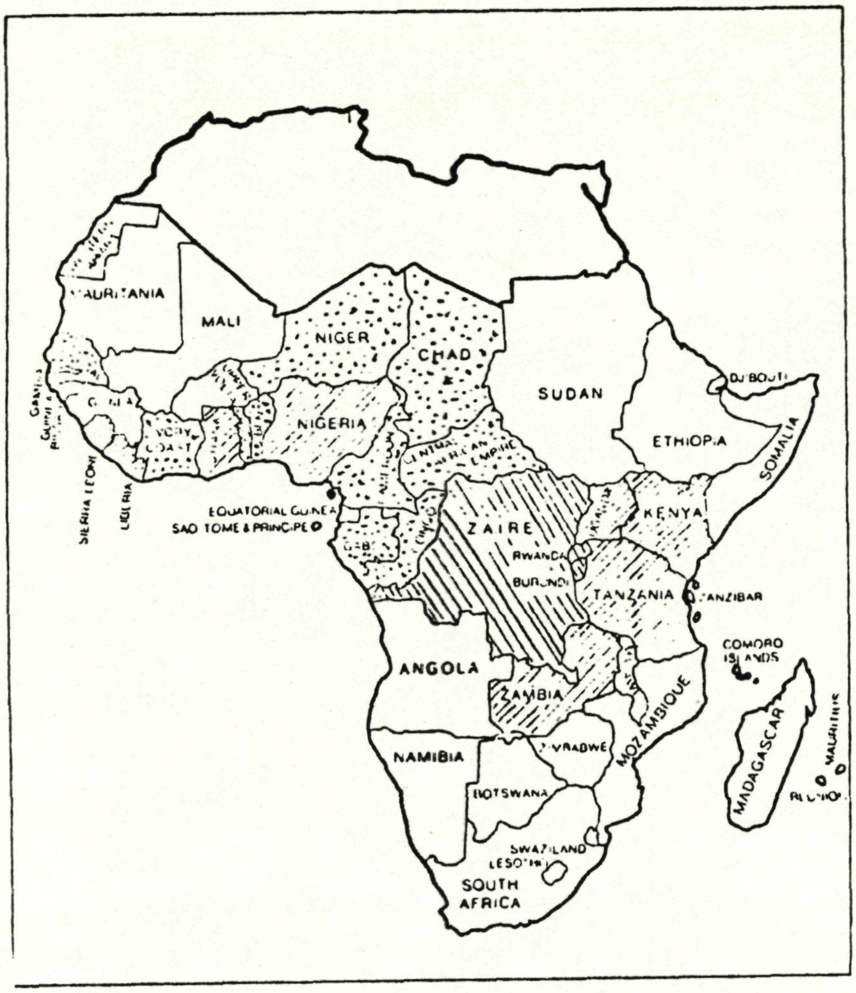
The head office of UAC International is established in London. Because he is the Chairman of the Board of Directors of UAC International, the chairman is a member of the Board of Directors of Unilever NV and PLC, the parent company.
The Board of Directors of UAC International consists of at least 13 persons:

- chairman with total responsibility
- at least three persons with the main responsibility for a region
- at least 8 persons with the main responsibility for a division.

The regional grouping is the simplest and follows the old colonial line from colony to Western European country:
this means:

- English speaking Africa, the old English colonies and parts of the Commonwealth are being governed from London: <u>UAC Overseas Interests</u>
- French speaking Africa is being governed from two regional head offices:
  * the ex-French colonies from Paris: <u>Niger France.</u> Niger France governs about 30 companies in Africa and France.
  * the ex-Belgian colony Zaire is being governed from Brussels: <u>AETCO.</u> AETCO governs also the companies in Burundi and Rwanda. The companies governed by AETCO carry the joint name of the SEDEC group. This concerns exclusively trading companies.
    The plantations in Zaire (PLZ) are being governed through the Plantations Group within the Overseas Committee.
    MARSAVCO, the margarine and soap factory in Zaire, is governed by the Overseas Committee in close consultation with the product coordination.

Because of their position, the chairmen of the Boards of the three above mentioned regional head offices are in the Board of Directors of UAC International. This regional grouping leads to this image:



: governed from London by UAC Overseas Interests

: governed from Paris by Niger France

: governed from Brussels by AETCO

The national boards are under the three regional head offices; in any case in the countries in which more activities take place. Examples of that are the national boards of UAC of Nigeria Ltd., UAC of Ghana Ltd., UAC of Tanzania Ltd., SCKN-Congo S.A., UAC of Sierra Leone Ltd., and UAC Togo.
Formally the national boards are responsible for all activities in "their" countries and they report to the relevant head office (London, Paris or Brussels).

North Africa is in fact outside the territory of UAC International. Unilever's sales there go through Unilever export companies in the UK, Holland and France.

The activities in Zimbabwe and South Africa are under the responsibility of the Overseas Committee.

The organisation line of activities in UAC International is in fact much more important for the decision making and control lines than the regional organisation line.
For the structure of activities in general the same is true as for the product coordinations concerning the European activities. Because UAC International performsthe same type of activities in several countries, this organisation line by activities is in fact primarily responsible concerning decisions on investments, disinvestments, reorganisation and expansion, etc. National boards and the regional head offices are primarily responsible for relations with the outside (governments, unions) and for being permanently as well informed as possible on political, social and economic developments in their regions. This data plays an important role in the decision making of the boards which are responsible for a specific activity, but the function of this information is primarily advisory.

In the Board of Directors of UAC International 8 divisional directors operate beside the (minimal) 3 regional directors. There are probably several more than eight.
The following division operates within UAC International.

* Motors division.	(assembly operations and agencies for Bedford, Chevrolet, Isuzu, Landrover)
* Unamec division.	(earth moving, agricultural and industrial machinery. This includes assembly and dealership of Caterpillar)
*Textiles division.	(coordination of both trade activities in textile products and the production companies in countries such as Niger, the Ivory Coast, Benin, Ghana, Congo and Nigeria)
Building materials.	(Gottschalks and GB Ollivant operate with a greater part of their turnover in this division. It concerns trade in building materials and production companies of such items as steel products and concrete products)
Timber division.	(Lumber exploitation in Nigeria and Ghana and veneer/plywood and further production in both countries. Also activities in Asia, the Solomon Islands and Indonesia.)
Medical division.	(trade in and production of pharmeceutical products, predominantly by A.J. Seward companies in the Ivory Coast and Nigeria. Also toiletries and cosmetics fall under this division,

mainly produced by Seward.)

Brewery division. (this division governs the activities in the beverage field: predominantly the breweries operating together with Heineken, Guinness or Kronenbourg under UAC management in such countries as Nigeria, the Congo, Tchad, Ghana and Sierre Leone. In Congo UAC takes part in a joint venture with a Kronenbourg brewery (SCBK) and a wine bottling factory (Sovinco).)

Packaging division. (mainly Bordpak Premier Packaging in Nigeria. This company with at least 850 employees supplies more than half of the Nigerian industry with printed packaging.

