

World and Nation

Banking giant announces plan to withdraw from South Africa

NEW YORK (AP) — Banking giant Citicorp, for years a major opponent of the corporate exodus from South Africa and the only U.S. bank still there, said Tuesday it is withdrawing from the racially divided nation.

Citicorp said it regrets the move but is leaving because of what it called increasing constraints on its ability to do business in South Africa.

Opponents of apartheid said the announcement by the biggest U.S. bank holding company is a powerful symbol of the increasing isolation of South Africa's white minority government and the effect of a growing investor movement to force U.S. companies to leave the country.

"I think it will further shake confidence in South Africa," said Rosalyn Will, spokesman for the Council on Economic Priorities, a New York-based group that supports South Af-

rican divestment. "I think it's a reflection of the amount of pressure brought by religious groups and pension funds that have been working for this."

Citicorp said it has agreed to sell its Citibank N.A. Ltd. South Africa

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subsidiary to First National Bank of Southern Africa Ltd., South Africa's largest bank, for 130 million rand — about \$64.5 million at current exchange rates.

The sale is expected to be completed by the end of this month. First National is a former unit of Barclays Bank of Britain, which left

South Africa in November.

A Citicorp statement quoted chairman John S. Reed as saying he "expressed regret at terminating the corporation's presence in South Africa, which has had a positive effect upon the environment within that

country."

The statement said the company felt compelled to withdraw because "current constraints on Citicorp have made it increasingly difficult to meet the needs of its South African clients in a manner they have a right to expect."

The New York-based company

has operated in South Africa since 1959, but in the past five years its banking operations have shrunk drastically. It no longer lends money to the South African government, and U.S. sanctions imposed on South Africa severely restrict Citicorp's lending to private businesses there.

Citicorp still has about \$700 million in private loans outstanding to South African borrowers, said a senior official who spoke on condition of anonymity, but the money will be repaid via agreements reached earlier this year with other international banks and the South African government.

In Johannesburg, Chris Ball, First National's managing director, said he thinks Citicorp's decision to sell was based partly on pressure from anti-apartheid groups. He said Citicorp's 185 employees would be retained.

Parents go to visit teen-age pilot son in Moscow prison

MOSCOW (AP) — The parents of a West German teen-ager jailed for flying a plane onto Red Square spent three hours at Lefortovo prison Tuesday, visiting their son for the first time since his May 28 arrest and talking with Soviet investigators.

In a prepared statement issued by Karl-Heinz and Monika Rust later in the day, the couple said their son, Mathias, "is feeling well, and according to his words he also is being treated well."

The Rusts said their conversation with Mathias was "agreeable" but they declined to answer any questions about the meeting, saying "in accordance with our son's request we are not going to give any further statements during our stay in Moscow."

A West German Embassy car took the couple to the prison in Moscow that previously held U-2 pilot Francis Gary Powers and American journalist Nicholas Daniloff.

About 15 minutes before the 10 a.m. meeting, the Rusts brushed past reporters without responding to questions.

West Germany's Stern magazine paid the couple's expenses for the Moscow visit in return for exclusive access to their commentaries, said an embassy official who did not want to be identified by name.

Police near the prison moved reporters a block away while the Rusts were inside. After the visit, the couple was driven away in a vehicle with a Stern photographer and correspondent.

A West German Embassy spokesman confirmed that the Rusts met with their 19-year-old son for one hour and then with the investigator overseeing the case.

Embassy chief for legal and consular affairs, Gerhard Enver Schroembgens, sat in on the meeting between the Rusts and their son, but only the embassy translator was allowed to stay for the discussions with the investigators.

West German diplomats are trying to arrange another visit between the Rusts and their son, the spokesman said.

She declined to answer other questions about the Rust case.

Tuesday's meetings were only the second between the jailed pilot and West German officials since the incident on May 28. Schroembgens spent 30 minutes with Rust on June 1, when he described the young pilot as "calm" about his detention.

Later in the day, several Moscow-based correspondents were invited to the home of Stern's Moscow reporter Mario R. Dederichs, where the Rusts read their statement about the meeting.

