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'If the world banking community should effectively exclude South Africa from international trade and payments systems, it would be n much more effective sanctions measure than the trade sanctions applied by governments. It would put us on a barter trade system overnight. That is the muscle they have on their side'
Chris Stale, SA Director General of Finance

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This paper has been prepared to assist the discussion in the Standing Cbmmittee of NGO's and in SMNMM about developing a coordinated European campaign on the South African loans issue. It is intended to stimulate and focus discussion. The short time available for its preparation has obviously created limitations om the possibilities for research and consultation. Those consultations will hopefully take place in the coming period, during which further research could also take place. This Will hopefully contribute to the emergence of a pratical, realistic, effective and well coordinated European campaign.

SECTION 1: BhCWGWOUND

1.1. South Africa's debt crisis arose in 1985. Throughout the early 19805, South Africa had relied on external borrowing, by both government and the private sector, to minimise the structural weakness of the economy; Fbreign debt rose from \$6bn to \$24bn between 1980 and 1985. A substantial proportion of the borrowing was in the form of shortuterm loans. South Africa was dependent on banks lrolling-over' these loans: that is, lending'new money as the short-term loans fell due for.repayment.

In 1985, the imposition of the State of Emergency led US banks to refuse to lrollonor' the loans,- a decision which was inevitably followed by the European banks. The US banks? decision was influenced strongly by public pressure against their continued support for South Africa. South Africa was faced with the repayment of \$14bn - clearly an impossible task. After tHO'r0uhde of negotiations, a three-yeNr agreement was reached between the banks and the South African Government in Mhreh 1987.

In the first set of negotiations, in 1986, the demand fbr political reforms featured strongly in the negotiations between the banks and the South African government. By the time of the 1987 talks it appears that political issues had slipped from the

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agenda and purely economic and commercial considerations dominated the discussions. This almost certainly reflected the lack of public pressure on the banks at this crucial time.

The 1987 agreement allowed South Africa to make small (\$150m) repayments of the principal owed at six monthly intervals over the three years, together with the payment of interest and a spread (profit margin). The remaining principal, on which interest is paid, was effectively held in South Africa for the duration of the agreement. The agreement also allowed banks to take two options which would give them a longer-term stake in the South African economy. One was to convert the loan into direct investment in South Africa. The other was to convert the short-term loan into a ten year loan.

One further effect of the agreement was to enable the South African government to draw on part of the frozen funds for its own expenditure. 8

The three-year agreement has to be renegotiated by June 1990.

A preliminary economic review was due to be conducted in April in 1989.,

1.2 'The effects of the debt crisis

The debt crisis has had significant effects on the South African economy. No new loans were made between in 1985 and late 1988.

The loan repayments, together with the capital flight from nervous investors, has made South Africa a net capital exporter. This is a dramatic reversal of the position in the 1980s and has serious consequences for the economy.

To generate the resources for this transfer, the government has been forced to run both a trade surplus in its relations with the rest of the world and a surplus on the Government current expenditure account.

With the economy heavily dependent on gold prices and the imposition of some, albeit limited, sanctions, maintaining a large trade surplus is difficult. It seems likely that South Africa has also been forced to make heavy sales of gold and foreign exchange reserves. At times during 1988 it looked as though even the modest levels of debt service under the 1987 agreement might not be maintained. Certainly, Finance Minister Barend du Toit threatened in September 1988 to halt all repayments if a new agreement was not reached in 1990.

An immediate economic crisis seems to have been avoided, in part by the use of import restrictions. However, there have been serious long-term consequences from the shortage of external finance through the fall in levels of investment in the economy.

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Like many Third Wbrld debtors, South Africa 15 faced with the contradiction that new investment requires heavy imports which worsens the trade balance. In addition, the crisis is also manifested in a reluctance by South Africans to invest.

South Africa's economic growth has consistently been less than its population growth.

It is clear that, during the last two years, the continuing availability of trade finance has been absolutely crucial to South Africa, enabling it to avoid the worst effects of the shortage of new bank loans.