Office equipment division. (predominantly trade activities from other places to Africa of office furniture, office machines, computers and the newest electronic equipment for office use. GB Ollivant is the most important company in UAC International in this field.)

Electrical equipment division. (for a large part assembly but also trade activities concerning radios and television, refrigerators and deep-freezers and other domestic appliances. As with the breweries, UAC subsidiaries perform a management function and an important concern in one of the above mentioned fields takes care of the technical management. An example of this is in Nigeria, where UAC and Matshushita of Japan collaborate in the production of colour televions.)

The chairmen of the boards of all these divisions have a seat in the Board of Directors of UAC International. The boards of these divisions are all situated at the head office of UAC International, the UAC House in London.
In the Niger France head office for the activities in French speaking black Africa, a similar structure exists. Also there is a separate responsible director for each division, who is also on the Board of Directors of Niger France. These directors and their English colleagues are responsible for the same matters, and a very close cooperation exists.

The most important decisions are taken through the organisation line by activities. The heart of the matter is that the regional organisation line advises the activities line, and after decisions have been made by that division line they have to sell it and deal with the various external effects.
For the concerned unions and employees this means that conflicts take place with the managers who have not taken the main decisions themselves, and who only take secondary decisions on matters when executing the decisions that have been made by others. This means that often only half of all the arguments that are important in cutbacks, reorganisations or closures are made clear.

* <u>Main Lines in the recent policy in UAC International.</u>

In the past 10 years, two policy changes have had important effects on the position of UAC. Especially the latter has important consequences for the employees in UAC companies.
The first change took place in the beginning of the 70s and still plays an important role: the deliberate extension of UAC activities outside Africa.
The second has already played a role for years and years, but is being drastically accellerated recently: UAC's policy for the coming decades is to withdraw more and more from mass production of simple products and also out of the trade activities in this field, and to build op interests in especially 'sophisticated' production and trade. The argument is that a much higher added value and profit will result.

A. <u>From United Africa Company to UAC International.</u>

In March 1973 the name of the parent company was officially changed from United Africa Company into UAC International.
This change of name was found to be necessary because shortly before the Special Committee had approved the proposals of the Board of Directors of the United Africa Company to take over or found new companies outside Africa.
In the top management of United Africa Company, this plan had been discussed from the 50s on. At the end of the 60s the discussion became more serious when within UAC/Unilever it became clear that the political pressure in the newly politically independant countries would become too big, and that various forms of nationalisation and indigenisation would be inevitable. The UAC motto became: 'we shouldn't have all our economical eggs in one basket!'
Even before the Special Committee gave their approval to take over companies outside Africa, UAC had built up interests elsewhere.
In the beginning of the 60s the timber division started lumber exploitation on the Solomon Islands on concessions Unilever had had there for decades already, but previously had been ment for plantations.
In 1970 Leverton in England was taken over, one of the 3 English franchises for the distribution and service of Caterpillar products: a nice addition to the franchise for Caterpillar of UAC

in the whole of Africa.
In the middle of 1971 the decision was made by the Special Committee for the new policy. Only the companies that met a number of criteria could be taken over:

- *UAC was allowed to take over companies anywhere in the world, if that did not conflict with other Unilever subsidiaries.
- * New takeovers should have a profit of L250.000 before tax within a few years.
- * Only companies with activities that UAC already possessed and knew in Africa could be taken over with the exclusion of 'department stores'.

The strategical aim was that in 1977/78 30% of UAC International'sprofit should come from interests outside Africa.

The first year those takeovers took place predominantly in England and France, by respectively UAC UK Ltd and Niger France.
In France this concerned especially wholesale companies in electrical equipment (Cabus et Raulot in Marseille and CEIM in Le Mans) and wholesale and distribution companies in automobile, bicycle and motors parts.
In England the accent was different. Through GB Ollivant,(part of UAC since the end of the 30s, with its head office in Manchester), in a few years 4 companies that had dealerships for specific brands of office machines were taken over. With that GBO became the biggest seller of Imperial typewriters in the world and had bought itself a considerable share in the English market of office equipment.
Besides that companies were being bought in the commercial vehiclesektor: Robert Massey Comp, with an agency for Rolls Royce, Bentley Triumph and Wolseley Cars and a production company for special trucks, that has the big Unilever companies such as Birds Eye and SPD as customers. A little later Massey's rival Armstrongs was taken over, with an agency for Jaguar and Rover. In the meanwhile Ford and Slater, a company that sold commercial vehicles only, had been bought. In a few years a very big interest had been built in the dealer market for commercial vehicles and deluxe cars in England.

The execution of this policy makes things regarding the decision making structure in Unilever clear. The reality is the opposite of what is said to the outside about the extent of decentralisation and independence of the divisions.
A part of the takeover procedure was that before the start of negotiations with the company to be bought, the name of that company plus all relevant data should be delivered to the Special Committee.
If the Committee consented in principle, a second approval of the Special Committee was needed before the actual purchase.
This means every unit can take initiatives -- and that is expected of them -- but the final decision is taken at the highest level every time. Using the criteria the Special Committee determines the parameters of the takeover policy and then each step within these parameters needs their approval two

times.

During the first period the takeovers were made in England and France. From the middle of the seventies the accent has been on takeovers in Asia and Australia.
In 1973 a joint venture of UAC and Macmillan Jardine together with PT Samodra Gunadarma, a company controlled by the Indonesian Navy, started lumber exploitation and export on Eastern Kalimantan.
In 1977 in Australia Clae Engine Holdings Ltd was taken over and organisationally housed in the Unamec division of UAC International. Clae is the only distributor of Detroit Diesel Allison diesel engines in the 2 most important mining states of Australia, New South Wales and Queensland. Detroit Diesel Allison is a General Motors subsidiary.
In 1983 UAC International took over a similar firm in Brisbane through Clae Engine, CDR Detroit Pty Ltd.
In 1978 UAC got a majority interest in General Diesel, which in 1981 was raised to 71%. General Diesel has the monopoly on distributing Detroit Diesel Allison in Singapore and Malaysia. With this takeover the central warehouse of General Motors in Singapore have since 1978 come under UAC Intl. management. The DDA engines and transmissions are especially important in oil exploration and tin mining activities in Malaysia/Singapore.

Since1969 UAC has had the monopoly of distributing DDA engines in Zambia.
From the takeovers in Australia and Malaysia/Singapore, the effect of the new policy becomes visible. The UAC activities that make good profit in Africa and have good perspectives for the future are used as a spring board to extend UAC's position in that activity on the world level. That means that a considerable part of the UAC profits are not reinvested in Africa, but elsewhere.
In any case it means that Unilever sees better possibilities for profit elsewhere than reinvesting in existing or new activities on a large scale in Africa. For the economical development of many African nations that doesn't have to be bad, because in that case the hold of Unilever on the direction of economical development would only grow.
It is very important however, that the insight in and the control of Unilever's activities in Africa grows considerably, in order to avoid the situation that the African economies have to bleed for the good of the concern.
This is because the international extension of UAC was meant in first instance as a form of anticipation of possible nationalisations and loss of control on activities in parts of Africa.
Besides accelerated reinvestments outside Africa Unilever also was very succesfull in averting that threat. For example there was not one company nationalised and Unilever succeeded in stipulating that Unilever would take care of the management in all companies that could only keep 40% foreign interest (especially in Nigeria). And that leaves Unilever quite some space that is hard to control for transfer pricing, tax evasion in numerous ways, unnecessary imports, hig h service fee or

management fee payments, etc.

