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Report from the Japan Anti-Apartheid Committee to the UN Consultations of Anti-Apartheid Movements and Non-Governmental Organizations Geneva 4-5 November 1991.

Thirty Years of being Honorary Whites
In 1960 when South Africa was isolated from the international community because of the Sharpeville atrocity, while European and US firms were withdrawing from South Africa, the country which went in and strengthened its economic ties was Japan. Japan signed a trade treaty in 1961 and reestablished ties with South Africa. In return the Japanese were given the status of honorary whites and have assisted the apartheid regime right up until the present.

When the population registration act was abolished in June 1991, the Japanese lost the opportunity to reject this honorable title by their own wish. In any case the Japanese government has never shown any signs of regret for this title and for its support of the white regime.

In the 1970s, when the South African government put into effect a massive ten year industrial development project to develop mineral resources as well as basic industries, positive cooperation from the Japanese was expected. Japanese trading houses established offices in South Africa and manufacturing companies set up locally owned enterprises, which they argued were not their responsibility when poverty wages were being paid. In 1987 when bilateral trade reached \$4.3 billion, Japan became the number 1 trading partner of South Africa and was denounced in the UN general assembly. Since then direct trade figures have fallen to \$3.3 billion in 1990, but trade in precious metals has been diverted through third countries.

How South Africa is Reported in the Japanese Mass Media Recently public interest in apartheid has increased because of Nelson Mandela's visit to Japan, the "Apartheid Non" art festival and the arrival of South African musicians and theatre companies. However, the public does not really understand the current situation in South Africa. They are completely dependent on the reports of the mass media, in which the headlines refer to black-on-black violence or tribal conflict or a power struggle between the ANC and Inkatha. Such reports only profit the apartheid regime. Even when the media interview South Africans on whether apartheid has ended or not, the interviews only take place with De Klerk or other white executives.

In September this year we invited representatives of a group which is fighting for the civil rights of the homeless to Japan. We were deeply impressed by their message that it cannot be said that the present situation is one of improvement. These voices we hardly ever hear in the reports of the mass media. They only report that South Africa has been changed and that apartheid was wrong, according to the voices of the establishment. But they do not report the voices of the oppressed blacks saying that they are still suffering.

As a result of such reporting, the general public in Japan has an image of Africans as only in conflict and killing each other. It is a very important task for the anti-apartheid movement to provide information about what is happening in South Africa, through the words of the black people who still suffer.

Recent Moves by Government and Business
The Japanese government lifted the following sanctions on October 22:

* bans on imports of iron, steel and gold coins

* bans on direct investment and loans

The bans on arms sales and on exports of computers to agencies that implement apartheid will remain in place.

It is a well-known fact that the government hypocritically did not lift sanctions until the end of October, because it wanted to protect its candidacy for a nonpermanent seat on the UN Security Council. Once the election had been held, Japan lifted the sanctions.

Anti-Apartheid Activities in Japan
Such circumstances and the prevarications of the Japanese
government and business have led Japanese anti-apartheid
activists to question their future direction.

Keidanren, the most influential business organization, sent a mission to South Africa in April and the leader reported then that "racial discrimination had disappeared in South Africa". Both private business and the government have been irresponsible in avoiding taking a clear attitude to sanctions. Keidanren has been trying to collect a fund over the past two years for providing assistance to black enterprises and for student scholarships, but the total target amount of \$3 million is miniscule when compared to the gross profits Japanese businesses have earned from the apartheid system.

Seeing how Japan hypocritically lifted its sanctions, we realise that the possibilities and the focus for future activities must be appropriate for that reality.

When South Africa really sets out as a democratic country, the way in which foreign companies invest in the economy will be very important. In various places, such as the USA and South East Asia, there has been criticism that Japanese companies have racially discriminatory employment policies, create pollution and insist on Japanese management methods. We should in Japan start on activities designed for a strict monitoring of companies to ensure that such practices cannot occur in South Africa. If business ethics are lacking, then there must be a code of conduct to guarantee that the employment system in some way reduces radically the economic discrimination and inequality by which the blacks have been oppressed. Contributing to raising the status of blacks is not just a question of simply assisting the poor classes. It also requires that we should not let Japanese companies forget the past and we should ensure that they recognize that they should return to the blacks the South African

wealth which they gained by taking advantage of the system of racial discrimination.

The time is coming when businesses will be under pressure concerning the issue of human rights, in the same way as they are now being urged to tackle environmental problems. One of our proposals is that NGOs should join with unions and the business sector in drawing up a code of conduct for Japanese companies entering South Africa. It would be preferable if we could cooperate with Asian and Western NGOs in this activity.

Another proposal is that the anti-apartheid movement in Japan should seek more direct face-to-face contacts with South Africans. Normal cultural exchanges would serve a particular purpose in Japan where activities in NGOs have not yet become a regular part of society. One of our objectives in inviting the South Africans who are fighting on behalf of the homeless was to let them know about the various problems of discrimination in Japan. Even the offspring of Koreans (forced to enter the Japanese army during World War II) who were born and brought up in Japan continue to be discriminated against. When our visitors went to Hiroshima they discovered the exclusionary situation in Japan. The memorial for those Koreans who died in the atomic bombing in the same way as the Japanese is not permitted to stand inside the Peace Park. Discrimination has continued even after death.

