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A UNITED NATIONS REVIEW DEDICATED TO THE PROMOTION OF JUSWCE
THROUGH THE SELF . DETERMINATION OF PEOPLES THE ELJMJNATION
OF APARTHEID AND RACIAL DISCRIMINAUON, AND THE ADVANCEMENT
OF HUMAN RIGHTS

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The Case for a Mandatory Oil Embargo
against South Africa
by B. A kporode Clark

Excerpts from a statement made by the Chairman of the United Nations Special Committee against Apartheid, B. Akporode Clark (Nigeria), to the International Seminar on an Oil Embargo against South Africa, which was . held in Amsterdam in March 1980. The Seminar was one of a series of meetings held over the past year in preparation for the International Conference on Sanctions against South Africa, to be held in Paris from 20 to 27 May 1987.

Twenty years ago, the former Prime Minister of the United Kingdom, Harold MaCMillan - a Conservative Prime Minister, I may recall - urged the colonial and racist regimes of southern Africa to recognize and adjust to the llwinds of change". Blinded by greed and rabid racism, the short-sighted rulers of southern Africa tried to resist the winds of change. The result has been tragic conflicts, cruel colonial wars and untold suffering. As always happens in history, wars never preserve the status qua. The Portuguese colonial wars in Africa. like the Algerian war. led to the freedom and independence of Guinea Bissau. Cape Verde. Mozambique and Angola. Only recently. history repeated itself in Southern Rhodesia. But we are entitled to ask two questions. Could not all the agonies, bloodshed. human suffering. economic dislocation and bitterness have been avoided if reason and realism had prevailed? ls there any object lesson in all these conflicts for South Africa. and indeed for the world? .

The philosophy of the African revolution has never been vengeance but self-determination: it has never been military victory but success over manls inhumanity to man; it has never been the expulsion of white settlers but a genuine desire to create non-racial societies where freedom. independence and majority rule are the guilding principles. There is enough in Africa for all its sons and daughters. black or white. The national liberation movement in South Africa is committed to a non-racial society which alone can provide lasting security for the people of that country. So is Africa and, indeed. the United Nations.

We view sanctions as the most peaceful and just means to bring about peaceful change in South Africa in the interests of all the people of South Africa irrespective of race. colour or creed. We are aware of the arguments that sanctions are counterproductive and that they hurt the oppressed people whom they are intended to help. I will not try to answer at any length these spurious arguments, which are inspired by the apartheid regime itself and which contradict the policies of those very Western countries which use them; whenever it suits them to take similar action against other countries, these Western Powers do not hesitate to apply sanctions. But as Bishop Desmond Tutut the Secretary-General of the South African Council of Churches, said about the need to stop the importation of South African coal to Denmark and other Western countries:

"The African people are suffering now even with the importation of coal from South A frica. They will know why they are suffering when they are no longer used to export that coal. But then that suffering would be temporary because apartheid would not survive a crippled economy."

It was as long ago as 1963 that the United Nations General Assembly called specifically for an oil embargo against South Africa. The Western Powers and some others have resisted repeated appeals for action, and the apartheid regime has had two decades to prepare itself. During this time, several transnational oil companies - Shell, British Petroleum, Mobil. Caltex and Total - have enormously increased their involvements in South Africa. They have not only built a surplus refining capacity in South Africa but have also been scheming with the racist regime to defeat existing oil embargoes against South Africa. With the co-operation of other transnational corporations, like Flour Corporation of California, they have been constructing the Sasol projects with a view to converting oil from coal.

The Bingham report in the United Kingdom in 1978 and revelations in the United States showed to what lengths of deceit, perfidy and illegality these companies were prepared to go in the name of profit and in collusion with exploitative racism to defy the international community. When they were faced with a conflict between the laws in their home countries and the regulations of the apartheid regime in South Africa, these oil companies chose to respect the latter, at the price of cruel damage and enormous cost to the lives of the African people.

The main exporting countries of the world have already imposed oil embargoes against South Africa. Since the Arab oil embargo of 1973, all the OPEC countries including Iran, which before the revolution used to supply some 90 per cent of South African oil, have imposed a total oil embargo against South Africa. This embargo has the unqualified support of all the African and non-aligned countries. Yet South Africa still obtains oil for its military machine. for its industries and transportation, for its nefarious schemes to blackmail mankind. This is because the big oil companies have resorted to treachery to defeat the policy objectives of those countries which produce oil, thereby enabling the oil companies to earn what the Hon. Tip OlNeill, Speaker of the United States House of Representatives, has called llobscene prolitsll. In spite of written assurances that they would not sell OPEC oil to South Africa, these oil companies have gone to elaborate lengths to perfect oil-swapping arrangements, cooking of the books regarding the movements of tankers and stage managing the Rotterdam oil spot market.

The oil companies do indeed have profitable investments in South Africa. given the slave system of apartheid. But they seem to forget, or pretend to forget, that they have bigger stakes in other countries of Africa, Asia. Latin America and elsewhere, countries which are committed against racism.

We must make it clear that the supply of oil to South Africa is a hostile act against the people of South Africa; it is also a violation of the resolutions of the United Nations, an unconscionable act of bad faith to the OPEC countries, and a blow against civilized alternatives to revolution or racial war in South Africa. The transnational oil companies must be told. in no uncertain terms, that oil-exporting countries will not tolerate the supply of their oil _ or any oil released by swaps with their oil _ or through the spot market traffic to the enemies of Africa and of humanity.

We must look at all the ramifications of the oil trade with South Africa and find means to co-ordinate action by all committed Governments and organizations in order to implement the embargo.

Crude oil is still being supplied freely from Brunei, the British protectorate. to South Africa. We intend to take up this matter with the competent authorities. The people of Brunei, I am sure, will not like their oil to fuel the inhuman system of apartheid in South Africa.

The oil traffic between Brunei and South Africa must be stopped.

Equally. there must be a thorough investigation of the role of the oil spot market at Rotterdam and elsewhere which is now the main source of crude oil to South Africa, and 0f the tanker companies which manipulate their assignments in order to enable the South African regime to obtain oil.

South Africa also continues to import refined oil from Western countries _ particularly Italy. the United States the United Kingdom, the Federal Republic of Germany and the Netherlands. It is to be presumed that some. if not all. of this oil refined for export comes from OPEC and other countries which have resolved that their oil must not get to South Africa. Ways must be found to identify this illicit traffic and to persuade the Governments concerned to honour their solemn undertakings and to abide by the decisions of the United Nations and OPEC.

We must look into contractual arrangements for the sale of oil by producing countries and the loop-holes which are used by unscrupulous traders. We must explore means to monitor the movements of oil tankers to South Africa. Our task is to prevent any oil from reaching South Africa. not merely to make South Africa pay a premium for its oil supplies.

We must also study and expose the collaboration of many Governmentsi financial institutions and transnational corporations in the construction of the Sasol oil-from-coal plants in South Africa.

Over the past two decades, as we appealed and pressed for action against the South African regime, we have found that every advance which was made in United Nations resolutions was frustrated by the actions of the major trading partners of South Africa, the transnational companies and unscrupulous traders, who have shown no hesitation to profit from the sacrifices of many developing countries.

There was, for example, the shameful decision of the British Government in 1979 to authorize a ttswapii with North Sea oil for South Africa, and also the manoeuvres of British Petroleum to continue oil supplies to South Africa. These decisions so affronted the people of Africa that Nigeria had no alternative but to take over the assets of British Petroleum. It was not an easy decision for my Government to take because we do not believe in nationalization for the sake of nationalization. But we could not accept that the British would sell our oil to South Africa with which to suppress and dehumanize the 21 million African victims ofapartheid. We hoped that it would serve as a warning to others similarly inclined to break faith with us.

Another example is the recent case of the oil tanker Salem which was scuttled in the Atlantic after illegal delivery of Kuwait crude oil to South Africa. It appears that the South African regime has found willing accomplices in tanker companies and insurance houses to persist in deceit. violation of contracts and acts of piracy.

It is therefore imperative that United Nations decisions on an oil embargo be reinforced by effective monitoring, national legislative actions and penalties for violators. There is a role for Governments and intergovernmental organizations, for trade unions, for churches for anti-aparlheid movements, for research institutions and, above all, for public opinion.

Many countries including the OPEC oil-exporting countries, have taken collective or unilateral action to impose embargoes against South Africa. They did not have to wait for mandatory Security Council decisions that will be blocked by a few Western Powers, whose actions often betray their liberal traditions of human rights, freedom and democracy. Those who see apartheid as an evil, a moral issue, should not hide behind legal subterfuges. They should come out at the Security Council or unilaterally for an effective oil embargo against South Africa.

SANCTIONS AGAINST SOUTH AFRICA DEFEATED IN SECURITY COUNCIL

At a meeting of the Security Council on 30 April 1981, tour draft resolutions that would have imposed mandatory, comprehensive sanctions against South Africa because 0/ its actions regarding Namibia were defeated by the negative votes of three permanent members of the Council - France, the United Kingdom and the United States.

Oil Sanctions:
South Africals Weak Link
by M artin Bailey

Excerpts from a paper submitted to the International Seminar on an Oil Embargo against South Africa, he/d in Amsterdam in March 1980. The seminar was organized by the Holland Committee on Southern Africa and the Working Group Kairos, in co-operation with the United Nations Specia/ Committee against Apartheid. The paper was issued by the Centre against Apartheid in its "Notes and Documents" series, no. 15/80.

Mr. Bailey is a British economist who had done extensive research on the economies of southern Africa.

An oil embargo, it has been suggested. would be the most cost effective form of economic sanctions that could be applied against South Africa. Oil sanctions would hurt South Africa the most and the rest of the international community the least. making it the most effective way in which peaceful pressure could be exerted on the South African Government.

In order to test this hypothesis. five questions have to be considered:

- How critical is oil to the South African economy?
- How long could South Africa survive a cut-off of oil imports?
- What impact would an oil embargo have on the international community?
- What impact would an oil embargo have on South Africzfs neighbours?
- Would it be possible to actually out off South Africals Oil?

How critical is oil to the South African economy?

Oil provides only about 25 per cent of South Africals primary energy needs, an unusually low proportion for an industrialized country. Coal is by far the most important source of South Africals energy, accounting for three fourths of total energy requirements, and the countryls massive coal deposits and low labour costs have ensured that its coal prices are among the lowest in the world. Hydroelectricity provides only 0.2 per cent of energy requirements. Nuclear power will begin to produce small amounts of energy when the Koeburg plant is completed in 1982. Nevertheless, at least for the 19805, coal _ and, to a lesser extent, oil _ will continue to provide virtually all of South Africa1s energy requirements.

It is extremely difficult to obtain reliable statistical data on the oil industry in South Africa because of the blanket of secrecy that has descended over the past decade. The Official Secrets Act restricts the supply of information relating to the oil industry in South Africa. Since the 1973 oil crisis, the Government has stopped publishing data on oil imports in its trade statistics. The cut-off of Iranian oil at the end of 1978 led to the introduction of a draconian new law in June 1979 which makes it a serious criminal offence to publish information on llthe source, manufacture, transportation, destination, storage, quality or stock level of any petroleum acquired or manufactured For or in the Republic?

The major published survey of the South African oil industry is a report by Martin Bailey and Bernard Rivers, entitled 110il Sanctions against South Africall, which was issued in 1978 (see Objective: Justice, vol. 10, no. 3, autumn 1978, pp. 7-19). The statistical estimates presented in that report have been used as a data basis for the present study.

South Africa imported about 400,000 barrels per day (b/d) of crude oil in 1978. This figure is based on the assumption that 70,000 b/d of crude oil was added to the country1s strategic stockpile, leaving 330,000 b/d to be refined. South Africa also imports relatively small quantities of various refined products (such as specialized lubricants and solvents) which are not produced by local refineries. During 1978, SOuth Africals refined oil imports were about 15,000 b/d. Finally, there was a small oil-from-coal plant, known as Sasol l, which produced about 5,000 b/d of oil products. In 1978, domestic oil-from-coal production therefore only provided 1 per cent of South Africals oil requirements; the remaining 99 per cent had to be imported.

Since these estimates were prepared, however, the cut-off of Iranian oil has altered the situation in some respects. After the 1973 oil crisis, 90 per cent of South Africa1s oil came from Iran, but in December 1978, when labour strikes against the Shahls rule disrupted the Iranian economy, all oil exports were cut. Since then no oil has been officially exported from Iran to South Africa because the Ayatollah Khomeini1s Government banned oil sales to South Africa when production was resumed in February 1979.