Dressed in casual clothes, the couple looked tired but calm as they made a statement thanking the Soviet government "for the great happiness of being able to see our son again."

"We hope that this case will come to a positive conclusion soon," the Rusts said in their statement.

Mathias Rust flew from Helsinki, Finland, in a single-engine Cessna, across more than 500 miles of Soviet territory protected by one of the most highly regarded air defense systems in the world. He buzzed Lenin's mausoleum and other Kremlin landmarks before setting down on the cobblestone expanse between St. Basil's Cathedral and the Kremlin wall.

Two days after the incident, the ruling Communist Party Politburo, headed by Mikhail S. Gorbachev, sent Defense Minister Sergei L. Sokolov into retirement and fired Air Defenses Chief Alexander I. Koldunov.

No formal charges have been filed against Rust, and Soviet law allows investigators to take up to two months before issuing an indictment against an imprisoned suspect.

Congressmen attack Reagan's gulf policy

WASHINGTON (AP) — President Reagan's Persian Gulf policy came under renewed attack Tuesday from congressmen who said it could lead to more military casualties, even as the Pentagon said risks are low for U.S. naval forces.

Senate Majority Leader Robert Byrd, D-W.Va., in his sharpest criticism yet, labeled as "half-baked, poorly developed," Reagan's plan to protect Kuwaiti oil tankers by placing them under American flags and captains next month. He said "it is clear the administration did not think through" the risks.

Sen. Sam Nunn, D-Ga., chairman of the Senate Armed Services Committee, said, "I do not think it ought to go ahead now" because too many questions remain unanswered.

Sen. William Cohen, R-Maine, agreed, saying, "we should pause before we go ahead" and wait for more support from U.S. allies in Europe. Nunn and Cohen both spoke after a closed-door meeting of the Senate Armed Services Committee.

The United States expects to begin escorting Kuwaiti oil tankers in the Persian Gulf using eight warships in early July, but may soon replace that force with a combat group headed by a battleship, Pentagon sources said.

Such a move, coming perhaps as early as August, would represent a massive increase in U.S. firepower in the gulf and provide the clearest indication yet of Reagan's commitment to protect oil supplies flowing through the gulf.

Senate Minority Leader Bob Dole, R-Kan., and other Republicans met with Reagan for lunch and Dole said later, "I think there's some confusion about the Persian Gulf policy... there isn't any consensus among Republicans over it and the administration needs to do a better job of explaining."

Sen. John Warner, R-Va., normally one of Reagan's strongest supporters on national security issues, said, "I am gravely concerned" about the U.S. policy.

Sen. Claiborne Pell, D-R.I., chairman of the Senate Foreign Relations Committee, said the plan "has every potential of engaging us in the war itself" between Iran and Iraq. Kuwait is an Iraqi ally.

Pell and Byrd said the U.S. plan was an attempt to win favor with Arab nations, which are disillusioned with the secret sale of U.S. arms to Iran.

Similarly, Rep. Charles Bennett, D-Fla., sponsor of a bill to halt the reflagging of 11 Kuwaiti

tankers, said, "The purpose of this policy seems to be to help the administration recover from the disgrace of supplying Iran with missiles in exchange for hostages."

Iran has threatened to attack the Kuwaiti tankers, which Reagan says will be protected by U.S. Navy ships.

Congressional fears have been raised in the wake of last month's Iraqi missile attack on the frigate USS Stark, which killed 37 U.S. seamen. Iraq says the attack was a mistake, an explanation accepted by the United States.

The final report of a military board of inquiry investigating the attack on the USS Stark has been submitted to the general who heads the U.S. Central Command, Pentagon sources said. The sources declined to speculate on whether the classified report recommended court-martial proceedings against the Stark's skipper or other ranking officers.

A day after making a nationally televised defense of his Persian Gulf policy, the president traveled to Capitol Hill on Tuesday for a luncheon meeting with Senate Republicans. But Dole and other senators said U.S. plans in the oil-rich region weren't on the agenda.

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