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In addition to the \$9-10bn due in 1990 (unless it is rescheduled) South Africa faces additional repayments on other loans and bonds between 1989 and 1992 totalling \$6.5bn. It is clear, therefore, that South Africa still faces a major foreign payment crisis and the South African Government will be forced to seek rescheduling.

The outcome of these negotiations will be crucial to the apartheid regime; It will determine the level of capital resources available to the economy for several years. In turn, this will determine the economic policy options available to the South African government and its ability to generate economic growth): .

South Africa will, therefore, be extremely vulnerable to external pressure during this period.

The crucial question is whether government and non-government organisations will seize on this vulnerability to secure progressive changes in South Africa.

1\$e_ggbt Crisis and South African military expenditure

There is a strong link between the 1987 agreement on the loans -and and Increases In defence expenditure. Spending on the repressive apparatus has increased markedly since the 1987 agreement. The 1987-88 budget, announced shortly After the agreement, included a 302 increase in official defence expenditure and a 50% increase in the police budget. Official defence spending, excluding many security related areas rose by 223 In the 1988 budget and defence spending was budgeted to rise again by 222 in the year 1989w90. The link with the loans agreement can be argued in two ways:

1. under the 1987 agreement, part of the payment due to foreign creditors has been made available to the South African government

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2. in more general terms, it can be argued that a country which can so increase defence expenditure can afford higher debt repayments.

This argument is already being used in 'campaigning by anti-apartheid groups. It is a powerful campaign argument, linking 'dry' economic issues directly with the human costs of apartheid.

1h; gesponse of the banks since the 1987 agreement

It appears that few banks have wanted to convert their loans into South African equity investments. A significant number have converted loans into long-term ten year loans. Perhaps \$3bn have been converted in this way, including \$6-700m converted by Citibank at the beginning of 1989.

These conversions, and the effect of the devaluation of the Rand, probably leave the outstanding short-term debt covered by the 1987 agreement at \$9-10bn.

In recent months, there have been other signs that some banks' reluctance to lend to South Africa is weakening. A loan of R88m from a consortium of Swiss banks was made late in 1988. The Union Bank of Switzerland has managed the roll-over of loans of R100m - presumably outside the 1987 agreement - as they fell due.

It is not clear how the banks are going to approach the negotiation of the 1987 accord. Some campaigners believe that the South Africans will seek an early agreement, probably to extend all the outstanding loans for a ten-year period. The recent small Swiss loans are seen as an indication of a shift in banking opinion. Others in the City of London are doubtful whether banks would have any incentive to agree to any rescheduling prior to the due date as this will limit their options.

South Africa is likely to want to avoid a formal default as this is likely to have the most severe consequences on its trade finance.

There seems to be little informed knowledge about the banks' approach to the negotiations currently available to campaigners. Drawing on the experience of 3rd world debt negotiations, the general parameters can be guessed, however.

On a purely commercial basis, the banks' freedom of negotiation is limited. Banks can suffer economically in three ways: by losing interest payments; by having to write-off portfolios; and by having funds tied-up which either do not bring a profitable rate of return or which could be making more profit elsewhere.

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The first two would require the banks to draw on their provisions (lonn-1055'reserves) or their reserves and capltal to make gbod the loss.

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An extension of the repayment period is most likely to guarantee continued debt service, and thus banks do not have to write-off loans on their books. waever, an extension has the effect of 'Jocking the banks in' to the South African economy; A dramatic deterioration in the economy could threaten even the limited debt service, leaving banks with neither interest or principal. An earlier repayment of 'principnl is the most attractive option for banks which wish to reduce their exposure to South Africa. newever, the higher the levels of early repayment the more . difficult .it will be for the payments to be met and thus, if Junrealistically high' South Africa may be fbrced to default, requiring the banks to take heavy losses.

we do not know at this stage whether the politics of apartheid Will be an independent factor in the banks' judgement or whether it will merely be regarded as an Infjfluence on the cemmercinl judgement of the banks. One of the central challenges to N603 and other cnmpnignihg'organisations is to ensure that the banks are forced to take political feature into account in the dealings with South Africa. Even if banks are reluctant to show concern about apartheid itself, they can be fbrced to accept that their involvement In apartheid is a major factor in their own home countries.

