INDEPENDENT EXPERT STUDY ON THE EVALUATION OF THE
APPLICATION AND IMPACT OF SANCTIONS
FINAL REPORT t0 the COMMONWEALTH COMMITTEE OF
FOREIGN MINISTERS 0N SOUTHERN AFRICA
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FINAL REPORT

to the

COMMONWEALTH COMMITTEE OF FOREIGN MINISTERS ON SOUTHERN AFRICA

SUMMARY

"Words, alone, will not deter the South African government from the pursuit of its repressive and undemocratic policies," declared 17 southern African bishops last year. Exhortation will never end apartheid, nor will diplomatic pressure be enough. Economic pressure on the white minority will be needed before it yields its monopoly of power. Sanctions provide that pressure, and thus are an essential part of the process leading to genuine negotiation in South Africa.

Pretoria’s agreement to withdraw from Angola and Namibia, as well as political ferment inside South Africa, have raised hopes. But there has been no movement by government on fundamental political change inside South Africa itself. There has been little progress toward the five "urgent practical steps" set out at Nassau in the Commonwealth Accord on Southern Africa. Three years ago, the . Commonwealth Eminent Persons Group (EPG) warned that "while the government claims to be ready to negotiate, it is in truth not yet prepared to negotiate fundamental change." This is still true.

The minority government only makes concessions under pressure. Without sanctions, the apartheid regime would not have agreed to withdraw from Angola and Namibia. South Africa spun out the Namibia talks for a decade. But by 1988, partly due to the arms embargo, Pretoria had lost military superiority in Angola and faced unacceptable white casualties; meanwhile, economic sanctions meant that South Africa could no longer afford the rising cost of its

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occupations of Namibia and part of Angola. Under.pressure of sanctions, Pretoria finally entered genuine negotiations last year.

The minority regime has made concessions outside South Africa primarily as a way of strengthening its ability to maintain apartheid inside South Africa. Indeed, the government is now promoting a programme pf hrepressive reform", under which economic reforms will be combined with stepped up repression; this false "reform" is a way of avoiding substantive political changes. It is a way of maintaining apartheid, not ending it.

How sanctions work

Sanctions are a diplomatic tool. They are a spur to the negotiating process, not an alternative to it.

Sanctions against South Africa act at three levels. The ultimate goal of sanctions is political -- to promote negotiation. The intermediate goal is to create a growing group of people who will press for genuine.talks, and thus help to build a lobby for negotiations. This is done through four intertwined tactical objectives: 1) denial of essential goods such as arms and oil, 2) accelerating the general economic strain, 3) hitting white morale, and 4) encouraging those struggling to end apartheid.

There are sharp splits within the white minority, accompanying a growing realisation that traditional apartheid cannot be maintained. The central question being asked is whether some form of "reformed" apartheid with continued white hegemony will suffice, or if it will be necessary to accept fundamental change leading to a non-racial and representative government.

Some South African business leaders are calling for political change as the only way of avoiding sanctions. Others say that the failure of the international community to impose major new sanctions in the past two years is evidence that South Africa is regaining international acceptance.

We see the role of sanctions as making it increasingly difficult to maintain even a "reformed" apartheid, thus forcing white South Africans to realise that fundamental change must take place. Sanctions are essential to create a lobby for negotiations; without them, it is unlikely that there will be a large group of white moderates favouring negotiations.

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Assessed against the goals set out above, the
sanctions imposed so far have had some success. The arms
: embargo has prevented South Africa from obtaining many modern
% weapons systems. The oil embargo has cost Pretoria more than
i US$ 25 billion. The nine industrialised countries that have
imposed major sanctions against South Africa have cut their
own trade with Pretoria by one-third; their actions have cut
_total South African foreign trade by 7 per cent. South
Africa’s Finance Minister admits that the economy is
"hamstrung" by sanctions. The sport and cultural boycotts
have increased the sense of isolation of white South
Africans.

These tactical successes have had some political
; impact. Sanctions have restricted Pretoria’s military
. adventures, they have been a major factor in promoting the
negotiations that have taken place already, and they have
forced Pretoria to make limited internal concessions. Most
i importantly, the pressure of sanctions has helped to expand
1 the lobby for negotiations.

1 Thus we conclude that sanctions have partially
? succeeded in meeting their tactical objectives and the
intermediate political goal. But it is obvious that they have
failed to achieve the main political goal: genuine
negotiations with representatives of the majority of the
people of South Africa.

Therefore, we reach a two edged conclusion: the
partial sanctions imposed so far have been a partial success,
but they have not been enough. After detailed consideration,
we find this conclusion not surprising. Sanctions have had an
economic impact, but not enough. As Archbishop Hurley
explained, "much stronger pressure is required -- pressure
. that will cause real discomfort in the white community to
make it realise that it cannot continue" with apartheid.

White South Africa is worried about sanctions. As
. the Financial Mail commented: "Don’t kid yourself. Effective
sanctions do work." And the minority regime has launched an
international campaign to try to fend off sanctions.

’We feel that whatever the international community
says in words, a failure to impose significantly wider and
tighter measures will be taken as international acquiescence
for efforts to maintain apartheid. Pretoria will be pushed to
1 the conference table only when the white minority is put
i under enough pressure to have a noticeable impact on living
1 standards. This means it will be necessary to substantially
widen and tighten existing measures, and to act quickly.

South Africa will be particularly vulnerable to sanctions in the coming two years. It faces a debt crisis potentially as damaging as the one in 1985, when it was forced to freeze repayments on short term loans. Pretoria’s problems come about because its agreement with international banks on short term debt expires in June 1990, while nearly Us$ 3 bn in bonds and other long term debt not included in the freeze will be due in 1990-91. In addition, the price of gold is well below its 1987 peak.

Thus any new measures introduced during 1990-91 will compound the economic problems that the apartheid state already faces. This means that a relatively smaller package of sanctions may have the necessary impact; if they are applied quickly, because their effect will be multiplied by the unfolding debt crisis.

The international community has a choice. In the coming two years, it can help Pretoria weather the debt crisis and maintain apartheid. Or it can take the opportunity to exert maximum pressure, and provide an essential push toward the end of apartheid.

A practical, targeted package

We looked back at the wide-ranging sanctions of 1985 and 1986 and saw that there was effectively a "wave" of sanctions, composed of groups of measures imposed by many different countries. These were not coordinated measures, but as one country or group imposed sanctions, it further strengthened the international climate of opinion, and encouraged others to act. Together, the impact was impressive.

We note the call in the Okanagan Statement that "genuine efforts should be made to secure the universal adoption of the measures now adopted by most Commonwealth and other countries including the United States and the Nordic countries."

The Okanagan Statement and the experience of the 1985-86 sanctions wave leads us to call for rapid ratchetting-up of sanctions until genuine negotiations begin. We call for a public commitment to a steady reduction in trade, to serve as a clear warning to all South Africans.

In keeping with the concept of a phased, ratchetting-up of sanctions, we have identified a targeted and practical package of measures which takes maximum advantage of the 1990-91 window of opportunity and which can be imposed relatively quickly. Our package would significantly widen existing Commonwealth measures, while falling short of the Nordic measures.

This initial package excludes all of the commodities normally considered problematic, such as ferro-alloys and precious metals. Instead, it concentrates on bulk commodities where it is quite easy to replace South African supplies; South Africa will have trouble finding alternative markets, so these sanctions will have an impact even if only some countries impose them.

Agricultural products, non-strategic minerals, and manufactured goods make up more than one-third of all of South African exports. If these sales were cut off, and if trade credits were phased out and certain other actions were taken, our analysis shows that South Africa’s earnings would be cut in half. We believe that this should have enough impact on the economy and on white morale to create a major push inside South Africa for genuine negotiations.

Our report includes 30 recommendations, which can be considered in four groups. First is the minimum package needed to take advantage of the 1990-91 window of opportunity. Second is a pair of sanctions which will have a direct impact on white people, while creating new jobs for black people. Third is a series of measures for tightening and intensifying existing measures. Finally, we call for measures to set in motion a further phase of sanctions,

Our recommendations are listed in order of priority. Adopting the first six is the minimum necessary to have the required impact during the 1990-91 period. This summary lists only selected recommendations.

The minimum package

Although a full cut-off of trade now would have the maximum effect, we accept that many countries are not prepared to do this. And our phased sanctions programme does not require it. But it is clear from our analysis that sanctions are less effective if they are imposed slowly and haphazardly over decades, as has been the case so far. And we are convinced that it must be made crystal clear to Pretoria that its trading partners will not accept the continuation of apartheid. Therefore our most important recommendation is:

RECOMMENDATION 1:
Governments must make a public commitment to a steady reduction in trade with South Africa, setting a date to end trade if no progress has been made to a negotiated settlement.

We suggest government leaders announce that they plan to phase out trade over five years, if Pretoria does not accept the five steps of the Commonwealth Accord on Southern Africa.

In addition, we make five recommendations to be implemented quickly and which will sharply cut South Africa’s earnings. Our estimates are that if these five - recommendations were rapidly adopted by enough countries, the economic impact would be sufficiently harsh to create a_ strong lobby for negotiation.

We start with South African bulk exports. Many countries have partial bans on agricultural products. We propose that

RECOMMENDATION 2: .
Importation of all South African agricultural products should be banned. "Agriculture" should follow the GATT definition.

This includes non-edible as well as edible agricultural products.

Minerals are South Africa’s most important export.

RECOMMENDATION 3:
Importation of all non-strategic South African minerals should be banned, including coal, base metals, iron ore, uranium, and non-metallic minerals.

Many countries ban some, but not all, of these. Ferro-alloys and precious metals are specifically exempted from this initial sanction.

South Africa is a growing exporter of manufactured goods such as chemicals, iron and steel, furniture, and clothing. But its products are similar to those of many other newly industrialised countries so alternative suppliers are available.

RECOMMENDATION 4:
Importation of all South African manufactured goods should be banned. "Manufactures" should follow the GATT definition.

Initially, we do not call for a ban on precious metals, even though these are important to South Africa earnings. But we note that several countries are producing platinum coins, which will have the direct effect of raising the price of platinum, which in turn will mainly benefit South Africa.

RECOMMENDATION 5:

The production and sale of all platinum coins and small bars for investors should be prohibited.

With the ending of most other loans and investment, trade credits have become South Africa’s main’ international source of finance. A reduction in trade credits would also have the effect of discouraging trade, in keeping with recommendation 1.

RECOMMENDATION 6:

Trade credits for sales to South Africa should be phased out oVer three to five years.

These six recommendations are essential and must be included in any package if it is to be effective. Without them, any other actions will simply be tinkering with existing measures and will not have the necessary impact.

The full list of recommendations is given in chapter 25. In the rest of this summary, we highlight only some of our recommendations (maintaining the numbers used in chapter 25).

Job creating sanctions

We have noted the worry in some quarters that sanctions will hurt black people by increasing unemployment. We argue that this fear is misplaced. But we propose two new sanctions which will have a direct social and political impact on white people, while creating new jobs for black people. i

RECOMMENDATION 14:

The sale of all vehicles and vehicle kits and parts to South Africa should be banned.

South Africa would continue to produce cars, but they would be very old fashioned because it currently is dependent on imports for all modern technology. The main buyers of new cars are white, and their outdated automobiles would be a constant reminder of the price of apartheid. Like the sports boycott, this would add to a profound sense of isolation. Producing cars with 100 per cent local content would create jobs for black workers.

We make a similar recommendation to ban the sale to South Africa of computers and automation technology such as computer numeral control devices.

We put forward 21 recommendations for tightening
and intensifying existing measures. These will only be
effective if they are imposed in addition to the first six.
Many of the 21 recommendations are relatively technical and
intended to close specific loopholes. We identify several key
ones in this summary.
With respect to the arms and high technology
embargoes, we recommend that other countries follow the
Canadian lead on two issues.i ,
RECOMMENDATION 8:
South Africa should not be allowed to ,
purchase any "dual use" equipment which has
possible military application, and the sale
of which is already banned to any other .
country.
RECOMMENDATION 9: g
The sale of all computers, software, and i
electronic and telecommunications equipment
to South Africa should be banned.
One of the biggest loopholes is the re-export of y
sanctioned goods by third parties which do not impose the l
sanction.
RECOMMENDATION 13: ?
Tighter restrictions should be imposed on the
re-export to South Africa of strategic goods
2
and technology, either directly or included a
in other products. %
We note the growing importance of transnational
corporations in sanctions busting. We suggest that firms
should be barred from trading in and transporting sanctioned
goods. And we express particular concern about South African .
controlled firms outside South Africa.
RECOMMENDATION 16:
All sanctions imposed on South Africa should
also apply to South African-controlled firms.
We specifically recommend the use of the term "controlled"
rather than the narrower "majority-owned."
.a ...,.....,.._..,.__.___m. . A u
Because customs officials have many priorities, we
feel it is important that a least a few individuals
concentrate on implementing sanctions against South Africa.
RECOMMENDATION 18:
Special sanctions enforcement units should be %
established.

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We have not called for an immediate end to all trade with South Africa, but we believe it important to use market forces to encourage companies and individuals to steadily reduce their trade with apartheid. Public pressure and people’s sanctions will play the main role. But that requires publication of information which exposes trade with South Africa.

- RECOMMENDATION 24: V _

Maximum publicity should be given to all continued economic links with South Africa.

Building a wave of sanctions

The Commonwealth packages in 1985 and 1986 played a key role in building the wave of sanctions then. The window of opportunity in 1990-91 provides the chance for the Commonwealth to play a leading role, and swell another wave of sanctions. This leads to our final proposal.

RECOMMENDATION 30:

After they have set an example by imposing wider and tighter sanctions against South Africa, Commonwealth members should launch a major diplomatic effort to encourage other industrialised countries to adopt similar measures.

For the defenders of apartheid, a storm looms.

Many people both inside and outside South Africa are waiting to see what the international community will do. Will they avoid new sanctiqns, and thus throw a lifeline to apartheid? Or will they step up the pressure enough to push Pretoria into genuine negotiations?

Delaying major new sanctions until after 1991 will give Pretoria the breathing space it needs, and will be seen as the international stamp of approval for maintaining white rule. To take strong action now will show that even a "reformed" apartheid is unacceptable, and that negotiation is the only viable alternative.

The Commonwealth Eminent Persons Group offered a stark choice. "Is the Commonwealth to stand by and allow the cycle of violence to spiral? Or will it take concerted action of an effective kind? Such action may offer the last opportunity to avert what could be the worst bloodbath since the Second World War."

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FINAL REPORT
to the
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ON SOUTHERN AFRICA

PART I:
SANCTIONS ARE ESSENTIAL FOR NEGOTIATIONS

CHAPTER 1. INTRODUCTION

Exhortation will never end apartheid. Even diplomatic pressure will not be enough. Economic pressure will be needed before the white minority yields its monopoly of power. Sanctions add to that pressure, and thus are an essential part of the process leading to genuine negotiations in South Africa.

Pretoria’s agreement to withdraw from Angola and to grant independence to Namibia raises hopes of a negotiated settlement inside South Africa itself. But the 1988 Namibia talks and the background against which they were held provide important lessons for any future negotiations.

South Africa "agreed" to Resolution 435 and independence in Namibia more than a decade ago, but then refused to implement that Resolution. "Negotiation" included endless talks with the Contact Group and became a way of maintaining control over Namibia rather than relinquishing it. South Africa agreed to withdraw from Angola in 1984, then invaded again.

It was the success of sanctions, combined with the growing strength of the Angolan military, with Cuban support, and the weakness of the South African economy, that finally forced South Africa into genuine negotiations in 1988. The arms embargo played a critical role. Prevented from obtaining modern weapons, Pretoria lost military superiority and could not maintain its occupation of southern Angola without a death rate unacceptable to the South African white minority. Economic and financial sanctions made it increasingly difficult to pay the rising cost of the occupation of Namibia and southern Angola.

After a decade of talking, negotiations became serious when Pretoria was under pressure. Thus sanctions were an essential part of the negotiating process, not an alternative to it. Yet even these negotiations were aimed at sustaining apartheid, not replacing it. South Africa was retreating from expensive involvement in neighbouring States so that it could concentrate on the main goal of maintaining apartheid in South Africa itself.

Three years ago the Commonwealth Eminent Persons Group (EPG) warned that "while the Government claims to be ready to negotiate,-it is in truth not yet prepared to negotiate fundamental change, nor to countenance the breation of genuine democratic structures, nor to face the prospect of, the end of white domination and white power in the foreseeable future. Its programme of reform does not end apartheid, but seeks to give it a less inhuman face. Its quest is power sharing, but without surrendering overall white control." 1

That remains true today. Pretoria is negotiating to defend apartheid, not end it. Actions by the international community in the next two years will play a decisive role in determining the nature of negotiations in South Africa.

The window of opportunity

The political climate in Southern Africa is changing. Negotiations over Angola and Namibia could beva prelude to talks about South Africa itself. White politics are showing a new fluidity, as more South Africans are realising that apartheid cannot continue in the present form. Such an opportunity should not be lost.

Neither, however, should we be prepared to accept anything like the decade of prevarication that passed for negotiation over Namibia. The Pretoria Government always says it is prepared to talk, but the EPG warned "that the Government is not yet ready to negotiate in any genuine way the establishment of a non-racial and representative government in South Africa." 2 The new leader of the National Party, F W de Klerk, stressed soon after his election that this remains true.

But the economic climate in Southern Africa is also changing. South Africa will be particularly vulnerable to pressure in the next two years. This is because it faces debt problems in 1990 and 1991 potentially as damaging as those in 1985, when banks refused to roll over loans and Pretoria was forced to halt repayments on nearly USS 14 billion in short term debt.