Japanese children are given every kind of assistance, but they lack the motivation to learn, whereas there are South African children who walk a number of kilometres to a school where the supply of textbooks and blackboards is insufficient. Both groups of children are of the same generation, but they are living under completely different circumstances. Our visitors said that Japanese children could be motivated through learning about and understanding the circumstances for South African children.

Meeting other people, including those who have been discriminated against in Japan, as mentioned above, has resulted in activities on a grass roots level geared to local communities in South Africa. One of these is a project to support the building of a homeless camp school, since homelessness is the "frontline of apartheid". We have started this project to ensure that we stay on same side as the people who have been pushed into homelessness by the apartheid policy. We are trying to build up the relationship with responsibility to avoid just taking the narrow approach of only sending financial assistance or left-over goods.

Unless Japanese companies have a plan for making positive contributions for the welfare of their black workers, there will probably end up being many loopholes in the grass roots' promotion of support activities to raise the status and the living standards of South African blacks. The establishment of a code of conduct with binding rules and our support activities should be two sides of one coin.

The Japan Times

Pretoria sanctions lifted; Tokyo plans full diplomatic ties 100/9/

Related story on Page 5

Japan officially decided Tuesday to lift most of its economic sanctions against South Africa.

Tokyo plans to establish full diplomatic ties with Pretoria by inviting President F. W. de Klerk for a visit, a government source said.

The Cabinet's decision came as the government concluded that the democratic reform movement in South Africa is "irreversible," Foreign Ministry officials said.

The government plans to end bans on imports of iron, steel and gold coins as well as on direct investment and loans, said Yuoi Tanahashi, vice minister of the International Trade and Industry Ministry.

Bans on arms sales and on exports of computers to ageneies that implement apart-, sidered a serious obstacle to heid will remain in place, Tanahashi said.

Amnesty promised

After Japan removed some sanctions in June as a first step, South Africa agreed to grant general amnesty to political prisoners who had fled the country's segregationist

Black and white leaders signed a peace agreement in September to end township violence. Most of the nation's political forces, including the de Klerk government and the African National Congress, joined the agreement.

The government and the ANC have not yet reached complete agreement over the release of political prisoners, but the issue is no longer constarting negotiations on a new constitution, a ministry official said.

"It is now more important to help the country's economic growth, both to promote the welfare of the South African people including the black majority and to encourage further progress in the talks," he said.

Tokyo has been following the moves of other industrialized nations. Only three years ago that Japan drew heavy international criticism for its position as South Africa's No. 1 trading partner.

The United States removed its trade embargo on South Africa in July. The European CONTINUED ON PAGE 10

Sanctions on South Africa lifted

Community agreed in April to sular offices, a source said. lift its sanctions, but the deci-sion has not been finalized be- History recounted cause of resistance in the

Danish parliament.

The government has maintained the sanctions in a concerted action with the United States and the EC, and it has become increasingly meaningless for Japan to continue the embargo alone, he said.

It is important to ensure stable relations with postapartheid South Africa, he added, suggesting that Japan would have suffered a diplomatic loss if it lagged too far behind.

mounting from the private sector, because South Africa provides precious metals and other materials indispensable to Japanese industry.

Tokyo waited until late October to lift the sanctions to protect its candidacy for a nonpermanent seat on the United Nations Security Council.

Weakening feared

Japan won almost unanimous support in the election last week, but it was widely believed that lifting the sanctions before the vote would have cost support from black African nations.

"A variety of factors were taken into account," the official said.

The government has been considering extending an invitation to de Klerk to balance the visit by ANC leader Nelson Mandela a year ago.

Japan's diplomatic relations with South Africa are currently limited to the consular level, and Tokyo will be in a better position to encourage further reform: there by forming full-scale ties, Vice Foreign Minister Hisashi Owada told a news conference.

Full diplomatic ties are likely to be established when de Klerk visits, a government. source said.

As business relations move into full gear, the volume of diplomatic work will become

CONTINUED FROM PAGE 1 too large for the existing contion network may not be so

Sanctions on direct investment and loans were first introduced in 1969, following moves by the United States and European countries.

In the mid-1980s, Japan imposed additional sanctions, including a ban on imports of gold coins, steel and iron and on cultural, educational and sports exchanges as Pretoria stepped up racial segrega-

The government eased sanctions in late June by removing bans on cultural, Pressure has also been sporting and educational exchanges following the repeal of the Population Registration Act, the last pillar of apartheid, by the South African parliament June 17.

"Rehabilitation of South African industry is likely to evoke demands for automobiles and other kinds of machinery in the country," MITI's Tanahashi said.

Two-way trade between Japan and South Africa totaled \$3.32 billion in 1990.