B. The Search for Higher Added Value

Increasing reinvestment of capital outside Africa is one side of the new policy. The other side is more and more reinvestments in Africa in activities that have a higher added value, which implies higher profit margins.
In general this happens on two lines:
- through reinvestments in new activities that give higher profit margins.
- through depth investments in those companies that fulfill the demands of a higher added value.

'Increasingly we have realised that the strengths UAC has traditionally been able to offer to its customers and suppliers are no longer unique. Others have become as skilled as we are at shipping, forwarding and distribution and, of course, these days there are local businessmen who are involved, who understand local needs. For UAC then it is important that we look to other strengths for the decades to come', commented a member of the Board of Directors of UAC International.

Reading between the lines this means that in several areas in which UACI has been active for years competition is becoming greater and this weakens our monopoly position and that means lower profit margins. To maintain our profit margins and to increase them we have to become active in areas where we don't have to expect competition in the near future and which offer sufficient long term profit perspectives. This is possible in sophisticated production processes.
In both cases it means a profound restructuring of UAC's activities in Africa with important consequences for employment in UAC companies.

This process has been going on already for a few years, but is accelerated by the economic crisis in Nigeria and the large effects that has on the total results of UACI.

In a number of cases this policy means that masses of employees have been made redundant, because UACI withdraws itself completely or partly from an activity.
* African Timber & Plywood in Sapele (Nigeria): timber division UACI. ATP has been by large the biggest lumber exploitation firm and the most important producer of plywood in Nigeria and Western Africa for decades. In the 70s over 3.000 employees worked in three concessions and the accessory factories.
  For years about 250.000 m3 wood was assimilated by the saw mills and processed further on. At the end of the 70s that amount had gone down to a little less then 200.000 m3. According to the ATP Board, this was because of the great figure of illegal exploiting by others.
  Around 1970 about 90% of the ATP production was being exported, in 1976 only about 50%. The Nigerian authorities decreed that wood shouldn't be exported any longer, this

meant that ATP had to build up a market in the country, which had already been done to a certain level.
At the beginning of 1981 about 1.500 employees were made redundant with the argument of big problems of ATP, especially the unsufficient supply.
But in 1980 a new particle board factory had been ready in Sapele: investment sum N5,4 mln (L4.32 mln).
There is still a considerable growth in the particle board market in Nigeria. The selling of wood and plywood gives too small profit margins. Future and possibility of profit is being seen in chairs for schools and offices, that have to be assembled by the customer, and in complete kitchens.

* <u>Ghana Textile Printing (GTP) and Juapong Textiles Ltd (JTL) in Ghana</u>.
GTP and JTL are only two of the approximately ten textile companies with substantial UACI interests.
At the end of 1982, 565 of the 1600 GTP employees were made redundant, as well as 723 employees at JTL.
At GTP in Tema, UAC held a 30% interest; the Ghanese authorities had 53%, and Vlisco (Holland) and Total (France) each 7.9%. Vlisco is a subsidiary of Gamma Holding, which is a 43% Unilever interest and is controlled by Unilever.
Though GTP and JTL are minority participations of UAC, UAC had the management and they were in fact controlled by UAC. GTP made wax print cloth and JTL supplied the plain cloth for printing.
According to UAC, the redundancies were necessary because of the shortage of raw materials. The employees demanded that the management create new jobs for them in the production of the raw material, by starting cotton production in Ghana. This was refused by the management.
The central works council at Gamma Holding in Holland asked questions about the redundancies. The Board said that UAC had been talking about cotton production with the Ghanese authorities, but because UAC has no agrarian experience (!) it could do little about it.
The factories were taken over by the Workers Defence Committee and that caused a chain reaction at several associated multinational companies in Ghana, where mass redundancies had also been announced. Various takeovers and occupations at the companies occurred.
A year later, GTP still functioned under the leadership of the employees, and over the year 1982-83 profit was made after four years of losses. Together with JTL employees, an experimental 100 hectares cotton plantation was started close to the factory, in order to diminish the shortage of raw material. In particular, the unwillingness of the UAC management to produce raw material locally, instead preferring to import cotton from subsidiaries in Senegal, had made them angry.

The fact that UAC has interests in many textile companies makes it possible to play the different companies off against each other at the cost of the employees.

<u>In the coming years, mass redundancies are expected in a growing</u>

number of companies. In the past year, UAC International has been screened in all its activities by management consultants with regard to the perspectives of all its parts. The results of these screenings have only partly become apparent.
Besides dwindling employment through mass redundancies, the second line of labour saving capital investments also results in less employment.
With regard to this, the same is occurring in Africa as in some western European countries. In both regions, employment has gone down considerably since 1979, sometimes through mass redundancies and the closing of companies, but predominantly through the gradual decline of the number of jobs as a result of labour saving investments.
The latter is especially important in areas where Unilever/UAC has been active for years through their own production companies, especially in Nigeria.
During past years in practically all divisions, new production companies have been started at high investment sums, which indicates that it concerns very capital-intensive companies.
In the most recently constructed plants, it is often assumed that it should be possible to double or triple the capacity. This fact puts a lot of pressure on the position of other factories in the same activity/division, which often are more labour intensive.
If in the coming years the economic crisis in Nigeria persists and UAC looks to lowering costs in its various divisions, there is a good chance that a number of the old factories will be closed, without this leading to a loss in capacity: the newest companies easily take over the capacity. Because of this trend, some information about some of those recent investment projects is included.

o Nigerian Breweries Ltd in Nigeria.
Founded in 1947 by UAC and Heineken. At the moment, the shres re held by the government and private individuals in Nigeria (60%), with the rest divided between UAC and Heineken. Heineken takes care of the technical management, UAC of the commercial side.
Nigerian Breweries Ltd. (NBL) is the biggest brewery in Nigeria, with a turnover of N 200 million (L 170 million) in 1982.
Until 1982, they produced in three factories: Lagos, Aba and Kaduna. At the end of 1982, the newest factory was opened at Ibadan.
Investment costs at the new Ibadan factory were N75 million (L 65 million). With its capacity of 180 million bottles a year, it is the biggest brewery in West Africa. Its capacity doubles in one stroke the total capacity of NBL. At the Ibadan brewery, there are 800 employees, with four of the 44 managers expatriates.
For the time being, only the Star and Gulder lager brands are produced. It is possible to produce the complete scale of NBL products in Ibadan.
The other three factories are rather old: Lagos (1949), Aba in East Nigeria (1956), and Kaduna in the north (1963). Ibadan is only 130 km from Lagos and next to an international airport. The factory site is large enough to be considerably expanded.

o Palm Line

With UAC's different interests in river transport activities, the possession of Palm Line (with its sea transport between Europe and Africa), gives Unilever the use of an integrated transport system.