The agreement with international banks on the frozen short term debt expires in June 1990, and must be renegotiated; this could involve substantial additional payments. Furthermore, in 1990-91 nearly US$ 3 billion in long term debts outside the 1985 freeze are due to be repaid. This need for much larger payments comes when the South African economy is already seriously constrained by the effects-of decades of apartheid, sanctions imposed in 1985-86, and a gold price well below its 1987 peak. ThuSiany new measures introduced during this period will have additional impact because they will compound the problems the apartheid state already faces.

Which side will be helped?

In the coming two years, the international community will make a choice. It can help Pretoria weather the debt crisis and maintain apartheid. Or it can take this opportunity to exert maximum pressure, and provide some of the essential conditions for an end to apartheid.

Two windows of opportunity, one economic and the other political, come at the same time. Taken together, they provide a special opportunity for genuine negotiation. But sanctions are essential if any such negotiations are to take place. As the EPG stressed, "the South African Government is concerned about the adoption of effective economic measures against it. If it comes to the conclusion that it would always remain protected from such measures, the process of change in South Africa is unlikely to increase in momentum and the descent into violence would be accelerated. In these circumstances, the cost in lives may have to be counted in millions." 3

The white minority is extremely worried about sanctions. In 1988 a small economic upturn had to be curbed because of the constraints of sanctions. Some businessmen openly talked of the need for political concessions to prevent further sanctions.

Foreign Minister Pik Botha and other South African leaders have been touring the world desperately trying to fend off sanctions. They argue that negotiations for Namibian independence should be taken as evidence of commitment to peace and reform, rather than of retreat in the face of sanctions and internal pressure.

They are also anxious to claim that South Africa is regaining international credibility. "The thrust of foreign interference recently showed signs of subsiding" wrote Gerrit Olivier, a chief director in the Department of Foreign Affairs, in late 1988. 4 In part, this is because detentions and bannings, combined with ever stricter controls on the foreign press, have succeeded in pushing South Africa off the world's TV screens and out of the public consciousness. The apartheid Government takes comfort from the fact that no major new sanctions have been imposed in more than two years. In South Africa, wide publicity has been given to the failure of the United States, Europe, and the Commonwealth to take significant new economic actions. statements against sanctions by leaders in the United States, Britain, and Germany are also given prominence as evidence of support for the apartheid regime. '

Pretoria hopes to spin out negotiations, as it did over Namibia; It will use the prospect of negotiation to defer new sanctions, secure easy repayment terms on outstanding debt, and perhaps even gain new loans, thus weathering the debt crisis. National Party leaders want to use this breathing space to restructure apartheid based on a mix of economic "reform" with continued repression and censorship. The goal is a new form of white hegemony that will be both internationally and internally tolerated.

Failure to tighten and widen sanctions, as urged by Commonwealth leaders (except Britain) at their meeting in Vancouver in October 1987, will be seen as the international stamp of approval for maintaining white rule, and doom any talks to failure. Delaying new sanctions until after 1991 will give Pretoria the breathing space it needs, while more effective sanctions now will have their impact multiplied and could ensure the success of negotiations. Thus the international community must make a choice now to support the majority or the minority.

Good, but not sufficient

The Expert Study Group assessed the impact of sanctions so far, and comes to a two-edged conclusion: past sanctions have had an impact, but not enough. The Nordic countries, the United States, the Commonwealth (except Britain), and other nations have already imposed significant and substantial sanctions. These sanctions have curbed Pretoria's military power and limited its regional terrorism; they have pushed Pretoria toward the conference table; they have restrained some internal excesses; they have imposed considerable economic constraints; and they have led an increasing number of whites to question the desirability of continued apartheid.

Nevertheless, South Africa has tried to accommodate.to existing sanctions, through increased self-sufficiency, import restraints, sanctions busting, sharply increased repression, and more recently the partial withdrawals from Namibia and Angola. There has been a cost, but white living standards remain high. Thus the sanctions imposed so far can be counted only as a partial success.

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We looked particularly closely at this matter, and conclude that further sanctions can have a more significant political effect only if they are strong enough and imposed rapidly enough to have a noticeable impact on white living standards. This means that it will be necessary to substantially widen and tighten existing measures, to impose some new sanctions, and to act quickly if sufficient pressure is to be put on the apartheid regime.

If only limited new measures are imposed, or if new measures are imposed slowly, then the South African economy will have time to adapt. White living standards may continue to decline, but not rapidly enough to have a decisive political impact. In particular, it will not be sufficient simply to plug a few loopholes in existing measures.

A practical, targeted package

We specifically considered the question of whether an additional limited sanctions package might be effective. It is obvious that the smaller the sanctions package, the more lifelines that are available for the apartheid regime. Nevertheless, the Expert Study Group concludes that there is a practical and targeted package of measures short of comprehensive sanctions which could take advantage of the economic window of opportunity caused by the anticipated 1990-91 debt crisis. If widely and rapidly apglied, this package should provide a catalyst for genuine negotiations.

The package stresses wider, tighter, and more extensive.bans on bulk imports from South Africa. It is practical for immediate implementation because it excludes all the commodities normally considered problematic, including ferro-alloys and gold.

In the remainder of the first part of this Report, we outline the way in which sanctions will encourage negotiations (Chapter 2) and look at the impact of sanctions so far (Chapter 3).

In Part II of our Report, we outline current sanctions as imposed by governments, organisations, and individuals. We detail their successes and assess their weaknesses (Chapters 5-10).

In Part III of the Report, we show how some governments and agencies are frustrating attempts to impose sanctions. We stress that the most important problem is that countries like West Germany, Spain, Taiwan, and others are openly increasing their trade with the apartheid state. They are taking advantage of sanctions by purchasing more of commodities like coal and steel which have a depressed price due to sanctions imposed by the United States, the Commonwealth, and the Nordic states (Chapter 11). We also look at ways to prevent sanctions busting (Chapters 12-14).

South Africa is extremely vulnerable to sanctions, and this is evaluated in Part IV. We quantify vulnerability to trade sanctions (Chapter 15) and to restrictions on technology transfer (Chapter 16). Then we estimate how much pressure will be needed to lead the Pretoria regime to genuine negotiations (Chapter 17). This leads in Part V to a strategy of ratchetting up sanctions to increase the pressure (Chapter 18). This involves expanded economic measures (Chapter 19) and various ways of tightening existing measures (Chapters 20, 22, and 23). We take note of the worry in some quarters that sanctions will cause black people to lose jobs, and we propose a pair of sanctions which will weaken the; morale of white people while increasing the number of jobs for black people (Chapter 21).

As part of our study, we conducted detailed investigations into a_number of specific topics related to sanctions. These papers will be printed as Volume II of our report. References in square brackets in the text (See Vol II) are to relevant papers in Volume II which give additional background and detail. Volume II also contains more detailed trade data.

. In the first instance, our Report is directed to Commonwealth Governments, which we encourage to take the lead’ in imposing wider, tighter, and extended sanctions. But we recognise the dearth of serious research on sanctions, and the importance of the Commonwealth lead. Therefore, we havei made several recommendations that are directed to non-Commonwealth states.

"Effective economic measures’I

It is not sufficient simply to condemn apartheid and tinker with existing sanctions. New and effective measures are essential to force the Pretoria regime to negotiate an end to apartheid, and not use negotiations to sustain institutionalised racism.

We have assessed what action would be effective against the apartheid regime. We conclude that it will require a significant increase in pressure, but one which is within the reach of the governments of the industrialised world if they act quickly.

This urgency means that individual states and international groups must act now, on their own, and cannot afford to wait for a broad consensus. Indeed, the Experts note that the sanctions imposed in 1985 and 1986 were not coordinated. Rather, each new set of sanctions further strengthened an international climate of opinion which generated still more sanctions. Single actions by individual countries to ban fruit or coal imports played a part. And the 1985 and 1986 Commonwealth packages were important spurs to other countries, some of which imposed much more extensive sanctions than the Commonwealth. Similarly in 1989 and 1990, with a debt crisis facing South Africa, initiatives by the Commonwealth and individual states will change the international mood. Commonwealth countries can show the way by intensifying and widening their own sanctions to include the entire package. This is a time for leadership, not for delay.

CHAPTER 2. HOW SANCTIONS WORK

The Commonwealth has always stood for a peaceful settlement in South Africa, rooted in the ending of apartheid. It has always seen the apartheid system as the essential source of violence in South Africa, and recognised that only the ending of apartheid will lead to peace and political freedom.

Commonwealth Heads of Government meeting in Nassau in October 1985 adopted the Commonwealth Accord on Southern Africa. It calls on the authorities in Pretoria to take five steps "in a genuine manner and as a matter of urgency:

(a) Declare that the system of apartheid will be dismantled and specific and meaningful action taken in fulfilment of that intent.

(b) Terminate the state of emergency.

(0) ReleaSe immediately and unconditionally Nelson Mandela and all others imprisoned and detained.for their opposition to apartheid.

(d) Establish political freedom and specifically lift the existing ban on the African National Congress and other political parties.

(e) Initiate, in the context of a suspension of violence on all sides, a process of dialogue across lines of colour, politics, and religion, with a view to establishing a non-racial and representative government."

Sadly, little progress has been made on these five steps, despite the talks over Angola and Namibia and the supposed new mood in Southern Africa. This underlines our fear that the apartheid regime is negotiating to sustain white hegemony, not to end it.

The Commonwealth (other than Britain) has always recognised that it will be necessary to intensify the pressure on Pretoria if these steps are to be taken and fundamental change is to be achieved. After all, governments normally act only when the cost of doing nothing becomes higher than the cost of change. Sanctions have already been partly successful because they have raised the cost to South Africa of doing nothing. But the white minority is divided on what to do now: should it abandon apartheid, or can it reconstruct apartheid in a fOrm that will be internationally tolerated and internally sustainable? The next goal of sanctions must be to make the second route impossible, and .show that the only way out is negotiation with true representatives of the majority black population. The ,ultimate goal of sanctions must be to "bring Pretoria to the negotiating table", in the words of the Okanagan Statement ladopted by Commonwealth Heads of Government in Vancouver in October 1987. -

Sanctions are a practical diplomatic tool, intended to apply pressure. They are not a sop to a guilty conscience.

Opponents of sanctions often describe them as "punitive" -- as punishment for South Africa because it maintains apartheid. This is wholly erroneous, and a willful misunderstanding. Sanctions should be seen as "persuasive" -- as a means of bringing pressure to bear and so persuading the white minority of the necessity of entering genuine negotiations. As the EPG made clear, sanctions are designed to prevent the further "descent into violence" and promote negotiations instead. This is why sanctions are an essential component of negotiations, and not an alternative to them.

It is sometimes argued that sanctions will push whites "into the laager". In fact, whites are already in the laager. As the Eminent Persons Group observed, they are unprepared "to face the prospect of the end of white domination and white power in the foreseeable future." The question, then, is what sanctions will do to whites who are already in the laager.

Far from coming together, the white power bloc is fragmenting in the face of economic pressure and political insecurity. The divisions are increasingly economic rather than ethnic. Under P W Botha, the National Party has become less a party of Afrikaner nationalism as it largely abandoned the white working class to the Conservatives and other far right parties, while gaining the support of English speakers and especially of English speaking capital.

White politics remain fluid, and under the pressure of sanctions this new alliance seems likely to fragment as well. Increasing numbers of whites, and especially business leaders, will see that government schemes to pacify the black majority while regaining international acceptability are pure fantasy. Some are already thinking the previously unthinkable, and talking of negotiations and majority rule. But a much larger white group must abandon traditional attitudes and create a powerful lobby for negotiation before the regime will be prepared to admit that the only route out the deepening crisis is by way of the conference table. Leaders of transnational companies who see a viable future under majority rule and who in growing numbers are in contact with the African National Congress (ANC), United Democratic Front (UDF), and Congress of South African Trade Unions (Cosatu) will be a vital element in this lobby. Sanctions will play an essential role in crystallising that lobby for negotiation.

Sanctions will help to convince white South Africans that it is in their own interests to dismantle apartheid and enter negotiations to establish a non-racial and representative government. As part of that process, sanctions should reduce the ability of the minority regime to suppress the black majority. The minority must see that apartheid is no longer a viable option, because the economic and political cost is too high, while continued repression of the black majority is not sustainable.

Building a lobby for negotiation

It is important to distinguish three levels of objectives for sanctions. The ultimate goal of sanctions is a political one -- negotiation. The intermediate goal is to create a growing group of people who will press for genuine talks -- to build a lobby for negotiations. And the immediate tactical objectives are to raise the political and financial costs of alternatives to negotiation.

There are four tactical objectives for sanctions which will help to reach the ultimate political goal:

i Denial of essential goods, such as arms and oil.
i Accelerating the general economic strain.
a Hitting white morale.
i Encouraging those struggling to end apartheid.

All four objectives are intimately interconnected. The economic strain imposed by sanctions will make it impossible to simultaneously satisfy white consumption demands, build up the military, and finance showpiece development projects designed to create a false impression of change for urban black people. Thus the economic strain makes it harder to maintain white living standards, and this hits morale. The arms and oil embargoes impose an economic strain, because Pretoria must pay ever higher prices for essential goods. The arms embargo and the economic strain make it harder for the Government to maintain an effective military presence in the townships and neighbouring states; as the minority realises that it will be harder to suppress the majority, morale will sink.

Meanwhile, sanctions encourage black morale in two ways. First, they are an important show of international i solidarity which reminds people inside that they have not been forgotten and that their struggle is receiving practical help. Second, the steady weakening of the apartheid regime gives increasing space for the black struggle. This, of course, weakens white morale and increases the economic strain. Thus the four different impacts of sanctions feed each other, in an accelerating spiral.

The business community plays a central role. The level of business confidence is determined by white morale, the intensity of economic strain, and an assessment of the Government's ability to maintain control. Rising business confidence means support for'the Government and its sanctions busting efforts. Collapsing business confidence means less investment (and thus further ecbnomic strain) and increasing pressure on the Government to enter serious negotiations.

Disinvestment and sanctions such as the sports boycott and cutting air links hit white morale and increase the sense of international isolation and unacceptability.

The speed with which sanctions are imposed is a critical factor, for both practical and political reasons. Given enough time, South African industry can find some alternative markets and suppliers, and develop ways to produce local versions of some sanctioned goods. This, in turn, relates to morale: a slow decline in living standards will be less noticeable and more acceptable than the sudden disappearance of goods from supermarket shelves.

Thus, if limited measures are imposed slowly, the minority will have time to adapt to them, In that case, sanctions are unlikely to have the intended political effect.

Even rapidly applied sanctions will not bring instant results; this is unlikely to be a quick or easy process. But strong sanctions quickly imposed will work more effectively than weak sanctions imposed over a long period of time. Indeed, sanctions can be compared to an antibiotic; taken in the right dose they cure the disease, but administered too weakly they cause resistance to develop that makes it harder to cure the disease later.

It is important to reiterate that sanctions -- and especially partial sanctions -- will not work on their own. The agent for change is South Africans themselves, especially the black majority. But the international community can tip the balance. By reducing the power and will of the apartheid state and its beneficiaries to resist change, sanctions will support and shorten the struggle. Indeed, it is unlikely that a large group of white moderates favouring negotiation will emerge without the pressure of sanctions. iSee Lodge, Vol II)

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Sanctions against South Africa have a long history. India imposed a comprehensive trade ban in 1946. South Africa was forced to leave the Commonwealth in 1961. I 1977 the United Nations mandatory arms embargo and the Gleneagles Commonwealth sports boycott were both agreed. An international wave of new financial and economic sanctions hit South Africa in 1985 and 1986. ’
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The sanctions imposed so far are partial, not total. Nevertheless, it is reasonable to ask how successful these measures have been, judged against the three different levels of goals set out in the previous Chapter.

At the immediate tactical level, sanctions have had a perceptible impact even though that impact has not been sufficient. Although South Africa’s economic crisis is due mainly to apartheid, sanctions have added to the economic problems. "Our economy is hamstrung by a host of politically motivated and internationally orchestrated restrictions," commented the South African Finance Minister, Barend du Plessis, in his budget speech in March 1988. "Sanctions and boycotts are a fact of our economic and financial life."

We show in Chapter 5 that just the trade sanctions imposed since 1985 have cut South Africa’s export earnings by 7 per cent. Sanctions busting has proved an enormous economic drain. President P W Botha himself estimated the cost of breaking the oil embargo between 1973 and 1984 at US$ 25 billion. South Africa is proud of its arms industry, but this has been built at enormous cost.

South Africa’s Trust Bank estimates that in the 1985-90 period, sanctions and disinvestment will have cost South Africa R 40 billion (about US$ 20 billion). The bank estimates that in 1990 the average South African will be 10 per cent poorer than he or she would have been without sanctions and disinvestment, and that by 1990 real disposable incomes will be below 1970 levels. This is because "the stranglehold of international trade and financial sanctions" will combine with the lower gold price to hit the economy. 6

Sanctions do force concessions

We present more detailed discussions of the economic impact of sanctions in Chapters 5 and 19. In the rest of this Chapter, we look at the political questions. It is apparent that partial sanctions have succeeded in helping to convince Pretoria that it cannot continue with apartheid in its present form; thus sanctions are having some success in building the lobby for negotiation. And sanctions have been crucial in putting Pretoria on the defensive. But they have not been strong enough to convince the apartheid regime to open a genuine dialogue with the majority, and thus they have not yet succeeded in reaching the ultimate political goal. Thus our verdict is that partial sanctions have been a partial success.

A New York Times article 7 pointed out that while "most business leaders argue that increased pressure retards reform ... recent history may contradict this. The 12 months following the banks' 1985 refusal to roll over South Africa's loans was a period of negative economic growth for the country. Yet it was a time when the most fundamental political reforms were made. These included the scrapping of the hated pass laws ... and the granting of property rights to blacks." i

Indeed, it is widely reported that the "reforms" of early 1986 were a condition of the acceptance of debt rescheduling by international banks. 1

Most importantly, partial sanctions (and the threat of their being increased) helped to promote the first, tentative negotiations. It was not a coincidence that when businessmen met with the ANC in 1985, it was just after the United States imposed its first sanctions, and soon after western banks had imposed financial sanctions.