Little market impact

Japanese business circles believe Japan's lifting of economic sanctions against steps to do so. South Africa Tuesday morning will have little impact on the international commodity market.

Traders and market watchers said South African products already enjoy a presence in the international market despite exclusion from direct trading following sanctions imposed during the latter half of the 1980s. The sanctions were to protest the country's apartheid policies.

The country-moved some of its trade operation bases to Britain, for example, so that such products as gold, platinum and other ores could be exported "through the third sector," a source in the precious-metals industry said.

A trader at Mitsubishi Corp. said that although direct trading will now be possible, the price and distribudifferent.

As a result of the lifting of sanctions, it is possible that Western companies will invest in the country's mining development projects and boost supplies of ore, many market sources agreed.

But continuing social turmoil in South Africa may seriously limit the country's impact on the international market, they said.

Move is applauded

Waldemar Kuhn, South African consul general in Tokyo, has welcomed Japan's announcement that it will lift economic sanctions against South Africa.

He said Tuesday that the move will give impetus to the reform process there.

Kuhn also called for cooperation between Tokyo and Pretoria on development programs in other African coun-

"With Japan's financial assistance and our expertise, we can play a central role in the development of Africa."

Japan will become the first country to completely drop its sanctions, although both the United States and the European Community have taken

ANC slams move

The African National Congress Tuesday criticized Tokyo's decision to lift virtually all economic sanctions against South Africa.

The spokesman for the organization's Tokyo office said, "We are disappointed that the Japanese government has acted too hastily to lift sanctions."

Ally Lumkwana, deputy chief ANC representative in Japan, said, "We hope that the Japanese government holds on until an interim government is established or a transitional arrangement is made in South Africa."

Lumkwana said there has yet to emerge a major political change in South Africa that can justify the lifting of sanctions.

Getting full benefit from SA Sanctions removal.

Following Europe and the US, Japan has dismantled its economic sanctions against South Africa. As the inhuman policies of apartheid have been abolished in SA and the view has taken root internationally that an irreversible situation of firm democratic progress has been established, the lifting of sanctions can be said a reasonable decision.

The world's concern is now focusing on how 5 million whites and nearly 30 million blacks in SA will get over diverse internal confrontation and conflict to establish a cooperative coexistence. Now that sanctions have been lifted, it is above all else important that renewed trade be conductive to improving the lifestyle and rank of SA's blacks. It is said that the nations of Black Africa are ready to withhold criticism of Japan for lifting sanctions if its economic power can be directed to contribute to the situation. Thus, it will Japan's policies henceforth that will be questioned the most intensely.

At the 1988 UN general assembly Japan was censured for becoming SA's largest trading partner. This situation occurred even as Japan was imposing sanctions. As long as democratization is not achieved in SA, it will be wisest to restrain rapid trade growth following sanctions removal.

It cannot be denied that Japanese business is anxious that opportunities for trade will be lost if it lags behind Europe and the US in developing SA market ties. Rushing in only to make money, however, will be sure to arouse antipathy from African nations. In the long run this would be detrimental to Japan's national interests. Self-restraint is necessary.

Seven advanced nations, including Japan, issued a joint statement at the London Summit indicating concern that increasing social problems and recession might jeopardize the foundation of a new and non-racial SA, and calling for urgent attention to easing unequal wealth and opportunities.

There has been criticism from the African National Congress that sanctions are being lifted too early. Despite this, Europe and the US went ahead with sanctions removal based on judgement that this move

should proceed the process of enacting a new constitution and establishing a one-person-one-vote system, in order to encourage democratization and support the De Klerk administration which has abolished apartheid and stood for national democratization.

We think it necessary for Japan to expand economic exchange with SA gradually from this point of view and help promote domestic reform by inviting De Klerk to Japan.

In SA there remain numerous problems like the conflict between the ANC and the conservative black Inkata Freedom Party, and differing opinions on procedure and method for working out a new constitution between the National Party and the ANC.

De Klerk, however, said in an exclusive Asahi interview early in October that there is high possibility of holding an all-party conference concerning a new constitution late this year or early next year. He also expressed for the first time regret for the agony caused to blacks during the years of apartheid.

With rich resources and industrial power, SA can serve to generate economic growth in southern Africa. In this way, its democratization and stability are vital to the entire region.

The lifting of sanctions should not spark a contest for the SA market among Japan, Europe, and the US. Rather, it should be seen as an opportunity to cooperatively aid SA to reach democracy and stability. At any rate, it is surely an opportunity for Japan, low-rated on concern for human rights, to show what it can do.

"Aggressive investment sought" says SA Minister

The South African Minister of Finance visiting currently in Japan met with the Foreign Ministry inquiry commission's Saito and said regarding South African relations with Japan after it lifts sanctions that he looked forward to aggressive investment and transfer of technology by Japanese corporations in order to raise the standard of living of blacks.