At the beginning of the seventies, Palm Line owned 14 ships; in 1982 only seven, among which one specialised bulk carrier for edible oils.

The fast growth of the container transport to and from West Africa was the motive for UAC International to buy second hand in 1974 and 1976 respectively, Africa Palm and Apapa Palm, both combo ships, which means suited for container and bulk transport. In the middle of the seventies, a part of their own ships were sold.

At the same time, a vast investment programme was started: in 1979, the Badagry Palm and Bamenda Palm were finished, and in that year the building of the Lagos Palm and the Lokoja Palm wer started in the Sceczin wharves in Poland.

One salient detail is that these wharves have been the cradle of Solidarinosc, the independent Polish trade union, and that Unilever was one of the best informed duing the dramatic period of 1981 to 1983 about power positions in Poland.

These two ships have been finished in the meantime, and now UACI possesses one of the most modern fleets of Europe: the six combo ships are in average 4.5 years old, have a much bigger volume than the old fleet with only half as many crew members. In the 60s, the average volume was 50 TEU; the two most recently finished ships have a volume of 850 TEU. In the 60s a crew averaged 44 heads, now it is 25 heads on the largest boats.

The Matadi Palm, the bulk carrier for edible oils, transported mostly rough vegetable oil from West Africa to northwestern Europe. Recently it has been transporting mostly refined vegetable oil from northwestern Europe to Nigeria.

Several years ago, UAC Nigeria began buiding two new complexes at Oregun. These are situated approximatley 20 km from Lagos, on the road to the Lagos airport. The choice of location was undoubtedly influenced by government subsidies.

The divisions involved are Seward and the Tractor and Equipment Division. Investment costs for both are N23 million (L 18.5 million).

o A.J. Seward (Nigeria)

Seward moved its headquarters to the new complex at the beginning of 1980. The cost of the move was N12.9 million.

The Oregun complex now houses:

- an extremely modern toiletries factory, with a production capacity of 6,000 tons of cream and 1,500 tons of talcum powder per year. The layout of the fctory is such that doubling or tripling production is possible.
- A central warehouse for raw materials, semi-manufactured articles and finished products. Both the production and the warehouse have been as fully automated as was feasible.
- An administrative headquarters.
- An education centre and training facility. 400 people worked

here by the end of 1980, with 600 people at the Seward complex.

Tractor and Equipment Division
The cost of the neighbouring T&E complex: N 10 mln. The new complex includes:
- T&E's national headquarters (Caterpillar assembly and dealership).
- an assembly factory for machines.
- regional distribution centre for parts, and a central warehouse.
- specialist section for rebuilding engines
- technical education and training centre.
- operational activities for Western Nigeria.

From 1980, the assembly of all Caterpillar groundmoving and agricultural equipment and engines took place in Oregun instead of Apapa. The assembly of lift trucks remained in Apapa.

Investment projects in New Activities.

In 1981, a project started which established Kingsway Fast Food production units and outlets in Lagos, Benin and Port Harcourt. Similar projects started in 1982, in Warri, Enugu, Jos and Kaduna.
In 1980, Kingsway Chemists moved to a larger development centre for colour films, by far the largest centre in Nigeria. Kingsway Chemists had its own centre from 1975; one with a much smaller capacity. In 1981, the new centre developed 3 mln of prints.
KC has the distribution for all Kodak products.
From 1982 onwards, development centres on a regional scale were on schedule.

4. The Overseas Committee: A Growing Role in Africa

For decennia, the Overseas Committee (OC) was primarily involved in Unilever activities in Africa by way of plantation interests in Gabon, Ghana, Cameroon, Nigeria and Zaire.
The number of production companies that did not revert under UAC's responsibility, but instead connected to the production coordinations which had been established for Europe at the end of the 60s and beginning of the 70s, was very small.
For years in black Africa, this compromised only the following production companies:
- Lever Bros., in Nigeria since 1923
- SAVCO/MARSAVCO in Zaire: Savco from 1922, renamed MARSAVCO
- in 1953
- East African Industries, in Kenya since 1953
- Lever Bros. in Ghana, since 1963

Fieldhouse, who in 1978 published 'Unilever Overseas: Anatomy of a Multinational', drew the conclusion that black Africa was the most unattractive region in the world for Unilever to produce traditional Unilever products for the local market.
His arguments:
- A very low level of income and in most countries a limited demand due to relatively sparse population.
- with the exception of Nigeria and Zaire, all the countries of black Africa are much too small to produce modern consumption

articles for the local market, unless the government offers heavy protection.
(This occurred in Ghana: in 1960, after long negotiations Unilever decided to build a factory in Tema, after the Ghanese government had agreed that no import duties would be levied on Lever Brothers' import of raw materials, and that import duties on soap would be raised to 25%.
In this way, Unilever could easily cut out potential competitors. Fieldhouse had access to the Unilever archives in London for his research, so that this conclusion is more than a personal opinion.

Aside from the four already mentioned companies, the production companies in Zimbabwe and South Africa reside under the responsibility of the Overseas Committee. This situation has recently been altered by several acquisitions in the Ivory Coast.
- End of 1981; an 80% interest acquired in Blohorn on the Ivory Coast.
- Middle of 1984: a 75% interest in Trituraf acquired from the government of Ivory Coast. The state retains a 25% interest.
Trituraf, where 600 people are employed in the productin of soaps and oils, was formally taken over by Blohorn.
For many years, Unilever had already had substantial interests in the Ivory Coast, via the UAC International/Niger France line.
o CFCI is one of the largest trading companies on the Ivory Coast. About 25% of sales are in textiles: CFCI sells them via the Textiles Division of AFTEX, which is concentrated in Abidjan.
o Uniwax is a wax prints textile company, a joint venture of UAC International and Vlisco; subsidiary of Gamma Holding. Because Unilever NV has a 43% interest in Gamma Holding, Uniwax is in fact a full subsidiary of Unilever via UAC. Uniwax employs approximately 500 people. Uniwas makes a large share of wax prints sold by the CFCI, and aside from this much is imported by the Vlisco company in the Netherlands.
o Via Uniwax or CFCI, Unilever/UAC Intl. acquired minority interests in a number of textile related factories, such as spinning mills, weaving mills and cotton bleaching factories. The principal one is ICODI.
o A.J. Seward C.I. has a production Company in Abidjan for a large range of toiletries and cosmetics. Furthermore, A.J. Seward handles similar products which are imported by Unilever Export France.
SAFRACI and SOGERCO are two Unilever insurance companies on the Ivory Coast.

With the takeovers of Blohorn and Tituraf, Unilever built up a position on the Ivory Coast, comparable to its position in Nigeria or Ghana. In a number of ways these countries are played off against one another by Unilever. The recent developments at Ghana Textile Printing and Juapong Textiles has already been mentioned. The redundancies there by Unilever were compensated by the growth of the industries on the Ivory Coast. It is primarily this situation in Ghana that is responsible for the rise in turnover of the Ivory Coast Companies. By owning the

same sort of companies in different countries, Unilever can easily play the companies off against each other, in a way that is not easily seen through.
And because the Ivory Coast is the richest country in West Africa, judging by GNP per person, and the government of Ivory Coast has a more liberal policy towards foreign investors than governments of surrounding countries, Unilever seems to be concentrating its investments on the Ivory Coast.