Similarly, President P W Botha directly linked the talks with Angola in May 1988 to the United States sanctions debate. 8 "One of the clearest results of sanctions that have been put in place is what we see now in the peace process in Angola," said Dr Allan Boesak, President of the World Alliance of Reformed Churches, in January 1989. "The pressure of sanctions ... forced them to the negotiating table." 9

Sanctions alone did not bring about the withdrawal from Angola and the Namibian independence process -- key roles were played by the people of Namibia and Angola, and by Cuba. But it was sanctions which, in the end, pushed the South African Government to the conference table and kept it there. Without sanctions, Namibian independence would not be in prospect now. 1

Curbing the worst excesses

4 The threat of further sanctions has also stopped the South African Government from a few of its worst excesses. For example, it was widely reported that fear of a new United States sanctions law stopped the execution of the Sharpeville Six. And threats of sanctions have forced some reduction in raids into neighbouring states. 10

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The problem, however, is that the threat of sanctions only halts the most blatant actions; other acts of destabilisation and other executions continue. The Sharpeville Six were not executed, but they remain in jail. Censorship and bannings continue. And the "reforms" made under pressure in 1986 are purely economic and social -- they do not touch the fundamental question of black political rights.

Pretoria has often withdrawn concessions once’the pressure is off. Thus, in 1988, trade union rights granted three years before were severely restricted by new legislation and by banning orders.

The threats by West Germany to cancel landing rights for South African Airways and of Switzerland to restrict gold sales were behind the South African decision to shelve legislation to restrict foreign funding of anti-vapartheid organisations. 11. But funding regulations were then reintroduced in early 1989 when Pretoria was under less pressure because it was negotiating on Namibia. (This also underlines that Pretoria is still negotiating to sustain white rule, not end it.)

The apartheid regime has become skilled at making grand promises under pressure, then failing to fulfill those promises when the pressure is relaxed. Nelson’s Mandela’s release was promised countless times. The Emergency was lifted during negotiations with international banks in early 1986, only to be reimposed a few months later. The much touted ending of the pass laws turned out not to apply to residents of the Bantustans.

White South Africa is worried

The minority regime is extremely worried about sanctions, precisely because it knows sanctions do work. As the EPG pointed out, "South Africa not only believes in the principle of sanctions but has consistently applied them to its neighbours." 12

The example of sanctions against Southern Rhodesia is relevant. Erratically applied sanctions there took a decade to be effective. But in a memo to the Rhodesian cabinet in June 1979, the security head Ken Flower was forced to admit that "with every month that goes by, sanctions become more debilitating." 13 Thus sanctions were an essential factor in bringing Ian Smith to Lancaster House later that year, ending the bloodshed sooner than would have occurred without sanctions.

A key actor in sanctions against Rhodesia was South Africa itself. At first, it served as Rhodesia’s "big brother" and became’the main sanctions busting channel. But in the late 19705, Pretoria concluded that the war in Rhodesia was putting South Africa itself at risk, and withdrew its support. The South African Government and the business community know from direct experience that if no one is prepared to be its "big brother" and help it bust sanctions, then sanctions will have a major impact.

Various studies have confirmed this. For example, a study by the Federated Chamber of Industries (FCI) concluded that "sanctions can damage the South African economy rather more seriously than appears to be generally perceived. "

"Don't kid yourself. Effective sanctions do work, " commented the Financial Mail. 14 "If, as expected, sanctions intensify, a short-term boom followed by long- -term decline into Third World status seems the most likely scenario."

Can "total franchise" be avoided?

Although businesspeople are potentially members of the lobby for negotiation, this is not automatic. Sir Michael Edwardes, former chairman of British Leyland and now head of Minorco, spelled out what are probably the goals of much of the business community. He said South Africa could regain international acceptability "by sensible representation but without the trauma of one-man-one-vote." He concluded that "before the issue becomes one of a choice between isolation and total franchise, and nothing less, for God's sake get discrimination of all sorts and varieties out of the system totally, for all to see." 15

The judgement that business people -- and all white South Africans __ must make is whether or not apartheid can be maintained at a reasonable cost. Will the international community, and the black majority, be bought off just by an end to "discrimination" -- an end to petty apartheid without ending the white monopoly on political power? Or will that not be enough, and will the cost of sanctions and the increasing military budget promote a search for alternatives?

On this, the business community is sharply divided, and its opinions shift rapidly. "I don't think it's a coincidence that the business community became most vocal when the economy was in the worst recession for 15 years, profits were declining, and South African businessmen were shunned in the capitals of the world," commented Tony Bloom, former chairman of Premier Milling, and one of the delegation that met with the ANC in 1985. "At the time of the Lusaka trip there was more of a feeling of urgency," he explained. Three years later "there's a lull because we're back into an economic upswing and a lot of people have gone back to just running a business. ... It took a crisis to evoke their conscience." 16

But the upswing did not last long. In mid-1988, a sanctions-induced balance of payments crisis caused a serious economic squeeze. As the South African magazine Finance Week 17 commented, "the sanctions chickens are coming home to roost." The result was a series of statements by business leaders calling for political change.

In May, the Financial Mail, South Africa's most important business magazine, 18 warned that "as long as sanctions deprive us of these (export earnings) and political uncertainty remains a part of daily life, we will see more of bust than boom. Without a dramatic change in political policies, economic policies can do little more than provide life support."

In July, Henri de Villers, chairman of Standard Bank of South Africa, at a meeting of the Executive Association of Southern Africa, warned of the need for political change to avoid further sanctions. 19

In August a number of business leaders formed a new Consultative Business Movement to work for non-racial democracy, in explicit ogposition to the government policy of "reform". Einance Week 2 commented that "the price of apartheid is growing ever more horrendous."

The President of South Africa's Computer Society, Keith Mattison, told a conference that South Africa faced technological stagnation due to sanctions. The solution, he said, is to get rid of apartheid.

In December 1988, the Afrikaanse Handelsinstituut, an organisation of Afrikaner businesspeople not noted for radicalism, warned that drastic political change was needed to avoid new European sanctions. 21

Steadfast

Other business leaders have not been pushed into looking for an end to apartheid. The EPG stressed the importance of the belief that the Government "can contain the situation indefinitely by force". 22 A central issue in business confidence seems to be whether or not it thinks government can control black dissent without inviting international retaliation, in the form of further sanctions. Gavin Relly, chairman of Anglo American Corporation of South Africa, said in his annual statement in 1987 that "the imposition of the State of Emergency last year and its recent renewal, though regrettable, were necessary." 23

In its otherwise gloomy view of the economy, Trust Bank in October 1988 said: "The 60 per cent increase in South Africa’s security expenditure over the past two years was clearly essential in the circumstances. In fact, the damper put on socio-political instability by the security forces has definitely played a role in the recently improved performance of the economy."

In March 1988, the Financial Mail commented that "business confidence, that fragile reed, will probably be bolstered by government’s latest crackdown on black dissent."w

A survey in mid-1988 showed that 86 per cent of whites believed that security forces can keep the lid on internal unrest as long as the Government wants.

The lack of new measures in 1987 and 1988 corresponded to a period of increased repression, which was supported by business. It is not weak sanctions thatihave caused the increased repression; rather, the lack of strong sanctions has allowed it.

Repression and "reform" as a strategy

Central to the efforts to maintain a reformulated apartheid is the minority Government’s "reform" policy, under which economic concessions are seen as an alternative to political change. Fred du Plessis, an adviser to President P w Botha and chairman of Sanlam, one of South Africa’s largest corporations, talked last year about "a situation where _people ten years from now feel things are going so much better for them that they do not feel anxious about political power." 24

The plan is to deliver enough economic benefits to key groups of black citizens, so that the pressure for political change is reduced. This includes economic concessions to urban blacks -- trade union rights, changes to job reservation and the Group Areas Act, home ownership, etc. It also involves large expenditure in the townships on education, housing, and so on. But there will be no concessions on political rights.

"I am not considering even to discuss the possibility of black majority government in South Africa," President P W Botha said last year. 25 And F W de Klerk, the new National Party leader, said after his election that one-person-oneevote "would be catastrophic for South Africa." 25 Thus whatever economic changes are made, political apartheid will remainu

This has been widely recognised. The British Government in its policy paper on South Africa reports that "the South African Government have yet to address the - fundamental issue of black political rights in central

’ government and to abandon the concepts of separate development and population registration by racial origin." 27

President Ronald Reagan was forced to admit in October 1988 that "I am again unable to report significant progress to the end of apartheid and the establishment of a non-racial democracy. ... Repression of government opponents has intensified in the past year. ... The South African Government has given no sign that it is ready to negotiate with credible black leaders except within narrowly-defined contexts established by the government itself." 2

Britain’s Prime Minister Margaret Thatcher spelled out the impossibility of economic growth before political change when she said that "experience teaches us that you can only achieve higher growth, only release enterprise, only spur people to greater effort, only obtain their full-hearted commitment to reform when people have the dignity and enjoyment of personal and political liberty." 29

Because the South African government has no intention to grant political liberty, economic reform must be linked to repression. Security officials expect censorship, stepped up military patrols, expanded networks of informers, vigilantes, assassinations, and mass detentions to break rent boycotts and popular organisations and silence any representative black political voices. At the same time, the security services hope to establish counter-organisations such as cultural, sport, and political groups that support the Government. (See CIIR, Vol II)

Undecided people will be wooed by township upgrading schemes with new houses, water, and electricity. The goal is to create a small property-owning group in key townships with a stake in the apartheid system. It is a strategy which attempts to co-opt the relatively small but vocal black urban middle and working classes, while ignoring the destitute majority in the Bantustans. The Government " hopes this key minority will accept economic improvement as a substitute for political rights. But the whole process will be backed up with ruthless repression to wipe out any opposition in the townships.

Upgrading is starting in 34 of the most turbulent townships, like Mamelodi and Alexandra. Security officials say that priority is to regain "effective control over the population". These 34 are called "oilspots" by the security services, and it is intended that effective control will expand, like a blot of oil, into neighbouring areas. 30.

In espousing this strategy, the apartheid state has realised that it must spend hundreds of millions of dollars to try to buy off a relatiVely small group of urban black people, while still spending vast amounts on Bantustan armies and apartheid enforcing bureaucracies to keep the majority quiet. Finance Minister Barend Du Plessis argues that whites will have to accept a drop in their standard of living so that money can be spent on projects in black townships. 31 However, the only attempt so far to shift some money from white to black failed. The Civil Service wage freeze in 1988 was intended to free some money for reform in a state budget already stretched by sharply rising military costs. The freeze caused such discontent that large salary rises had to be granted in advance of the 1988 white local elections. -

So the strategists of the new apartheid hope that some of this’money will come from the private sector. Much will be raised by a major programme of privatisation of state companies. The Government hopes that private sector firms which have been unwilling to invest in new plant will at least buy parastatals, and that it can use this money in the "oilspots".

This will not be enough, and more money must come from outside. President Botha and others have even called for an international "Marshall Plan" to fund the project. The Government and its supporters increasingly argue that sanctions are depriving urban black people of township improvements.

In practice, the whole scheme is only needed because of low wages. Few black wage earners can afford to buy houses built on a commercial basis by the private sector. Thus there must be subsidy, which is where corporate social responsibility programmes come in. Murray Hofmeyr, chairman of Johannesburg Consolidated Investments admits that "if proper wages are paid, people will be more able to look after themselves, which will be better." 32

The money must be spent

These contradictions mean that money must be spent in any case, in a desperate attempt to assuage black discontent over low wages, poor living conditions, a lack of political rights, and the general repression. As sanctions bite, this money must come from the white minority, whether they like it or not. Sanctions will make it impossible to pay for white consumption, repression, and buying off the black urban class at the same time. White consumption must suffer. This should lead to some rethinking in white homes.

Those who argue that increased investment and trade will lead to economic growth and sweep away apartheid are only talking of economic apartheid, not political apartheid. Increased investment is intended precisely to maintain political apartheid. ’

The new strategy of "repressive reform" must inspire even greater moral and political repugnance. Countries which have economic dealings with South Africa can express their odium in a tangible way because "repressive reform" depends on outside financial and trade links. So economic sanctions are both a moral and a practical response -- a meaningful way of saying that apartheid cannot be reformed.

"Protection" against sanctions?

The EPG made the crucial point that if the South African Government believed "it would always remain protected" from "effective economic measures", then political change would not take place. Indeed, "it is not whether such measures will compel change; it is already the case that their absence, and Pretoria's belief that they need not be feared, defers change." 33

This has proved sadly prophetic. When international banks renegotiated South Africa's short term debt on unexpectedly favourable terms in March 1987, effectively reducing their financial sanctions, the governor of the South African Reserve Bank Gerhard de Kock called it a "sign of confidence" in South Africa.

In his budget speech in March 1988, Finance Minister Barend du Plessis said that the slowdown in capital outflow "reflects a more positive overseas perception of South Africa's economy and prospects." In other words, any easing of international pressure is seen as support for the Government.

Former Anglo American Corporation head Harry Oppenheimer used the EPG's word when he talked in March 1988 of "the protection we are currently receiving from the major Western powers" -- protection against sanctions.

Pressure for change

Business leaders cannot, on their own, force the Pretoria Government to the negotiating table. But it would be impossible for the Government to maintain apartheid in the face of business hostility. Business leaders will be the most sensitive to economic sanctions, and their decision-making will be influenced by potential profits as well as by racism and a desire to maintain apartheid.

The growing debate, then, will be between those on one side who expect sanctions to become very much worse, and therefore press for political change, and those on the other side who believe that foreign pressure is subsiding and that

South Africa will remain protected from sanctions. A return to economic prosperity would probably help to reconstruct the consensus within the white community and increase support for "repressive reform". In contrast, economic sanctions will deepen the economic crisis and encourage the fragmentation of the white community, increasing the group who see negotiations as the only sensible way out.

Tighter and much stronger sanctions are essential to back those who are pressing for change. JCI's Hofmeyr is 'an opponent of sanctions, but even he privately admits that "if the pressure were removed I think government will continue to do nothing."

Speaking in London in May 1988, the Roman .Catholic Archbishop of Durban, Denis Hurley, said that "much stronger pressure is required -- pressure that will cause real discomfort to the white community to make it realise that it cannot continue" with apartheid.

CHAPTER 4. WHY IS SOUTH AFRICA THE EXCEPTION?

Many arguments are made against sanctions. It is said that increased investment and trade rather than sanctions are the way to end apartheid. Yet in the more than three decades since sanctions were first proposed, there has been ample investment and major increases in trade, while the position of most black people has become much worse. Increased trade and investment have accompanied increased repression, greater poverty, and extensive forced relocation.

Similarly, critics argue that sanctions harm those they are supposed to help. We deal with this point in more detail later. But we note here that opponents of sanctions against South Africa were willing to impose sanctions against Argentina, Libya, Poland, Iran, Cuba and Nicaragua. In those cases, there is no suggestion that we should wait three decades and hope that increased trade and investment will encourage political change and negotiation. Nor is any worry expressed about hurting the people we mean to help. Thus, opposition to sanctions in South Africa is an exception to the tactics applied elsewhere.

Nearly 50 years ago many countries of the world joined todether to end fascism in Europe. The war caused much hardship to the people of occupied Europe; as well as high cost to those who helped. But who, then or now, would argue that it would have beenlbetter to spend three decades increasing trade with Nazi Germany and talking to Hitler, in the hope of internal political reform which avoided hardship to the oppressed peoples of Europe?

The opponents of sanctions against South Africa are arguing that South Africa should be an exception, and that the tactics used with a wide range of other countries should not be applied. They are suggesting as an alternative a tactic which has been a manifest failure for more than three decades. We find no convincing reason why this unusual and unsuccessful policy should be continued, and why South Africa should continue to be treated as the special case where sanctions are not applied.

"In our view, the white regime of South Africa has been tolerated, because it is perpetuated by white people. If it had been by any black government, thatigovernment would have been thrown out a long time ago, not by the nationals of that country alone, but by a combination of force of the European governments," argues Didymus Mutasa, Speaker of the- Zimbabwe parliament. 34

Howard Wolpe, chairman of the Africa Sub-Committee of the United States House Foreign Affairs Committee, argues that "unconscious racial attitudes and reflexive anti-communism make it possible for there to be expressions of deep concern that sanctions against Pretoria 'will hurt the black majority we seek to help' (disregarding the pro-sanctions sentiments of popular black political organisations and unions) when there are no similar cries of conscience about the fate of Polish or Libyan workers." 35

How much hardship inside?

Nevertheless, the willingness to hurt Libyan workers cannot be used as a justification to hurt South African workers. There are two different questions. First, will sanctions actually cause massive black unemployment inside South Africa? And second, if so, are sanctions worth the price?