Had it not been for the events in Iran, South Africa’s consumption of oil products would probably have risen slightly during 1979, but the problem of obtaining supplies and greatly increased procurement costs meant that oil imports actually declined conSIderably. Domestic consumption of oil in South Africa probably fell by something like 10 per cent during that year, and it is unlikely that any significant additions were made to the country’s strategic stockpile. If it is assumed that oil consumption fell by around 10 per cent in 1979 and that stockpiling was halted, then South Africals imports of crude oil fell by about one fourth, from 400,000 b/d to 300,000 b/d in 1979. Imports of refined oil and production from Sasol I probably remained steady during the years

The total cost of oil imports has escalated dramatically over the past decade. In I973, when oil trade figures were last published, imports cost South Africa 195 million rand ($277 million). But by 1979. world oil prices had escalated dramatically, and South Africa was having to pay a llpolitical premiumv for its supplies on the spot market and elsewhere. Press reports suggested that the cost for South Africa was as high as $40 a barrel during 1979. Assuming that crude oil imports amounted to 300,000 b/d. this would give an annual bill of $4.380 million. Adding the cost of refined oil imports would push up the total import bill to almost $5,000 million, representing over one third of South Africals total imports in 1979.

The dramatic rise in oil import costs that occurred after the Iranian cut-off in 1979 was offset by the jump in the price of gold, but escalating oil costs have nevertheless had a severe inflationary impact on the economy, since most goods and services depend to some extent on consumption of oil products.

The industrial and commercial sector is the principal consumer of energy in South Africa, accounting for 62 per cent of total consumption. Of this amount, only 8 per cent is provided by oil, mainly fuels for heating or stationary engines. During the past decade, considerable efforts have been made to reduce oil consumption in this sector still further: as a result. most of the areas in which coal can be substituted for oil have probably already been exploited. In addition, however, oil is also required for certain non-energy requirements: the petrochemical industry. for instance. depends on oil as a basic raw material. and lubricants are essential for virtually all machinery.

The household and agricultural sectors consume I4 per cent of South Africa’s energy. Of these, the household sector is the more important. with electricity providing most of the needs; but the agricultural sector. despite its relatively modest energy requirements, is highly dependent on oil for capital-intensive commercial agriculturet mostly in the form of diesel fuel for tractors. A substantial cut-back in oil supplies for agricultural use could therefore result in a serious fall in production.

The transport sector is by far the most important consumer of oil, depending on oil for as much as 79 per cent of its energy requirements and with road vehicles accounting for 87 per cent of the oil consumed in this sector. The future increase in South Africals oil consumption will therefore be largely dependent on the quantity of fuel used for road transport. During the early 19705, there was a rapid rise in the number of registered road vehicles, but increases in retail prices and Government restrictions (on speed limits and hours of petrol sales) have meant that petrol consumption has actually declined over the past few years. Consumption of diesel fuel. mainly for public and commercial transport. has nevertheless steadily increased.

The mining sector is the smallest consumer of energy in South

Africa. accounting for 11 per cent of total consumption and with only a very small proportion provided by oil.

The above analysis does not, however, reflect the immense strategic importance or" oil. Without oil, the armed forces and the police would lose their mobility, and this emphasizes South Africals vulnerability to an effective embargo.

Oil is the one vital raw material which South Africa dom not possess, and yet without the continued supply of oil, the South African economy would collapse. Fuel is absolutely essential for transport, industry and agriculture. Oil is also refined into products other than fuel - ranging from bitumen to lubricants _ which are required in virtually all sectors of the economy. The 25 per cent of South Africals energy requirements which are currently provided by oil represents an almost irreducible minimum. Many sectors of the economy which are currently dependent on oil cannot convert to other energy sources; others could only do so over a period of time and at considerable expense. A substantial reduction in oil consumption would therefore lead to a major economic recession.

An effective oil embargo would consequently have an enormous disruptive effect on South Africa. If all oil supplies were cut off, the economy would soon grind to a halt: transport would become extremely difficult, industrial production would be severely hit, output of the modern agricultural sector would rapidly fall, and the armed forces and police would lose their mobility.

Clearly, the primary economic impact of an oil embargo would be on those sectors most dependent on oil products _ transport, industry and agriculture - but the secondary effects would be even greater and would probably lead to complete economic breakdown.

To take an example: less available petrol would lead to a decrease in the use of private cars. Consumer demand for new automobiles would fall drastically, affecting the output not only of cars but also of the whole range of raw materials and components used in their manufacture. This in turn would lead to greater unemployment in the whole industrial sector, further depressing demand for manufactured goods in the South African economy as a whole. The secondary or ripple effects of an oil embargo might therefore bring the South African economy to the verge of total breakdown even before the oil stockpile had actually been exhausted.

It is clear that oil is South Africals most vulnerable point of dependence on the outside world. Huge quantities are required _ around 300,000 barrels every day _ and there is no viable substitute for most uses of oil. No other commodity has quite the same significance for South Africals survival.

How long could South Africa survive a cut-off of oil imports?

The period during which South Africa could survive a cut-off of oil supplies would depend on four principal factors: the size of the countryls existing oil stockpiles; the output of oil-from-coal plants; whether current exploration efforts in South Africa lead to the discovery of exploitable oil deposits; and the extent to which oil consumption could be reduced.

Stackpi/es. South Africa has been building up its strategic stockpiles of crude oil for over a decade. These stocks are mainly held in disused coal mines in the Transvaal.

Oil stockpiling is very expensive both because of the construction expenses and because of the costs of tying up capital in the oil which is stored. Most countries therefore maintain relatively small stockpiles; indeed. few Western European nations have stocks that would last for more than three months. But South Africa. because it has been subjected to persistent threats of an oil embargo, probably holds the worlds largest oil stockpile, measured in terms of how long it would enable the country to survive.

The size of South Africais stockpile is a closely guarded secret. Press reports have given various estimates, and some of the figures quoted are clarly exaggerations. But utilizing a variety of sources, the Bailey and Rivers report estimated that the countryls stocks in mid-1978 would have lasted about one and a half years (at prevailing consumption rates), which represented a stockpile of roughly I88 million barrels. Since then. additions to stocks have been very low because of the cut-off of lranian supplies. It is therefore unlikely that South Africals stockpile now exceeds 200 million barrels of oil.

0i!-_/’r0m-cual. South Africa is the only country in the world which has embarked on the commercial production of synthetic oil. The first oil-from-coal plant. known as Sasol I, was opened at Sasolburg (50 kilometres from Johannesburg) in l955. lts output is just under 5,000 b/d of oil products, which constituted about I per cent of South Africais oil requirements in I978.

Sasol ll, a considerably larger plant, built at a cost of 3.000 million rand, was opened at Secunda (l50 kilometres east of Johannesburg) early in l980. Once full production has been reached, in l98l, the output from Sasol II will be around 45,000 b/d of oil products.

In February 1979, after the cut-off of Iranian oilt the South African Government announced a decision to build Sasol III at a cost of about 3,300 million rand. This new plant, which is being built adjacent to Sasol ll, will be the same size as Sasol ll, thereby providing an additional 45,000 b/d of oil products.

Thus, the combined production of oil from Sasol I (5,000 b/d), Sasol ll (45.000 b/d) and Sasol lll (45,000 b/d) gives a total output of 95.000 b/d.

The precise proportion of South Africals oil requirements that will be accounted for by the Sasol plants will obviously depend on the level of consumption during the l980s. but it is quite incorrect to suggest. as some reports have. that oil-from-coal production will provide the bulk of South Africals oil requirements.

South Africais domestic demand for oil products in 1979 was around 270,000 b/d. If there is absolutely no increase in oil demand in the 19805, then the combined output of the Sasol plants would provide 35 per cent of the countryls requirements until the end of the decade. But it should be emphasized that a zero growth in oil demand would have a severely limiting effect on South Africals economic development and would cause a serious increase in unemployment. Taking an estimate of a 4.4 per cent annual increase in oil consumption would mean that oil-from-coal production would account for 30 per cent of the countryls requirements when Sasol Ill comes into full production in 1983. From then on the percentage of oil which is converted from coal could steadily decline.

It might be argued that South Africa, faced with the threat of an imminent oil embargo, could expand its oil-from-coal production still further, but this would be extremely difficult, if not impossible. To manufacture all its oil requirements domestically might entail a capital outlay of over $20,000 million. South Africa has been very dependent on foreign contractors and supplies to build the Sasol plants, and, in a situation in which an oil embargo was likely, it would become very complicated to build further plants. Coal mining would also have to be massively expanded: to manufacture all of South Africals oil requirements would require around 100 million tons of coal a year. Finally, it would take many years to build additional oil-from-coal plants.

Exploration. For many years efforts have been made to discover oil or natural gas deposits in South Africa and Namibia. Work intensified in 1965 with the establishment of the Southern Oil Exploration Corporation (Soeker), a Governmen corporation which now has over-all responsibility for oil exploration.

Most of the foreign firms which originally took leases for oil exploration in the late 19605 have pulled out, after it became clear that prospects of discovering commercially viable oil deposits were poor. Minor traces of oil and natural gas have been found, but none of these has proved even remotely commercially exploitable because of their small size. Indeed, on-shore exploration drilling was ended in 1977. although off-shore prospecting continues.

It is still possible that exploitable oil deposits may be discovered in South Africa, but the chances are becoming increasingly slim. Even if commercially viable deposits are found, it would take many years before full production could be attained. For the immediate future there is very little likelihood that discoveries of domestic deposits of oil could reduce South Africals dependence on imported fuel.

Reducing consumption. For many years the South African Government has taken steps to reduce the countryls consumption of oil by lowering speed limits and restricting the number of hours a week that service stations are permitted to sell fuel. More importantly, the price of oil products has been raised (both because of the rise in import costs and by tax increases), which has had the effect of discouraging consumption. Petrol prices at the pump increased from l2 cents a litre in 1973 to 54 cents a litre in June 1979.

Any fall in oil consumption, to reduce imports. has to cover all major oil products. otherwise shortages of certain products would develop. To take an example: petrol consumption rose by only 0.8 per cent annually during 1974-78. while diesel consumption increased by 5 per cent a year throughout this period. Since diesel fuel is widely used for public and commercial transport, as well as in the mechanized agricultural sector, it has proved very difficult to reduce consumption of this fuel without severe economic dislocation.

Oil refineries have some flexibility in altering yields of petrol and diesel over a few percentage points, and South African refineries have been recently adapted to meet new patterns of demand for different oil products, but major changes of balance are normally impossible to introduce in the short term and expensive in the long term. This means that any attempt to reduce oil consumption has to cover all major oil products.

One method of reducing South Africals oil consumption which is currently under consideration is the use of additives, such as methanol and methane alcohol (produced from the distillation of wood or coal) and ethanol (manufactured from sugar cane or maize). Research is also being conducted into the possibility of using hydrogen as a motor fuel, but all these possibilities are still under only preliminary consideration. and serious problems remain to be overcome if they are to be used on any significant scale. There is little likelihood that additives or substitutes could significantly reduce South Africals petroleum imports during the next decade.

There is, however, one simple way for South Africa to reduce its oil imports, In the event of an oil embargot South Africa could decide to cut off all (or part) of its exports of refined products to neighbouring countries. At 1978 levels. this would involve a saving of about 27.000 b/d of oil products, or 7 per cent of South Africals oil imports.

Sales of bunker fuels to international shipping could also be cut. Again. however. this would do little to help reduce South Africals oil imports because the heavy bunker fuel would be of little use in other sectors of the economy. The only other major uses of heavy fuel oil are furnaces and power stations. Since coal is usually utilized for these purposes in South Africa, it would be difficult to make productive use of the heavy fuel oil which is currently sold as bunker fuel.

lf South Africa is to substantially reduce its oil imports. savings will have to be made mainly in the form of a cut-back in domestic consumption. However. cutting back on the fuel available for public transport for the transport of goods, for agriculture and for industry would inevitably have a serious impact on the South African economy. Most of the obvious areas where oil can be substituted for other fuels (primarily coal) have already been exploited, and there is relatively little scope for further reductions. It is therefore unlikely that an over-all reduction in domestic oil consumption of much more than 10 per cent could be made without having a very serious impact on the South African economy.

Having analyzed the various factors involved. it is possible to reach some conclusions on the length of time that South Africa could survive a complete cut-off of imported oil.
In order to determine the time span involved, the following assumptions have been made: first, that in l979 South Afrieals total demand for oil imports amounted to about 320,000 b/d; second, that in the event of an oil embargo, South Africa would immediately end all exports of refined products, continue bunker sales at present levels (since heavy fuel oil would have little use in the economy) and reduce domestice consumption by a further 10 per cent; third. that Sasol I currently provides 5t000 b/d; Sasol ll. 22.500 b/d in I980, 45,000 b/d from I981 onwards; and Sasol III, which will come on stream at the start of 1983, 45,000 b/d; and finally that no domestic deposits of oil are exploited and that additives or substitutes do not provide signilicant contributions to energy needs.
Probably the most important variable, however, is the question of the rate of increase in South Africals future oil consumption. Historically. economic growth has everywhere been accompanied by a roughly proportional increase in total energy consumption. A study published by the South African Government in l977 calculated that oil consumption would rise by 54 per cent during the decade of the 1980s, or an average of 4.4 per cent a year. In a no-growth situation, it is assumed that oil consumption will stay at exactly the same level as it was in 1979.
If we assume that South Africals existing Oil stockpile is 200 million barrels, and that it is not increased over the next few years, then it becomes possible to calculate how long the country could survive a total cut-off of imported oil.
Where oil consumption rose by 4.4 per cent annually, South Africa could survive between 2.2 and 2.5 years in the event of a total cut-ofl of oil. This period would be stretched to between 2.6 and 3.2 years in a no-growth situation. It is therefore reasonable to suggest that South Africa could theoretically survive for a period of roughly 2.7 years if all oil imports were cut off In practice. however. the secondary or ripple effects of the oil embargo would begin to hit the country as soon as oil sanctions were introduced, and the economy would then immediatley slide into a deepening recession. It is therefore most unlikely that South Africa could actually survive the theoretical 2.7-year period.
What impact would an oil embargo have on the international community?
The direct impact of an oil embargo on the international community would be relatively small. Five international oil companies dominate the oil industry in South Africa _ Shell, British Petroleum, Mobil, Caltex and Total - but their investments there, which are probably worth just over 1,000 million rand, represent under I per cent of their global interests. An oil embargo against South Africa would therefore have only a marginal impact on the balance sheets of the international oil companies.