SECTION 2: A ChMPAIGN ON SOUTH AFRICM'S DEBT I h

. 2.1 The debt crisis has already had a number of serious effects on the apartheid regime:

- it has exposed the dependence qf the South African ' economy on external support
- it has undermined the strength of the econOmy, reducing business confidence and starving the economy of investment
- it has reduced apartheidts ability to reward the white minority through sustained living standards

A European campaign would seek to intensify all these pressures.

It would have two strategic aims:

1. to influenee'the debt negotiations taking place over the coming year
2. to use the loans issues to win wider support fer economic sanctions.

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This paper concentrates on the possible campaigning' on the loans issue. Its possible extension to the wider issue of economic sanctions is discussed in Section 4.

2. 2. LJQAaSJMLMMMMdL:

2.3.

The campaign would aim to achieve the following objectives:

- a. the maximum burden of foreign currency repayment in the shortest possible time
- b. the minimum relief through new finance
- a. the maximum uncertainty for South Africa by ensuring that any new agreement is for the shortest possible time.

A fundamental question for the campaign is the role which the banks are pressed to take in their negotiations with the South African government. To what extent should banks be pressed to include political.) demands in their negotiations.

There appear to be two broad approaches to this question. Church groups in Europe and the US, together with anti-apartheid groups in the US, are demanding that banks make political reforms a condition of any rescheduling agreement. They argue that an end to dotentions and bnnings, together Ni th moves towards a negotiated end to apartheid should be premoonditions to any rescheduling. At the same time, they argue that economic pressure on apm'thied should be maintained by a minimum 152' peril nnum pay back of the frazen loans.

In Europe, some anti-aparthied groups are preferring to emphasis simply the demand for an end to financial involvement in South Africa. In the UK, for example ELTSA and MM are proposing three public demands: no rescheduling; no new loans; no trade finance.

It might, of course, be possible to combine both approaches. The public message, of no loans or rescheduling, hcould be complemented in lobbying activities by pressure to raise political demands and a minimum repayment period as a feasible minimum position for the banks.

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The 1987 agreement was negotiated with a Technical Gom'mittee representing the major banks. These were

FRG: Dresdner Bank, Deutsche Bank, Commerzbank

France: Credit Lyonnais, Banque Indo-Suez

Switzerland: Union Bank of Switzerland, Swiss Bank Corporation, Credit Suisse

UK: Barclays Bank, Standard Chartered, National Westminster

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US: Citibank, Manufacturers Hanover

It 1.9 11'):er that any future negotiation will involve the same or very similar committee of banks.

Figures on country exposures are 11'ml' ted, but the largest bank exposures are the UK (2521), followed by the US (202!) and France (14.8).

In addition to the technical committee there 1's also a wider group of banks with a significant involvement in South Africa who are consulted on the negotiations. 30 banks major banks, including those from Belgium, were consulted on the negotiations . after the 1985 moratorium. A further 230 banks are also creditors.

On the basis of the membership of the Techhical Committee and the known exposures the key creditor countries in Europe are the UK, France, Germany, Switzerland.

Potentially the hazy: decision-makers can be influenced in fbur ways:

1. through factors which affect their commercial judgement

11. through public pressure (which can, in turn, become a commercial pressure) .

11L through government Intervention, which may be overt or, less publicly, through the regulatory and supervisory role of central banks

iv; through changing the personal attitudes 01' key decisionmakers towards South Africa.

The campaign strategy will aim to generate the maximum influence through each of these channels;

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We can also speculate on the extent to Which it may be possible to divide the banks. .41 though banks are often gowrned by the thord instinct' .in making or refusing new loans, in a relatively static position like the current one, banks may make widely differing responses. Indeed, as some banks agree to make a long-term commitment to South Africa, others may judge that this increases their chance of being successful "1 th a demand for early repayment.

2.4. 1111;: pole 91: market LesearcL

Market research can play two important roles .in the campaign.

Firstly, it can provide a better understanding of the attitudes of and influences on key decision makers w! thin the banks. Under

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a suitable guise, such as a study of the market impact new popular concerns with various ethical issues including apartheid, third World debt and the envl 'ronment, market research companies could arrange inrdepth attitude interviews with, say, ten, leading bankers in the target countries. 1 .