<u>West African Countries: Gross National Product per capita (1981)</u>

	(US$) GNP per capita	Population (X 000)
<u>Ivory Coast</u>	1,200	8,505
Congo	1,110	1,658
Cameroon	880	8,668
Nigeria	870	87,603
Liberia	520	1,941
Mauritania	460	1,560
Senegal	430	5,862
Ghana	400	11,830

The Blohorn takeover in 1981 was a takeover of a mini-Unilever.
In 1932, Blohorn started a factory for the production of soap, based on local palm oil. This was the first industrial factory in the Ivory Coast. The factory was situated in Cocody.
In 1956, Blohorn instituted the Societe Franco-Afrocaine de Raffinage. The Societe was a production company for margarine and edible oils and fats. Due to the shortage of local raw materials, a 3500 hectare plantation was set up in 1960 in Cosrou; la Societe Plantations et Huileries de Cote d'Ivoire.
In the 1960s, Blohorn diversified by building production factories for detergents, chemicals (especially glycerine), packaging, cosmetic and toilet articles.
In 1984 the companies employed 100 managers (50 from the Ivory Coast and 50 expatriates), the number of employees is unknown, but on the basis of a 1 to 50 manager/employee ratio (a low estimate) the established number of employees is 5000.
Blohorn operates on the mass market. Its brand 'Helios covers 70% of the market for detergents.
Unilever Export France and Seward take care of the imports for the wealthiest segment of the population. UEF will import Blohorns products in Senegal and the Congo.

Blohorn's sales figures for 1981/1982 :

Total sales: 25.018 mln. CFA (net, excluding internal supplying)

of that	16.033	mln CFA	edible oils from the factory in Vridi
	3.672	" "	packaging products from the <u>Mecanembal</u> factory (2/3 sold to third parties)
	1.777	" "	detergents from the <u>Saprocsy</u> factory
	7.766	" "	soap
	772	" "	Soc. Plantations et Huileries de C.I.
	342	" "	Personal products from the <u>Siprodel</u> factory.

Blohorn expects to refine 120.000 tons of local palm oil, in 1984, while the total annual yield on the Ivory Coast is estimated at 160.000 tons. This would mean the threat of a serious shortage for Blohorn.
Unilever has been putting considerable pressure on the Ivory Coast government to step up the production of the government regulated Palm industry plantations. Unilever has two aces up its sleeve:
* the recently commercially available cloned oil palms, that have that have already been planted at the Cosrou plantation.
* Unilever's experience in fish farming, which is gained during extensive research in Scotland and India. Fish farming is a well controled source of proteins and is an important food source. Unilever has already started fish farming projects on a number of its plantations, primarily as a source of food for the workers. But in the Ivory Coast it is presented as an exceptional means in a government policy that is geared to stimulating food production. It can also become a source of export.

The most recent report on the South African companies is the one that Unilever PLC submitted to the European Common Market, over the period july 1982-june 1983. The report was submitted in accordance with the Common Market Code of Conduct for Companies with interests in South Africa.
The Unilever companies in South Africa are listed in this report. Two companies need to be added to the list, both are subsidiaries of Unilever via National Starch & Chemical in the United States. NSC has had subsidiaries in South Africa for years: <u>TAC National</u> (Pty) Ltd. In 1982, a major adhesives firm in South Africa with important entrances in the automobile industry, Adhesian Chemicals (Pty) Ltd was taken over by TAC National.
Both companies are located in Benoni South.

The Overseas Committee together with the relevant production coordinations at the head office, are responsible for a number of recent investments in Unilever's soap, detergent and margarine factories in Africa. Some condensed information:

* <u>Lever Brothers of Nigeria.</u>

  - In March 1980 a new NSD (non soapy detergents) factory was opened in Aba. Between 1974 and 1978, Lever Brother sales rose from N34 mln to N132 mln. The profits rose from N6 mln to N20 mln. The sales of the most important product, Omo, rose from 13.000 to 39.000 tons.
    The rising sales (the result of the oil boom among other things) was the motive for a N5 mln extension investment program in the Apapa factory and a N17 mln construction project in Aba. The most modern technology is used in this factory. The factory, like its neighbor Nigerian Breweries (UAC subsidiary) has its own generator and is therefor independant of the government's electric system. In the beginning of 1981 there was talk of building a new laundry soap factory on the site in Aba.

- In March 1983 a new edible fat factory was opened in Agbara. Investment costs were #20 mln. The production was principally margarine in tins or tubs, and in bulk for the NDT trade (bakeries, confectionery industry).
  In the future other food products will also be produced thre, among others Treetop fruit concentrate. This is also an extremely modern factory, including microprocessor controlled processes in the treatment, routing, blending and handling of oils.

The complex contains office blocks and buildings for staff, a tank park for storing oil in bulk, a refinery for processing and a combined margarine processing, packaging and warehouse building.
In 1983 300 employees worked there.
The production capacity can be easily trippled in the available area.
All modern technology could be imported just in time before the strict import restrictions were imposed by the Nigerian authorities.
'We are the only margarine factory in Nigeria. If the present pressures from the government to reduce imports continues, and if Nigeria's foreign exchange capacity doesn't improve, it is possible that their will be a ban on the import of margarine: if that happened, we'd need all the capacity we could get!'
(As the project manager said in the beginning of 1983).
Thus the profits of Lever Brothers in Nigeria are secured. What will be extra earned in Nigeria, Unilever loses partly because of the lower exports to Nigeria through Unilever Export Ltd. (UEL) from Europe. But possible competitors have been eliminated, so LBN has a monopoly.

* MARSAVCO, Compagnie des Margarinieres, Savons et Cosmetiques du Zaire, has started using a number of new plants, the investment costs were Z25 mln. The turnover of MARSAVCO in 1978, 1979 and 1980 were respectively 48, 83 and 144 mln Z.
  1190 employees worked there in 1981.
  The investment program contained:
  - extension of the refinery capacity of the principal plant in Gombe.
    construction of a new plant for production and packaging refined oils and margarine. The old factory at Ndolo will be closed.
    The new factory will be nearby Kinshasa.
    Capacity will by this investment be brought to 7.000 tons for margarine and edible fats and to 10.000 tons a year for refinery of oils.

  MARSAVCO is the only producer in Zaire for softeners for synthetic detergents and the most important producer of margarine, soap and table oil.

* Lever Brothers (PVT) Ltd in Zimbabwe.

  There is little recent information known on the Lever Brothers activities in Zimbabwe.