Similarly, there is no oil-producing country which depends to any great extent on oil exports to South Africa. Brunei, currently the only country which openly sells oil to South Africa, exports only about 7 per cent of its oil to that country. The remainder of South Africals oil imports probably originate from a wide variety of sourcest so that there would be relatively little effect on any particular exporting country.

South Africals oil imports represent under I per cent of total world production. A cut-off of all oil supplies to South Africa would have the effect of marginally increasing the oil available on the world market, which, by itself, might tend to keep world prices stable. But because South Africa currently purchases most of its requirements on the spot market, the effect of an oil embargo would have a much greater effect on that market. Demand for spot supplies would fall; this might lead to downward pressure on spot prices and. in turn, to more stable official OPEC prices. It should be stressed. however, that South Africals relatively small oil consumption means that its withdrawal from the world market would probably have only a marginal impact on official price levels.

One of the financial burdens of an oil embargo that has to be considered is the cost of enforcement action to make it effective. A naval patrol of the whole South African coast would be extremely expensive; a scheme put forward in the final section of this paper, to withdraw transport facilities for the shipping of oil to South Africa, would be much less expensive. Presumably. the costs of enforcing an oil embargo could be distributed among the international community on an equitable basis.

What is more important. although more difficult to assess, is the secondary impact on the world economy of a South Africa which has been economically crippled by an oil embargo. While the country would initially have more foreign exchange available if oil supplies were denied, it would go into an immediate - and deepening _ economic recession once oil sanctions were imposed, and this would reduce its foreign trade.

Few nations outside southern Africa. however, have a substantial proportion of their trade with South Africa. Even the United Kingdom. historically the countryls largest international trading partner, now conducts only 3 per cent of its total foreign trade with South Africa. An economically battered South Africa certainly would have a disruptive effect on the world economic situation, but the impact would be relatively diffused.

It has been suggested that South Africa could retaliate against the international community (or against specific countries) if an oil embargo was imposed. South Africais strongest card would probably be to cut off exports of strategic minerals. But such action would almost certainly have a severe effect on the South African economy, leading to escalating unemployment and to a massive loss of foreign exchange. The impact of such a step is therefore likely to be more serious for South Africa than for the international community.

I.

Since over half of the world 5 oil trade passes by the Cape, it has also been suggested that South Africa could threaten the Westis oil lifeline from the Gulf. But very few of these tankers actually stop at South African ports for bunkering, and alternative bunkering arrangements could probably be made for them elsewhere in the event of an oil embargo. Since the vast majority of the tankers which round the Cape do so outside South African territorial waters, it would be an act of war for the South African Navy to interfere with the international oil trade.

The South African Government is thus in a relatively weak position to retaliate against the international community over the imposition of an oil embargo. Retaliation would almost certainly have a much greater negative impact on South Africa than it would on the international community. and in most cases the impact on the latter would be diffused. Retaliatory action could therefore merely aggravate the effects of an oil embargo on the South African economy.

South Africais reaction to an oil embargo would partly depend on the objectives of those who initiated the action. Sanctions to secure political change in Namibia would be less likely to lead to a llsuicidalii retaliation from South Africa than actions directed towards the dismantling of the apartheid system.

A decision to impose an oil embargo against South Africa would certainly incur substantial costs for the international community. These would include the relatively small loss of revenue to the transnational oil companies and the oil-exporting countries which currently supply South Africa. An enforcement scheme to ensure that the embargo was implemented effectively would have to be financed. The effect on the world economy of an economically crippled South Africa and the possibility of retaliation by South Africa also have to be considered. Finally, the costs of assisting South Africals neighbours to obtain oil would have to be defrayed by the international community. Certainly all these costs added together would be high, Any consideration of whether to impose an oil embargo against South Africa therefore has to be accompanied by an analysis of the costs of alternative action or inaction.

What impact would an oil embargo have on South Africa’s neighbours?

South Africais neighbours would ’probably be severely affected by an oil embargo on the Republic, and it is therefore important to analyze the extent to which those countries are dependent on oil supplies from South African refineries.

Namibia. Since Namibiais oil consumption is normally included in estimates for South Africa, no reliable information is available on the quantity currently consumed in the territory. Nevertheless, it is likely to be around 8,000 b/d. All of Namibiuis oil requirements are presently supplied from South Africa in refined form, usually by tanker t0 the port of Walvis Bay.

If an oil embargo were imposed against South Africa while it was still in illegal occupation of Namibia, sanctions would also be extended to the territory. Indeed. a South African refusal to withdraw from Namibia could well be a reason for such an embargo. If, on the other hand. an internationally acceptable settlement were reached in Namibia. the country would presumably be excluded from any oil embargo against South Africa. It would then be relatively simple to supply Namibia with refined oil products from elsewhere, by ship to Walvis Bay. Neighbouring Angola, already an exporter of refined products. would be an obvious source. although supplies could also be shipped from other oil-exporting countries.

Zimbabwe. Zimbabwels oil consumption in 1978 was estimated at about 16.000 b/d. During the period of sanctions, Zimbabwe imported its oil requirements in refined form. mostly from South Africa by rail (via Maputo) until the closure of the Mozambique-Zimbabwe border in 1976. From then onwards, Zimbabwels oil requirements were supplied directly from South Africa.

When sanctions were lifted in December 1979, Zimbabwe continued to import its oil requirements from South Africa while preparations were undertaken to reopen the Zimbabwe refinery at Umtali and the crude oil pipeline which runs from the Mozambican port of Berra.

In the event of an oil embargo against South Africa, Zimbabwe could import oil economically from Mozambique _ either in the form of refined oil sent by rail from the ports of Maputo or Beira, or crude oil shipped by the pipeline to the Umtali refinery. In addition. it might also be possible to send some oil products from the Zambian refinery at Ndola into Zimbabwe by rail. Zimbabwe should therefore still Find it relatively easy to import its oil requirements in the event of an oil embargo against South Africa.

Swaziland. Swazilands oil consumption in 1978 was around 2,l00 b/d. imported in refined form from South Africa. Transport is usually by ship to Maputo and then by rail into Swaziland. In the event of an oil embargo against South Africa. Swaziland could continue to import its oil requirements via Mozambique. Supplies could either come from the Maputo refinery or be imported in refined form through 21 Mozambique port. Swaziland would therefore be unlikely to find its oil imports disrupted by an oil embargo against South Africa.

Bolxwana. Botswunuls oil consumption in l978 was around 3,400 b/d, Its supplies are normally transported by rail from South Africa. In the event of an oil embargo against South Africa. it would probably be possible to supply Botswanals relatively small requirements from Zimbabwe. Oil products could be railed from a number of sources _ from the Zimbabwean refinery at Umtali, the Zambian refinery at Ndola or from Mozambique.

Leymhn. Lesothols oil consumption in 1978 was around l,l00 b/d, all of It supplted from South Africa, normally by rail to Maseru.

Lesotho would undoubtedly be very hard hit by an oil embargo against South Africa. Under the Southern African Customs Union Agreement, Lesotho (like other members) normally has the right of freedom of transit for goods consigned through South Africa. This right. however, is subject to a number of conditions, including the proviso that South Africa may refuse transit rights for purposes of protecting Its security interests.
In the event of an oil embargo against South Africa. it might be possible to airlift oil products into Lesotho. The Mozambican port of Maputo, which is about 650 kilometres away, would be the most convenient point, but the question would then arise whether the South African Government would grant overllying rights for the transport of oil. Also, an oil airlift would be very expensive. and the costs would have to be borne by the international community.
Lesothols geopolitical situation is complicated by the fact that the territory of the Transkei lies between it and the sea. The Transkei has not been recognized by the international community (or by Lesotho). and any oil embargo against South Africa would probably extend to the nominally independent bantustans.
The most effective way to reduce Lesothols dependence on South Africa would be to build up a large oil stockpile. A stockpile of about 2 million barrels would enable Lesotho to survive for five years at current consumption rates. Storage facilities for 2 million barrels of oil might cost in the region of $20 million. In addition, there would be the costs of purchasing the oil itself, which, at the rate of $35 a barrel, would cost $70 million. This is a large capital outlay, but with the rising costs of oil this stockpile would appreciate in value. It should therefore be possible for Lesotho to proceed with a major stockpile programme if the international community were willing to provide the initial finance. Of course, Lesothols ability to build up a stockpile would be partly dependent on South Africals willingness to allow accelerated supplies to be sent in transit through its territory. The one point which strenghtens Lesothols position is that its oil consumption is so low, compared with that of South Africa, so that a five-year stockpile would be relatively cheap to build.
Mozambique. Mozambiquels consumption of oil in 1978 was around 11,000 b/d. Most of the countryls needs are provided by the Maputo refinery, but small quantities of specialized refined products are imported and some currently purchased from South Africa. In the event of an oil embargo against South Africa, it would be relatively simple to find alternative sources for the small quantities of refined products imported from South Africa
Other countries. Both Malawi and Zaire currently import a small proportion of their oil requirements from South Africa, as do a number of Indian Ocean islands. In the event of an oil embargo against South Africa, these countries could easily find alternative sources of supply, and refined oil could be purchased from other African or Middle Eastern refineries.

Would it be possible to actually cut off South Africals oil?
The attempt to impose oil sanctions against Rhodesia failed dismally, critics have emphasized, so would it really be possible to cut off South Africals oil? There are, however, important differences between the two countries: Rhodesia was able to survive sanctions only because of the support it received from its neighbours (South Africa and the former Portuguese-ruled Mozambique): but South Africa now has no sympathetic and powerful neighbour to come to its aid.

Today, most oil-exporting countries either embargo or restrict oil sales to South Africa. Even the United Kingdom and Norway, Europels two major oil-exporting countries, both forbid the export of their own oil to South Africa. South Africa is therefore very vulnerable, and the Government has attempted to keep the sources of its oil imports a closely guarded secret. Much of South Africals refined oil imports come from a number of Western countries - particularly Italy, the United States, the United Kingdom, the Netherlands and the Federal Republic of Germany. Refined oil imports are extremely important because they largely consist of specialized products which cannot be produced in South African refineries. But in 1978, at least, they represented only 4 per cent of the total oil imports (by volume).

The most important question is which countries are exporting crude oil to South Africa. Brunei is the only nation which openly sells crude oil to South Africa. Recent estimates have suggested that Brunei may be exporting about 25.000 b/d of crude oil to South Africa, or around 8 per cent of its requirements. This oil is sold by Shell International Petroleum to 521501 for refining at the Natref refinery. Brunei is internally self-governing, but the United Kingdom is still responsible for its external affairs until the planned hand-over at full independence in 1983.

It is difficult to discover where the remainder of South Africals crude oil originates. It could be coming from three main sources: supplies could come from the handful of relatively small oil-exporting countries which do not embargo (such as Brunei): oil could be illegally supplied from countries which officially embargo South Africa; or supplies could be purchased by South Africa from intermediaries who disguise the original source of the oil (this might be happening either with or without the connivance of the company which ultimately shipped the oil to South Africa).

There are two possible ways in which an oil embargo could be imposed against South Africa: through unilateral action by States which are attempting to isolate South Africa: or by a multilateral and mandatory embargo imposed by the United Nations Security Council.

Action taken by the Nigerian Government during 1979 demonstrated both the effectiveness and the limitations of unilateral moves. In May I979, the Nigerian authorities seized the Kulu, a tanker owned by the State-controlled South African Marine Corporation (Safmarine), which was on charter to British Petroleum. At the time, the Ku/u had been sent by BP to the Nigerian port of Bonny to collect a cargo of crude oil for Rotterdam, but after the ships South African ownership was discovered by the Nigerian Government, the tanker was seized, and was released only after its $30 million cargo had been confiscated.

Then, on 30 May, the Nigerian Government announced that it would refuse to deal with any tankers that had been in licontactil with South Africa, Rhodesia or Israel over the previous three months. llContact" included refuelling. having nationals of those countries as crew members, or being owned or Chartered by any of the three countries. In July, the Nigerian Government Fired another warning shot by cutting back on sales of crude oil to British Petroleum by l00,000 b/d because of the companys role in supplying South Africa.