Secondly, market research can provide information about public attitudes and expectations. It could Aprovide not only an indication of the number of those opposed to apartheid, but also those who believed banks should not deal with South Africa and of those who would, for example be prepared in principle to move their bank account. It can also establish Which ways of presenting the issues are most likely to gain a response from . the public.

2.5 1116 Qregentation of the loans issues

'There is more than one way in which the loans issues can be presented.

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There exists alrehdy a constituency Which is convinced of the need for sanctions against apartheid. For these, all that is needed is an explanation of the particular implications of the loans issues and tattractive and imaginative means of campaigning.

The campaign should also aim to attract at least some of those who may not yet support sanctions per se, but would act on the -lonns issue. - i

It is reasonable to fael that there will be a significant . section of the population who Will be persuaded by the link between the loans deal and arms spending even though they have not yet been wan to sanctions per se. This can be tested as part of the market research proposed above.

2.6. Ihe- Qhannels of Logluence

A. Commercial factors

Understandi 11g the decisiOn-mnkers

Initially, it will be limportant to establish what factors are important in banks deliberations. The market research referred to above can be supplemented by personal contacts in the banking world and ln financial journalism.

Generation of appropriate research and information

Having done this, the campaign should generate information which will encourage the appropriate bank response and present the information in the moat effective manner.

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Evidence from the Third World debt crisis suggests that, even now, in-house bank economic and political assessments are likely to be poor quality, short-term and impressionistic. They also rely heavily on 'fashionable opinion' amongst bankers. Well-presented independent material can, therefore, help shape the judgements made by the banks.

If, for example, the campaign judges that a pessimistic prognosis for South Africa's medium term economy is likely to make the banks take a maximum repayment position. The campaign should identify academics and other forecasters working in the field and encourage the placing of appropriate material in the media, at conferences etc.

To be effective, such information will clearly need to be carefully presented. However objective and independent the research may be, it will immediately be discredited if it is seen to come from committed anti-apartheid organisations.

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2.6.8. public pressure

Demonstrable public pressure can influence the banks in three ways:

a. by force of persuasion

b. by exercising a direct commercial threat (through the loss individual or corporate business or investment)

c. through perceived indirect commercial damage through bad publicity.

Public pressure, through lobbying, publicity and persuasion is an essential to influence Parliamentary decision-makers.

There exists, of course, an almost unlimited range of activities through which the 'public' - individuals and local organisations - can express their support for the campaign. These include letter-writing/postcard campaigns to banks and governments; local media coverage through letters, pickets, street theatre, publicity stunts etc; bank boycotts; lobbies of bank AGMs and shareholder action.

However, several organisations have expressed concern that many activists are currently demoralised and sceptical about the impact of such campaigning actions. It is very difficult for the individual to see any effect from their action.

The campaign could help, revitalise the existing networks of activists - and broaden them - by helping individuals to see their actions more clearly as part of an effective collective action. There are a number of complementary ways in which this can be done.

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could be done:

a. introducing new and imaginative campaigning tactics which enable the individual to identify their nations as part. of a wider collective.

For example, letterrewriting, bank boycotts and the use of 'eminent persons' to front campaigns are all well used tactics. They could be strengthened by combining them. Individual bank customers could appoint a named group of 'eminent persons' to represent them in negotiations with the main banks.

The 'eminent persons group' would seek meetings . with the banks to press the campaign demands, and report back to all the customers-concerned on the banks' response. .The implicit (or explicit) threat would be that customers would change bank if the response was unsatisfactory. With work, this approach could involve several thousand customers in each country with accounts totalling millions of pounds per annum turnover.

b. by a commitment by participating organisations to . the mobilisation of their own constituencies; this will be essential to, ensure that the campaign is not, in practice, left as a burden on the 'usual nctivists

c. by the use of advertising. Advertising can be used to direct a. moesng'e at the banks, but would also reinforce the individual's sense of being part of a larger campaign

d. by the use of the media to ensure coverage of the campaign and related issues. For example, if market research showed that even s_zoz of customers would consider moving to a bank not involved with South Africa, this would be both a newsworthy story and a real commercial pressure on the banks.