Asahi Shimbun Oct. 22, 1991 (evening)

South African Sanctions Lifted

The government officially decided to lift most of its sanctions against South Africa at today's cabinet meeting. Excluding restrictions on exports of computers for use by the military and police, the chief sanctions that have been effected in stages from 1969 are thus to be removed. Following lifting of sanctions the government will press ahead to restore full diplomatic relations with South Africa. Moreover, in order to speed improvement of relations with South Africa, an area where Japan has lagged behind Western nations, the government also decided to invite President F.W. de Klerk to visit Japan.

Asahi Shimbun Oct. 22, 1991 (morning)

South Africa sanctions to be lifted

The government will commit itself to lifting most of its economic sanctions against South Africa, including restrictions on investment and loans, at a cabinet meeting on the 22nd. The Japanese government, while moving in accordance with the U.S. and the E.C. that have already lifted sanctions, has judged from Pretoria's dismantlement of all apartheid laws as of June and the peace accord agreed on by both the South African government and black liberation groups that "reforms have gone past the point of reversal" (Foreign Ministry spokesman). Hereafter, Tokyo plans to establish full diplomatic ties with Pretoria by inviting President F.W. de Klerk for a visit.

Sanction measures to be suspended at today's cabinet meeting include those on the export of pig iron and steel, and airline service. Furthermore, removal of restrictions on investments and loans by Ministry of Finance notification and administration guidelines as well as self-imposed restraint on the import of Krugerrands and other South African gold coins will be set in motion. As the Ministry of Finance and the Ministry of International Trade and Industry must give notice in a Ministry gazette, it will take about a week in some cases to finish procedures, but related Ministry departments say that they will recognize applications for imports even before procedures are completed. The embargo on the export of computers for use by the military and the police, however, will continue.

WILL JAPAN COME BACK TO THE UN SECURITY COUNCIL?

--The key is Japanese Government's stance on South African issue--written by Morita from New York

The schedule of Mr. Katusmi Sezaki, Japanese deputy ambassador of the UN representatives, is completely occupied these days. Just having returned from a short tour to eleven countries in Africa, including Zaire, Zimbabwe etc., now he has to rush to arrange the tour-schedule of the fifteen African ambassadors invited to Japan.

The aim of the invitation is officially to talk about the next African Development Conference which will be held in Japan in May 1993, but the main purpose apparently lies in curry thier favor for the next General Assembly, because the tour is set with a sightseeing to Kyoto, the ancient capital city of Japan.

* * *

This seemingly perfect attention of the government to African countries has an implication of course. It is because Japan wants to regain its position in the Non-Permanent Members of the Security Council as the representative of the Asian Group, at the next election on the General Assembly which will be held in the middle of next September. Japan, already elected as the candidate for Asian Group (including 45 countries), now targets the Latin American Group (33 votes) and the African (53 votes). In order to get the two thirds of the votes (109) of all UN members (163), Japan must not miss the backing of African countries.

Any diplomatic officer will tell you "We never want to repeat the last nightmare of thirty-five" which was the number of votes that Japan got at the last election in October 1986. At the General Assembly of that year, the Japanese representative officers' faces turned pale when they listened to the counting voice of the votes, "India," "India,"...."India." Thirty-five African countries, although they were supposed to vote for Japan, actually voted for India which was not even a candidate.

With much difficulty Japan obtained the sufficient number at the time and managed to avoid the bitter experience of defeat of November 1978. Anyway, the victory was gotten as if after skating on the thin ice. Undoubtedly revolt of thirty-five African countries against Japan was brought on by the fact that the Japanese government had invited the then foreign minister of South Africa,

Mr. Pik Botha, to Japan. Moreover, he visited Japan while the summit conference of nonaligned countries was being held in Zimbabwe, and it was just before the UN General Assembly.

Japanese foreign affairs representatives are now afraid that the same situation might happen again. This is because voices to lift sanctions against South Africa have grown in Japanese economic society since the US decided to lift economic sanctions and most EC members will follow the US.

Business circles claim that Japan will loose the chance of participation in business with South Africa if they hesitate, and are bringing pressure upon the government to lift all economic sanctions against South Africa. In order to obtain rare metals for national security, some people emphasize the importance of keeping a good relationship with South Africa.

* * *

In effect, Japanese foreign affairs and representatives to UN are quite nervous about the matter, and it is because Japanese diplomatic policy can only be sustained with the support of "African and Latin American countries" (according to a UN source). For the permanent members of the Security Council, the US, Britain and France etc., there is no reason to worry over the number of votes at the General Assembly. On the other hand Japan, hoping to join the Security Council after having been defeated in World War II, cannot help to find significance in every vote at the General Assemly.

Obtaining the support of African countries, likely to be so-called floating votes, will ensure Japan's position in the UN. In another words, "Without African countries' support, Japan will never ever be able to reform the Charter of UN and become a permanent member of the Security Council, or get rid of the 'enemy state' provisions" (according to a source in the representatives to UN). Therefore the logic of Japanese business runs against the logic of the international politics of this country.