Nigerials most dramatic move came on 31 July 1979. On the eve of the Commonwealth summit conference in Lusaka, the Nigerian Government announced the nationalization of BPls assets in Nigeria, including BPls 20 per cent stake in Shell-BP Nigerian (the production company engaged in off-shore exploration and exploitation) and BPls 40 per cent shareholding in BP Nigeria (the local marketing firm). Full compensation was promised for BPis assets, which could be worth as much as 075 million, but the biggest blow for BP was the loss of a major source of crude oil at a time when the company was facing a serious shortage. Nigerials actions against BP demonstrated some of the steps which a single major oil-producing country could take against companies involved in supplying South Africa.

The oil-exporting countries could impose penalties against any company involved at any stage in the purchase or transport of oil from the country concerned which ultimately reached South Africa. These penalties could include a fine or surcharge on oil sales to the company or a refusal to make further sales.

Action could also be taken against international oil companies which have subsidiaries in South Africa (Shell, BP, Mobil, Caltex and Total). Oil-exporting countries could impose surcharges on sales to those companies or refuse to make any sales to them. Oil-importing countries could also impose similar penalties on the local marketing firms which are owned by the international companies with operations in South Africa.

These measures would certainly discourage the oil companies from selling to South Africa. They would only continue those sales if they were able to charge an inflated price that made the risks worthwhile. Retaliation against the oil companies for involvement in supplying South Africa could therefore have a serious impact on South Africais import bill.

If, for example, the fear of retaliation meant that the oil companies decided to increase the price of oil for South Africa by just 10 per cent, this would involve a huge financial burden for South Africa. If it is assumed that South Africa imports 300,000 b/d of crude oil at $40 a barrel, a 10 per cent raise would push up the price by $4 a barrel, which would mean additional costs of $1.2 million every day. Spread over the decade of the 19805, this increase would cost South Africa over $4,000 million.

The fact that these additional costs would have to be paid on a daily basis _ almost certainly for many years to come _ means that even unilateral actions by some of the powerful oil-exporting countries could represent a strong form of pressure on the South African Government. Unilateral action by the oil-exporting countries would therefore increase the llpoliticalll premium paid by South Africa for its oils but South Africa could still continue to purchase its oil requirements # at a price. A complete cut-off of oil would therefore require multilateral action.

Multilateral action to cut off South Africais oil would involve a decision by the United Nations. The Security Council would have to pass a mandatory resolution, under Chapter VII of the Charter of the United Nations. to impose oil sanctions against South Africa. This would probably require legislation by all States to render illegal:

(a) the sale or supply of petroleum or petroleum products to any person or body in South Africa, or to any other person or body for the purpose of eventual supply to South Africa:

(b) any activities by their national or in their territories which promote, or are calculated to promote, the sale or supply of petroleum products to South Africa;

(C) the shipment in vessels or aircraft of their registration, or under Charter to their nationals, of any petroleum or petroleum products to South Africa:

(d) the supply of any services (technical advice, spare parts, capital, etc.) to oil companies in South Africa.

It has been argued that South Africa might still be able to purchase a tanker full of oil on the high seas from "pirate" companies, and it has therefore been proposed that an oil embargo could be effective only if a naval blockade was established off the South African coast. Howevert since the very survival of the South African regime would be threatened, an attempt to blockade the country might ultimately lead to a military confrontation.

A naval blockade is probably not necessary to cut off South Africais oil supply, Simpler. but effective. steps could still be taken: the Security Council could require measures to be introduced so that any tanker which had delivered oil to South Africa would be liable to seizure after such a delivery had been made.

An obvious advantage of an oil embargo, compared with other forms of selective trade embargoes. is that large quantities of oil can be transported only by tankert and tankers are easy to distinguish from ships carrying other goods. It would also be relatively simple to determine which tankers had actually delivered oil supplies to South Africa. A number of methods could be used: first, Lloyd’s of London publish up-to-date information on tanker movements: second, the mooringy points for crude oil tankers at Durban and Cape Town are visible from the two cities; third. aerial reconnaissance (by aircraft or satellite) would show which tankers had delivered at South African ports; and finally. a rather less sophisticated naval patrol could be introduced simply to observe which tankers had entered South African ports.

The data obtained on the movement of tankers to South African ports could then be fed into a clearing house, which would pass on the information to all relevant States. Any tankers which had delivered oil to South Africa could then be seized next time they entered a non-South African port. Seized tankers could either become the property of the United Nations, or heavy lines could be imposed for their release. The tankers themselves - as well as their owners, operators and charterers _ could be black-listed from entering the ports of United Nations Member States for fixed periods of time. In addition, national registration facilities could be withdrawn from any tanker which had delivered crude oil to South Africa, and without a flag to fly, normal commercial operations would be impossible. Insurance facilities could also be cancelled for any tanker which had been involved in supplying South Africa.

This scheme, if implemented, could not guarantee that no tanker would ever deliver oil to South Africa, but tanker owners would be very reluctant to lease a tanker to a client who might be using it for carrying oil to South Africa. It would therefore become extremely difficult _ and very expensive _ for South Africa to obtain transport facilities for importing oil.

If the Security Council decided to impose a mandatory oil embargo against South Africa, it should therefore be possible to devise an enforcement scheme which would make it virtually impossible for South Africa to import oil.

Conclusions

An oil embargo would be the most cost-effective form of pressure that could be exerted on South Africa by the international community:

- oil is South Afrieals most vulnerable point, and the eountryls economy would grind to a halt if oil supplies ran out;
- South Africa could probably survive only for a maximum of two and a half years if all oil imports were cut;
- the impact of an oil embargo on the international community, at least in direct costs, would be relatively low;
- some of South Africals neighbours (particularly Lesotho) would be severely hit by oil sanctions, but these effects could be cushioned if precautionary measures were taken; and
_ finally, it would be feasible to effectively implement an oil embargo if measures were concentrated on preventing the shipping or transport of oil to South Africa.

This paper has been confined to the technical feasibility of an oil embargo. The political questions of whether sanctions should be introduced against South Africa, the extent to which sanctions should injure South Africa and the timing of such action lie beyond the scope of this paper. But it is clear that an oil embargo would be a feasible proposition, providing the political will exists, and that oil sanctions represent the most effective form of external pressure that could be exerted on South Africa.

The Question of Namibia
Report of the Secretary-General to the Security Council, submitted on 19 January 1981

In my report of 24 November 1980 to the Security Council Isee Objective: Justice. vol. XII. no. 2, p. 251, I stressed the vital importance of Namibia achieving independence in accordance with Security Council resolution 435 (1978) in I981. I added that, in order to achieve that aim, a date for the cease-hre and a start of implementation should be set in the early part of 1981. As a means of facilitating agreement. I stated the intention to hold a pre-implementation meeting under the auspices and chairmanship of the United Nations.

The meeting was held at the Palais des Nations in Geneva from 7-14 January 1981. South Africa and the South West Africa PeopIeIs Organization (SWAPO) were contacted concerning the composition of the respective delegations that would participate in the meeting. The front-Iine States and Nigeria. the Organization of African Unity (OAU) and the Contact Group of the Western Five (members of the Security Council) were also contacted about the sending of observers. The two delegations participating in the meeting were led respectively by the South African Administrator-General of Namibia. Mr. Danie Hough, and by the President of SWAPO. Mr. Sam Nujoma. The observer delegations were represented at a high level, including some at the ministerial level; The OAU was represented by its Secretary-General, Mr. Edem Kodjo. In addition. the Minister of State of Foreign Affairs of Sierra Leone attended the meeting on behalf of the President of Sierra Leone the current Chairman of the OAU. Mr. Slaka Stevens.

In view of the importance that I attached to the meeting. I personally Chaired the opening sessions held on 7 and 8 January. The working sessions were thereafter Chaired by Mr. Brian Urquhart, Under-Secretary-General for Special Political Affairs.

In my opening statement on 7 January, I reiterated the central purpose of the meeting as set out in my report of 24 November 1980. I emphasized that a very large area was already covered by a general consensus, and noted that the problems remaining related in one way or another to conf’ldence, and especially to confidence in the future. I expressed the hope that the courage and vision that had brought the participants to Geneva would carry them over that obstacle as well. I reiterated that our main aim was to get a firm agreement on a date for a cease-fire and the start of implementation of the settlement Proposal (as approved in Security Council resolution 435 (l978)1, which would allow for the achievement of Namibian independence before the end of

l98l. It was made clear that basic agreement on the settlement Proposal and the demilitarized zone had already been reached and that there could be no question of renegotiating those fundamental arrangements or of going back on agreements previously reached.
In a meeting on 8 January, following consultations, I called upon the leaders of the two delegations to introduce those members of their delegations whom they wished to introduce.
Mr. Hough, the Administrator-General, whom South Africa had designated to lead the delegation, then introduced his personal staff and the delegation led by him, llpursuant to paragraph 24 of the report of the Secretary-General Iof 24 November 19801 and consisting of parties who are present here to discuss with the United Nations and to participate in the Conference, on an equal basis with those who would take part in the elections, the implementation of Security Council resolution 435 and other practical proposals? I thereupon recalled the precise wording of paragraph 24 of my report of 24 November 1980 tthat the tlbasis of the meeting would conform to the formula agreed upon during bilateral discussions held earlier tin 19801 on the question of ldirect talksll, indicating that it was on that basis alone that the meeting had been convened.
Mr. Nujoma, President of SWAPO, in introducing his delegation, stated that some of its members were still in prison, not having been released by the South African Government. Mr. Nujoma reiterated acceptance by SWAPO of Security Council resolution 435 (1978) and said that SWAPO was ttready to sign a cease-fire with the delegation of South Africa, so that peace can come to Namibia" and to 9co-Operate with UNTAG ithe United Nations Transition Assistance Groupl, both military and civilian components, in order to ensure implementation of Security Council resolution 435 (1978)?
Working sessions with the two delegations, in the presence of observers, commenced on 8 January. In his opening statement, the Chairman, Mr. Urquhart, recalled the framework within which the meeting was being held. He described the wide area of agreement which had been reached with the Government of South Africa during more than two years of consultations in connection with the implementation of Security Council resolution 435 (1978), and stated that the United Nations believed that the technical issues relating to implementation had essentially been resolved and that none existed which could possibly justify any failure to decide to go forward. The Chairman reiterated that the meeting had not been called to re-negotiate matters already agreed. He pointed out that in any conflict situation or prolonged dispute there was inevitably a legacy of distrust and lack of confidence among the parties. To overcome such a legacy a high degree of statesmanship was called for. It was not only the future of Namibia that was at stake; it was also the future of the entire region and the prospects for peace and progress in Africa as a whole.
On 8 and 9 January, detailed presentations were made on behalf of the United Nations regarding the manner in which the Secretary-Generalls Special Representative for Namibia. appointed under

Security Council resolution 431 (1978). and UNTAG would fulfil their various responsibilities under the settlement Proposal as approved in Security Council resolution 435 (1978). In the course of those presentations, the over-all structure of UNTAG and the Special Representatives duties, the functions of the office of the High Commissioner for Refugees. the election supervisory role of UNTAG, the tasks and deployment of UNTAG police monitors and the tasks and deployment of the UNTAG military component were described by Mr. Martti Ahtisaari. Special Representative of the Seeretary-General: General Prem Chand, Commander-designate of the UNTAG military component; and other senior United Nations officials. Points of Clarification arising from those presentations were dealt with during a working session held on 10 January.

A number of statements were also made by members of the delegation led by the South African Administrator-General. It was asserted. inter alia, that the United Nations had disqualified itself from supervising free and fair elections in Namibia, in particular, by recognizing SWAPO as the sole and authentic representative of the people of Namibia and by its attitude towards other political parties in the Territory. The general tenor of many of those presentations was that only after an unspecified period, in which the United Nations would demonstrate its impartiality. would a definite date for implementation be acceptable. Anxiety was also expressed as to the nature of the laws and related arrangements which would govern the Territory in the future.

At the meeting on 10 January, the Chairman made a number of general comments on the statements heard from the delegation led by the South African Administrator-General during the previous meetings. In particular, he referred to the context in which the United Nations had been involved in the Namibia problem and t0 the central purpose of the meeting, namely, the setting of a firm date for the ceasefire and the commencement of implementation of resolution 435 (1978).

In referring to the questions that had been raised about the ltimpartialityll issue and the need to create trust and confidence, the Chairman pointed out that this seemed to be putting the problem the wrong way around and that. in any case. the matter of trust and confidence was a two-way street. He explained that it was precisely because the decisions of the United Nations concerning Namibia, dating back as far as 1941 had not been heeded that the situation had reached the present pass. He pointed out that the fundamental aim of the membership of the United Nations was to enter a new phase, in which all concerned would co-operate with the international community to attain the goal of independence of Namibia through an act of self-determination. The key was a delinite agreement to proceed on a specific date with the implementation of resolution 435 (1978). at which time a number of things would have to Change, because there would be a completely different situation. At that time. both South Africa and the United Nations would require to make the necessary arrangements for the impartial discharge of their respective responsibilities under the settlement Proposal.