2.6.0. 112.? gale of national N005

It is important to stress that national NGOs should also play a direct role in lobbying banks and Parliamentary decision-mnkers. It should be recognised that the particular strength of N003 is their grass-roots experience in South Africa and their Ability to speak with legitimacy about the views Of ordinary black South Africans. This knowledge and experieHce 'should be used prominently in the campaign.

(Because of the relatively high levels of publicity given the South Africa there is a tendency for development NGOs to underestimate the value of the knowledge which they hold and to overestimate the public understanding of the situation in

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South Africa).

If It is possible to change the attitudes of lending bankers towards South Africa, the experience of respected N603 may well be one of the most powerful tools which we have available. It will be necessary to present the information in ways Which distinguish the N00 contribution from what is seen as the overtly political stance of the Anti-Apartheid organisations. In addition to mobilising their constituencies in campaigning and lobbying, the N605 should consider:

a. making direct representations and seeking meetings with the banks on the Technlcdl Cbmmittee. These approaches should stress the grass roots experience of the N003

b. preparing, either as individual NGOs, or collectively, dossiers of suitable grass-roots experience for campaigning or media use

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Individual NGO's might not have the capacity to implement some of the suggested activities themselves, because of already busy on-gbngcommltmct or other constraints. While keeping control over the direction of the campaign, it could also be considered to create capacity for the implementation by pulling together resources.

2.6.0. gplitiggl Qressuxe

The difficulties of winning governmental support for economic sanctions, at least in the short-term, are well-known. However in the coming 'yenr the loans issue will be a topical issue which can be raised by sympathetic Parliamentarians. In particular, the connections between the loans and South African military expenditure may win support for the campaign from M\$K who would not necessarily support full sanctions.

In the time available for preparing this report, little detailed consideration has been given to Parliamentary work and this will, in any case, vary considerably from country to country. A common European document/briefing for MP9 would obviously be Useful.

concerted action would also be required at the European Parliamentary level. '

In terms of 'proposnls for Parliamentary work, a useful starting point would be the recommendations of the commonwealth Group of hbreign Ministers. These include:

t no expansion of trade financing and a ban on Insurance cover by official credit organisations

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no favohrable treatment treatment of,provisions on

South African debt by bank supervisors

no rescheduling of more than one year

2.6.0. The use of the media during the camgaigg

It tends to be taken fbr granted that media coverage Will be sought during a campaign. The easily this can mean deciding on a campaign action and then seeking,publicity for it. A campaign of this nature will require a sophisticated and proactive media campaign.

Several distinct types of media coverage will be involved:

a. coverage of the campaign itself

b. coverage of commercial issues,

0. coverage of the situation in South Africa and the relevance of the loans issue.

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Those involve different audiences and different media. It Will involve long-term planning with documentary and news feature media, immediate press coverage and the carefbl placing oi'more technical and financial infbrmation

SECTION 3. THE ORGANISATION OF A EUROPEAN. CAMPAIGN ' t

3.1. The gage for a coordinated NUQ cnmaaigg

It is vclenr that the 'involvement of European NCO: in a coordinated campaign would make a very significant impact on the loans campaign, complementing and supplementing the existing Work being carried out amongtt nnti-apartheid and church organisations. Indeed, without such involvement it is unlikely that full avantage will be taken of the vulnerable period which the apartheid regime is about to face.

Nb comprehensive survey has been attempted of the activities of existing networks. waever there is clearly an existing commitment 'to activity amongst two constituencies - the AntieApartheid movements and the churches. These networks have their own international links I

The initial impression is that the AA groups are severely limited by a lack of resources but are attempting to mobilise their supporters on the debt issue. The Uk'groups, for example, are attending bank ABMs and organising postcard and letterdwriting campaigns. iWere are, however, other pressing campaigns like the Gold campaign at the present time.