(Nikkei Shimbun/ 26 Aug. 1991)

今回の訪問において非白人グループからもわが国からの協力に期待する旨の発言が相次いだほか、国内改革促進のため南ア政府、政党、非白人グループとの意見交換の必要性を痛感させられた。経済界としても、黒人実業家の訪日研修などに積極的に手を貸すプロジェクトを今秋にむけて具体化しつつある。

- 2. 政府としては南アでの改革の進展度合に対応して、スポーツ、文化、教育交流、わが国国民の観光や南ア国民への観光ビザの発給、国家公務国の南ア航空国際線使用など、欧米路国以上に厳しい制限を直ちに撤廃し、さらに6月末のアパルトへイト基幹3法の撤廃を待って、全面的に制成を解除する旨を公表し、南ア政府の一層の努力を促すべきである。文化・教育交流の禁止などについては、これが両国間の相互認識の低下を招いているというマイナス面を見ると、"友情ある説得"の機会を自ら放棄するものであったとの感を禁じ得ない。そして、日本からの貿易・投融資面の協力は必ず黒人雇用、教育、福祉に直接・間接の好影響を及ぼすことは疑いを容れない。
- 3. 加えて、外交関係の設定 (総領事館の大使館への格上げ) およびデ・クラーク大統領の 訪日を早急に実現し、南アおよび南部アフリカ全体の将来についてわが国政府、経済界関係 者と率直な意見交換を行なう機会を持つことが、重要な意義を持つものと考える。
- 4. 経済界としては、南アの投資環境に理解を深め今後の対応策を探り、また、南部アフリカ全体における国際的開発プロジェクトの可能性を調査するため本格的な経済ミッションを 南アを含めこれら地域に派遣すべきと考える。

なお、わが国と南アとの関係を改善していく上でも、アフリカ諸国への経済支援をより充 実させていくことが不可欠であり、わが国政府の積極的な姿勢を強く望みたい。

おわりに

今回の訪問で、南ア社会の各層にわたって多面的に観察、調査が行なえたことは、南ア政府首脳、同外務省関係者、南ア財団、日本外務省、在南ア総領事館、在南ア日本企業関係者等の絶大な協力と支援によるものであり、ここに深く謝意を表したい。また、訪問先が誠に真剣かつ率直な態度で南アの現状を説明し、日本の協力を迫ってきたことは強く印象に残っている。

団員各位にも過密の日程にもかかわらず、両国の架橋となる態度で視察にあたっていただいたことも特に記して、謝意を表したい。

以上

The Keidanren Study Mission to South Africa

Summary of Impressions by Mission Leader Tamotsu Yamaguchi

(Deputy President, Bank of Japan, Ltd.)

Introduction

Since Mr. Frederik Willem de Klerk took office as State President of the Republic of South Africa in September 1989, the country has successively taken steps toward dismantling its policy of apartheid, which has been the focus of condemnation by the international community. Now South Africa has reached the state at which it is about to repeal the three fundamental laws on which apartheid is based: the Population Registration Act, the Group Areas Act, and the Land Acts of 1913 and 1936. In response to these efforts, countries in Western and Eastern Europe, Latin America, and Africa are moving rapidly toward the lifting of sanctions against South Africa and the restoration of diplomatic relations with the republic.

Keidanren has cooperated in the strict enforcement of the Japanese government's sanctions against South Africa through various means, including voluntary restraint on trade. Japan's trade with South Africa, which was the largest in the world in 1987, had dropped to fourth or fifth place by 1990.

In view of the changes that have taken place inside and outside South Africa, however, Keidanren decided to send a study mission to that country from April 21 to 27 of this year to survey the political, economic, and social conditions there. An additional purpose of the mission was to examine the progress that has been made in the implementation of assistance schemes for non-white entrepreneurs and university students in South Africa, which Keidanren has been implementing in cooperation with the Southern Africa Trade Association (SATA) since 1989, and to consider priorities for the future.

During our visit, the members of the mission held discussions with numerous senior government officials, including State President F.W. de Klerk, Foreign Minister R.F. Botha, Finance Minister B.J. du Plessis, and Trade, Industry, and Tourism Minister Dr. G. Marais, as well as Foreign Affairs Committee Chairman Geldenhuys. We also had opportunities to exchange views with representatives of different political parties, business leaders and local European and U.S. business groups, representatives of the black business and education communities, representatives of black political movements (including African National Congress Deputy President Nelson Mandela and leaders of the Inkatha Freedom Party, the largest Zulu-based political organization in South Africa), and senior officials of Japanese-affiliated companies there. Some members of the mission also visited local factories.

I. The Effect of Economic Sanctions on the South African Economy

1. South African economic leaders whom the mission met generally maintained that the strict economic sanctions imposed on South Africa since 1985 by the international community had not had substantial effect on trade because of smuggling and commerce through third countries. They claimed that sanctions in the financial area have played a more crucial role in terms of limiting South Africa's economic growth.

The mission felt, however, that the trade sanctions had caused some operational problems in factories because of the inability to procure maintenance parts for production facilities and that small and medium-sized enterprises, including those run by blacks, had been seriously affected by the U.S. ban on textile imports. The trade restrictions also have forced South Africa to concentrate on certain industries to make up for the loss of imports. The resultant distortion of South Africa's industrial structure appears to have weakened the international competitiveness of various industries.