During the Ian Smith regime and the imposed trade sanctions against this regime, it was difficult for Lever Brothers to carry out new investment projects. Lever was cut off from the technical and centralised buying facilities from the Unilever centre. It had to develop its own agriculture to provide its factories with raw materials and did that by starting sunflower cultivation. In 1981 sunflowersseed was already at a height of 12.000 tons a year. It helped Lever Brothers to have a more then 70% stake in the margarine market by the Stork and Solo margarines. The elaborated promotion and selling system with large vans, operating from regional depots was seriously affected. Total outlets they served dwindled from more then 3.000 to about 700. At the end of 1980 this system was rebuilt up to 2.100 outlets, served by 9 big vans operating from 5 regional depots.
The Salisbury plant has quite old machinery and will be one of the first plants to be modernised. The Birds Eye factory at Inyanga in the Eastern district was ruined by bombing.
Lever Brothers (PVT) will play an important rolr in Malawi and is the company which will export many of her products to Zambia.

5. Plantation Group (Overseas Committee): Renewed Interest for Plantations.

For several reasons Unilever is at the moment more interested in plantations then 10-15 years ago.
From the beginning of the century Unilever has had its own plantations, since 1906 on the Solomon Islands and since 1911 through Huileries du Congo Belge in Congo, now Zaire.
Later on plantations were perchased or built in Ghana, Nigeria, Cameroon and Gabon. The last step several years ago was the development of plantations in Malaysia in the end of the 50s and beginning of the 60s. This step was made in order to be less vulnerable to political developments in West Africa in that period.Unilever was one of the first concerns to stimulate the production of palm oil in Malaysia.
The most important reason to have its own plantations was in the past to secure raw material supply. This reason is no longer viable.
About 30-40 years ago, Unilever was dependant on the Third World for about 60% of its need of vegetable oil, at the moment that percentage is 40%. And while about 30 years ago a sizeable part of the need for vegetable oil was supplied by their own plantations, the share of their own plantations in the total of Unilever's need is 7% at the moment.
Securing raw material through their own plantations stopped being goal number one a long time ago. As a result of extensive research Unilever can interchange about 20 sorts of vegetable oils for its most important products. These vary from palm, coconut and peanut oil to soy, rapeseed and sunflower oil.

Unilever's plantations supply to the local or world market, and Unilever buys on the world market.

Unilever's control over the world market in vegetable oils is not so much a result of owning plantations, but more of a very thorough experience and knowledge of the production in various parts of the world, together with centrally made purchases.
For a concern with such a gigantic need for vegetable oils and fats, it is especially the factor of Unilever's incredible knowledge of the market and its development by the central purchase unit, that makes that control over the world market possible.
The 'Oils and Fats Buying Division', which operates from three offices in Europe (London, Rotterdam and Hamburg), buys all the oils and fats for the margarine, detergents, animal feeds and chemical factories. The head of that division is somebody who has been the first responsible for the sales on the world market of the production of Unilever's plantations for 26 years.
His reaction to a question about the possibilities of international price regulations for certain kinds of vegetable oils was heard:
"How can prices be regulated efffectively when so many of the commodities are interchangeable? If an agreement among palm oil producers were to make that commodity too expensive, customers would buy something else".
It is precisely 1) the ability to buy on so many markets in so many countries, and 2) stimulating the development of competiting products such as sunflower and soy oil, that Unilever headed for as goals, making its position in some countries relatively invulnerable for developments in some countries.

Unilever's interest in plantations was for a long time related to other arguments:

* by possessing their own plantations, they kept a perfect overview of the market.
* by aiming at an increase of productivity on their own plantation, Unilever's plantations put great competitive pressure onto other plantations.
* by asking often lower prices for their own plantations' products when selling to others, Unilever could force down market prices.
* by possession plantations in various countries, centralised sales instances such as the Marketing Boards could be set up against each other.

In 1970, Unilever owned plantations with a total area of 73,000 hectares, of which about 55% was in Zaire.
<u>In 1982,</u> this area had expanded to <u>94,000</u> hectares. It was divided in the following manner:

- Zaire: 42,000 hect. in 1981, divided over 30,000 hectares palm oil, 7,200 hectares rubber, 3,800 hect. cocoa and 440 hectares tea.
  In 1980, two plantations in the Bandundu region and in the western part of the Kasai were given up because they were not fit for further mechanical harvesting and aged planting. On the plantations were livestock of about 10,000 animals.
  In total 29,500 people worked on these

plantations, of which about 8,00 exclusively for the cutting of the palm fruits.

- Malaysia: 13,600 hect. in 1982, exclusively oil palm.
- Cameroon: 11,000 hect. of which 9,500 hect oil palm and 1,500 hect. rubber. In total about 3,000 employees in 1981.
- Solomon Islands 6,500 hect. mostly coconut palm
- Nigeria 6,000 hect. mostly rubber
- Ghana 4,000 hect. exclusively oil palm
- Ivory Coast 3,600 hect, The Cosrou plantation, which forms a part of Blohorn and is exclusively oil palm.
- Colombia in 1982 a plantation was started, with a provisional area of about 2,000 hectares oil palm.

In 1982, the plantations group plan was announced, which said that between that year and the year 2000 the plantation area of about 98,000 was to be extended to about 160,000 hectares.
The plan had three main lines:
* increasing the area to 160,000 hectares
* greater dispersal of products
* greater geographical dispersal.

Increase of area/Dispersal of products
The increase of about 70,000 hectares should be divided over:
- 51% oil palm
- 22% rubber (the demand of natural rubber rises because of the strongly increased prices of synthetic rubber)
- 18% coconut palm
- 9% cocoa

Geographical dispersal:
- In 1982, the building of a plantation in Colombia was begun.
- At the end of 1981 a plantation was bought in Ivory Coast through Blohorn
- In 1983 a majority interest was acquired in a group of plantations in Thailand
- They are negotiating to take over plantations or to make them in Brazil and other South American countries and in Indonesia
- On the Solomon Islands, an agreement has been made with the government to start a 10,000 hectare mixed plantation of coconut palm and cocoa.

In 1982 a total 35,000 employees worked in the plantations, that is, more than 10% of Unilever's total employees. Taking into consideration that most of the plantations are in remote areas, it is evident that not only the plantation workers, but whole families are dependent on the plantations.
The Mobutu regime in Zaire, not exactly the most friendly to workers, puts in its statistics that 29,000 workers at PLZ plantations, meaning in fact 207,000 people, workers and families, are dependent on these plantations.

Where does this increase in interest in its plantations' affairs come from?

1. In many countries the demand for vegetable oils and fats for various applications has grown so much, that instead of exporting them like they used to be, they practically have to import them. This is the case in Nigeria and the Ivory Coast, among others. Thus rapid extension of production is important in many countries to avoid a rise in the price on the world market.
2. New possibilities of application of vegetable oils play an important role in Unilever's growing interest. Besides traditional uses in margarine, soap, detergents, animal feeds and in chemical products, not only Unilever sees many possibilities in oleochemicals: this is the product of all sorts of chemicals on a vegetable oil and fat base. At the end of the 70s, Unilever sold its interests in the petrochemical industry (working on the basis of mineral oil) and at the same time increased its interests in oleochemicals through Unichema. Unichema has among others a production company in Malaysia. The 1978 takeover of National Starch and Chemical (which makes all sorts of chemical products on the basis of starch for all kinds of industrial use), fits in the above mentioned policy. The American concern National Distillers, also an oleochemical concern, is on Unilever's list as a potential takeover.
   One very important possibile application in the future is the use of palm oil as an energy source. Research on the use of palm oil as the raw material of diesel oil has been developed quite far, and the World Bank is thinking of financing the first projects in this direction. Palm oil is a renewable source of energy.