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h existing networks could strengthen the overall

the authority and legitimacy which can be added by

the major N605 which are respected In their own

countries fbr their integrity and independence.

the coordination of campaign activities and the

sharing of a common campaign framework

the financial and (possibly) staff resoerces with

which N009 can contribute directly to the campaign

and which can be made available to support existing

activities

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the pooling 6f analysis and technical expertise

the dissemination. of the campaign to wider

audiences.

3.2. gegeIOQing and Euroggnn caypeign

It will be necessary to initiate activities in the very near h

future if an effective campaign is to be mounted. hbwever, it

is also true that any campaign must grow organically from the

existing work of N003 and build on the commitment of Individual

N505, national groupings of N603 and the existing strength of

European wide cooperation. Any European campaign can only be as

effective as the commitment of individual N605 to it. Any

attempt to llmposet an ambitious strategy from the top will fail.

Much of the campaign must, by its nature, be carried out at

national level. Different countries have markedly dlIIErent

campaigning cultures and timetables.

countries should have a Parliamentary campaign,

the Cbmmonwealth Heads in Malaysia in October will only be a

relevant part of the UK campaign timetable).

To determine the most effective Ibnsible level of Ehropean

campaigning several points need to be addressed.

Firstly, it will be necessary to agree on the brand framework

and strategy for the campaign.

Secondly, it will be necessary to identify the current level of

resources - time, staff, money and political priority - which

ngos can give to the campaign.

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Thirdly, specific areas in which cooperation and coordination are needed should be identified. It should then be possible to decide which, if any, of these can be done within the existing work of agencies and which would require additional work to be commissioned at national or International level.

Some of the issues which should be addressed in this way are:

1. Is it possible to agree the same strategic framework for the campaign - that is, the objectives, the demands, and the types (though not the details) of the approaches to be made to decision-makers. At the very least, this seems essential to avoid contradictory actions

2. Is it possible to reach at least the same levels of coordination and information sharing which exist amongst the anti-apartheid movement groups working on the issues and amongst the churches. This would seem to be desirable for effective cooperation between the different networks. To what extent can the existing contacts within Standing Committee and SANHM play this role?

Can we identify specific issues on which the sharing of information is crucial (such as sharing correspondence and notes of meetings with banks)?

3. Is it possible to identify specific pieces of work, which would best be done centrally. These might include:

in the coordination of academic forecasts and assessments of the South African economy
- preparation of a Parliamentary briefing
- some elements of the media strategy
- possibly, the establishment of a central contact point for the campaign

Would central coordination be best established through a central campaign office or through dividing work on particular projects amongst designated lead agencies in different countries?

4. Are there specific actions in which agencies can work collectively? These might include:

- pooling information about grass-roots experience.
- work at a European Parliament level
- joint approaches by the major development agencies to the main European banks

Is it possible to organise the pooling and redistribution of funds for campaigning. This might assist campaigning in those

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countries where NGOs face legal restraints on campaigning and enable grants to be made to relevant but undervresourced campaigning gm ups

3.3. wnggpuntcjcs should be invqlvedf

It is clear that effective campaigns must be run in the UK, France, Germany and SW1 tzerlnnd because of the role of banks from these countries in the technical committee. There is no political reason fbr limiting the campaign to these countries. Indeed, all banks involved in Sbuth Africa will have some . influence on the negotiations even if they are not on the Technical Cbmmittee and should, therefore, be subjected to pressure. There is also a greater possibility that some of the smaller banks may be more willing to 'breck ranks' than the leading lenders

The key issue for discussion at this stage is, therefbre, what needs to be done tq ensure that effective campaigns do run in each or the four main countries. This will largely be done to the national organisations. A relevant issue for SANA)! will be the extent to which it l's necessary or possible to direct finance from other countries to remedy any deficiencies in the target countries.

SECTION 4: THE EXTENSION OF THE CAMPAIGN TO THE h'IDER I SSUE OF ECONOMIC SANCTIONS -

. 4.1. _T_IlC Qesic amwbens issue is that it enables the campaign to teens on a crucial set of decisions, to be taken within a defined timescale. It therefore stands apart, as a campaigning issue, from the ongoing trade and financial relationships with South Africa. Fbr this reason it is worth placing the primeny emphasis of the campaign on the loans as long as this issue is live.

waever, it should also be clear that any sighifieent impact on the loans issue will provide a platfrom to take the campaign on the wider issue of economic sanctions in general.