Clearly some sanctions will cause some job loss. If mineral exports are curbed, some miners will not be needed. If fruit exports are ended, some pickers will be redundant. But support for sanctions within the South African trade union movement reflects a broader view. There have been massive redundancies in the past two decades, which are continuing and are very much larger than any job losses likely to be caused by sanctions. These have been due in large part to mechanisation -- often with imported machinery, and some funded by foreign investment. In the decade 1974-84, manufacturing output rose by 2.9 per cent per year, while manufacturing employment rose only 0.8 per cent per year as companies used new investment to increase productivity rather than create jobs. 35

In 1988 the work force on the gold mines -- not subject to sanctions -- declined by 40,000 while the workforce on the coal mines fell by 6000. 37 The reason was the need to lower production costs and maintain profits. In agriculture, state policy encouraged rapid agricultural mechanisation, largely with imported equipment; 1.1 million jobs were lost in the 19705 and another 120,000 in the first half of the 19805 -- before any sanctions were imposed. (See Marcus, Vol II) Many of these workers and their families were forcibly removed from the white farms and dumped in the Bantustans. Because so many of the permanent agricultural tasks have been mechanised, much of the remaining work, especially in export crops like fruit, is low paid and seasonal. Farm workers are excluded from the Labour Relations Act (1982) which permitted collective bargaining, although some unionisation has taken place.

i Thus trade union support for the withdrawal of foreign firms is based partly on the view that foreign investment does not increase the total number of jobs; social investment due to the Sullivan and other codes improves the life of the remaining workers, but better wages would be more effective. Furthermore, foreign and South African firms who weep crocodile tears over the sanctions-induced job losses seem quite happy to sack workers by the thousands if they strike. ’

Finally, some economists within South Africa argue that as South Africa faces tighter sanctions it must become more self-sufficient and less dependent on modern, computerised imports. This means more labour intensive industry and perhaps more jobs. Furthermore, now that job reservation has been formally ended, the squeeze on company profits may lead firms to replace expensive white workers with cheaper black ones. "

Thus, the dominant view within the trade union movement is that although sanctions will cost some jobs, there are two countervailing factors: those workers are at risk in any case to mechanisation and lockouts which are much more serious worries than sanctions, while sanctions should create and protect jobs in other sectors. This is linked to a consensus within the black trade union movement that sanctions will work, and that they will bring the Government to the negotiating table. Thus they are convinced that sanctions will end a much worse suffering.

Frank Chikane, General Secretary of the South African Council of Churches, put it bluntly: "I think the victims of apartheid are put in a situation where ... you keep your jobs and continue dying (or you) say, well, I may as well give up my job so that I stop the dying."

"It is the insecurity that goes with the victims of apartheid," Chikane adds. "If your children are shot in

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the townships and you are working in a factory, the likelihood is that you leave the factory and go and take care of the dead child, because that issue becomes a priority -- much more than the salary you get because it doesn't help you to work for children who aren't there."

Who speaks for black workers?

But does Chikane accurately reflect the views of black workers? There has been much discussion about black views of sanctions, and opinion polls seem to show a very wide and contradictory range of views.

At its-July 1987 Congress COSATU reiterated its call for "comprehensive and mandatory sanctions." Since then, the South African Government has gone out of its way to prevent the discussion of sanctions, through both bannings and legislation. Business is also anxious to prevent debate on sanctions. For example, Gencor chairman Derek Keys in his 1988 annual report noted that "we are however concerned about union actions such as support for sanctions." The new restrictions on trade union political activity are in part intended to bar just such support.

Under those circumstances, many people will be afraid to be honest with an unknown poll taker, which partly explains the variation in results. And the trade unions can no longer express an opinion or discuss the issue. Therefore, we must trust church leaders and others whose international reputation gives them a degree of protection, and who are thus freer to speak out. They remain firm and consistent advocates of sanctions.

At its meeting in Toronto in August 1988, the Commonwealth Committee of Foreign Ministers on Southern Africa (CFMSA) "recognised that Pretoria's fear of sanctions was leading to a concerted campaign supported by massive financial resources to convince Western countries that black South Africans were opposed to sanctions. The Committee recognised that this was itself an admission by Pretoria of the effectiveness of sanctions. Its deliberations also confirmed throughout the Committee's view that black South Africans continue to look principally to sanctions as the international community's most necessary form of pressure on Pretoria for peaceful change."

"Deliberate policy in impoverishing people"

The results of the recent Carnegie inquiry into poverty in Southern Africa frame the issue well. One prominent critic of sanctions said that sanctions "would harm the very people we wish to help" by throwing black South

Africans out of work. "The recent Carnegie Report on poverty in South Africa paints a shocking picture. It is very much to the discredit of the South African Government. But are we to make the problem worse? The answer is no." 38

. The Carnegie Report itself argues that "in South Africa there is no painless way to change; no easy road to freedom. Seen in this light the question about sanctibns becomes not so much a matter of debating whether or not it will cause unemployment (although this is certainly an important consideration), but rather a question as to whether or not it will be effective". 39

And the Report concludes that the "policies of separate, development, anti-urbanisation, forced removals,. Bantu education, the crushing of organisation, and, in more recent years, destabilisation have been directly responsible for increasing poverty amongst millions of people. Indeed it is precisely this dimension of premeditation or deliberate policy in impoverishing people that makes poverty in South Africa different from that in so many other parts of the world." 40

Surely when such "shocking" poverty is the result of "deliberate policy" of the apartheid state, this is an argument for sanctions, not against them.

Will sanctions benefit SADCC?

Opponents of sanctions also stress their belief that sanctions against South Africa will rebound on the neighbouring states: "Nor would sanctions hit only South Africa. The Front-Line States, linked as they are to the South African economy, would suffer severely;" 41

"Anyone who stands up and says sanctions should not be imposed because they will hurt us is simply being hypocritical, " declared Dr Simba Makoni, Executive Secretary of SADCC (Southern African Development Coordination Conference). "We are already suffering. How much more can we suffer?" asks President Robert Mugabe; "we support sanctions because it will shorten the time we must suffer."

Like the victims of apartheid inside South Africa, the SADCC states respond that the price of apartheid is so high that any cost of sanctions must be seen as an investment in ending apartheid. The United Nations Children’ 5 Fund (Unicef) estimates that 1. 3 million people have died in the SADCC states since 1980 because of South African destabilisation. The material cost has been more than US$ 60 billion. 42 In part because they saw sanctions work in helping to end the suffering in Rhodesia, SADCC leaders strongly support sanctions against South Africa. And they see it as a small price to pay.

In any case, those who warn that sanctions will harm SADCC exaggerate the damage that will be done. This is because they base their warning on the false premise that the nine states in SADCC are so dependent on South Africa that any action against South Africa will have knock-on effects which will harm SADCC.

Seven of the nine SADCC states do have some dependence on South Africa. The central goal of SADCC is to reduce that dependence. This is possible precisely because that dependence is artificial, and is a legacy of colonialism. Substantial progress has been made in reducing links with the apartheid state, although this has been slowed by South African destabilisation. For example, Zimbabwe and ’ Malawi ship goods through South African ports only because South Africa continues to blow up the railways in Mozambique that would normally serve those countries. (See David Martin & Phyllis Johnson, South Africa and its Neighbours) Similarly, migrant workers are in South African mines because . identical minerals in the SADCC states have never been exploited. (See Jordan, Vol II)

Only one of the nine SADCC states, Lesotho, is totally dependent on South Africa. It is surrounded by the apartheid state, and migrant miners in South Africa are its main source of income. Clearly Lesotho is the hostage state. Even so, King Moshoeshoe II of Lesotho is a strong backer of international sanctions: "In considering the impact of sanctions against South Africa, we have to ask those who oppose such measures in the name of hurting black populations . in and near South Africa: ’Where were you while South Africa was imposing a blockade around Lesotho?’ (in 19861 Having ._heard little protest from these people over threats to our survival, we do not find their new concern for our interests persuasive." 43

Whose sanctions?

In discussing the implications of sanctions for the neighbouring states, it is important to distinguish just who is imposing sanctions -- the major industrialised countries, South Africa, or SADCC itself. This issue is considered in detail in Volume II of the study (See Hanlon, Vol II), and we note only the key conclusions here.

First consider the main range of sanctions which have been imposed or are being discussed by the industrialised world. The arms embargo clearly helps the neighbours by reducing South Africa’s ability to destabilise them. Some firms withdrawing from the apartheid state have moved to SADCC, especially Swaziland. Western sanctions on South African minerals and agricultural products cannot hurt SADCC states, except for the problem of migrant labour. But most migrants from the SADCC states (including Lesotho) work on the gold mines, and gold is not proposed for any immediate sanctions. The idea of the air links ban was to stop direct flights to South Africa from the rest of the world, forcing people to transit through the majority-ruled SADCC states, which would benefit those states. Thus sanctions by the industrialised states will have some costs, but on balance are directly beneficial to the majority ruled states of Southern Africa.

_ This leaves the two remaining cases -- South African sanctions against SADCC, and SADCC sanctions against South Africa. These are really two sides of the same coin because they involve cutting the same links and perhaps closing the same border. The difference would be in order and timing -- each side would take the actions which most harmed the other and most benefited itself.

South Africa has imposed sanctions against all of its neighbours, most notably against Lesotho in 1986. However, South Africa has an average balance of payments surplus of more than US$ 1250 million per year from its trade with the SADCC states -- after taking into account customs union and migrant labour payments. This will decline somewhat in the coming two years, as SADCC reopens transport links out by South African destabilisation. Nevertheless, South Africa could expect to retain a significant profit from its regional trade. -

Therefore, it seems unlikely that South Africa would impose wide rangihg sanctions against SADCC -- this would be like Pretoria imposing sanctions on itself. Instead, South Africa is more likely to respond to increased western sanctions through increased destabilisation -- particularly attacking transport links in an attempt to increase SADCC dependence on South Africa. But it is hardly a rational argument to say that sanctions should not be imposed because Pretoria will respond by attacking the neighbours: much better to impose strong enough sanctions to make such raids impossible.

This leads to the third case -- SADCC imposed sanctions. The Organisation of African Unity (OAU) specifically exempts from imposing sanctions "some independent states in southern Africa". In practice, only the opponents of sanctions demand that SADCC join in immediately. SADCC has been trying for nearly a decade to reduce its links with South Africa, and its efforts need more international support. But ties built through 80 years of colonialism and reinforced by a decade of destabilisation need time to break. For SADCC to impose wide- ranging sanctions quickly would be highly disruptive and expensive. This would hardly be cost-effective, because total SADCC trade with South Africa is less than that of any single one of the five big trading partners, so SADCC sanctions would have a relatively small effect.

Furthermore, as international sanctions tighten, South Africa will be increasingly anxious to keep the route to the north open. Continued trade between South Africa and its neighbours may serve as a limited protection against destabilisation and counter sanctions.

We come to three conclusions:

l Existing sanctions imposed by the industrialised countries benefit -- not hurt -- the SADCC states.

l There will be a cost due to increased destabilisation.

l Extensive sanctions imposed by the SADCC states will be much less useful than sanctions imposed by the industrialised states, but will be much more expensive.

The SADCC summit in 1986 "reiterated the position of the SADCC states on the question of sanctions as follows:

i Although individual SADCC member states may not themselves be in a position to impose sanctions, SADCC member states' vulnerability should not be used as an excuse by others for not imposing sanctions;

l SADCC member states will do nothing to undermine the effectiveness of sanctions imposed on South Africa by the international community;

l SADCC member states will cooperate closely with each other to lessen the adverse impact of sanctions on their own economies, and in this respect will expect the international community to render them maximum assistance."

We fully support the SADCC position.

Accelerating suffering

Critics of sanctions say they "would harm the very people we wish to help". This is based on a circular argument. The Carnegie Report shows increasing poverty as a "deliberate policy" of the apartheid state, and the critics Say that action should not be taken against apartheid because it will accelerate that impoverishment. Destabilisation causes massive suffering, and opponents of sanctions say that action should not be taken against apartheid because the white regime will respond by increasing destabilisation. In other words, the very horrors of apartheid are used to argue that the apartheid regime should be protected from sanctions. Such an argument would never have been accepted if it had been applied to Hitler and Nazi Germany.

Sanctions are not intended to ease the suffering under apartheid, but rather to speed the end of apartheid. It is a question of extra pain now to prevent even greater suffering later. If sanctions had been imposed in 1960, after the sharpeville Massacre and the first calls for economic sanctions by Chief Albert Luthuli, apartheid would have been overthrown by now and the Carnegie Report need never have been written. If sanctions had been imposed in 1976 after the Soweto Massacre, destabilisation would be ended. The total suffering would have been much less, even if some people were hurt by the sanctions.

As we noted at the beginning of this Chapter, South Africa is an exception to the common policy of using sanctions as part of international efforts to change policies in a wide range of countries. We find that none of the excuses put forward can justify this anomalous attitude toward the apartheid state.

PART II:
CURRENT SANCTIONS, THEIR IMPACT AND THEIR SHORTCOMINGS

5. THE SANCTIONS JUGGERNAUT

Most countries in the world have taken some action’ against South’Africa during the past four decades. In this part of our Report (Chapters 5-10), we look more closely at .the measures which have been taken, and attempt to assess ftheir success. We also look at their shortcomings, loopholes, ’and more overt violations. In Part III (Chapters 11-14) we will pay special attention to efforts to frustrate and bypass sanctions.

India was the first country to impose comprehensive sanctions against South Africa, with a set of increasingly tighter measures between 1946 and 1964. It banned trade with South Africa in 1946. This involved significant cost, as India lost 5.5 per cent of its exports at that time. Many other countries cut links as they became independent. Indeed, it was the poor countries that made the maximum sacrifices.

Various countries began imposing selected sanctions. Japan banned direct investment in 1964 (although licensing and technology transfer is still permitted). In the 19705 many nations imposed arms and oil embargoes, and the sports and cultural boycotts were launched. By the late 1970s, some international banks had already reduced lending to South Africa. Sweden banned new investment in 1979.

_ The most recent wave of sanctions began in late 1984 in response to the uprisings in the townships. The United Nations Security Council approved packages of voluntary measures in 1984 and 1985. The European Community (EC), the United States, and the Commonwealth each imposed a set of measures in 1985 and again in 1986. These measures confirmed the oil embargo, further reduced military and nuclear cooperation, limited investment, imposed some diplomatic sanctions, and restricted the sale of sensitive hardware. Imports of gold coins, arms and paramilitary equipment, and iron and steel were banned.

Building a wave

Most notable about the 1984-87 period is the "wave" phenomenon. In a space of just over two years, most governments imposed several different sets of measures. Each one drew on the precedents set by others. Thus Sweden banned the import of South African fruit, a measure which had previously been thought to violate GATT rules. Ireland then also banned fruit, which dispelled the myth that an individual country could not take action within the EC. Then Denmark followed with a ban on coal. Once Danish parliamentarians realised what could be done, Denmark became the first industrialised country to impose a total trade boycott. And the rest of the Nordic states followed.

Meanwhile the Commonwealth agreed a second package in August 1986. In October 1986 the United States Congress overrode a Presidential veto to pass the Comprehensive Anti-Apartheid Act. It was a stronger package than the Commonwealth one, but legislators openly acknowledged their debt to the Commonwealth for laying the groundwork.

Reinforcing the wave of governmental and inter-governmental action were thousands of local actions. More than a hundred companies pulled out of South Africa. Anti-apartheid movements ran boycott and disinvestment campaigns. Local governments and city councils in many industrialised countries boycotted South African products and refused to deal with companies that had South African links. This, in turn, pushed more transnational corporations (TNCs) to withdraw from South Africa rather than lose much larger business elsewhere. It also precipitated the decision by United States banks not to roll over loans in 1985, which forced South Africa to freeze payments on its short term debts. In many ways, these financial sanctions by international banks have been among the most effective.

The impact of the nine industrialised countries which made commitments to reduce trade has been impressive. They have cut one-third of their trade with South Africa. Their sanctions are equivalent to 12 per cent of all of the world’s purchases from South Africa (other than monetary gold) and to 7 per cent of all cent of South Africa’ s trade (including gold). If these countries had not imposed sanctions, then South Africa would be earning 7 per cent more from its exports than it is today.

The nine states are the United States, three Commonwealth countries (Canada, Australia, and New Zealand), the Nordic states (Denmark, Finland, Norway, and Sweden), and France (which cut its coal imports). Their trade in 1987, compared to the pre-sanctions period, is shown in the following table:

Reduction in trade by nine sanctions-imgosing countries

(US$ mn)	Imports from SA: average 1983-85	1987	rise/ cut	Exports to SA: average 1983-85	1987	rise/ cut	Net decrease
US	2340	1420	-921	1881	1295	-585	-1506
Denmark	141	’4	-137	60	14	-46-	-183
Canada	139	76	-63	134	87	-47	-110
Finland	17	1	-17	73	0	-73	-89
Norway	35	25	-10	75	7	-68	-77
Sweden	49	21	-29	147	108	-39	-68
France	636	583	-54	464	468	4	-50
Australia	104	90	-14	82	57	-26	-40
New Zealand	18	11	-7	16	11	-5.	-12
TOTAL	3481	2230	-1251	2931	2047	-884	-2135

5, Total decrease by sanctions 9 as
% share of 83-85 average of:

Combined total of nine:	36%	30%	33%
South Africa, excluding monetary gold:	12%	7%	9%
South Africa total:	7%	7%	7%

(Country figures exclude monetary gold, which is not recorded in trade data)

Initial data for 1988 shows that sanctions are further squeezing South African exports, but that rising mineral prices compensated. Total non-gold exports were roughly steady; they were up approximately 2 per cent in US$s and down 2 per cent in SDRs (Special Drawing Rights, an average of the major currencies which may be a more accurate measure because it takes into account the devaluation of the dollar). But base metals exports earned 28 per cent more (in ’. US$) because of rising prices, while other exports fell by a comparable amount.

As we note in Chapter 11, other countries have stepped in to partly fill the gap. Nevertheless, South Africa’s markets are being restricted. And these states have shown that it is possible to impose significant sanctions that are having an effect.’Despite higher minerals prices, South Africa is selling less to the rest of the world. This can be seen by looking at South Africa’s total exports, in both US$ and SDRs:

Difference in South African export earnings
(including gold) comgared tQ 1983-85 average

	1987	1988 (est)
US$	e13%	114%
SDR	-10%	-13%

Thus South Africa's apparent increase in earnings is accounted for by the fall in value of the dollar. In real terms, as measured in SDRs, South Africa's exports are down by one-eighth -- a real testament to the success of sanctions.