3. A third reason lies in the results of research done by the central Colworth labs in the field of tissue culture or cloning of oil palms. Through this technique it is possible to get the same production from a smaller area, because cloned palms have a 30% higher productivity. Maintaining the existing area and replanting the cloned material gives more or less a 30% increase in production of palm oil.
   Besides that, recombinant DNA technique offers many possibilities. By cloning, the most fertile plant can be multiplied indefinitely. Through recombinant DNA techniques or genetic manipulation, the characteristics of the plant material can be changed.
   That provides possibilities to change the percentage of polyunsaturated fats, to change the melting properties or the food value. This offers Unilever the opportunity to let the fruit have more materials which are more suitable for Unilever's purposes.

At the moment, Unilever has, after starting in 1978 with a test plantation of cloned oil palms in Malaysia, also planted cloned oil palms in Colombia, Ivory Coast and Cameroon. Unilever is planning to sell the cloned palms from the Malaysian and English nurseries on the market in 1985.
This means that the pressure for other plantations and small

holders to compete will increase. Not buying this cloned material would mean risking working with the relatively less productive oil palms, and that makes the chance of lower yield and lower income very big.
Furthermore, Unilever is planning to sell these plants at a price of about US$5, which means for many farmers that they will have to take out loans. This only increases their dependency.

The most important problem for Unilever with regard to plantations, is how to reach an even higher productivity in the plantations.
"In the long term, plantations, if they are to survive, must be made as efficient and as productive as factories. Palm oil, for example, competes on the world market with soyoa oil and others which are much easier to harvest mechanically and therefore cheaply", commented a manager of the Plantation Group in London.
Increase of productivity of the plantations has been sought for many years, in two ways:

- through all sorts of research for better and faster fertility of the plant, so there will be a greater yield per hect. Rubber production per hect was increased from 550 kilo to about 1,800 kilo between 1945 and now. Palm oil yield per hect. increased in Africa between 1940 and today from 1.25 ton to 3 ton. In Malaysia the average yield per hect. is at the moment 5 tons.
  Tissue culture (cloning) belongs to this category. The aim is a yield per hect. of cloned palms of 8 tons. In the past, oil palm bore fruit for the first time after five years; at the moment this is three years.
  One of the most recent acts by Unilever in this area is the transportation of a tiny bug from the plantations in Cameroon to Malaysia.
  In Malaysia, the oil palms were artifically pollinated by employees, because this happened too infrequently naturally. This work was mainly done by women because they were cheaper than men.
  Through research done and paid for together with an English state institute and the authorities of Indonesia and the Solomon Islands (among others), it was discovered that defective natural pollination was caused by the absence of that particular bug in the natural environment of Malaysia.
  The introduction in the first place on Unilever's plantation produced a savings in labour costs of about US$ 1 million., plus a better fruit development and in that way higher production. This bug made about 1,000 women lose their jobs on the Malaysian Unilever plantations. In one stroke, the amount of employees was reduced by about 10%. Because the bug spread itself over many more plantations, it yielded a savings in labour costs of no less than US$ 30 million in the whole of Malaysia.

- The second way, the increase of productivity is sought by letting as few people as possible work on the plantations, or by letting them work for the lowest possible wages.
  Plantations are still very labour intensive, and in the past

there were not many limits to the exploitation of plantation workers. But at the moment the biggest problem of the plantation companies is getting enough workers for the heavy work on the plantations.

The old situation of having a large pool of cheap labour belongs mostly to the past. So plantation companies are pressed to offer all kinds of facilities like housing, schools, and medical benefits to recruit enough workers.
Unilever does what id can to keep wages at a low leve, while at the same time recruiting sufficient workers.
In Ghana, at the Senso Oil Palm Plantation, which started forest clearing work in 1976, the plantation workers can buy (as a premium for their good attendance and productivity), highly prized printed cloth at a relatiely low price. Because the workers can resell these at a handsome profit, Unilever in fact speculates on and encourages their interest in trading. UAC delivers the printed cloth.
In Zaire, Unilever started renovating its plantations in 1978, after rhaving neglected their maintenance for political reasons between 1960 and the mid seventies. During this period, Unilever built up her plantation interests in Malaysia.
Because Zaire began to have to import palm oil, while for many decades it was one of the mot important exporters, the World Bank stepped in and after negotiations, the three most important plantation companie were offered the possibility to put forward a proposal for the renovation of the plantations. Of these three, Unilever by Plantations Lever du Zaire (PLZ) was the most important. The result was that of the total renovations costs of US$ 47.4 million, the three companies involved had to pay only 44%. The World Bank donated soft loans by the IDA of US$ 9 million to the renovation project, and other development agencies would finance about US$ 20 million.
As well, there was an agreement on a set of very profitable conditions for the involved companies:
- equipment and other materials which had to be imported for the renovation work were free from the levy of import duties
- free import of foreign corrency for the proper continuation of the project. The companies had to decide on the necessary amounts.
- expatriates could remit abroad as much of their salaries as was needed to attract them
- if one of the companies withdrew support for the seed development element in the project, the government was obliged to guarantee to meet the demand for good quality seed
- smallholder cultivation schemes were to be established adjacent to the plantations, to help 'attract and retain sufficient labour by supplementing wage income with food crops and livetock'. The cost of this was to be borne by the government.

Attracting and retaining sufficient labourers was of course impossible, as between 1960 and 1975 real wages had gone down by as much as 75% for the workers on the PLZ plantations. This fact was mentioned by unofficial PLZ estimates as one of the main causes for the labour shortage.

The World Bank report dealing with this project said that in some places people would be better off if they grew their own cash crops such as rice, since this would generate a higher income than the companies were willing to pay.
Within the framework of this renovation project, Unilever (PLZ) abandoned some plantations in the South because they were not suited to mechanical harvesting in the future.
PLZ sales have developed over the past years: 1978, 50 million Z; 1979, 145 million Z; and in 1980 196 million Z.

As far as the labour recruitment was concerned, the practice which developed in the Ivory Coast between Blohorn and the state controlled oil paln cultation was quite an ideal situation for Unilever.
Blohorn extended its operations and production parallel with the development of the government's 'Plan Palmier', which was started in 1961.
Under this Plan circa 10 industrial palm oil plantations came into existence and were controlled by SODEPALM, a parastatal institution. PALMINDUSTRIE was responsible for the oil mills and refineries, who did the primary processing of the fruit bunches. Surrounding the plantations small holder plots were developed. Smallholders could deliver to the mills and refineries if they cultivated along the lines stipulated by SODEPALM.
A big part of the Plan Palmier in subsequent years has been paid by development agencies such as the European Development Fund.
The palm oil production of Blohorn's own Cosrou plantation covers at this moment only 3% of Blohorn's need. In fact, nearly all the palm il Blohorn needs comes from Palmindustrie. It means that the part in the production process which generates the highest added value is monopolised by Blohorn, while the first part of the production process with all the related problems of running and managing plantations is the responsibility of parastatal organisations. And Blohorn uses practically all output from Palmindustrie.