2. Although investment restrictions halted new investment, companies from a number of countries, including members of the European Community, continued to reinvest in ventures that were already in place before the sanctions were imposed. Japanese companies have been prohibited from

investing in South Africa since 1964, but European and U.S. firms have continued to invest there. Of the total outstanding foreign direct investment in South Africa in 1988, two-thirds came from Europe and one-third from the United States. In fact, 600-700 British companies and a similar number from Germany already have established operations in South Africa. (These numbers are based on membership of the British and German chambers of commerce in South Africa.) The level of investment has tended to increase since the lifting of the EC's ban on new investment in December 1990. Depending on the relative strength of their presence in South Africa, other EC companies are awaiting opportunities to invest while monitoring social and political developments.

The number of U.S. companies with operations in South Africa peaked at around 260 (based on the membership of the U.S. chamber of commerce in South Africa), but the total has now fallen to 110. In addition to the impact of federal restrictions, this decline reflects the impact of constraints imposed by individual state governments in New York, California, and elsewhere, including the exclusion from state contracts of companies that engage in direct investment or lending in South Africa.

Some Japanese and other companies, which had not previously established operations in South Africa, helped improve the productivity of South African industry through other means such as by setting up technical tie-ups with South African capital or by helping companies from third countries which had established operations there:

The overall effect of the ban on new investment and loans has been a slump in industrial investment, since South Africa has been forced to rely solely on domestic savings. This situation has caused growth to decline. There were also symptoms of a technological vacuum of industry, which has been cut off from transfers of innovations through direct investment. In addition, the lack of investment delayed the structural transition of domestic industry from reliance on primary industries (mining and agriculture) to an emphasis on manufacturing industries. The resultant failure to generate sufficient employment for nonwhites moving into major cities aggravated social problems.

During the late 1980s South Africa faced such problems as declining economic growth, rapid population growth (including the influx of people from neighboring countries), and an annual inflation rate of 10%-20%. Such problems served to increase the unemployment rate among nonwhites and had the greatest damage on this socially weak group. There also was a shortage of funds for essential political and social measures within South Africa, including the expansion of housing projects, social welfare, and the construction of schools.

Because of these developments, the Inkatha Freedom Party opposed sanctions.

As the de Klerk government set about introducing reforms, some groups of black entrepreneurs and other began to call for at least the selective abolition of sanctions—for example, the lifting of sanctions for South Africa's black businesses and individuals or the lifting of sanctions on contact in the fields of education and training. Even Archbishop Desmond Tutu, a winner of the Nobel peace prize and a strong advocate of initiating economic sanctions, spoke in favor of their removal in April of this year.

Change is also apparent in the stance of ANC leaders, who recently gave their approval for the revival of sporting contact with South Africa and have stated on a number of occasions that the suspension of International Monetary Fund loans to South Africa was undesirable because of the resultant deterioration in South Africa's economic situation.

3. The restriction of contact with South Africa in the areas of sport, culture, science, and education has heightened feelings of isolation among South Africans. It is also apparent that comments by political defectors living overseas have created an international perception that social conditions in South Africa are worse than is really the case. For example, little is known in Japan about the various reforms that have been implemented since last year, including the introduction of integrated (mixed-race) education in public schools and the total abolition of bans on the use of public facilities by nonwhites. The growing strength of black entrepreneurs in South Africa has been overlooked. Moreover, Japan was the only industrialized nation to

prohibit the issuance of tourist visas to South Africans and to call on its own citizens to refrain from tourist travel to South Africa. The result of this policy has been to deny the peoples of Japan and South Africa any opportunity for dialogue, thereby causing a serious decline in mutual understanding.

II. Changes in the Domestic and International Environment and the Process of Change in South Africa

1. The dramatic social and economic changes that have occurred in the Soviet Union and Eastern Europe have strengthened the view of South Africa's leaders that in the long term it is not possible to suppress the will of the people when the majority are calling for freedom and democracy. At the same time, the interruption of the flow of funds and weapons from the Soviet Union, Eastern Europe and Cuba has caused antigovernment groups to turn increasingly toward peaceful negotiations with the government.

The East European countries and the Soviet Union are now rapidly establishing diplomatic ties with South Africa, setting up government representative offices, consulates, or liaison offices. There also has been a shift in the policies of Latin American and Southern African countries, which have established embassies and air services and are moving toward the expansion of their economic links with South Africa.

In December 1990 the EC lifted its ban on new investment in South Africa in response to the freeing of political prisoners, the legalization of anti-apartheid organizations, and the lifting of the state of emergency there. This was followed in April of this year by the decision to remove import embargoes on iron, steel, and Krugerrands. There was also a major shift in April in the positions of Denmark and Ireland, which had been the most steadfast supporters of sanctions in Europe. Denmark established the embassy last year.

President George Bush of the United States has announced that the U.S. will respond to the freeing of political prisoners and the repeal of the three apartheid laws, and he has rejected demands by some groups for the imposition of additional conditions required for the lifting of sanctions by the U.S. Comprehensive Anti-Apartheid Act.