Different sanctions have different objectives

.._.____-___-____-______________-___-.-_________

A country-by-country review of sanctions is given in Volume II of the study. (See Ferguson & Sluiter, Vol II)

In the rest of this part of the Report, we detail different classes of sanctions. It is useful to keep in mind the different tactical objectives, as set out in Chapter 2, of the different classes of sanctions. Bans bn sales ;9 South Africa (Chapter 6) serve two purposes: first, to make it difficult for the apartheid state to obtain strategic goods like arms and oil, and second, to raise the cost of sanctions busting goods sufficiently high to impose an economic strain. This higher cost comes from commissions which must be paid to sanctions busting middle men, and is a kind of "apartheid tax". Bans on purchases from South Africa (Chapter 7) have a largely financial purpose: to cut off South Africa's export earnings. This is intended to put severe pressure on the South African economy because the apartheid state will not have money to import essential goods. This, in turn, will have a political impact. Corporate withdrawal_(Chapter 9) is intended to stop TNCs from supporting the apartheid economy and repression machine.

People's sanctions (Chapter 10) have three very different objectives. First and foremost, they show positive solidarity with the struggling people of South Africa. Second, they turn personal revulsion into organised positive action, as individuals unite to refuse products and profits tainted with apartheid. Finally, and probably most important in the long run, they put pressure on their own governments to take stronger action. Few western governments have imposed sanctions on South Africa without pressure from below by anti-apartheid and people's sanctions movements.

CHAPTER 6. SALES TO SOUTH AFRICA

The first sanctions imposed by most countries were embargoes on the sale of certain strategic goods to South Africa, particularly arms and oil.

Sanctions are only mandatory for the entire international community if they are imposed by the United Nations Security Council. So far it has only passed one mandatory sanction against South Africa, Resolution 418 of 1977. This bans the sale to South Africa of "arms and related material of all types, including ... weapons and ammunition, military vehicles and equipment, paramilitary police :equipment, and spare parts." Also banned were new licences and equipment and supplies for manufacturing banned items.

Success of the arms embargo

Although openly violated by a few countries, and narrowly interpreted by many countries, the arms embargo has been remarkably successful. (See Cawthra, Vol II) South Africa has been unable to buy any main weapons systems since 1977. The 1984 Defence White Paper admitted that "some of the most reliable main armaments are obsolescent."

South Africa’s navy has lost its deep sea capability. It has three old French submarines, plus newer Israeli fast attack craft only suitable for coastal patrol. The air force is restricted to planes based on pre-1977 designs and licences, and none have been produced since 1982. Its Mirage-Z aircraft are now elderly and out of date, by international standards. Despite having an aircraft industry, South Africa cannot obtain military air frames or jet engines. The South African military.magazine Paratus admitted last year that "the programme for modernisation of the stock of Mirage 3 models, renamed Cheetahs, does nothing to increase the inventory of airframes, so that any losses in combat or otherwise reflect a permanent depletion." The air force also cannot obtain radars, armed helicopters, or the ysurveillance aircraft that are crucial to command and control in modern warfare. The army has had particular difficulties with tanks and tracked vehicles as well as anti-tank and surface-to-air missiles. The whole South African military has fallen far behind in the rapidly advancing area of electronic warfare; it lacks modern command, control, communication, and intelligence systems. And it does not have the modern electronic counter measures needed to protect attack aircraft.

The most notable success of the arms embargo was the August 1988 cease-fire in Angola, and the subsequent agreement by South Africa to withdraw from Angola and implement Resolution 435 in Namibia. In July 1987 South Africa invaded southern Angola in an effort to shore up Unita and to capture the strategic town of Cuito Cuanavale. In previous invasions, South Africa had depended on air superiority to limit casualties on the ground. This time, however, the South African air force was inferior to the Angolan air force and to its anti-aircraft defenses, so Pretoria lost a number of planes. Unwilling to risk losing more aircraft, South Africa put more stress on ground forces. Its sanctions-busting artillery performed well, but the vintage Centurion tanks proved vulnerable. Unwilling to risk heavy white casualties, South Africa withdrew. Without a decade of the arms embargo, it would have been a very different story.

Another important success of the arms embargo is that it is very expensive for South Africa to obtain sanctions busting weapons. There are large commissions to middle men on imported hardware, and the cost of locally produced weapons is very high. Thus the arms embargo increases the strain on the economy.

This is not to say that the arms embargo has been totally successful. South Africa has built a major arms industry, spurred on by the fear of ever-stronger sanctions. Armscor (the Armaments Corporation) is one of the largest industries in South Africa, with a turnover of more than US$ 3 billion per year. About two-thirds of Armscor’s requirements are filled by at least 800 other companies doing subcontract work. In other words, much of South Africa’s manufacturing industry is involved to some extent in arms production. And various laws ensure that the Government can force any company to do military work.

South Africa has become more or less self-sufficient in the production of light weapons such as rifles, machine guns, hand grenades, mines, explosives, and ammunition. It also produces light vehicles. Some of these are exported. South Africa also produces a small range of more sophisticated weapons, but these are all dependent on foreign parts and technology. Beyond that, South Africa can only upgrade pre-1977 systems like the old Mirage fighters; even that is highly dependent on foreign expertise and parts.

Another technique to bypass sanctions is to increase the portion of apparently civilian items in military equipment. The Ratel armoured personnel carrier is a good example. It is based entirely on European designs and uses standard automotive components, including a locally made diesel engine (itself based on foreign technology).

Arms embargo violations

There have been two highly publicised sanctions busting successes, in which South Africa obtained state of the art weaponry. These are the G5 field howitzer which has a range of 40 km, and the Valkiri multiple rocket launcher; both are now built in South Africa and exported. In another case, South Africa bought submarine construction plans from West Germany in 1984, but further technical support was stopped and South Africa does not seem to have either the money or the technical capacity to build the submarines -- despite having the blueprints. In a second case involving West Germany, the export of equipment for a battlefield targeting device was only halted after extensive publicity by the World Campaign Against Military and Nuclear Collaboration with South Africa.

The United States Department of State reported in 1987 that "Israel appears to have Sold military systems and sub-systems and provided technical assistance on a regular basis." Under United States pressure, Israel agreed in 1987 not to sign any new military contracts, but refused to terminate existing ones, which means it is still a major arms supplier in violation of the mandatory United Nations embargo. The United States report also cited companies in France and Italy, and to a lesser extent West Germany, Britain, the Netherlands, and Switzerland. In addition, Chile and Taiwan seem to be increasingly important.

There have been several convictions for illegal arms sales to South Africa. A Dutch court jailed the head of a shipping company for four months in 1988 for shipping guns to South Africa. In Canada in 1987 two firms were fined for sending night vision equipment to South Africa. There have been several cases in Britain, although the British Government has been criticised for allowing four South African arms traffickers to leave the country and thus escape imprisonment.

Perhaps more important than direct arms sales has been the sale of components and technical support which allow South Africa to assemble and sometimes manufacture its own weapons. Often this is done under the guise of "dual purpose" items. Thus a West German firm was able to supply helicopters to the South African police of a type which military forces in several countries have converted to carry missiles. Armscor is dependent on a wide range of private contractors and normal equipment like computers and diesel engines which have both military and civilian use. (This issue is discussed further in Chapters 16, 20, and 21.) Clearly many countries interpret arms sales restrictions for South Africa very much more weakly than for the socialist countries. Indeed, it seems as if items are not sold to the East bloc if there is a possible military use, while items age sold to South Africa so long as there is a possible civilian use.

South Africa is becoming a major arms supplier, although its claim to be selling more than US$ 900 million per year of weapons to 23 countries appears to be exaggerated. 44 Reportedly, buyers have included Iran, Iraq, Israel, Chile, Taiwan, Sri Lanka, and Morocco. Most sanctions packages, including the EC and Commonwealth measures, include a ban on the purchase of arms and paramilitary equipment. But some countries which say they abide by this have appeared at arms sales shows with South Africa, and allow firms in their country to sell South African weapons to third countries.

Thus the arms embargo, like many others, must be seen as a partly enforced sanction which has been a partial success. Some sanctions busting takes places, but the arms embargo played a central role in forcing PretOria into genuine negotiations over Angola and Namibia.

The oil embargo and the .'apartheid tax"

South Africa has no oil supplies of its own, and so should be highly vulnerable to a petroleum embargo. The Arab oil embargo was launched in 1973, and the embargo is now endorsed by all the major oil exporting states. The Organisation of Petroleum Exporting Countries (OPEC), the EC, the Nordic states, the United States, and the Commonwealth all have oil embargoes.

Despite the embargo, South Africa still obtains all the oil it needs. So, in one sense, the embargo has failed. It has succeeded, however, in another very important sense: it is costing the apartheid state vast amounts of money to break the embargo. There is, in effect, an extra "apartheid tax" on every litre of fuel that South.Africans use. ESee Woldendorp, Vol II)

In 1986 President P W Botha said that "between 1973 and 1984 the Republic of South Africa had to pay R 22 billion more than it would normally have spent. There were times when it was reported to me that we had enough oil for only a week. Just think what we could have done if we had that R 22 billion today." That R 22 billion was about US$ 25 billion at exchange rates of the time -- almost exactly the size of the foreign debt in 1985 when Pretoria admitted it could not pay its short term debts. So the cost of breaking the oil embargo made South Africa more vulnerable to financial sanctions.

The Shipping Research Bureau estimates that it costs South Africa about US$ 2 billion per year to break the oil embargo. There is the actual sanctions busting cost (down from a peak of US$ 8 per barrel to less than US$ 2, due to the oil glut), as well as the high cost of storing more than one year's oil supplies. In addition, oil produced from coal in its Sasol plants costs at least three times as much as oil bought on the world market. South Africa is spending more than US$ 2 billion on the Mossel Bay fuel-from-gas project in an effort to reduce its dependence on imported oil. With the cutoff of foreign investment, South Africa will have to find this huge amount of money from domestic resources, or from export credits, which inevitably means that other more useful factories will not be built.

The number of countries still willing to supply South Africa is quite small and thus potentially subject to political pressure. There have been a number of recent victories in the oil embargo campaign. A notable success in ending sanctions busting occurred in Brunei Darussalam. After reports that some of its oil was going directly to South Africa, in direct violation of the embargo, the Government successfully cut off the shipments.

Norwegian ships had been carrying up to one-third of the oil to South Africa. Then Norwegian as well as Danish firms dropped out of petroleum shipping to South Africa when their Governments imposed genuinely tight rules. These covered not only Norwegian and Danish ships, but also any ships controlled or administered by Norwegian and Danish individuals or firms.

In 1987, John Deuss, the oil trader who was probably the biggest supplier to South Africa, said he was withdrawing from the trade. His company, Transworld Oil, was based in Bermuda, and he specifically cited Commonwealth sanctions as one reason for ending the trade. Another may have been planned expansion in the United States, where he would have faced very serious anti- apartheid pressure.

But the oil still flows

The oil embargo has imposed a substantial and effective strain on the apartheid economy, and major suppliers and shippers have been forced out of the market. However, the embargo has not yet actually dried up oil supplies.

According to the Shipping Research Bureau, most South African oil now comes from the Middle East, particularly from the United Arab Emirates, but also from Saudi Arabia, Oman, and Iran. Refined products are obtained from a number of countries, including West Germany and Britain which do not include refined products in the embargo

Five of the major transnational oil companies are still active in South Africa. And there is support for projects to open up offshore gas fields and produce synthetic fuels from gas.

The Shipping Research Bureau also reports that tankers controlled by Greek and Hong Kong shipping companies have taken over the oil trade previously handled by Nordic ships. Many countries only impose narrow restrictions, covering only ships with national flags or directly operated ships; ships owned by a national company can still carry oil if they are leased out or flagged elsewhere. The Norwegian law still allows the transport of petroleum products from other countries, which continues (by contrast, the Danish law banned trade in oil products as well).
The following table gives a few examples to show the considerable variation in the ways the regulations are implemented:

Examgles of variations in the oil embargo

	Denmark	Norway	Canada	France’	UK
Types of oil exports embargoed:					
Crude oil	yes	yes	yes	yes	yes
Refined oil:					
Petrol & fuels	yes	yes	yes	yes	no
Feedstocks	yes	yes	yes	no	no
Oil in transit	yes	yes	no	no	no
Are national ships banned from carrying oil to SA?					
Crude oil	yes	yes	no	no	no
Refined oil	yes	no	no	no	no
Is the regulation mandatory?	yes	yes	no	yes	no

South Africa’s refusal to sign the Nuclear Non-Proliferation Treaty (NPT), and the fear that with Israeli help.it may have developed nuclear weapons, has led to general sanctions against nuclear-related assistance to Pretoria. Because of the failure to sign the NPT, the United States has a long-standing ban on nuclear cooperation; this has been strengthened to include a ban on the "exports of nuclear goods and technology", as well as items of "significance for nuclear explosive purposes."
1The EC bans "new collaboration in the nuclear sector". This permits France to continue servicing and supplying the Koeberg nuclear reactor in South Africa. The Commonwealth has "a ban on new contracts for the sale and export of nuclear goods, materials, and technology to South Africa." The Nordic states, Austria, and Japan also ban

nuclear cooperation. Israel has nuclear capabilities and does not participate in any bans, however.

South Africa remains a member of the International Atomic Energy Agency.

Other high technology

South Africa is heavily dependent on foreign technology, particularly in areas like computers and electronics. (See Chapter 16 for details.) And imported technology is essential for the military apparatus of repression and destabilisation.

The Nordic states now have total bans on sales to South Africa. These generally include restrictions on technology transfer, including licences.

Most countries now ban some sales to South Africa.

In March 1989 Canada announced the broadest national ban of any country which does not have a total embargo. It has a special "Area Control List" of countries for which a broad range of exports are restricted; currently only South Africa and Libya are on the list. The prohibition on exports to South Africa includes aircraft (and engines and parts), computers and software, electronic and telecommunications equipment, and four-wheel drive vehicles, as well as all technology and military hardware on the "Export Control List" of items banned for sale to socialist countries. The ban covers all would- be buyers in South Africa, both public and private.

The United States has the next strictest restrictions, with a ban on computers, software, and services to the military, police, or any agency involved in the enforcement of apartheid; this is defined broadly, and covered about 30 per cent of computer sales to South Africa. The Commonwealth bans "computer equipment capable of use by South African military forces, police, or security forces." Austria has a similar ban. The EC bans the sale of "sensitive equipment" to the military and police. Japan bans computer sales to the military and police.

It is too early to see if these bans have been effective. However, the narrowness of the definitions adopted by most countries except Canada means that military contractors can still obtain computers and related material. Many countries place no restriction on a third country including a sanctioned item as part of a larger piece of equipment and then selling it to South Africa. In some cases, computers are simply sent through third countries; Hitachi, for example, is selling computers via Germany. Taiwan is rapidly expanding its computer and electronic sales to South

Africa; West Germany, Japan, Italy, France, and other states also show increases.

There has been some voluntary restraint.

Mitsubishi of Japan pulled out of a USS 250 million steel mill project at the suggestion of the government. Three Japanese electronic companies are ending sales to South Africa. And it is clear that US firms have reduced machinery and equipment sales to South Africa.

Other sales to South Africa

There seem to have been few other attempts to restrict sales to South Africa. Canada has stopped public sector companies from selling to South Africa. Italy restricts the sale of civilian aircraft (while Britain and Austria have authorised the sale of aircraft which can be used by the police and military for surveillance).

The Nordic bans also cover servicing and the transfer of production rights and patents, all key elements in technology transfer. Norway’ 5 legislation does not allow anyone under its jurisdiction to "perform any service in South Africa or Namibia or to perform services at the request of persons domiciled in South Africa or Namibia when the request is made by a public authority or is connected with any commercial activity."

The Commonwealth has a ban on "government funding for trade missions to South Africa or for participation in exhibitions and trade fairs in South Africa." The Commonwealth (except for Britain) extended this to "all government assistance" to trade with South Africa. Canada has extended this to a ban on funding trade promotion anywhere by Canadian-based but majority- South African- -owned companies.

CHAPTER 7. PURCHASES FROM SOUTH AFRICA

Bans on imports from South Africa are widespread.

The Nordic states have a total ban (although Norway exempts manganese). Nearly all states ban the import of South African gold coins, which halted production of Krugerrands. Most states also ban the import of military and paramilitary equipment. ,

A rough table of national and group bans on imports from South Africa is:

Nordic US Comm. Japan EC
Iron & steel TOT NT NT NT NT
Uranium TOT P TOT NT
Agricultural TOT NT NT P
Coal TOT TOT TOT P
Textiles TOT TOT

Where:
TOT is a total ban
NT is a near total ban
P is a partial ban

After the states with comprehensive trade bans, the United States has theltightest ban, covering iron and steel, agricultural products, textiles, coal, some uranium, and products from parastatals. The EC, the Commonwealth, Japan, and Austria ban the import of iron and steel. The Commonwealth (except Britain) also bans agricultural products, uranium, and coal; Ireland bans fruit and vegetables. Japan bans fresh fruit: will not renew some uranium contracts; will not increase imports of iron ore, sugar, and coal (and in fact seems to be reducing its imports of these items); and has asked shops to stop selling tinned South African fruit. In France, Britain, Ireland and the Netherlands parastatals do not import South African coal. Netherlands bans South African uranium.

Commonwealth (except Britain) and Irish governments and government agencies do not purchase South African goods.

As Chapter 5 showed, these bans cover a significant range of South African exports, and have hit Pretoria in the wallet. Perhaps most dramatic has been the impact on iron and steel and coal sales, where a large-number of countries have imposed sanctions. Coal sanctions pushed the price down sharply in 1987. South Africa’s coal earnings fell 25 per cent in 1987, compared to 1986 -- this cost South Africa US$ 467 million, and cut 2 per cent off South Africa’s total export earnings. Earnings from iron and steel sales were down 27 per cent in 1987, compared to 1986, costing South Africa US$ 229 million. Sugar sales are also down, and uranium production facilities are being closed because of the cutback in sales.