One of the possible outcomes of cloning techniques and genetic engineering of the palms is that palms in the future will be all the same height. This is a very important precondition for easier mechanical harvesting of fruit bunches. In 1983, a recently developed Palm Harvester became available. The development of this machine followed studies made on the Unilever plantations in Africa, South East Asia and Colombia.
The introduction of this harrveter on a wider scale, at the plantations with terrain specifications which make the use of the harvester possible, will result immediately in the loss of thousands of jobs.

The very recent takeover of Brooke Bond by Unilever makes the area of plantations under Unilever management much bigger, and at the same time much more diverse.
In Kenya, Brooke Bond manages 6,000 hectares of tea plantations and some 500 hectares of coffee plantations. On their tea plantations, Brooke Bond introduced recently a new system of tea leaf plucking, just as on their tea plantations in Malawi. The

result should be a quite substantial higher productivity. But at what cost for the pluckers involved?
After very profitable years for Brooke Bond in Kenya in 1977 and 1978, with after-tax profits of Ksh 130 million, and Ksh 112 million, the company decided to re-invest a big part of these profits in other branches of the agribusiness sector. Brooke Bond bought Murphy Chemicals (East Africa), which markets herbicides, pesticides and fungicides to Kenyan farmers (including tea and coffee growers), and in the same year (1978), bought Sulmac Co.
Sulmac, on the shores of lake Naivasha, is the world's largest carnation farm, producing some 125 million stems of carnations for export a year.
Sulmac owns Masongelani Estate, which produces 75 million plumosus stems and 70 milion chrysamthemum cuttings a year, both for export. Sulmac runs 125 of its own flights each year on chartered European-based Boeing 707s for the delivery of the flowers on the European markets within 24 hours after picking.

In Zimbabwe, Brooke Bond is a major landowner through their Liebigs company. The Liebigs cattle ranch covers 526,000 hectares. The ranch in the Lowveld has more than 55,000 cattle. On the ranch there are ± 1,800 permanent workers. Next to the company, they run also nearly 3,000 cattle of their own. Because the workers on can in this way supplement their income, the company is able to to keep their wages low. Since the workers on a ranch of this size are very scattered, the possibilities of collective mobilisation are limited.
Since 1956 Brooke Bond has operateda a canning factory in Zimbabwe in Umtali, and a meat products factory at West Nicholson. In a smaller factory at Rusape, a wide range of canned products are produced. The total number of workers in these factories in 1979 was 1,500 (excluding the 1,800 workers on the cattle ranch).

October 1984
SOMO, Paul Elshof

UNILEVER TURNOVER BY GEOGRAP[illegible]AL AREAS (in %)

APPENDIX I

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
E.E.C.	63,8	60,6	59,7	65,4	67,1	66,2	64	61	59,1	57,3
REST OF EUROPE	6,4	6,8	6,6	6,4	6,6	6,7	6,5	6,6	6,2	6,5
NORTH AMERICA	9,5	10,5	10,1	9	9,2	10,3	10,6	12,5	13,5	16,1
CENTRAL AND SOUTH AMERICA	2,2	2,4	2,6	2,3	2,6	2,3	2,9	2,9	3	2,7
AFRICA	10,8	11,8	13	9,1	7,3	7,1	7,5	7,5	8,6	7,0
ASIA, AUSTRALIA, NEW ZEALAND	7,3	7,9	8	7,8	7,2	7,4	8,5	9,5	9,6	10,4
TOTAL	100	100	100	100	100	100	100	100	100	100
TOTAL IN £ MLN	5.843	6.760	8.731	9.147	9.842	10.249	10.152	11.889	13.216	13.386

CAPITAL INVESTED BY GEOGRAPHICAL AREAS (in %)

APPENDIX II

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
E.E.C.	67,4	66,3	63,6	64,2	63	63,5	63,2	60	57,3	54,4
REST OF EUROPE	6,8	6,5	7,5	8,3	7,6	7,8	7,5	7,7	7,5	8,8
NORTH AMERICA	9,9	10,1	10,3	10,2	13,4	13,5	13,4	14,5	15	16,4
CENTRAL AND SOUTH AMERICA	2,1	2,4	2,8	1,9	2,4	2,1	2,8	3,4	3,6	3,3
AFRICA	8,1	8,9	10,4	10	8,7	8,1	7,4	7,2	8,6	8,6
ASIA, AUSTRALIA, NEW ZEALAND	5,7	5,8	5,4	5,4	4,9	5	5,7	7,2	8	8,5
TOTAL	100	100	100	100	100	100	100	100	100	100
TOTAL IN £ MLN	1.925	2.241	2.977	3.052	3.525	3.614	3.603	4.247	4.803	5.076

CAPITAL EXPENDITURE FOR EACH YEAR BY GEOGRAPHICAL AREA (in %)

APPENDIX III

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
E.E.C.	69,8	68,3	64,5	65,9	63,1	66,8	67,5	58,1	55	52,6
REST OF EUROPE	7,8	7,3	6,2	6,6	7,5	6,5	5,1	5,6	5,6	5,6
NORTH AMERICA	6,6	9,3	8,4	7,1	9,2	11,4	8,6	9,9	12,5	20,3
CENTRAL AND SOUTH AMERICA	1,8	2,4	2,1	3,5	4	3,5	6,6	5,2	3,2	2,0
AFRICA	9,6	6,4	11,6	8,7	6	5	5,6	7,8	9,9	6,6
ASIA, AUSTRALIA, NW ZEALAND	4,4	6,3	7,2	8,2	10,2	6,8	6,6	13,4	13,8	12,9
TOTAL	100	100	100	100	100	100	100	100	100	100
TOTAL IN £ MLN	222	223	262	314	340	373	434	445	481	491

OPERATING PROFIT BEFORE TAXATION AND OUTSIDE INTERESTS

APPENDIX IV

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
E.E.C.	51,8	41,4	49,1	56,1	62,4	58	50,5	44,3	37,8	34,5
REST OF EUROPE	7,1	6,3	6,1	8,5	6,4	7,5	8,6	9,4	8,9	9,8
NORTH AMERICA	11,3	10,5	8,3	7,9	6,4	9,7	8,9	10,8	14,3	18,7
CENTRAL AND SOUTH AMERICA	2,1	2,3	2,7	4,8	4,8	3,7	5,3	6,9	5,9	7,1
AFRICA	15,8	25,8	23,9	11,1	9,2	9,3	11,6	11,2	13,6	12,0
ASIA, AUSTRALIA NEW ZEALAND	11,9	13,7	9,9	11,6	10,8	12	15,1	17,4	19,5	17,9
TOTAL	100	100	100	100	100	100	100	100	100	100
TOTAL IN £ MLN	357	354	622	531	588	609	575	705	709	748