4.2. mgr financial sanctions V

Any support on the loans issue muet lead directly to concerned eb0ut trade credits and geld. 7his is directly supported by South African government statements which have highlighted the importance of these two factors over the past three years. The campaign strategy should, therefore, plan a transition phase

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from the loans issue to trade credits and gold, and thence to the general case for sanctions.

4.3. Illeimphgeg; the Deb; arm;

It is important to recognise that, for the last few years, South Africa has been suffering the effects of a severe financial sanction, albeit one imposed by market and public pressures, rather than by government. To what extent can we argue that the effects have been positive? Clearly, the detentions and banning remain and there is no negotiations with the representatives of the black majority. But to what extent can other changes - the hints of the release of Nelson Mandela, the agreement on Namibia etc - be clearly linked to the effects of the loan starvation? Much of the debate on sanctions rests on arguments about their future impact. A major step forward could be made if an unambiguous sense can be made that the overall effects of the debt crisis has been positive.

The preparation of this report has not allowed a serious consideration of these issues but, in my view, a sound case would demonstrably strengthen the International sanctions argument.

4.4. The 1981 'gold' - the Mi (1) 11

To a considerable extent, the question of how quickly the campaign might embrace wider sanctions issues depends on how quickly the N603 can respond to the loans issue. If N605 can respond with active campaigning by, say, September 1989, an effective loans campaign can be operated. If it is going to take significantly longer than this then any loans campaign is likely to be simply a propagandist introduction to a wider campaign.

SECTION 5: SHORT TERM ISSUES

As outlined at the beginning of this paper, there are some fears that an early deal may be concluded between the banks and South Africa, possibly as early as the summer of 1989. It is also possible that an increasing number of individual banks will follow Citibank and renege on their loans into long-term commitments under the terms of the 1987 agreement.

It is unlikely that a coordinated European NCO campaign could be organised in this sort of timetable. It will therefore be of the utmost importance that early representations are made to the banks to try to avoid an early deal. Church and anti-apartheid organisations are already making such representations. It would

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be very valuable 11' additional representations could be made through the Standing Committee/SANAM and, where possible by Individual N005 and national networks- of N603.

DISCUSSION pomrs

The key points for discussion on the development of the campaign are addressed In section 3.2. above. A number of additional points arise out of the text.

. A. Issues arising from the overall Chmpaign strategy (Sections 2.1, 2.2 and 2.3)

1. What should the strategic aims of the campaign be?

2. What should the campaign demands be? 2b what extent is itdesjmbles/justit'iable to keep the public demands simple but to raise more complex issues, like the repayment rate and the p011 tlc111 Issues which could be raised by the banks, in correspondence and meetings with the banks?

.7. What emphasis should be given to trade credits in the early stages of the campaign (see also section 4)?

4. How much emplmsjs/priority should be given to changing the personal attitudes of bankers towards apartheid? Is this a realistic aim or should the campaign rely on public and i commercial pressures?

. 13. Questions which help 1'11 assessing the current level of knowledge and organisation on which the campaign can be based?

1_. What access do' we already have to academics and others who may be studying the South African economy. Has their work been summnrried'by academics or N605? Do we have access to any bank studies of South Africa (many banks produce such country analyses for business clients)? Are any NGOs currently .in a posi tion to interest academics in conducting such research and, possibly,. to sponsor .it?

2. How good are existing contacts with thefinancial world? How much insight already exists into the attitudes of key decision-makers? Hhs thisinfbrmatioa been collated nationally and Internationally?

3. Do any written media strategies exist 1'11 any countries? Can these be circulated?

4. What Is the existing level of NGO activity 111 terms of:

a. staff time

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b. financial resourcek

c. mobilisation of constituencies?!

Is their scope to Increase the level of activity? '

5. What is the comparable level of cammitment agxongst churches,
AWEPA, anti-apartheid Movements and related groups in both
Europe and the Uni ted States?

6. Has any information been collated about existing Parliamentary
campaigns In different countries?

. John Denhnm

26.4.8.9.

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