The Chairman concluded his statement by urging the participants not to be distracted from the main objective of the meeting. namely, to attain the independence of Namibia in 1981, in accordance with resolution 435 (1978) and, to achieve this aim, to set a date for the cease-fire and a start of implementation in the early part of 1981.

In intensive consultations after the meeting on 10 January, a course of action was discussed which was designed to lead, at the conclusion of the meeting, to a declaration of intent by the parties to the cease-fire. This would have provisionally established a cease-lire at an early date _ 30 March I981 was suggested - to be confirmed in writing by 10 February I981. It was also suggested that, in the meantime, specific measures could be taken to ensure - and to reflect in public decisions - the impartiality of the United Nations, as well as South Africa, from the time of agreement on the implementation date.

It became clear, from a statement by the South African Administrator-General in the meeting on 13 January, that it would not be possible to achieve such a declaration of intent at the meeting in Geneva. In that meeting, the Administrator-General stated that, in the light of the proceedings thus far, it was clear that the questions raised in the 24 November 1980 report of the Secretary-General lwho had stated that stone of the main obstacles to progress in the negotiations hitherto has been acute mutual distrust and lack of contidencelll had not been resolved, and it would therefore be premature to proceed with the discussion on the setting of a date for implementation.

At the closing meeting on 14 January, the leader of the SWAPO delegation, Mr. Nujoma, reiterated that SWAPO was ready to proceed, at the meeting in Geneva, to sign a cease-fire and to agree to a target date for the arrival of UNTAG in Namibia. Since South Africa had not agreed, SWAPO had no alternative but to continue with the liberation struggle.

In his closing statement, the Chairman reviewed the developments at the meeting and commented that it was clear that the date for the commencement of the implementation of resolution 435 (1978) still remained to be agreed upon. His concluding statement contained the following remarks:

llln the light of all that has taken place during our meeting, the question arises whether the obstacle is the matter of trust and confidence which the South African Government informed us in Pretoria last October was the core issue affecting the setting of a date. If that is so, I am sure few will challenge the fact that this meeting has provided the participants not only with a better understanding of the international effort for a settlement of the Namibia question but also valuable opportunities for contact and discussion. In my view, this has been a most unusual meeting. An enormous effort has been made, in many forms and at many levels, to demonstrate good faith, reasonableness, a will to co-operate in the future and an understanding of the preoccupations and anxieties of others. It is a matter for regret that these extraordinary efforts have not yet succeeded in facilitating an agreement on a date for implementation and that a great opportunity has thus been missed I believe that all participants and observers here will wish to consider urgently the events of the last few days and the course which must be taken to expedite the attainment of the objective we have set ourselves. In particular. and on behalf of the SecretaryeGenerul, I appeal to those who have been unable so far to assent to the proposals made by the Secretary-General to reconsider their position at the earliest possible time.

ltThe Secretary-General has been kept fully informed on the efforts made at. and the outcome of, this meeting. He sincerely hopes that means will soon be found to go forward, as we had intended to do. to the early implementation of resolution 435 (I978), so that our time and efforts here will prove to have made a positive contribution to the solution of the question of Namibia.

llAlthough it has not proved possible here to secure agreement on a cease-fire date and on the commencement of the implementation of resolution 435 (I978), the United Nations will not relax its efforts to ensure for the people of Namibia their right to self-determination and independence through free and fair elections under United Nations supervision and controlfi

Observations

The pre-implementation meeting which concluded in Geneva on 14 January did not succeed in achieving the objective set for it in my report of 24 November I980, namely, the setting of a date for the cease-fire and a start of implementation in the early part of 1981. It became clear in the course of the meeting that the South African Government was not yet prepared to sign a cease-fire agreement and proceed with the implementation of resolution 435 (1978).

The meeting was. nevertheless. important in many ways. Participants were informed in detail of the manner in which the United Nations would discharge its responsibilities during the implementation process. Further, through contacts and exchanges at a variety of levels, a remarkable effort was made to demonstrate good faith and reasonableness, with a view to proceeding towards implementation in a spirit of co-operation and understanding. I wish. in this connection, to express my particular appreciation to the OAU, represented in Geneva by its Secretary-General and by the Minister of State of Foreign Affairs of Sierra Leone, to the front-line States, to Nigeria, and to the Contact Group of the Western Five.

I believe that the outcome of the meeting in Geneva must give rise to the most serious international concern. Members of the Security Council. and all those concerned, will wish to consider the proceedings and the situation which has now arisen. I wish urgently to appeal to the Government of South Africa to review, with the utmost care the implications of the meeting and to reconsider its position with regard to the implementation of resolution 435 (1978) at the earliest possible time.

To Free Namibia:
Sanctions against South Africa
by Paul J.F. Lusaka

Excerpts from the statement made by the President of the United Nations Council for Namibia, Paul J.F. Lusaka (Zambia) on 2 March 7981 during the resumed thirty-titth session of the General Assembly. The Assembly, which had suspended its session in December, met to discuss the question of Namibia following the meetings held in Geneva in January (see page 22 above). It closed on 6 March with the adoption of a series of resolutions on the question of Namibia, in which, inter alia, the Assembly condemned South Africa for obstructing the implementation of Security Council resolutions on Namibia and called upon the Council to convene urgently ttto impose comprehensive mandatory sanctions against South Africa, as provided for under Chapter VII of the Charter", in order to ensure South Africa's immediate compliance with the resolutions and decisions of the United Nations relating to Namibia.

The Assembly reaffirmed the inalienable right of the people of Namibia to self-determination and national independence in a united Namibia, as well as the legitimacy of their struggle by all means at their disposal, including armed struggle, against the illegal occupation of their Territory by South Africa.

It is almost three years now since South Africa gave the impression of having accepted the United Nations plan for the independence of Namibia. But throughout this period South Africa has sought to introduce a number of elements that are not germane to the expressly stated purpose of the plan and has furthermore place road blocks on the way towards the smooth implementation of the plan by attacking and killing as well as maiming refugees in SWAPO camps and committing acts of aggression against independent African States. Moreover, in an effort to create confusion and other difficulties during the period of the implementation of the plan. South Africa has embarked upon the process of the transformation of its illegal army in Namibia into the so-called South West Africa Territorial Force. That Clearly means that South Africa intends to garrison its army permanently in Namibia under the guise of a Namibian force. thereby subverting the intended purpose of the United Nations plan for the total withdrawal of all South African army personnel at the date of independence. Secondly, by conscripting and training additional tribal armies in the Territory, South Africa seeks to create a Climate of civil war and inject it into what is a genuine struggle by SWAPO for the inalienable right of a people to self-determination and independence. All these calculated machinations of the illegal occupation regime in Namibia are as deplorable as they are abominable and deserve the unequivocal condemnation of the entire international community.

Throughout the period of talks. in which South Africa continued to play a political hide-and-seek game with all the parties concerned, SWAPO consistently exhibited rare qualities of statesmanship by making the necessary concessions which would have facilitated the speedy implementation of the United Nations plan.

Even in Geneva, during the pre-implementation talks on Namibia, the President of SWAPO, Mr. Sam Nujomat declared publicly that his organization was ready to sign a cease-lire agreement with South Africa. It is South Africa which rejected that offer and deliberately caused the collapse of the Geneva talks on Namibia.

The Council for Namibia commends the Secretary-General of the United Nations, Kurt Waldheim. and his staff. It also commends SWAPO. the Organization of African Unity. the front-line States and Nigeria for their patience, co-Operation and steadfastness in this regard. South Africa with its own illusions of racist grandeur, must never understand all the painstaking efforts which have gone into this exercise to mean that the international community is letting down its guard and relaxing the vigilance which it has always maintained. The international community and especially the Western Five _ Canada. the Federal Republic of Germany. France. the United Kingdom and the United States - must either start or continue. as the case may be. to put more pressure on the South African regime to comply with the resolutions of the General Assembly and the Security Council on Namibia until the Territory is genuinely free and independent. Here, we must once more urge those Western countries which not only are trading partners and traditional allies of South Africa, but were also initiators of the ideas that ultimately culminated in the United Nations plan, to flex their economic muscles and bring pressure upon South Africa to comply with the United Nations resolutions. thereby bringing about the implementation of the United Nations plan without any further delay.

The number of resolutions adopted on the subject of southern Africa _ Namibia and South Africa itself - since 1960 gives expression to the concern that the United Nations has manifested in dealing with a small group of white racists. backed in action by the big Western Powers. in their oppression of the black people The Western Powers are behind 3 million white people who are oppressing more than 20 million non-white people in Namibia and South Africa, because of their economic, military, strategic, ideological and political relations with South Africa.

During the hearings on Namibian uranium held at the United Nations last year. many scholars and experts demonstrated with facts and figures how these Western Governments _ together with their transnational corporations _ are in concert with South Africa in the plunder 0f the resources of Namibia. Much more outrageous and chilling among the revelations which came out in the testimony of many witnesses was that concerning the stage which South Africa has reached in its nuclear capability, attained through the illegal exploitation of Namibials uranium resources, with the collaboration of transnational corporations, including those of some Western Governments. It is time that Western countries which are collaborators with South Africa should see and acknowledge the danger which the Pretoria regime is rapidly posing to humanity in general and t0 the peoples of the southern region in particular.

A concerted effort by all of us is required. in the spirit of co-operation. in order to demonstrate to the regime in Pretoria that we have come to the end of our tether over its vacillation 0n Namibia; a new programme of action to deal with the situation has become imperative. We must demonstrate to that intransigent regime that members of the international community are determined to act accordingly. We can no longer afford to wait for South Africa to make up its mind. because experience has taught us that wait has often meant never.

South Africa must be held totally responsible for the collapse of the Geneva pre-implementation talks on Namibia, and it should now be clear to all that it is South Africa which is intransigent and has rejected once again a rare chance for a peaceful solution of the Namibian question, showing preference for a military confrontation whose consequences would be very serious.

The front-line States and Nigeria, at their summit meeting in Lusaka, Zambia, on 16 February of this year, deplored the failure of the Geneva conference and attributed that failure to South Africals continued intransigence. At the same time, they praised SWAPO for its statesmanship during the talks. and they concluded that, with the failure of the Geneva conference, SWAPO had no alternative but to intensify the liberation war in Namibia.

The recent meeting of the Ministerial Conference of the non-aligned countries in New Delhi, India. called upon the Security Council to impose a mandatory and comprehensive programme of economic sanctions against South Africa in order to achieve the withdrawal of its illegal occupation of Namibia. The summit meeting of the Organization of African Unity (OAU). held in Freetown. Sierra Leone. last year. and the OAU Liberation Committee in Arusha, Tanzania. this year, have also called for the same action. The Ministerial Council meeting of the OAU. which has just ended in Addis Ababa, Ethiopia. reiterated the call for sanctions against South Africa. In our view, the current General Assembly should respond to all those calls at this resumed thirty-lifth session of the Assembly.

29

Making the Mandatory Arms Embargo against South Africa More Effective

Recommendations of the Security Council Committee on the Mandatory Arms Embargo against South Africa

The mandatory arms embargo against South Africa has been in effect for more than three years. It was imposed by a unanimous decision of the Security Council in resolution 418 (1977) of 4 November 1977.

In resolution of 418 (1977) the Security Council:

1. determined that "the acquisition by South Africa of arms and related materiel constitutes a threat to the maintenance of international peace and security";
2. decided that 'ia/l States shall cease forthwith any provision to South Africa of arms and related materiel of all types, including the sale or transfer of weapons and ammunition, military vehicles and equipment, paramilitary police equipment, and spare parts for the aforementioned, and shall cease as well the provision of all types of equipment and supplies and grants of licensing arrangements for the manufacture of the aforementioned";
3. called upon all States to review nail existing contractual arrangements with and licences granted to South Atrica relating to the manufacture and maintenance of arms, ammunition of all types and military equipment and vehicles, with a view to terminating them";
4. further decided that all States tishaii refrain from any co-operation with South Africa in the manufacture and development of nuclear weapons"; and
5. called upon all States, including non-members of the United Nations, Uto act strictly in accordance with" the provisions of resolution 418 (1977).

The Security Council Committee on the mandatory arms embargo against South Africa was established by the Council, in resolution 421 (1977) o! 9 December 1977, to review the compliance by States of the embargo.

The Committee, which consists of a// the members of the Security Council, submitted to the Council in September 1980 a report on problems encountered in the implementation of the embargo and on ways and means of making the embargo more effective. The conclusions and recommendations of the Committee's report toi/ow.

Conclusions

There is a strong circumstantial evidence to indicate that illicit transfers of "arms and related materiel of all types" to South Africa continue to take place. Clandestine operations are carried out from an undetermined number of countries, in circumvention of the arms embargo. Devious routes are used, on which the Committee has scant information. News media and non-governmental organizations have reported some case of possible violations, but States have seldom done so.

In cases where a ttfinal destination clause" is not included in arms export agreements, embargoed military items may reach South Africa via third parties. Sometimes, the manufacture of component parts of embargoed equipment is subcontracted by one country to another, thus allowing the latter to be a participant in violating the embargo. The continued operation of South Africa's imported military aircraft indicates that spare parts continue to reach that country and that aircraft and possibly other military equipment continue to be serviced and maintained by foreign companies.