There also have been changes in South Africa's relations with international organizations. The United Nations High Commissioner for Refugees has been allowed to conduct activities within South Africa, including the establishment of office for the repatriation of refugees from overseas, and officials of the IMF have visited the country. There are indications that South Africa will be readmitted to the International Olympic Committee in time for the Barcelona Olympics in 1992, and it may also be allowed to participate in the World Track and Field Championships in Japan in August of this year.

2. There has been considerable debate over whether State President de. Klerk's efforts to abolish apartheid can be seen as a first step toward the formation of a democratic society in South Africa. Many of the people we met during our visit told us that the process was definitely irreversible. Many political prisoners have been released, and the International Red Cross has been allowed to visit political jails. In addition, it now appears definite that the three laws that form the core of apartheid will be repealed this month year. Economically, too, South Africa has passed the point of no return, and for reasons already discussed the normalization and stabilization of South Africa's external relations have become an urgent priority.

In view of these developments, Denmark, Finland, Ireland, the Netherlands, Sweden, and other countries that previously advocated a firm stance against South Africa have now changed their positions. In fact, there is even growing open outcry in the West against the refusal of some black groups to participate in talks concerning the problem of violence within South Africa.

It must be pointed out, however, that there are various channels of dialogue between whites and blacks in South Africa, and the two races understand each other's position and ideas much more than is generally thought to be the case in Japan.

3. The position of the ANC differs from that of the South African government. Its official stance is that sanctions should remain in place until South Africa institutionalizes its change by adopting a new constitution under which the reforms will become firmly irrevocable. The ANC's basic political demand is for the immediate introduction of a system that extends the vote to every adult. Economically, it is searching for the most appropriate form of mixed economy from a wide spectrum of options, ranging from socialism to market economics. It is gradually moving away from doctrinaire socialism toward acceptance of the benefits of market economics. Nevertheless, ANC moderates, including Deputy President Nelson Mandela and Director of International Affairs Thabo Mbeki, have taken a flexible attitude toward the issue of sanctions.

The most important requirements for nonwhites, particularly blacks, are housing and education. In the past, however, some elements within the ANC adopted the slogan of "liberation before education." Young blacks have been organized in the antigovernment struggle for so long that they are now affected by a kind of educational vacuum. They are referred to as the "Jost generation." There are many priorities, including the elimination of poverty, the training of black teachers, and the improvement of housing, but a kind of "chicken-and-egg" dilemma has arisen between the pursuit of economic expansion and the desire for justice and equality.

There are also encouraging signs, however. For example, nonwhites now account for around one-third of the students enrolled in the University of Cape Town and other prestigious English-speaking universities. Moreover, although policies designed to improve school education for black groups will only be effective as long-term measures, in-house training by companies is already producing considerable educational benefits. Some Japanese companies have earned high appreciation by providing valuable opportunities for workers to undergo training in Japan under technical tie-ups and other arrangements.

Since the improvement of educational infrastructure, such as schools, teachers, and textbooks, requires little foreign currency. South Africa should be able to achieve accelerating improvement in these areas if budgetary limitations can be alleviated by economic growth.

III. Support Activities by Keidanren and SATA

Since 1989 Keidanren and SATA have implemented a variety of support programs, including the promotion of small and medium-sized enterprises operated by nonwhite South Africans and the provision of university scholarships to nonwhites. Members of the Keidanren mission met with many recipient organizations and also undertook field surveys. Although educational projects were proceeding generally as planned, some were facing financial difficulties because of inflation. Support for black enterprises is targeted toward organizations that are involved in housing finance and the development of small businesses. Continuing support is vital in these areas.

A wide range of people, including black entrepreneurs and students, expressed a desire to study or be trained in Japan. Unfortunately this type of activity is currently covered by Japan's policy of restraint on educational and cultural contact with South Africa.

IV. The Status of the South African Economy

1. South Africa is a reliable supplier of rare metals. It has large deposits of manganese, ferroalloys, platinum and other minerals and it has a highly developed social infrastructure, including extensive transportation networks and cheap electric power. South Africa is the only country in Southern Africa that ranks among the industrialized nations of the world. Although, in value terms, two-way trade with South Africa amounts to a less 1% of Japan's total trade, the relationship is extremely important, since the resources supplied by South Africa are vital to the Japanese economy.

The South African economy accounts for an extremely large proportion of economic activity in Southern Africa as a whole. South Africa's political relations with neighboring countries are improving rapidly, and there seems to be a growing awareness that the stability and prosperity of South Africa's economy is essential to the economic development of the entire region. The potential exists for South Africa to become an engine of economic growth in the region, thereby fulfilling the kind of role that Japan plays in Asia. Many of the people whom we talked with emphasized the importance of South Africa in this respect and expressed their eagerness to respond to the increasing hopes of the Southern African Development Coordination Conference (SADCC) countries by contributing to the development of the region.