Narrow definitions

One of the problems with present import bans is the wide variation in definitions used. This is most obvious with the ban on imports of iron and steel. Commonwealth countries, the United States, and the EC bans include pig iron, cast iron, ingots, forgings, castings, bars, plates, angles, hoops, strips, rails, etc. But most exclude iron ore and ferro-alloys, and for many steel items there is inconsistency, as this table shows:

Variations in sanctions on iron & steel

	United States	Aus- tralia	EC	Kong Kong	Canada, New Zealand
Iron ore	yes	no	no	no	no
Ferro-alloys	no	no	no	yes	no
Wire	yes	yes	no	yes	yes
Tubes & pipes	yes	no	no	yes	yes
Tanks, drums, vats	no	no	no	no	yes

For many countries, the term "agricultural products" excludes inedible farm products like hides, cotton, wool, and wood pulp, which together account for one-third of South Africa’ s agricultural exports. It seems to be twisting normal English usage to say that sugar is an agricultural product while cotton is not, or that the inside of a sheep (the meat) should be agricultural but the outside (the wool) is not.

The main effect of these narrow definitions is to limit the effect of the sanctions to a much smaller range of products than would seem apparent from first reading a general description of the sanction. This, in turn, means that sanctions cover a relatively smaller portion of South African trade than expected. Since Japan imports large quantities of iron ore and less steel, this definition makes the Japanese sanction less important than it seemed. similarly, the United States Treasury Department decided that uranium hexafluoride is not an "ore" or "oxide", and thus not covered by the United States sanctions law. Based on this, the United States Government granted licenses to increase the import of South African uranium compounds.

Transshipment

As sanctions tighten, sanctions busting grows. The South African Government has set up a special Secretariat for Unconventional Trade to encourage counter-trade and sanctions busting. Several people, including some with experience of breaking sahctions against Rhodesia, are now involved in sanctions busting on a commercial basis. To make this easier, the South African Government has stopped publishing information on foreign trade and shipping traffic.

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Various techniques are used to disguise the South African origin of products. One method is to ship goods first to a country which does not impose sanctions, and then transship them, usually claiming that the goods originate in the intermediate country.

In some instances, minor modifications can change the official origin of a product. For example, South African coal is sent to Rotterdam, mixed with other coal, and sold as "Dutch blend". In other cases, even this is not done; South African coal imported into Belgium was sold to France as "Australian" coal.

A number of places have been suggested as possible intermediates where South African goods might obtain falsei certificates of origin with little or no local processing. These include Mauritius, Montserrat, Uruguay, the Channel Islands, and the Isle of Man. A Turkish firm placed an advertisement in a South African’business magazine 45 telling South African exporters "you will also have the opportunity to export your products to existing markets over Turkey, utilising the attractive free trade zones as ’Turkish’ produce." (sic) An Israeli firm advertised services such as transshipment, reinvoicing, and redOcumenting; "any sanctions impediments can be circumvented through our offices for modest percentages."

A different trick is used with seafood. The "country of origin" of seafood is usually the flag of the ship that catches or processes the fish. So South Africans have re-registered their fishing vessels under other flags. Also, they are transferring fish at sea to non-South African boats. Such sanctions busting seafood is being sold in the United States and other countries.

Sometimes, false customs declarations are made in the importing country. For example, according to Singapore’s official trade statistics it is Mozambique’s biggest trading partner. The trade is largely composed of imports of "Mozambican steel". Mozambique does not export steel, and does not record any such trade with Singagore. One must assume that the steel is South African. 4

False labelling

False labelling seems to be on the increase. For example, "Botswana grapes" were sold in England, even though Botswana grows no grapes. "Swazi apples", "Swazi wine", and "Zambian pears" have been sold in Europe. These can be easily identified as fraudulent because these countries do not produce such products.

But it is more difficult when the country of the false label actually produces such goods. Paper has been falsely labelled as from the United States, dried fruit as from Spain, apples as from New Zealand, oranges as from Swaziland, and even wine as from France. Another trick is to use a false brand name; the "Botswana grapes" were sold under an Australian trade name.

Three kinds of false labelling occur. In one form, goods are legitimately imported as South African, then relabelled. This occurs with South African fruit imported under quota to Europe, and then relabelled to bypass Irish and Danish restrictions or to beat consumer boycotts.

Second, and probably most common, is simply a forged certificate of origin. The goods never even pass ,through the country alleged to have produced them. A British Sunday newspaper reported that a South African subsidiary of a British firm was willing to sell canned asparagus with false labels and certificates of origin from France, Brazil, Thailand or Israel. [47]

Third is to import South African goods into a third country, simply change the label, and then fraudulently obtain a certificate of origin from the government. This is particularly common with clothing and commodities subject to preferential treatment.

Special problems for BLS

The "BLS countries" (Botswana, Lesotho, and Swaziland) seem the main victims of mislabelling. They are three small countries which have long borders with South Africa (Lesotho is surrounded by South Africa). They were closely tied to the South African economy during the colonial era. Because they are landlocked, they export at least some of their goods through South African ports, and it is easy to insert falsely labelled goods with forged certificates of origin. Falsely labelled Swazi citrus and avocados have appeared in several countries along with legitimate Swazi produce.

BLS are members of a Customs Union with South Africa (a relationship also inherited from the colonial era, and very difficult to break). Goods move freely between these three small states and South Africa, which creates a sanctions busting channel. For example, a textile firm imported 140,000 finished shirts from South Africa into Swaziland, sewed in false Swazi labels, and fooled the authorities into providing a certificate of origin.

It is important to stress that BLS Governments are not conniving with this; the false labels, certificates of origin, and customs documents are supplied by agencies inside South Africa. Indeed, these countries are worried that such false labelling will put their own credibility into question,

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and make their products unacceptable in world markets. This happened when Finnish trade unions boycotted Swazi citrus.

The Swaziland Chamber of Commerce and Industry told the Expert Study Group that it was concerned about the effect on exports of genuine Swaziland manufactured goods. Because of this it is prepared to overstamp Certificates of Origin with a Chamber of Commerce stamp, where importers request this. "We can assure you that we only overstamp when we have satisfied ourselves that the goods are correctly described on the Certificate of Origin." The Swazi Ministry-of Commerce now puts serial numbers on Certificates of Origin, and puts code numbers on boxes of Swazi citrus, in an effort to prevent fraud. Botswana has informed foreign customs authorities that it is prepared to re-verify any goods with "Made in Botswana" labels.

Violations

Many countries have reported falsely labelled South African goods, although there have only been a few prosecutions. India discovered 13 Bombay-based firms were trading with South Africa, routing goods through intermediate countries. The United States, the largest country to impose sanctions, does not give these sanctions priority and investigated only 20 violations in the first year.

The level of violations discovered seems related to how hard customs officials look for them. New Zealand, one of the smallest countries actively promoting sanctions, found 10 violations in two years. In 1988, New Zealand customs officials made one of the largest seizure of apartheid goods when they found eight containers of falsely labelled South African dried apricots and raisins, worth US$ 250,000. The importer claimed the fruit came from Spain and Turkey. Samples were subjected to microscopic analysis and were found to contain pollen that does not occur in Europe. A warrant was issued and customs officials raided the office and home of the importer, and found documents confirming that the fruit was from the South African Dried Fruit Cooperative. 48

This shows that enforcement is possible, and indicates that falsely labelled South African products may be entering many countries in violation of sanctions.

CHAPTER 8. OTHER GOVERNMENT MEASURES

Most governments have imposed some level of investment bans. The Nordic bans on new investment are very tight and cover leasing as well as licencing and technology transfer, which are not covered in some other bans. Some reinvestment is allowed to maintain the commercial viability of an existing operation in South Africa, so long as there is no expansion; Swedish companies require permission to replace worn out machinery.

Japan has banned investment since 1964, but allows technology transfer. The Commonwealth (except for Britain) bans "new investment or reinvestment of profits". The United States bans new investment but allows reinvestment of profits and the purchase of new equipment. The EC has a ban on new investment, which includes establishing or extending branches or establishing new undertakings. In several European countries the ban is only voluntary, including the two largest European investors, Britain and West Germany. The EC ban also does not block investments by subsidiaries of European companies outside Europe. Austria and Israel also ban new investment.

New bank loans to both public and private sectors are banned by the Commonwealth (except Britain), the United States, the Nordic states, Japan, and West Germany: The Commonwealth also bans Government loans to the government of South Africa and its agencies (although there seem never to have been many of these). The EC treats most loans for over five years as new investment; the United States appears to treat loans for more than one year as new investment. Rescheduling existing loans normally is not treated as new lending.

Australia and Japan incluEe trade credits in the loan bans, which means that buyers’ credits (bank loans to South African buyers) are prohibited, but not suppliers’ credits (deferred payment terms). The United States bans both buyers’ and suppliers’ credits with maturity of over one year (treated as new investment). Belgium and Canada have put a cap on trade credits. On the other hand, Hong Kong banks are providing trade finance for Japanese and other Asian exporters.

Government export credit guarantees and insurance were stopped in The Netherlands, Canada and a few other countries in the 19705, and more recently by the entire Commonwealth (except Britain), Ireland, and Austria. Italy had previously banned export insurance cover for credits longer than 12 months, but recently raised the limit to 24 months.

Following its debt freeze in 1985, South Africa is considered a bad risk in most countries, and most of the existing bans simply formalise what banks would do anyway. (See South Africa and the International Financial System.1

There are a number of loopholes, especially relating to loans which can be guaranteed in some way outside South Africa. For example, there seem to be few restrictions on loans to a TNC for use in South Africa, so long as the loan is not made directly to the South African branch or subsidiary. Similarly, in many cases investments can still be made'via third countries. Some loan and investment bans do not include the purchase of South African bonds, shares, and other securities.

Double tax and other financial measures

The Commonwealth (except for Britain) and the United States have ended double taxation agreements. But in some'countries this had little direct effect because of other legislation permitting taxes paid abroad to be credited against taxes at home. The United States passed additional legislation to prevent this.

The United States also bans banks in the United States (but not their foreign branches) from holding bank accounts of the South African Government and entities controlled by it.

The Commonwealth (except Britain) has "a ban on government contracts with majority-owned South African companies." Canada has included grants (such as regional development aid) and sales in the ban.

But in Australia the Commonwealth ban on "government contracts with majority-owned South African companies" was interpreted to mean only the national Government. In December 1987 the Western Australian state government went into partnership with the Anglo American Corporation in a gold extraction project.

Air links and travel

India, the socialist bloc, and mainland African countries (except for some Southern African states and Ivory Coast) do not allow South African Airways (SAA) to fly over their countries. The Commonwealth countries (exceptlBritain), the Nordic states, Spain, and the United States cut air links with South Africa. SAA offices have been closed in several countries. Japan does not allow government officials to travel on SAA.

There are still direct flights between South Africa and 11 European countries, three in Asia, and one in South America. The ban on direct flights to the United States hit particularly hard, but British Airways, TAP, KLM, Luftansa, UTA, and Varig have all run advertising campaigns to attract South Africa-United States travel, thus undercutting the ban. In a similar way, several airlines have increased flights to Johannesburg to compensate for the ending of direct flights from the United States, Australia, and elsewhere. (See Bailey, Vol II)

The Commonwealth (including Britain) has a voluntary ban on tourism promotion. The Nordic states prohibit the organisation of travel to South Africa; Denmark even bans the sale of flight tickets and the arrangement of hotel accommodation. Australia and Canada closed the offices of the South African Tourism Board (Satour), which still has offices in 12 countries including Japan.

Voluntary bans have controlled tourism promotion in countries like Australia and Canada which make an issue of it, and not in countries like Britain which don’t. (Britain accounts for nearly one-third of visitors not coming from the neighbouring states.) Air links and press coverage of South Africa seem to be more important in determining if people visit South Africa than tourism promotion campaigns. Tourism fell in 1985 and 1986, but rose again in 1987 and 1988. The South African Tourism Board reports that South Africa earns more than USS 400 million per year from foreign visitors.

Visas and diplomatic links

Governments have imposed a variety of non-economic measures against South Africa, generally involving diplomatic links and the sport and cultural boycotts. Many states have never had diplomatic or consular relations; India, Argentina, Panama, and New Zealand have cut diplomatic links. The EC agreed that members should recall military attaches from South Africa and not accredit new military attaches from South Africa. Australia expelled some South African diplomats, and Canada cancelled the non-resident accreditation of four attaches. Various states have ended cultural and other agreements with South Africa. Canada will not allow government officials to attend certain conferences and meetings in Canada where South African officials will be present.

Many countries have imposed visa requirements and South Africans now need visas for all countries except Greece, Israel, Singapore, Switzerland, Britain, and some in Southern Africa. The Commonwealth (except for Britain) agreed on "the withdrawal of all consular facilities in South Africa except for our own nationals and nationals of third countries

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to whom We render consular services." Australia and Canada do not issue visas to South Africans in South Africa.

The Nordic states do not give visas to South Africans wishingxto take part in sports, cultural, or scientific activities, and discourage tourists. The Netherlands, Canada, and various other states try not to give visas to South Africans who are violating the cultural and/or sports boycotts. Japan does not give tourist visas and discourages tourism to South Africa, but permits sports, cultural, academic, and business travel in both directions.

The sports boycott is undoubtedly the most successful non-economic ban. Few South Africans can now play abroad, while any team visiting South Africa (no matter how weak) is front page news there. South Africa has been banned from an estimated 90 per cent of all world sport, and has been expelled from the Olympics and from most international sports organisations. South Africa still retains some level of international contact in a few sports, including golf,' tennis, boxing, cycling, and gymnastics. But the isolation in popular sports like rugby, soccer, and cricket is nearly total. (See Lewis, Vol II1

The Commonwealth's 1977 Gleneagles Declaration was one of the first internationally agreed sanctions. It calls on members to take "every practical step to discourage _Esporting1 contact or competition". The EC in 1985 agreed to "freeze" official contacts and agreements in sport. The South African Council on Sport (SACOS) has promoted the boycott with the slogan "no normal sport in an abnormal society."

The sports boycott has had the indirect effect of improving sporting opportunities for black people. In some sports, teams have been integrated and major training programmes established: neither would have happened without the boycotts. But SACOS's soccer league, the Federation Professional League, has been unable to attract sponsorship and funding from business because of its explicit anti-apartheid line. And the huge differences in spending between white and black for segregated education and recreation facilities means that under apartheid, opportunities will never be equal, no matter how many special programmes are established.

Culture

Both the EC and Commonwealth have also agreed to discourage "cultural and scientific events", with certain exceptions. The United Nations Special Committee Against

Apartheid publishes lists of sportspeople and entertainers who go to South Africa, and this is used to enforce the boycotts.

The cultural boycott has been effective in stopping most internationally known performers and artists from visiting South Africa, further increasing the sense of isolation. South African performers and groups have also had difficulty travelling abroad. At the level of books, films, TV, and touring exhibitions, the boycott is only partly effective. Few British TV programmes are shown, but many United States ones are broadcast. In particular, the growth of video recorders means that banned films and TV programmes (whether banned by the apartheid regime or by sanctions) still circulate in pirate form.

Undoubtedly one of the most important results of the cultural boycott has been to stimulate a dynamic local culture. This has been created by black South Africans who have had an opening precisely because South Africa has not been swamped by Western popular culture.

Speaking in London in 1987, the ANC President Oliver Tambo stressed that a people’s culture "has grown into a mighty stream, distinct from, and in opposition to, the warped and moribund culture of racism." The people, he said, have created alternative structures. "Not only should these not be boycotted, but more, they should be supported, encouraged, and treated as the democratic counterparts within South Africa of similar institutions and organisations internationally." 49

This has led to a modification of the cultural boycott. More than 300 South African artists, performers, and other cultural workers met in Amsterdam in 1987 and set down policy guidelines. Their resolution stressed that "cultural activities and the arts are partisan and cannot be separated from politics." In partioular, cultural workers and academics should not go to South Africa "except in those instances where such movement, after consultation with the national liberation movement, is considered to be in furtherance of4 the national democratic struggle." Similarly, "South African artists, individually or collectively, who seek to travel and work abroad should consult with the mass democratic movement and the national liberation movement." However, detentions and bannings make it extremely difficult for the mass democratic movement inside South Africa to make public pronouncements. -

Precisely because they have been so strongly applied, and have had such an impact on white South Africa, the sports, cultural, and academic boycotts are now coming under a concerted attack by the apologists of the new apartheid. The South African Government tries to weaken the boycott against South African individuals and films, and of holiday travel to South Africa; it is spending millions of dollars promoting its image of a reformed apartheid. But individuals who would say otherwise are detained or banned, while critical books and films are censored. There can be no cultural or academic exchange when the apartheid state itself controls the flow of information.

CHAPTER 9. DISINVESTMENT

Withdrawal of private companies has been one of the most significant non-government sanctions, probably second only to the ban on rolling over loans by banks. According to the United Nations Economic and Social Council, more than 500 TNCs have sold their holdings in South Africa. More than half of United States firms have left. Companies began withdrawing after the Soweto massacre in 1976. Withdrawals slowed down in the profitable period of 1979-80, but were increasing numbers of firms were leaving even before the 1984 township uprisings. (See South Africa and the International Financial System for a detailed discussion of disinvestment.)

The terminology varies from country to country and creates much confusion. We will use "withdrawal" for a TNC leaving South Africa, and "divestment" for people and organisations selling shares in companies with South African links to try to put pressure on them to withdraw. Withdrawal is the act of a TNC, while divestment is a people’s sanction against a TNC. "Disinvestment" has different meanings in different countries, and we will use it to cover the whole process of withdrawal and putting pressure on companies to withdraw.

As well as divestment, the most important pressure on companies to withdraw has been selective purchasing laws, particularly in the United States, which limit local council and other contracts with firms with South African links. Consumer campaigns have also had an impact, most notably on Barclays Bank in Britain.