Some licensing agreements previously granted to South Africa for the manufacture and maintenance of arms and related materiel continue to be in force. Thus, military items are manufactured locally in South'Africa, either by South African firms or by local subsidiaries of foreign corporations. Some States have either prohibited the granting of, or stated their intention not to grant, new licences. However, the iireviewi' by States of existing contractual arrangements with and licences granted to South Africa (called for in paragraph 3 of resolution 418 (1977)), has, in most cases, not been brought to the attention of the Committee.

The Committee notes with concern the existence of varying interpretations of certain provisions of resolution 418 (1977), as follows:

(a) The term uarms and related materiel of all types" has not been adequately defined. No internationally accepted list of products falling within this category has been compiled.

(b) Some ambiguity exists with regard to Hdual purpose" items, ite. items used for both civilian and military ends.

(0) Some States may allow certain items to be exported to civilian customers in South Africa, with the possibility that they could be diverted to military use.

(d) The word i'review" in paragraph 3 of resolution 418 (1977) has been considered to be lacking in precision. Some States have interpreted the prowsion regarding the termination of licences as either conditional or voluntary.

(e) In paragraph 4 of resolution 418 (1977), the injunction tito refrain from any co-operation with South Africa in the manufacture and development of nuclear weapons" has been the subject of considerable discussion within and outside the Committee. There may be a lack of precision as to what type of nuclear co-operation falls within the purview of paragraph 4. Nuclear co-operaton with South Africa, defined by some members as tlpeaceful" and Hcivilian", is considered by most members as constituting co-operation which could lead to uthe manufacture and development of nuclear weapons". It has also been argued that fuIl-scope international safeguards are necessary in order to prevent South Africa from manufacturing and developing nuclear weapons, as provided for in paragraph 4 of resolution 418 (1977). Nevertheless, the Committee is convinced that an urgent need exists to prevent the acquisition by South Africa of nuclear weapons. The effective implementation of the embargo could be facilitated with a clarification of the nature and scope of State obligations under paragraph 4 of resolution 418 (1977).

The Committee notes that few legislative measures have been adopted by States in implementation of resolution 418 (1977). Although general legislative or administrative measures may be invoked to enforce the embargo, would-be violators would find it more difficult to evade a specific law, whether in their own or other countries. Therefore, the enactment of such laws by all States would promote the effectiveness of the arms embargo.

Although resolution 418 (1977) has created clear obligations upon States, the Committee has so far only dealt with breaches of the arms embargo reported to it. it has not been supplemented by additional machinery within the framework of the Committee for investigation, verification and control. There has not been a systematic study, undertaken on behalf of the Committee, of the international flow of arms and equipment towards South Africa, nor has there been an international system for research into reported violations of the arms embargo.

Recommendatlons

1. All States should undertake concrete steps to close existing loop-holes in the embargo. To this end, all States should ensure that arms-export agreements include guarantees which would prevent embargoed items from reaching the South African military establishment and police through third countries. The guarantees should cover components of embargoed items subcontracted by firms from one country to another.

2. States should prohibit the export of spare parts for embargoed aircraft and other military equipment belonging to South Africa, and the maintenance and servicing of such equipment.

31 States should revoke or terminate all industrial licences previously concluded with South Africa to manufacture arms and related materiel of all types.

4. States should prohibit government agencies and corporations under their jurisdiction from transferring technology or using technology subject to their control in the manufacture of arms and related materiel of all types in South Africa.

5. States should prohibit corporations under their jurisdiction from investing in the manufacture of arms and related materiel in South Africa.

6. States should prohibit the export to South Africa of Hdual-purpose" items, i.e. items provided for civilian use but with the potential for diversion or conversion to military use. In particular, they should cease the supply of aircraft, aircraft engines, aircraft parts, electronic and telecommunications

equipment and computers to South Africa. Supplies of four-wheel drive vehicles destined for the military or police forces should also be prohibited.

7. The term uarms and related materiel of all types", referred to in resoltition 418 (1977), should be clearly defined to include all equipment intended for the military and police forces of South Africa.

8. All forms of nuclear collaboration with South Africa should cease. There should also be a termination of the exchange of nuclear scientists with South Africa, as well as the termination of the training of South African nuclear scientists in any country.

9. All States should ensure that their national legislation or comparable policy directives guarantee that specific provisions to implement resolution 418 (1977) include stiff penalties for violations.

10. All States should include in their national legislation or comparable policy directives provisions to prohibit within their national jurisdiction the enlistment and/or the recruitment of mercenaries or any other personnel for service with South Africa’s military and police forces.

11. States which have not done so should put an end to exchanges of military attaches, as well as exchanges of visits by government personnel, experts in weapons technology and employees of arms factories under their jurisdiction, when such visits and exchanges maintain or increase South Africays military or police capabilities.

12. No State should contribute to South Africa’s arms-producing capability: thus the embargo should include imports of arms and related materiel of all types from South Africa.

13. NATO countries, in implementing the terms of resolution 418 (1977), should reject any arms purchase orders by South Africa, submitted through the codification system used by NATO member States.

14. Further action is needed to study systematically the international flow of arms to South Africa, with a view to the effective monitoring and verification of transfers of arms and other equipment in violation of the embargo. Measures should also be taken to investigate violations and prevent future circumvention of the embargo. International public opinion should be more informed as to the terms of the embargo and alerted to its violations. It is, therefore, necessary to maintain direct contact with responsible intergovernmental and non-governmental organizations whose activities and/or expertise are likely to promote the strict implementation of the embargo. Consequently, the Committee consndered that the machinery for the implementation of the embargo should be strengthened.

15. A sanctions branch should be created within the Secretariat to assist the Committee in carrying out its functions, as outlined above.

16. One member proposed that the Committee recommend that the Security Council should call on all States which continue to collaborate with South Africa in the nuclear field to stop such collaboration unless South Africa accepts full-scope international safeguards.

(The United Kingdom placed a general reserve on the above recommendations. France expressed reservations concerning paragraphs 3, 5, 7, 11, 13 and 15 and opposition to paragraphs 6 and 8. The United States expressed reservations with regard to paragraphs 5, 6, 8, 10 and 15.)

Transnational Corporations: Allies or Instruments of Apartheid?

by Vella Pl’llay

Excerpts from a paper presented to the United Nations Symposium on Transnational Corporations in South Africa and Namibia, held in London in November 1980. The paper was issued by the United Nations Centre against Apartheid in its "Notes and Documents" series, no. 28/80.

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At the heart of the world-wide concern about the role of foreign trade, foreign capital investments and the transnational corporations in South Africa are the South African regimeis racist policies of apartheid and cheap labour. It centres on the view that that role is neither neutral nor benign but central to the evolution and the upholding 0f the institutions of apartheid and of white minority domination over the black African population. This paper examines this view and adduces the evidence to support its main contentions, namely, that the transnational corporations have been and are in close partnership with the South African apartheid State. each supporting the other in their mutual interest of maintaining the black worker as little more than the object of labour. unequal and without rights in his relation to both capital and the State, and thereby forced to earn a wage income which is barely sufficient for him to reproduce his labour and subsist.

The apartheid system

All questions of political economy revolve around two central issues: firstt the nature of the organization of production aimed at maximizing the surpluses generated from productive activity, or what . is generally called the tieconomic base"; and second. the tisuperstructure? or the system which institutionalizes and regulates the appropriation and distribution of those surpluses. In both these respects, South Africa occupies a unique position in the world economy by virtue of the fact that both are founded on a complex structure of racist land and labour laws. accompanied by a comprehensive panoply of controls over the supply and movement of cheap labour.

The laws relating to land ownership labour mobility and employment form a unified structure for enforcing the system of migratory labour which remains a key feature of the South African economy. The territorial rights of the African people, first defined by law in 1913, restrict African ownership and permanent occupation of land to about 12 per cent of South Africa. This comprises the ttreservesii __ designated areas some of which are now officially described as itindependent homelands", 0r bantustans, and in which the African majority is permitted to buy and own land. The reserves provide a structured labour pool from which the migrant and contract labour requirements of mining, agriculture and manufacturing are generally satisfied.

To meet the needs of those sectors of the economy which require a more settled African labour force. local authorities are empowered to establish separate living areas or itlocations" for Africans. They are further empowered to control the 11inf1ux" of Africans into such urban areas and to expel any itsurplus" black labour back to the reserves. To operate this system of urban labour control, a plethora of laws _ the 11pass lawsii _ has evolved and been enforced. These laws are administered by the imposition of strict curfews 0n urban-based Africans, a compulsory system of work and housing permits and such other instruments of control as the poll or 1theadii tax. In 1952, moves were made to grant leasehold ownership rights to urban-based Africans residing in segregated blocations", but this was abandoned in 1968. In December 1978, that right was restored, but owing to a carefully constructed bureaucratic procedure, very few, if any, titles to leasehold ownership in urban locations have been accorded to Africans. The 19705 were characterized by extensive police action to remove entire squatter communities from urban areas, taking such ruthless forms as the physical destruction of squatter communities in Modderdam and Unibell in the Cape and elsewhere and repeated attempts to do the same against the people living in Crossroads, near Cape Town.

South Africais trade and industry is heavily centralized, with over 60 per cent of industrial production coming from six urban areas. These areas require a controlled and organized supply of cheap labour, and the key problem confronting apartheid policy concerns the administration of this control in such a manner as to prevent the further Africanization of the urban areas. The menacing dimensions for the apartheid system of such concentrations as Soweto have been highlighted by recent labour strikes, which have inevitably been met by ruthless repressive measures. The expansion of industry and the commercialization of the economy - a notable development in the period since 1940 _ have in no way reduced the need to support. refine and consolidate this unique system of labour control. Rather, that system continues to be the basis on which continued industrial expansion is based. It even goes so far as to prevent the emergence of an African business and entrepreneurial class in the urban areas. Specific laws restrict such businesses to the so-called tthomelandsii. 1n the urban locations, African businessmen are confined to certain types of occupations, which involve no more than meeting the usupply of essential domestic requirements". with each trader restricted in the size of the business site he occupies. No African business is permitted to operate in 1idowntownii locations. The result is that there exists today no more than a handful of African businessmen. The ownership and control of every aspect of the economy remains firmly and irrevocably in non-Afriean hands.

Throughout South African history, its laws have been used to severely restrict the African workeris ability to improve his wages and working conditions. Africans were excluded under the labour laws from the definition of stemployeesll and were thus prevented from joining a llregistered union", i.e. a trade union operating within the Governmentls framework for industrial relations. It was illegal for Africans to strike, the penalty being a fine of 500 rand and six monthsl imprisonment.

With much publicity, the South African Government has amended these legal controls. Africans now have the formal right to strike, and previously ltunregistered unionsw may now register. However, these llreformsll have simply proved to be a more effective form of control over the growing militancy of the African workers. The ttrightll to register means that previously independent unions must now submit themselves to a tight system of Government control: the right to strike is so heavily circumscribed that strikes remain effectively illegal. When Africans strike, as they have with increasing success, it is in defiance of both their employers and the State. Africans continue to be excluded from most skilled employment, but the principal instrument of job reservation is now the ltwhite closed shop? which, protected by law, allows white employees to determine with management those jobs which Africans will be permitted to have.

These land and labour controls are matched by a wide body of security and repressive legislation which removes all opportunities of political dissent or the organization of a political opposition among the African people. The authorities have the right to interpret what constitutes dissent, and they possess wide-ranging powers of arbitrary detention and arrest and the banning of organizations and individuals, including house arrest and the enforced exile of political opponents and trade unionists.

To these superstructural aspects must be added the systematic attempts of the regime to provide an ideological. cultural and psychological rationale for sustaining the apartheid systemis stability. The education structure is consciously fashioned to provide a highly differentiated separate und unequal level of education to the different races, with the parallel provision of substantial cultural and other facilities to the white population, all of which are aimed at perpetuating Ll white mind 21nd mode of living which treats the African us innately inferior and which justifies a level of education for the African that does no more than satisfy the labour needs of white society and the economy. In 1977/78, the authorities spent on average 57 rand per cupitu for the education of Africans and 654 rand per capita for whites, a ratio of 1 to 11.5.

These then. represent the central features of the South African superstructure. enabling the authorities to provide what the leader of the South African insurance industry. W.D. Wassenar, recently called ttlaw, order, stability and profits'i and on which the countryis business enterprises thrive and prosper. Business companies tend to claim that these superstructural features fall within the realm of tipoiiticsii and in their public statements invariably claim that their interests are wholly non-political. Thus, as the transnational Kodak put it: iiKodak regards its proper role in South Africa, as elsewhere, as a business dedicated to normal business transactions within the law of the land and not an instrumentality involved in political activities? It is well to look closely at these iinormal commercial transactionsi' in order to discern the character of the South African economic base as it is served by the system of laws, labour regulation and the distribution of political rights reviewed above.

The economy

The South African economy can be Viewed as a dualistic one, a carefully managed conjunction of two broad sectors, one highly colonialist in character and the other a modernizing sector based on important advanced technology. with the South African State and the 2,000 or so transnational corporations playing a crucial unifying role in sustaining the profitability of the latter through the most intense exploitation of black labour in the former.