This attitude has been influenced greatly by the movements toward economic integration in Europe and North America. When considering the idea of such an economic zone in Southern Africa, however, it is important to remember that the countries of the region are at various stages of economic development.

2. South Africa has a highly modern mining industry and massive agricultural and financial sectors. But, except for certain branches of industries, its manufacturing sector is underdeveloped, particularly in the area of supporting segments for major industries. Social conditions in areas outside of South Africa's modern cities are strongly reminiscent of developing countries. The legacy of apartheid and the growing pains of a developing country have combined to create a society with many problems, including gaps between the rich and the poor, industrial imbalances, a gravitation of population toward major cities, and a resultant formation of slums. The situation is further complicated by tribal confrontations, which are particularly common in Africa.

- V. The Outlook for Japan's Relations with South Africa
- 1. Because of its opposition to apartheid, Japan has maintained restrictions on wide-ranging aspects of its relationship with South Africa. Sanctions were introduced originally as a means of applying international pressure for the abolition of apartheid. As has been explained above, however, the reforms being implemented by President de Klerk are to be seen as irreversible. This was clearly the thought of the EC, which is South Africa's most important trade, investment and lending partner, when it decided to remove sanctions. The justification for sanctions continued by Japan has almost disappeared.

The time has come for Japan to undertake a fundamental reassessment of its policy toward South Africa in light of reforms in that country and changes in the international situation. In particular, we must support the government of President de Klerk, which has courageously implemented reforms in the face of opposition from some groups within south Africa. The government of President de Klerk has been seeking the support of its people by arguing that domestic reforms and a policy of accommodating the express wishes of the international community will lead to tangible economic benefits.

During our recent visit a number of nonwhite groups also expressed a wish for Japanese cooperation. We were keenly aware of the need to promote domestic reform through dialogue with the South African government, political parties, and nonwhite groups. As representatives of the business sector, we are now developing projects to provide assistance for black entrepreneurs visiting Japan this fall.

2. Japan has been more stringent than the west in the imposition of restrictions in a number of areas, including contact in the fields of sport, culture, and education; travel to South Africa by Japanese nationals; and the issue of visas to South African citizens. Japanese government employees are prohibited from using international services operated by South African Airways.

The Japanese government should respond immediately to the level of reform in South Africa by lifting these restrictions. Furthermore, Japan should encourage further reform efforts by the South African government by announcing that it will remove all of its sanctions when the three basic apartheid laws are repealed by the end of June.

The prohibition of cultural and educational exchanges, which has had the negative effect of reducing our mutual understanding, meant that Japan forfeited its chance to maintain a position in which it could offer friendly advice to South Africa. Moreover, Japan's cooperation in the areas of trade and investment would definitely have a positive effect, both directly and indirectly, on the employment situation, education, and welfare of black people.

3. We believe that it is extremely important for the Japanese government to establish diplomatic relations with South Africa, elevating its consulate-general there to the status of an embassy, and to invite President de Klerk to visit Japan at the earliest opportunity, so that he can hold frank discussion with the government and business circles here on the future of South Africa and of Southern Africa as a whole.

We strongly hope that the Japanese government will adopt a positive stance and realize that in improving relations with South Africa, it is also essential for Japan to continue and expand its economic assistance to other African countries.

4. We believe that Keidanren should send a large-scale economic mission to the region of Southern Africa, including South Africa, with the purpose of deepening Japan's understanding of the investment climate in South Africa, formulating strategies for the future, and carrying out a field survey to evaluate the possibility of undertaking international development projects in Southern Africa.

Acknowledgement

The Mission expresses its profound gratitude for the invaluable cooperation of senior members of the South African government, the South African Department of Foreign Affairs, the South Africa Foundation, the Japanese Ministry of Foreign Affairs, the Japanese Consulate-General in South Africa, and all representatives of Japanese companies. Its was thanks to their efforts that we were able to observe and study such a broad spectrum of South African society during our visit. We were particularly impressed by the sincerity and frankness with which people in South Africa explained the situation in their country and by their strong desire for Japanese cooperation.

I also would like to express my sincere appreciation to all of the members of the mission, who, despite the busy schedule, displayed a sincere desire throughout the fact-finding tour to build bridges between Japan and South Africa.

IV: 分 野 別 報 告

RETURN WHAT HAS BEEN STOLEN

盗んだものは還せ

We Oppose the White Regime's Dishonest Land Policies

Apartheid cannot end as long as the critical land problem remains unresolved. Millions are homeless due to apartheid policies. That the government should indemnify the black South Africans who have suffered forced relocation is only natural. Above all, those who have been apartheid's victims must be involved in the process of creating new laws concerning land.

We citizens of Japan wish to fight for the right of people in squatters camps to live in decent quarters, and support the efforts of Operation Masakhane for the Homeless in the cause of eradicating the plight of the homeless and liberating South African lands.

VIVA OMHLE VIVA!

This message is voiced, through the co-ordination of the Japan Anti-Apartheid Committee, Tokyo, by the Japanese citizens supporting the South African people's struggle for freedom and justice.

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