Many people assumed that when companies withdrew from South Africa, they would cut all links. In practice, this has rarely happened. Most have maintained commercial links, licences, technology transfer agreements, and so on. They continue to provide the products, inputs, and services they supplied before. In the most extreme cases, such as Ford and IBM, withdrawal has had no noticeable effect; the old managers run the old subsidiary and still sell the same products supplied by the same former parents. Some firms still obtain raw materials from former subsidiaries. 50

Withdrawals by United States firms have been due to a combination of falling profits and substantial pressure from states and cities with selective investment and buying rules. Some of these regulations applied only to firms with direct investment, but many others are like New Jersey's 1985 law which applies to "any company engaged in business in or with the Republic of South Africa." Clearly, this includes sales, franchises, licenses, and management agreementsy States and cities which previously had weaker laws are now adopting laws similar to the one in New Jersey.

This is having an effect, and companies that simply cut equity links have remained under pressure. Motorola, for example, sold out to Altron (see Chapter 14) in? 1985 but continued to supply equipment and technology. Under selective buying pressure in the United States, Motorola has been forced to pledge that it will not renew its agreement with Altron when it expires in 1990. 51

National governments have had little to say about withdrawal, except in Canada. As part of financial assistance for Massey-Ferguson tractors, the Canadian Federal Government and Ontario provincial government acquired shares in the Varity corporation. In 1987 and 1988, both the federal and Ontario provincial governments supported shareholder resolutions calling for Varity to withdraw from South Africa.

Impact on workers

Sanctions and disinvestment pressure have had mixed effects on workers inside South Africa. In general, companies which were previously foreign owned and obeyed codes of conduct were sold to local managers who no longer followed the codes and reduced the social investment. On the other hand, firms fighting heavy disinvestment pressure have substantially improved wages, working conditions, and industrial relations. Shell has perhaps gone farthest, with explicitly political advertising campaigns and financial support for community projects. It is important to note, however, that firms like Shell only made these concessions in response to international pressure. Also, these companies are making no concessions on the central issue of their links with the apartheid state.

Trade unions, in general, have supported corporate withdrawal as a way of putting pressure on the apartheid state. And they point with anger to the foreign companies who claim such concern for their black workers while the firms try to stay in South Africa, but who show no such concern when they decide to pull out. Many withdraw with no discussions with the workers and with no provisions or guarantees that improved conditions will be maintained.

Cosatu at its 1987 Congress warned that "disinvestment as is currently being carried out by multinational companies amounts to nothing more than corporate camouflage which often allows these companies to increase their support for the South African regime". Therefore "where disinvestment takes place, companies must give Cosatu notice of their intention to pull out of South Africa so that bona fide negotiations can take place." (Corporate withdrawal is called "disinvestment" in South Africa).

The Chemical Workers Industrial Union (CWIU) has tried to put this into effect by demanding that 39 TNCs sign an agreement that they will give one years notice of intended withdrawal and enter into bona fide negotiations. In the event of disinvestment, workers would be guaranteed no worsening of conditions, would be given cash bonuses, and would have access to company documents on the withdrawal process. Worker trusts would be created with the funds generated by the sale of the company. At first, the companies all replied saying that they would not negotiate since they had no intention to withdraw. But then one (Sterling Drug) withdrew, sharply underlining the union’s demands. In early 1989, 24 TNCs agreed to talk to the CWIU about the proposal, although others are still refusing. In the United States, the Dellums Bill approved by the House of Representatives in 1988 would have required United States companies to give 90 days notice of disinvestment and "enter into good faith negotiations with representative trade unions."

Partial success

Disinvestment must so far be judged a partial success. Probably a majority of foreign firms have reduced their links with apartheid. The Financial Rand mechanism reintroduced in 1985 means that the repatriation of company sale proceeds does not hit’South Africa’s balance of payments. 52 But many companies admit that they are paying higher dividends and using the new consultancy and licensing agreements as a way of getting the money out as fees (not covered by the Financial Rand system). So disinvestment is a partial success in imposing a strain on the South African economy. .

The main goal of disinvestment is usually defined vaguely as ending TNC support for apartheid. Whatever the limitations of the false withdrawals, the psychological impact has been important. White South Africa is repeatedly reminded that it is being abandoned by its (largely white) European and North American supporters. This also sets in train an important process within the TNCs concerned; whatever agreements they make when they withdraw, South Africa becomes increasingly peripheral to corporate concerns. The former subsidiary is less important and no longer receives the priority it once had for servicing and new technology. Thus the old managers can continue as before, but they are increasingly cut off from foreign technology and support -- whatever they may claim.

Codes of conduct

. Codes of conduct for TNCs in South Africa have frequently been put forward as an alternative to corporate withdrawal. The EC, United States, Sweden, Australia, and Canada have codes of conduct for firms in South Africa. Some are voluntary. Some cover only majority interests while others also apply to firms with minority interests. These codes generally set levels of minimum pay and call for recognition of unions and support for education, housing, and social facilities for black workers.

Code companies have, in some respects, improved the standards for their workers. But codes have come in for increasing criticism in recent years for what they cannot do. Codes only benefit the very small proportion of black South Africans who are employed by code firms. Furthermore, they tend to provide amenities like housing that the workers could purchase if they were paid a higher wage, or facilities like education that the state is not providing because of the apartheid system. The main criticism is that codes cannot tackle the political basis of apartheid. Because of this, in 1987 the Reverend Leon Sullivan ended his support for the United States code named after him, and called for companies to withdraw. ’

The National Union of Metalworkers (NUMSA) worked with the West German trade union I G Metall to draw up a much stronger code which has been put forward to 40 German firms. Under the code, South African workers would enjoy the same rights as their German counterparts. Firms would be required to restore union rights removed under the new Labour Relations Act, to take a stand against emergency legislation, and to pay the wages of detained workers. Under the code, unions and shop stewards would gain a number of rights that are normal in Germany but not in South Africa.

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CHAPTER 10. PEOPLE'S SANCTIONS

Behind all other sanctions are actions by individuals and groups. People's sanctions have pressured, shamed, and forced_TNCs and national governments to take action. And it seems safe to assume that such pressure will continue to be the main motor behind tightening, widening, intensifying, and expanding existing sanctions. And itiis only right that democratic governments should respond to strongly felt popular concerns.

Individuals and groups are very limited in what they can do directly about apartheid, but they still hold significant power. They can help to support the victims of apartheid and the groups which are struggling to end apartheid. (This is not an issue of this report). They can impose their own sanctions. And they are probably most, powerful in putting pressure on others to cut links with South Africa.

As well as imposing useful economic costs on South Africa, people's sanctions have two functions which should never be underestimated. First, by refusing to be associated with apartheid, people bear witness in a practical way to their abhorrence to a unique evil. Second, people throughout the world are showing solidarity with those in South Africa fighting for justice. In these grim times of repression and emergency, that solidarity shines as a beacon, telling the oppressed people of South Africa that they are not alone.

Thus it is particularly useful when people'si sanctions are given wide publicity. Canada, for example, publishes an Anti-Apartheid Register of individuals and organisations who have peacefully demonstrated their opposition to apartheid. The 1988 Nelson Mandela birthday concert was shown on TV throughout the world (except South Africa). -

Bringing pressure to bear

But beacons and witnessing are not enough. It will require effective economic pressure to bring about change, and people' 5 sanctions must be judged in terms of practical results as well.

Individuals and organisations are most powerful as consumers, and most people's sanctions involve not buying South African goods or not buying from firms with South African links. Consumer boycotts against South African goods have occurred in many countries; hundreds of towns, cities, counties, states, and provinces refuse to buy South African goods. These include 23 states and 79 cities in the United States; in Britain more than 70 local councils are involved (although their action may now be illegal), while more than 50 Dutch councils have such bans.

In some instances, trade unions (particularly in ports and distribution) have refused to handle South African goods. Indeed, in Finland trade unions brought about a total end to trade with South Africa before the Government approved such a ban. Pressure has also been brought by both consumers and unions on chains of stores, and in many countries from Japan to Ireland South African goods have been banned from some shops. South African fruit and clothing have been particularly vulnerable to boycotts. South African exporters have noticed that sales to the United States have fallen more than would have been expected due to sanctions. This is said to be because "unofficial sanctions, which are open ended and subjective ... affected mainly goods on which, by law, country of origin must be indicated. Retailers are reluctant yto display these as they are afraid of provoking boycotts or demonstrations." 53

Increasingly, cities and states are refusing to have contracts with firms that still have links with South Africa. This means TNCs being excluded from lucrative local tenders, and it has been one of the most important reasons why some United States firms withdrew from South Africa. In the United States, the Netherlands, and elsewhere some councils give preferential treatment to firms without South African links.

Another important form of action is divestment. More than 70 cities and 21 states in the United States have sold US$ 20 billion in shares held by pensions funds and similar entities in firms with South African links. By now, enough investment funds in the United States have South Africa restrictions that the share prices of firms with South African links must be somewhat depressed, because their market is restricted. This is another form of pressure on management (although it may be less important than the fact that firms with South African links have in recent years performed worse than those without South African links, suggesting that companies which remain in South Africa are worse managed in other ways as well).

Keeping sanctions busters out

Another form of people’ 5 sanctions is making South Africans unwelcome abroad, and restricting those who go to South Africa in violation of embargoes. Many councils bar from local sports grounds and concert halls those who break the sports and cultural boycotts (generally based on the United Nations lists); grants are often denied to those who break boycotts. The city of Hamburg banned South Africa from the city’ 5 annual tourist fair. , Sport is generally administered by nonsgovernment or quasi-government bodies, and they have played a central role in expelling players who go to South Africa and blocking tours by South African teams. The number of rebel tours is steadily declining because people who go on such tours cut themselves off from other international competition. i

, Performers and athletes themselves have played a key role in tightening the boycotts. For example, the widespread support for the 1985 record "I ain't going to play Sun City" sharply cut the number of musicians willing to play there. Sun City is in a Bantustan near Pretoria and had been claimed by some to be acceptable because it was "outside" South Africa; after the record, no one could get away with that argument.

Many international academic and scientific organisations have expelled South Africa, and some ban South Africans (other than those linked to the democratic movement) from attending conferences.

Setting the moral tone

People's sanctions have played the essential role of setting the moral tone. They create a climate of opinion in which it is no longer acceptable to deal with apartheid.

United States business executives talk of the "hassle factor". They become tired of being hassled at board meetings, shareholders meetings, and by friends at cocktail parties; eventually it is easier to get out. Shops stop stocking South African goods because they become tired of protests. But an essential element is not just that they are "tired" of being hassled; rather, the moral arguments carry increasing weight and they see no advantage in supporting apartheid.

Similarly, governments may be reluctant to take action on South Africa, faced with conflicting demands for time and resources. But it is the moral force of people's sanctions which moves apartheid up the agenda, and which is really responsible for most of the government actions described in the preceding Chapters.

PART III:
FRUSTRATING SANCTIONS
CHAPTER 11. CHANGING PATTERHS OF TRADE
Sanctions have significantly cut trade with South Africa, as we showed in Chapter 5. But other countries have moved to partly fill the gap. (Detailed trade tables follow Vthe main report.) The nine industrialised states which have .imposed wide-ranging sanctions have cut their trade with 'South Africa by between one-third (measured in US$) and nearly one-half (measured in SDRs), while those countries which have not imposed significant sanctions have increased their imports from the apartheid state. This is shown in the following table. '
SHIFTING TRADE PATTERNS: 1987 comgared to the 1983-85 average
Imports from SA Exports to SA Net change
1987 change , 1987 change
USS bn
Sanctions 9 2.2 -1.3 -36% . 2.0 -.9 -30% -2.1 -33%
Rest 9.9 2.7 37% 10.3 -.2 -1% 2.5 14%
Monetary gold 7.1 .8 12% .8 12%
Total 19.3 2.2 13% 12.3 -1.0 48% 1.1 4%
SDR bn
Sanctions 9 1.7 -1.6 -49% 1.6 1.2 -44% -2.9 -47%
Rest 7.7 .7 9% 8.0 -2.1 -21% -1.5 -8%
Monetary gold 5.5 -.6 -10% -.6 -10%
Total 14.9 -l.6 -10% 9.5 -3.3 -26% -5.0 -17%
1987 gives the monetary value of 1987 trade
Change gives the monetary difference between 1987 and the average of 1983-85, and the change as a percentage of the 1983-85 average.
The Sanctions Nine are the United States, Denmark, Canada, Finland, Norway, Sweden, France, Australia, and New Zealand. (See Chapter 5)
Based on the tables at the end of this report, and in Vol II.
There has also been a significant regional shift in trade. As the United States, the Nordic states, and some Commonwealth countries reduce trade, some Asian and European

countries are taking their place. West Germany and Japan are now South Africa’s biggest trading partners, with substantially more trade (combined imports and exports) than their 1983-85 average. The increases are so large that they cannot be explained away by changing rates of exchange.
Asia, Taiwan and Hong Kong (and probably South Korea) are also significantly increasing their trade. In Europe, the picture is more complex. Nordic and French total trade is down. But West German trade has increased so much that it is now number one, pushing Britain down to third position. Turkey, Switzerland, Austria, Belgium, Netherlands, Spain, and Portugal all show major increases. It is fashionable to stress the role of Asia in trade with South Africa; but European trade is growing almost as fast -- for example, West Germany increased its trade more than Taiwan, and Spain more than Hong Kong (value of 1987 combined imports and exports compared to the 1983-85 average -- see Table 1.1).
South America is a small but growing market for South Africa, with sales to Brazil, Argentina, and Chile doubling in the past four years. Some African states have also been slipping and were criticised this year by the Organisation of African Unity Liberation Committee for increased links with South Africa.
But we wish to stress that the main emphasis should remain on South Africa’s traditional trading partners -- both the big traders like West Germany and Japan, and the traditional second tier countries like Taiwan and Spain. Their increases in trade over the past four years have been much larger than the trade with new partners.
The changing pattern of regional trade is shown in the next table.

Per cent	1983	1985	1987
Western Europe 8	49 %	53 %	55 %
East Asia 1	21	21	28
North America	21	19	13
Nordic states	3	3	1

8 EC members plus Austria, Switzerland and Turkey.
1 Japan, Taiwan, S. Korea, Singapore, Hong Kong, including re-exports of the latter two.
Table based on combined imports and exports
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Third party trade
Some countries appear to be disguising their trade with South Africa by trading through third parties. This is especially easy with precious metals, where it is difficult to tell the actual country of origin. For example, Japan's imports fell 15 per cent in 1988 (in US$ terms, compared to 1987). But the entire decrease was accounted for by a cut in gold and platinum imports; if these were excluded from both 1987 and 1988 figures, other imports actually rose 6 per cent. Meanwhile, Japan substantially increased its imports of platinum and gold from countries which are themselves major importers of precious metals from South Africa. (See Table 10.5.)

Similarly, some European countries are importing South African coal through third countries. In 1986, Britain reported that it imported only 300,000 tonnes of South African coal, but European statistics show that 1.1 million tonnes of South African coal was shipped to Britain that year via the Netherlands. 54

Taking advantage
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Published statistics show that importers in some countriesihave been taking advantage of sanctions imposed by others, and increasing their trade in sanctioned commodities. French, Danish, and United States coal sanctions should have cut South African sales by 10_million tonnes; instead they fell only 3 million tonnes in 1987. Spain, the Netherlands, Portugal, and Greece all took.advantage of lower South African prices to increase their volume of coal imports.

There is a world surplus of coal, so South Africa cut prices in order to keep its market share. In 1987, its prices fell to less than US$ 20/tonne, which is below the cost of production. Since then, prices have risen somewhat, but South African prices remain as much as US$ 5/tonne lower than those of other countries. This is the discount needed to convince people to buy apartheid coal. (See Robbins, Vol II) Thus a small volume decrease combined with a large price decrease caused a 25 per cent fall in earnings from coal exports in 1987. Prices rose somewhat in 1988, but the apartheid discount remained at US$ 5/tonne.

This 1987 fall in prices benefited importers. But it hurt other coal producing countries, like the United States and.Australia. They were forced to cut their prices as well, even if they need not match South Africa.

This is also happening with iron and steel. The Swiss Government admitted that Swiss imports of South African steel rose five-fold in 1988 because the price of South

African steel was so low because so many traditional buyers had stopped purchases. 55 Turkey, China, 56 Argentina, and others are increasing their imports of South African iv in a limited way, then selling it on to other countries as "Turkish steel" at low prices. A member of the Israeli Knesset (parliament) said that an Israeli firm was "laundering" South African steel; the firm, Iskoor, is 49 per cent owned by the South African parastatal iron and steel company, Iscor.

Such countries are clearly taking advantage of the sanctions imposed by other countries, by purchasing South African materials at prices depressed by sanctions. And those countries are likely to use the cost savings to lower the prices of their manufactured goods on the world market, creating unfair competition.

IncreaSing secrecy is making it harder to detail South African trade. South Africa itself publishes fewer and fewer statistics, precisely to frustrate the sort of analysis which we are undertaking. We have worked primarily from data supplied to the United Nations and other bodies by South Africa’s trading partners. This, however, is limited because some countries -- notably South Korea, certain oil producers, and the socialist states -- do not report their trade with South Africa.

There is significant illicit and misreported trade (discussed in the following chapters). Nevertheless, we believe that less than one fifth of South Africa’s commodity trade is secret -- primarily arms and oil. Indeed, most countries conceal their arms trade, and it is hardly surprising that the oil trade is kept secret. We conclude that reported statistics still give a good picture of trade in the other items being stressed in this report -- minerals (other than gold), agricultural products, and manufactured goods (other than arms).

It is essential to keep a perspective. Sanctions busting should not be overestimated, nor should the diversion of trade to new partners. Publicly acknowledged, official trade by South Africa’s old friends remains much more important. For example, the increase in West German imports of apartheid fruit are probably larger than all of South Africa’s sales of sanctions busting fruit.

CHAPTER 12. ENCOURAGING SOUTH AFRICAN TRADE

A few countries have directly countered the international sanctions campaign with increased support for South Africa. Taiwan has given fulsome and public support to Pretoria. It doubled its trade in 1987, and doubled it again in 1988, making it the fifth most important trading partner following the United States. Taiwan has made more than US$ 100 million in new investments in South Africa, particularly small factories in the Bantustans.