The colonialist sector encompasses the substantial industries concerned with mining and agriculture, in which cheap labour forms the dominant input, as it also does in those allied industries which provide an infrastructure for mining and agriculture. Here, the labour force is organized primarily on migratory lines or, as in agriculture, by a peasant labour force subject to special conditions of employment. In both these sectors, wage payments are partially in cash and partially in kind. In the mining industry, iicontract labourii is the dominant form of labour employment, while in agriculture the complex set of master and servant regulations imposes a kind of ttbonded relationshipi, between the worker and his master. All competition for labour is excluded in this coloniaI-type sector, hence the extraordinarily high rate of black labour exploitation here and in the allied industries. Black labour is largely unskilled and manual, and given the labour intensive character of production, the surpluses generated from these sectors are predominantly the result of both the organized labour supply system and the poverty levels of wages and incomes provided to the African worker.

The counterpart to this coionialist sector is the burgeoning industrial economy, which in large part is managed and directed by consortia of State and transnational capital and founded on the import 0f the most advanced technology. Whereas in the past the main impetus to the growth of manufacturing was the demands of the mining industry, today this growth is being propelled forward by the evolution of a substantial armaments and military equipment industry and infiows of foreign technology and production systems to support the militarization of the economy. Here, too, the regulated labour system and the racist character of the distribution of labour skills and of education play their part. In these high-technology industries, fixed capital inputs are dominant, but the work process is nevertheless sufficiently de-skilled to produce 21 continuing demand for Cheap unskilled manual labour. The urhun-based African is the primary source of this labour requirement. By contrast, whites employed in these high-teehnology sectors largely occupy positions of executive responsibility and management. In this manner, the racial dichotomy in labour employment becomes entrenched to the point where African advancement in terms either of higher skill or higher incomes becomes impossible.

The over-all rate of return on capital investments in these high-technology industries tends in general to be lower than in the colonial sector. This suggests that the latter has to be exploited that much more intensively to ensure 21 regular rate of return on all capital investments in the South African economy at between 18 and 20 per cent per unnum. This is the sense in which the dualism of the economy is managed as a unified whole through the interventions of the South African State and the operations of the transnational corporations. And as Business Week (20 October I980) reported: ttUnited States companies ure finding that their South African holdings are among the most profitable _ estimated payback for many companies is just five years _ and that opportunities for expansion are irresistible."

The SCLliC of exploitation of the African working population required to sustain such an exceptionally high profit rate on capital. given this dualistic nature of the economy. may well be measured by the rising costs of supporting and maintaining the ever-expanding bureaucratic superstructures required to manage and enforce the apartheid system. It is estimated that approximately 80 per cent of the South African white population is in one way or another involved in the ttdministrution of the institutions of apartheid in management and in the police, military, civil and other services of both the authorities and of business enterprises. These rising costs relate equally to the necessity of providing highly privileged standards of living to the white population, giving the latter a vested interest in the apartheid system. The over-till result is L1 distribution of income which is possibly the most unequuL us between labour und enpitul Lind between the different races, in the entire industrialized world. in the South African gold and COLII mining and associated industries. some 470.000 black workers are employed who in I978 earned am aggregate income of 668 million rand in cash zmd kind. or a per eupitu income of about 1.430 rand a year. For the white employee in this industry. the per capital income was 10,600 rand, representing 11 l to 9 ratio in earnings. The gap between the black and white employee has steadily increased over the period since I910 to the disfztvour of the black worker. And so the conclusion is inevitable thzit it is this increasing non-produetive profile of white employment in South Africa which imposes additional pressures for the constant levelling down of the work process in which African labour is employed ut Lln exploitative rate and for the highly parasitic character of the apartheid system in general.

Transnational capital in South Africa

South Africa has a long history of transnational capital and corporate involvement, going back to the discovery of gold in the 18805 and the British colonial period. As early as 1892, the British-owned mining companies elaborated a number of methods for an organized cheap labour supply, and these proposals formed much of the basis for the land and labour laws which ensued. The South African Native Affairs Commission of 1903/05, in which the major mining companies were strongly represented, building on these methods, produced a blueprint for much of the apartheid system as it is currently practised. Given the indecisive outcome of the Anglo-Boer War, South African politics came increasingly to be concerned with the kind of compromise that could, on the one hand, transfer British colonial power to the local white settlers and, on the other, protect and enhance the operations and interests of British capital in the mining industry and in the then incipient manufacturing industry. These compromises were formalized in the Act of Union of 1910.

There followed large-scale inflows of foreign (mainly British) capital, with a number of British companies setting up production and distribution facilities in South Africa. British investments increased from about H6 million in 1870 to over 8350 million by 1910. From then until 1939, British capital was dominant in the economy, and British control of the mining industry was almost complete. With mining the dominant economic activity in that period, the evolution of the apartheid system, based on the 1903/05 blueprint, accordingly entrenched white political and economic domination and the cheap black labour system to meet the requirements of that industry.

It was mainly in the post-war period that foreign capital and manufacturing companies made a major thrust into South Africais secondary industries, setting up branch and subsidiary production facilities and employing African labour on a rising scale in factory production and distribution. The coming to power in 1948 of the Nationalist Government, ostensibly with one of its objectives being to increase domestic control and capital ownership in the economy, proved to be no deterrent to the continued expansion of transnational corporate involvement and investment in the economy. Foreign capital averaging $50-60 million a year flowed into South Africa, a rate treble that of the pre-war years. Here, both experience and history had shown that, for the foreign investor, the South African system of production, given its rich natural resources, provided three critical advantages not found elsewhere for a high rate of return on capital: first, the absence of what is generally called 1i1abour supply problemsii; second, the cheapness of the price of labour made possible by the apartheid laws and the restriction on African trade unionism; and third, the political system of white domination and privilege and a regime willing to enforce its rule through its machinery of organized repression.

Foreign capital alone now accounts for about one third of the growth of the countryis gross domestic product (GDP). Since 1952, it has provided the necessary funds for the setting up of production facilities in some of the most critical areas of the economy. In the decade and a half up to 1976, South AfricaTs GDP rose by an annual rate of 6 per cent, of which, it has been estimated, foreign capital generated about 2 per cent. Since foreign investment brings with it not only the financial resources but also an appropriate technology, this must be reckoned to have been central to the post-war expansion of the apartheid economy. A director of Barclays Bank claims that the statistics of foreign investment in South Africa 0can be misleading in that they do not refiect the true extent to which we have to rely on foreign investment, and in particular the know-how skills normally accompanying foreign investment. in respect of specific projects and key economic sectors".

To attain a continued growth of the economy, as presently organized, at around 5.5 to 6 per cent a year, South African economists estimate that the country would require between some $l-2 billion a year of new foreign capital. This need may have been temporarily moderated with the recent rise in the price of gold, but the inf10w of capital in recent years has continued to grow. The Business Week article cited above provides as examples of this growth two recent notable cases. Fluor Corporation, which is Chief contractor for the State-owned Sasol coal liquefaction complex, has been directing a force of 14.000 contract labourers on a multi-billion rand project likely to last many years. This has enabled Fluor also to enter into a major engineering partnership in South Africa involving some $300 million of new investments over the next three to four years. The other case concerns the Phelps Dodge Corporation, which with a $220 million partnership in Gold Fields of South Africa, is expected to reach annual sales of $200 million a year from its Black Mountain lead, Zinc and silver mine investment.

Today. some 400 American companies have subsidiary operations in South Africa, including more than 60 of the top 100 companies in Fortune’s list of United States corporations. An additional 6,000 United States firms do business in South Africa through agency networks. West Germany and France have at least as many subsidiaries, and British companies with operations in that country now number 650. These subsidiaries of the transnationals may be employing about 10 to 15 per cent of the total black labour force (if the gold and coal mines are excluded). which may imply that between 2 and 3 million Africans (workers and their families) are dependent in one way or another on employment with the transnational corporations. Out of a population of roughly 20 million Africans. about one third are confined to the reserves or "homelandsii, one third are in the agricultural sector and one third are in the urban areas, which may suggest that about 25 per cent of the country5s black population is now directly or indirectly under the effective control of foreign companies and their associated subsidiaries and agencies. This is one possible measure of the immense role of foreign capital in the South African economy.

The rate of return on foreign investment in South Africa is among the highest in the world. According to the United States Department of Commerce, the average rate of profit on United States capital invested in South Africa was 18 per cent in 1979. By comparison, the average rate of profit on United States capital invested in the developed economies was about 13 per cent and that for developing countries around 14 per cent. The book value of United States direct capital investments in South Africa amounted to just over $2 billion in 1979, representing about 35 per cent of all direct foreign investment in the country. There are no up-to-date statistics for the other countries: the South African authorities ceased publishing. in 1973, their previously regular surveys of foreign capital in the country. when the total of such capital (direct and indirect) was reckoned to amount to 9.163 million rand. However, over the last five years, about $7-8 billion of fresh capital has flowed into the country, and it is likely that the value of total investments (direct and indirect) may now have reached over $20 billion. of which about 50 per cent may be accounted for by Britian. The Federal Republic of Germany, France and other European Economic Community countries have been particularly active in the past decade in setting up production facilities in the country and acquiring a sizable stake in the apartheid economy.

All this is well indicated by the domination of several of the most important economic sectors by foreign companies. Five transnationals collectively control some 83 per cent of the refining and processing of petroleum products and generate 91 per cent of the petrol service stations. Volkswagen, Ford, General Motors, Datsun and British Leyland hold between them some 75 per cent of the market for motor vehicles, all of which are assembled in South Africa with an appropriate 66 per cent local production content. Mainframe computer sales are dominated by IBM and the British-owned lCL. ln mining, ownership is generally managed through locally based finance and investment houses, but even here all the major transnationals, such as Exxon, Union Carbide, United States Steel, Phelps Dodge, Del Monte, Rio Tinto Zinc and Newmont Mining, play a substantial if not predominant role. This list can be extended to heavy industry, engineering and a variety of other economic activities. In all, some 2,000 foreign companies now operate in South Africa, supported by an extensive network of externally owned banks and insurance companies.

All this has evolved not in contradiction of but in close partnership with the domestically owned industries and the South African State.

The attractiveness of South Africa as a centre for transnational operations has been attributed above to three key factors. There are, in addition, two other factors that need to be taken into account: First. the low taxation rates on foreign companies involved in manufacturing activity, coupled with a trade protectionist policy of discrimination against competing imported manufactured products, and the availability of local rand currency at discounted rates of exchange for a variety of investments; and second, the devices employed to protect information about foreign company activities in the country, in particularl the Business Protection Act of 1978.

Transnational capital: partners in the apartheid system

Recent studies have attributed particular importance to such related characteristics of the role of transnational corporations as: the fact that giant firms are now responsible for the bulk of international investment, that these firms focus their expansion on certain specific and critical industries and on certain extractive activities aimed at giving them a strategic place in the economies of countries in which they operate and that transnational corporations invariably seek and succeed in achieving a degree of dominance in markets, i.e. becoming either the dominant producer and distributor in and across countries or one of a small number of such producers and distributors. From these characteristics emerges an important conclusion. The interaction between the transnational corporations and the Governments (of the countries in which these corporations operate) is generally quite different from the traditional view which pictures the large nation State as acting on a different plane, above that of business. Rather, what emerges is something like this: large transnational corporations, by virtue of their cohesiveness. their access to information. modern technology and capital, their worldwide network of communications 21nd their long-term investment and profit-seeking perspective, act alongside the State or. in many cases. above it. The power of Governments tends in these circumstances to be heavily circumscribed. Indeed many Governments are in practice reduced to little more than "city Governments" rather than sovereign States. In so far as the transnational corporations are able to absorb the locally based companies in each of the critical industries which they seek to dominate, or alternatively where such companies helped along into adopting an llinternutionzil position" through a variety of contracting-out and suh-contructing techniques (especially in distribution), a policy climate is created which inhibits Governments from discriminating against foreign companies or limiting their freedom. In this way, tteconomic nutionalismli in the countries receiving large volumes of foreign direct investment is severely constrained. and there is the gradual merging of the interests of the trunsnationuls. of much domestic capital 21nd of the government in control of the nation-State. In some cases. the interests of the trunsnutionuls transcend those of the nution-State and it is their interests which come to determine economic 21nd political policy.

Two principal conclusions arise from this characterization of the role of transnational capital on both international relations and the politics of the nation-Stute. In so far as there emerges a clear coincidence of interests between the foreign capital and the government of the recipient counry or a predominance of the interests of that foreign capital. then. first. transnational capital operates in such :1 way 11s to be protective of that government. This would arise from the fact that the government in power is both the manager and the enforcer of the superstructure institutions which determine and fix the distributitm ol’ the economic surplus. The aim here would be to secure the kind of surplus distribution which is highly favourable to the transnationals.

The second conclusion is that transnationals will strongly assert influence on the governments in which they are based (or where their headquarters and primary activities are located) to pursue foreign policies which are supportive of the regimes in whose countries such transnationals operate. These conclusions would apply with particular force in South Africals case.

Reference has been made above to the historic role of the mining transnationals in elaborating the methods of labour supply which in time came to represent government policy and a principal aspect of the apartheid system. Even more important in understanding the present situation is the degree of transnational involvement in the development of the more strategic sectors of the South African economy. It has been estimated that some 40 per cent of aggregate production in South Africa comes from transnational-owned subsidiaries. However, what is not generally known is that this production is concentrated in precisely the most strategic sectors of the economy, namely, in petroleum supply, refining and processing, in petrochemicals, in computers and electronics, in the motor vehicle and automotive industries, in the mining and other extractive industries and in transport and heavy engineering. We consider briefly below the character of the partnership between the transnationals and the South African authorities in some of these critical industries at present.

Oil. The oil industry is doubtless of great importance despite the fact that imported oil represents only about 25 per cent of South Africals energy needs. Five oil transnationals - Caltex, Mobil, Shell, British Petroleum (BP) and Total - dominate the industry on the basis of a close identity of interests with those of the regime. These interests primarily relate to the need to make the country relatively invulnerable to international oil sanctions. Over the past decade, the bulk of transnational investments in the oil industry has been directed precisely towards achieving this objective. In mid-l978, Caltex completed a major three-year project to expand its oil-refinery capacity in the Cape, parallel with projects by Shell, BP and Mobil to expand their capacity in Durban and elsewhere. Moreover, substantial transnational investment has gone into alternative energy-related industries, particularly coal mining, and in support of the Governments oil-from-coal projects. British Petroleum undertook a $230 million investment venture to export coal jointly with Total and General Mining as part of a deal to distribute oil from local oilefrom-coal production. More generally, the oil companies have employed a four-pronged strategy to assist South Africa in its search for relative independence from external pressures. The first concerns the use of a part of the countryls coal resources to synthesize petroleum products, which is now being attempted with substantial investments in the 521501 project. That project is based on technology and other inputs primarily developed by the oil companies and in large part financed by foreign banking loans. The second relates to the conservation measures which, among other things, encourage the use of other non-oil energy products being developed by the transnationals. Thirdly, the oil companies are planning a considerable role in building up substantial stockpiles of crude and refined oil products. Finally, the oil companies have sought legislation to protect them in the event of a crisis arising from oil sanctions. In all these respects, the relationship between the oil companies and the regime is marked by a close identity of interest, of mutual support and extensive joint planning to preserve the status quo through a massive investment effort and the creation of what is hoped would become a relatively self-suff’lcient energy industry in South Africa.

Electronics and computers. In part owing to the demands of the arms-oriented sectors of the economy for effective information and management systems and in part to the growth of the economy, the industries concerned with the supply and deployment of sophisticated electronic equipment have burgeoned in South Africa. This industry is said to be growing at an annual rate of 30 per cent. The largest customers of computers and advanced electronic components are the armed forces and their related agencies. the Government and the para-statal corporations. Here, the transnationals dominate the industry and are responsible for the import. sales, installation and maintenance of this high technology. Over the past three years, the major transnationals have also been encouraged to develop a local industry, which is now providing several smaller versions of data-processing equipment, but the country remains overwhelmingly dependent on the major foreign companies for the supply and servicing of advanced computers and electronic gear and the provision of skilled personnel to operate this equipment. At the end of 1979. according to some estimates, there were over 3,000 computers in operation in South Africa with an estimated value of $1.5 billion. The Government and its various agencies are the largest users of this equipment. ranging from mini-computers to large Tinumber-crunching" mainframe systems that are able to undertake complicated calculations. All these computers are either purchased outright or leased from the foreign companies. The South African Defence Force, the Atomic Energy Board, the Uranium Enrichment Corporation, the South African Arms Development and Production Corporation and the Council of Scientific and Industrial Research are the principal customers of the major foreign companies operating in the country. Among the non-governmental major users are the large mining companies, especially Anglo American, which has so far invested $35 million in computer facilities.

The demand for Specialized electronic equipment has greatly intensified with the sharp increases in military spending, which have jumped by more than 300 per cent over the past five years, reaching $2.47 billion in 1978/79. Over 50 per cent of this expenditure has been devoted to acquiring military equipment and the related technology for local arms production. Here the foreign companies have played a vital role. Fuchs Electronics and Racal Electronics, with extensive foreign links, have been particularly active, but the dominating firms remain IBM, Burroughs, NCR Corporation, Sperry Rand, Control Data Corporation, ICL and Siemens. Honeywell has provided the process control equipment for Sasol 11, while the French-based Framatom has organized the provision of the computer equipment to be employed in two nuclear-generating stations to come into operation early in the 19805.

In November 1977, the United States Government, in support of the United Nations arms embargo, restricted the sales of advanced computer and electronic systems to the South African armed and police forces and, in 1978, imposed further restrictions on the supply of certain types of technical data which could be used in a strategic manner by the South African regime. However, the degree to which the United States Department of Commerce can enforce these restrictions is far from clear, since circumvention is always possible as long as trade between the two countries remains open. For example, there is no effective way for the United States authorities to monitor the end-use of computers shipped to South Africa. This was made evident by the 1978 sale of computer equipment to the South African police by ICL and partly manufactured by Control Data. The British Government, which owns 24 per cent of ICL, refused to intervene in this transaction with the South African police. One important consequence of the United Nations embargo are the attempts by transnationals to boost the local content to 80 per cent, based on extensive subsidies from the South African Armaments Production and Development Board. Plessey, Siemens and Philips have all set up local production subsidiaries in partnerships with local companies and supply the needed technology from their parent companies abroad. This trend can be expected to continue.

Mining. South AfricaTs mining industry plays a key role in the countryTs strategic planning. Coal is, of course, critical to the energy needs of the economy, as is uranium, apart from the latteris potential in the country,s search for a nuclear capability. However, considerable efforts have been made by the transnationals to impose a permanent Western dependence on South African supplies of platinum, chrome. manganese and vanadium. Over 80 per cent of these and other minerals mined in South Africa are exported, with a total export value of $7 billion a year and representing about 55 per cent of total exports. In 1979, the value of total mineral production reached just under $11 billion. Through a complex tax system, related to world prices of minerals but also highly concessionary for the mining companies, about 20 per cent of the total tax revenue of the Government comes from this industry. The industry employs slightly under 21 million workers, of whom no more than 4 per cent are white. Fixed investments in mining have been growing at an annual rate of 6 per cent. However, without foreign capital and the related import of mining technology, the growth of this industry would have long ago ground to a halt. t

Large segments of the mining industry are managed by ttfinance 0r mining houses" whose prime backers come from Britain, the United States and other Western countries. Today, approximately 25 per cent of the shares issued by the finance houses are owned by British and American stockholders. Anglo American, one of the largest conglomerates, with its main interests in the mining industry, has over half of its shares held in the United States and Britain. Of the estimated $20 billion invested in the mining industry, about $5 billion has come from abroad. United States Department of Commerce statistics deliberately suppress data on United States investments in the mining and smelting industry, but some estimates put the book value of these direct investments at $330 million, with an additional $1.9 billion in indirect investments through the purchase of gold mining stocks. The European Economic Community countries have over $2 billion of aggregate investments (direct and indirect) in the industry.

The role of transnational corporations in this industry is highly complex, involving an intricate network of direct investments, cross-ownership of shares and joint ventures with local companies, and with management provided by the finance houses. Mining exploration, which is developing at a furious pace in both South Africa and Namibia, is invariably conducted on this joint-venture basis and in some cases with State participation.

The centrality of the mining industry to the evolution of the apartheid system, with its myriad labour and land laws, has been emphasized above. The result is that wages and working conditions in the mining industry are among the worst in the South African economy. This is the industry which, like agriculture. is most directly involved in the operation of the migratory labour system. From these points of view, a deeply institutionalized structure of mutual interests has grown up as a result of which exceptional rates of profit are generated for the companies involved and substantial revenues are paid to the authorities.

Motor vehicles. The motor vehicle industry is important for our analysis not only because it is dominated by transnational corporations but also for two other considerations. First. the industry has become the focus around which a substantial engineering and steel-producing sector has developed, enabling South Africa to acquire the kind of technologies necessary for constructing a fairly comprehensive automotive and armaments-reiated industry: and second, the South African authorities have played and continue to play an important role as a major customer and regulator of the industry.

The importance of motor vehicle productiton is reflected in the fact that annual sales now run at about $l.5 billion and that combined manufacture of vehicles and component parts represents more than 20 per cent of the manufacturing sector. or equal to about 5 per cent of the GDP. The industry is a heavy consumer of steel and and provides much of the impetus for the enlargement of the metal-using and engineering sectors. The central Government purchased in 1977 about I4,000 vehicles, of which over 5,000 were heavy trucks. A substantial proportion of these purchases went to the police and the armed forces. General Motors reported that its sales to the military before 1978 averaged 1,500 units a year, and Ford states that between I973 and 1977 it sold 128 cars and 683 trucks directly to the Ministry of Defence. As a regulator of the industry, the authorities have steadily expanded the local content of motor vehicle production, which has now reached 66 per cent. This latest phase has necessitated substantial investments in domestic manufacturing facilities by the transnationals. Thus. a process of national self-sufficiency in motor vehicle production has started, with the transnationals continuing to run the market on the basis of the blueprints and the technology in use in the overseas parent companies. Furthermore, the movement towards self-sufficiency has been undertaken by joint ventures between the transnational corporations and various Government agencies.

Summary and conclusion

By transferring technology to the more modernizing sectors of the South African economy - oil refining, computers, motor vehicles and, indeed, all branches of heavy engineering and automotive processes - the transnational corporations operating in South Arica are serving to make that country highly self-sufticient in many branches of the industrial sectors of the economy This South African relative self-sufficiency in manufacturing facilities derives from a well-enunciated policy on the part of the transnational corporations and the South African regime aimed, first, at making South Africa relatively invulnerable to international economic sanctions; second, at providing that country with a technological base for the manufacture of a large range of arms and military equipment; and, third, at constructing an industrial base in the country of sufficient breadth and depth from which the transnational corporations can bring southern and central Africa into a permanent dependent relationship with South Africa.

The growing trend towards the involvement of transnational corporations in joint production with the various official agencies, principally South Africais para-statal corporations, is particularly marked in the steel, chemical, motor vehicle, oil, computer and nuclear industries, with a parallel trend for the transnational corporations to transfer substantial areas of management and executive responsibility over their investment interests into the hands of South African nationals. The increasing organic partnership between the State and the transnational corporations has its source in the compelling pressures to intensify the militarization of the economy, making it increasingly self-sufficient, and in these ways to ensure the survival of the apartheid system.

A final point that needs to be made in the light of the foregoing survey is that the transnational corporations are among the most active proponents of an international policy of toleration and acceptance of the status quo in South Africa. They employ their considerable powers to influence the foreign policy of various important Western countries, especially those in which they are based.

These latter countries in general pursue policies which are essentially protective of the South African regime. Furthermore, the transnational corporations Operate in ways which entrench trade patterns and impose an economic dependency relationship between South Africa and the advanced industrial countries. From this emerges the Western policy position which views the status quo in South and southern Africa as 21 necessary strategic interest, or as Option One in the United States National Security Memorandum 39 of October 1974 put it: lleloser association with the white regimes may be required to protect our economic strategic and scientific interests". From this it is a short step for the Western Governments to turn a blind eye or provide indirect assistance to their transnational corporations in the latteris involvement in South Africuis militarization and in consolidating their partnership with the apartheid regime.

In conclusion, the transnational corporations cultivate a number of myths about their operations in South Africa. They employ these in . carefully orchestrated public relations exercises aimed at curbing the mounting pressures for world-wide sanctions and other measures against the apartheid regime. The myths are well known: there is alleged to exist a historically based separation between Government and business; foreign capital cannot therefore be held responsible for what is going on in South Africa: nor does it possess any influence over South Africals unique system of income distribution and labour control and if anything. the transnational corporations are playing a signilicunt though unpublicized role in improving wages and working conditions for the African people, extending their employment and promoting peaceful change in favour of some wider form of democracy in the country. This paper has sought to debunk these myths by showing that the lurge-scale involvement of the transnational corporations in South Africa. especially in the post-war period, has been nothing but perverse in its total effect: that involvement has simply served to shackle even more firmly the African people to a life of perpetual servitude in poverty. without any rights and to hold them in a condition which guarantees their labour as the primary source of the economic surplus on which the profitability of the transnational corporations and the privileges of the white South African minority rest. .

Serious us this conclusion is. even more grave is the considered role of the transnational corporations in boosting the armed power of the apartheid State LII it time when that power is being increasingly employed to threaten and mount attacks against the independent African States of southern and central Africa. That boost is provided by the extraordinary ways in which the transnational corporations have succeeded in supplying the industrial 11nd technological base from which South Aliriczils arms and military equipment production has developed over the past decade. What we have here is a veritable partnership in the pursuit of a common objective which gives South Aliricu an imperial economic and military role in southern Africa. The transnational corporations assert Ll supreme power in all this but without the public responsibility that would otherwise go with it.

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