Probably the most important government supporttfor trade with South Africa is trade credits and official export credit guarantees and insurance. (See also South Africa ahd the International Financial System.)

In Britain, the Government is actively promoting trade with South Africa. A headline in the official magazine British Business (December 1987) said, baldly, "Government Support for SA Trade". Trade Minister Alan Clark in November 1987 gave a speech in which he stressed the "exciting opportunities" in South Africa, adding "I hope that British companies will continue to be well represented and to keep winning business from our competitors." Perhaps as a result, British trade with South Africa rose in 1988, after falling in 1986 and 1987.

The British Government is following the precise letter of the Commonwealth ban on "government funding for trade missions to South Africa," but policy is to offer "exporters the normal range of assistance apart from those specifically banned." This includes market reports which promote export opportunities, as well as briefings and other assistance for trade missions falling just short of actual funding in cash.

The British Department of Trade and Industry (DTI) also appears to be getting close to breaking several other sanctions. For example, the DTI has called for British companies to "consider establishing own subsidiaries" in South Africa to take on work in the Mossel Bay gas field. It would seem hard to do this without violating the EC ban on new investment, to which Britain subscribes. Furthermore, the Mossel Bay project is designed solely to bypass the oil embargo.

Helping to sell South African goods

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Not all support for South Africa is so overt, and some even seems unintended and indirect. As sanctions begin to bite and South Africa finds it difficult to sell its products, it increasingly looks to more covert marketing techniques. One technique is to encourage non-South African companies to do the marketing. (This differs from actual sanctions busting, which usually involves illegal action and was discussed in Chapter 7.) In some cases this involves firms selling to third countries South African commodities which are banned in their own country.

As most sanctions so far involve South African exports, and as the market for sales to South Africa remains highly competitive, Pretoria is switching increasingly to barter and counter trade. This means that the seller swaps cars or machinery for South African coal or fruit (barter trade), or the sale is conditional on the seller finding a buyer for the coal or fruit (counter trade). Barter and counter trade are-increasingly common in international trade in general, and some TNCs and banks have set up special departments to do this. In 1988, there were reports of a dozen counter trade deals involving South Africa, and which were worth US$ 80 million. 57

Barter trade is also growing for direct sanctions busting, particularly arms for oil swaps. South Africa also may offer to swap strategic minerals for oil, and push the would-be minerals buyer to break the oil embargo. In some cases firms that want to be involved in the offshore gas project are being asked to find buyers for South African goods. The South African Foreign Trade Organisation (Safto) suggests that counter trade would be a good way to maintain access to foreign technology, perhaps in exchange for South African manufactured goods or tourism deals. 58 Thus, in order to sell to South Africa, foreign firms might actually have to promote tours to South Africa or sell sanctioned goods. a .

South Africa is trying to promote industrialisation to increase self-sufficiency, but its market is small and it tends to be an expensive producer -- even with low wages. As foreign exchange is squeezed, foreign firms may increasingly find themselves having to take manufactured goods in exchange. There are already some in-house swaps between subsidiaries of TNCs; for example, at least one German car maker exchanges car parts with its South African subsidiary.

Another technique is joint marketing. For example, in Europe the Bella Nova label is used for joint marketing of Australian, Chilean, and South African fruit. This directly undercuts consumer boycotts, because it is more difficult to determine the country of origin. Some southern hemisphere countries use South African firms to market their goods in Europe, particularly fruit. Companies in a number of countries are in marketing organisations which include South African firms; for example, some companies in countries that ban the import of South African coal are still in the International Coal Development Institute which includes South African mining companies as members.

Very few countries define sanctions broadly enough to prevent locally registered companies trading in South African goods in third countries or on the high seas, even items like coal or oil which are themselves subject to domestic sanctions. Therefore counter and barter trade and joint marketing are likely to become increasingly important loopholes.

Platinum coins

The success of gold coins produced in cohpetition to Krugerrands has led to the launch of platinum coins by Switzerland, Canada, Australia and other countries. There are also platinum bars, aimed, like the coins, at small investors. Although Canada is a platinum producer and Australia will be, most of the platinum in coins and bars is South African.

After the experience with the Krugerrand, South African producers are encouraging the production of foreign platinum coins and will not produce their own. This is because all the foreign coins boosted the demand for gold, and helped to keep the price up -- benefiting South Africa. 59 Platinum coins will do the same.

South Africa produces 85 per cent of western platinum consumption. Platinum is the one mineral for which South African supply is genuinely strategic, and this is why platinum is generally exempted from proposed sanctions. And platinum is an important catalyst in the chemical industry and for auto exhaust control. However, it is widely predicted that platinum prices will fall sharply in the early 19905 because of increasin production and alternatives for auto emission controls. 6 Promoting platinum coins and jewellery is seen by South African producers as the way of keeping demand high to ensure tight supplies and high prices.

Because coins encourage consumption and thus scarcity, South Africa-is the primary beneficiary of platinum coins, no matter whose platinum actually goes into them. Thus Australian and Canadian platinum coins boost South Africa’s arguments that platinum be exempt from sanctions, and push up the price South Africa earns for its platinum.

CHAPTER 13. BLOCKING AND BYPASSING SANCTIONS

A wide range of actions have been taken by governments and international organisations which reduce the impact and effectiveness of sanctions.

One of the most blatant is the setting of European Community (EC) quotas for fruit imports. DeSpite national bans in Denmark and Ireland and consumer boycotts in several other countries, South Africa retains the same share of the total European market. This means that apples which are not sold in Ireland are simply sold elsewhere in the EC, nullifying the effect of the boycott. The system is a mix of quotas set by the European Commission and of "voluntary" market shares agreed by producers (and mediated by Commission officials). (See Goodison, Vol II) But the effect is that South Africa normally supplies one third of apples imported into the EC. This means that when EC apple imports jumped 70 per cent between 1984 and 1987, South Africa’s sales to the EC jumped by a similar amount. Thus, despite two of the EC member states barring South African fruit, and repeated anti-apartheid declarations at all levels, South Africa has been permitted to substantially increase fruit sales to Europe. Indeed, the increased sales of fruit to Europe are nearly double the value of iron and steel sales lost due to the EC ban on those products.

Hampering people’s sanctions

"People’s sanctions", particularly consumer boycotts and shareholder campaigns, play a central role in mobilising public opinion against the apartheid state. And, because they demonstrate in such a direct way the popular abhorrence of apartheid, they have been an important factor in companies cutting links with South Africa and in governments imposing additional sanctions against South Africa. Not surprisingly, governments and companies that want to continue doing business with apartheid are anxious to restrict people’s sanctions.

The most important way to do this is by restricting information, making it difficult to organise boycotts. Labels are key, and a survey in Britain showed that 27 per cent of people avoid products labelled "Made in South Africa". Sales of South African-made clothing fell by one-third between 1985 and 1987 in Britain, in part due to a campaign by the British Anti Apartheid Movement. But Britain this year (1989) withdrew regulations which require country-of-origin labels on clothing and other non-food products. This is part of a general European change of policy, which will seriously hamper the consumer boycott campaigns against growing imports of South African textiles.

Many countries go to great lengths to allow companies to hide trade with'South Africa, under the general guise of commercial confidentiality. Most countries which subject some South African trade to licencing procedures allow those licences to be kept secret. By contrast, Sweden publishes a list of all exemptions to its sanctions, which has discouraged companies from applying for exemptions.

, In Britain, the Government allows more than 150 firms with politically sensitive subsidiaries, including some in South Africa, to suppress all reference to them in public records. 62 Such companies would thus avoid boycotts, as well as circumventing investment restrictions by ethical investment trusts and some pension funds on owning shares in companies with South African links.

Violations of sanctions against South Africa are sometimes kept secret. For example, Britain has a procedure known as "compounding" under which a firm caught violating customs regulations can admit guilt and receive a secret fine. This has been used at least once to protect a firm which violated the arms embargo.

Local government and trade union boycotts

Among the most successful people's sanctions have been actions by local and provincial governments, education boards, and so on. In the United States, state and city laws prohibiting contracts with firms that dealt with South Africa were the main reason why so many companies withdrew from the apartheid state.

But the Dutch Government last year informed local councils that it is contrary to national policy for them to boycott South African products or refuse to deal with firms, such as Shell, which are active in South Africa. And in Britain, new local government legislation contains a special clause which will prevent local councils from boycotting South African products. These are probably the first actions to protect South Africa against people's sanctions.

Trade union boycotts of South African goods are another form of people's sanctions. In Finland, for example, it was the trade unionists' refusal to handle apartheid products that stopped trade with South Africa and eventually led to a national ban; in Ireland, it was the action of shop workers who refused to handle South African fruit that eventually led the Government to ban apartheid fruit. The United States recognised the importance of trade union participation, and as part of the sanctions against Cuba, imposed in 1962 encouraged the International Longshoreman's Association to ban all ships participating in the-Cuba trade;

this ban played a key role in reducing the number of ships from western countries sailing to Cuba.

Such trade union bans are legal in some countries and illegal in others. In a few cases individual companies have given employees the right to opt out of trade with the apartheid state. British Airways, for example, allows staff to refuse to work on flights to South Africa.

The problem is that trade union and local government boycotts often cut across other types of legislation. Bans on handling South African goods may be seen as prohibited "secondary boycotts" not linked to direct employer-employee issues. Local councils may be restricted from participating in foreign policy issues which are the subject of national government, and may be restricted from imposing "politioal" conditions on contracts for goods and services.

In practice, abhorrence of apartheid is so great that restrictive laws are already being ignored. In Denmark in 1988, building workers stopped work when they realised they were cohstructing a South African consulate. A symbolic penalty was imposed by the Labour Court, but the employers refused to accept the money, and the work stoppage continued. (See Ferguson & Sluiter, Vol II) In Britain, the National Council of Building Material Producers reported that local authorities were continuing to discriminate against firms with Sggth African links, despite new legislation to prevent this.

National policy in virtually all countries is to oppose apartheid, and citizens should therefore be encduraged to do their part. Thus it would make sense to grant special exemptions to deal with anti-apartheid boycotts. Sweden recognised this in 1985 (two years before it imposed its total ban) and passed a special "Act Entitling Municipalities and County Councils to Impose Boycotts Directed at South Africa."

The United States Government’s General Accounting Office recognised the importance of local boycotts: "Our interviews with United States companies that have withdrawn ifrom South Africa) confirm the importance of state and local selective purchasing laws."

How voluntary?

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Another problem is that "voluntary" sanctions are often ignored or interpreted in the most narrow sense. Japan, Canada, and some other countries seem able to make voluntary measures effective. Britain does not. Tourism promotion continues, despite the voluntary ban. Indeed, South Africa was prominent at a major London tourism convention organised with the participation of the Government's own British Tourist Authority. 64

Britain also has a voluntary ban on new investment in South Africa, in keeping with both Commonwealth and EC measures. But the British Anti Apartheid Movement reports that in the two years from September 1986 nine British firms purchased or set up South African companies, clearly ignoring the voluntary ban.

In a number of cases, sanctions have been announced but laws were never introduced to make the sanctions mandatory. These become effectively "voluntary" measures with no enforcement procedures.

Weakening existing sanctions

Finally, actions are being taken which may have the unintended side effect of weakening existing sanctions. For example, the BritiSh Government has no ban on South African coal, but the parastatal Central Electricity Generating Board (CEGB) does. This keeps British imports of apartheid coal relatively small. But electricity supply is being privatised, which could mean an end to the CEGB ban; two ports are now under construction to allow the import of up to 15 million tonnes of coal a year -- much of it likely to be South African. South African firms have also shown an interest in coal mining in Britain.

In Europe, a serious problem may arise in 1992, when many internal barriers are removed between countries within the EC. Goods imported from South Africa into one EC country will have unrestricted access to the rest of the EC. This could make it virtually impossible for individual countries to impose additional sanctions on their own, and it will be hard for Denmark to maintain its total boycott. The issue is not settled, however, and Denmark's strong moral stand and past practical actions does give it some leverage in EC negotiations. So Denmark may be able to press for tighter EC-wide sanctions, or for the right to maintain'its boycott of South African goods. .

CHAPTER 14. THE ROLE OF SOUTH AFRICAN-OWNED COMPANIES

Two bitterly contested take-over bids in 1988 brought to the public attention the role of South African firms abroad. Minorco (owned by Anglo American Corporation of South Africa) attempted to take over Consolidated Goldfields. Liberty Life tried to take a more dominant role in the operation of Sun Life. Liberty and Anglo are two South African-based TNCs, while ConsGold and SunLife are British registered.

Those bids only marked the acceleration of a process that has been going on for several years, and involves two other South African TNCs -- Rembrandt and Barlow Rand -- as well as several smaller firms, notably Altech and Plateglass. (See Lewis, Vol 111

In part, these moves reflect the natural international expansion of large TNCs. But there are three other factors specific to South Africa. First and probably foremost, these companies have been leading the flight and reducing their presence in South Africa. South African companies saw the writing on the wall long before foreign firms did, and used the brief period from 1983 to 1985 when it was possible to take money out of South Africa to set up bases abroad. The Minorco bid for ConsGold shows how priorities have changed. Anglo is offering more than US$ 3 billion in cash to ConsGold shareholders. If that money were invested in South Africa instead, it would make a major ’ contribution toward easing the economic difficulties of the apartheid state and remove some of the pressure of the debt crlSlS.

Second, South African firms are trying to set up non-South African bases and identities, to avoid sanctions and the stigma related to South African firms. Several have important British links: Barlow Rand owns J Bibby, Liberty Life owns the Capital and Counties property company and Transatlantic Holdings, while Anglo controls Charter Consolidated and other British firms. But the big South African firms prefer companies registered in Switzerland, Luxembourg, or offshore islands. It is striking that the controversy surrounding the Minorco bid for ConsGold has not rubbed off on other South African-owned firms, which have been able to act with impunity as if they were European.

Third, they are setting up sanctions busting channels. Despite its rigid exchange controls, the South African Reserve Bank will still authorise outward investment for this purpose. 65

Thus South African companies are betting on both sides -- setting up sanctions busting channels to prop up the regime, while getting out as much as they can in case it all collapses.

Major foreign investors

South African TNCs have become major foreign investors. In 1986 there was more than USS 5 billion invested in Europe and US$ 4 billion in Northaand South America, according to the South African Reserve Bank.

Anglo is the biggest foreign investor. Its offshore subsidiary Minorco (first based in Bermuda, and more recently in Luxembourg) has become one of the major foreign investors in the United States and is expanding in Europe. Minorco’s ConsGold takeover proposal involved the sale of all of ConsGold’s South African assets, and thus was’designed precisely to broaden Anglo’s base outside South Africa.

As well as controlling the world diamond trade (through De Beers), Anglo also plays a major role in world platinum and gold production, with interests in the United States, Australia, Brazil, and elsewhere. And it has a significant role in oil exploration in Britain, Canada, and Indonesia -- despite the oil embargo. It is also involved in commodity trading, which is of strategic interest to South Africa. Finally, Anglo is involved in a wide range of industries, including railway and mining equipment.

Gencor, South Africa’s second largest mining house, works through a Luxembourg company and has interests in North Sea oil,_internationa1 metals dealing, and Brazilian gold.

Rembrandt, the flagship of Afrikaner capitalism and the owner of 70 companies in 30 countries, controls famous brand names like Rothmans, Dunhill, Cartier, and Piaget. In 1988 it set up companies in Switzerland and Luxembourg to take over its non-South African assets. Anglo, Liberty, and Rembrandt all cooperate, and have a number of shared holdings both inside and outside South Africa.

Sanctions busting

In 1986, one of South Africa’s main electronics and telecommunications firms, Allied Technology (Altron and its subsidiary Altech), said its primary technology development goal was to "reduce ... vulnerability to sanctions". 6 In 1988 Altron took over the British Telemetrix computer company, which it holds through a Channel Islands company. Then it sold its interests in two other European companies and the United States electronic company

GTI to Telemetrix. Thus these firms all seem like normal British-owned companies.

Altron has taken over the South African assets of a number of firms which have been reducing their interests in South Africa, including Motorola, STC, Rank Xerox, and Asea. A11 agreed to continue manufacturing licences and to supply products as before (although pressure in the United States has forced Motorola to reconsider its position). In 1988 Altron signed an agreement with a major Taiwanese computer and electronics company.

In a similar move, the British subsidiary of Barlow Rand bought a United States laser maker, Melles Griot.

South African-based TNCs can do sanctions busting through international intra-company trading, where a subsidiary in one country sells toia sister cbmpany in another. This is difficult for any government to control. Technology can be transferred back to South Africa within the company. Furthermore, the South African TNC's heavy involvement in international minerals production and marketing will make sanctions busting much easier, both through market manipulation and by concealing the South African origin of minerals.

Iscor, the South African parastatal iron and steel company, works in both directions. Through a Swiss company it owns 49 per cent of the Israeli steel-maker Iskoor. Iskoor provides armour plating for South African tanks, and it markets South African steel. 67

The South African firm Plateglass was caught by the EC dumping South African-made mirrors; they were sold through its British subsidiary at one-third less than their price in South Africa.

In fact, many firms can play two games at the same time. As well as doing sanctions busting, they also use transfer pricing to move money out of South Africa -- the foreign firm can overcharge for goods they sell to the South African parent, or fail to pay for things they buy from the parent. One estimate is that such transfer pricing is costing South Africa "billions of rands" every year. 68

Enforcing the contract ban

The Commonwealth Heads of Government Meeting in London in August 1986 recognised the danger of South African-owned firms. With the exception of Britain, they agreed to "a ban on government contracts with majority-owned South African companies" and to "a ban on all new bank loans to South Africa, whether to the public or private sectors". South

African-owned firms are also included in many local buying restrictions in the United States and elsewhere.

There are, however, two serious problems. One is that the long chains and complex linkages of company ownership make it ever harder to pin down the overall South African ownership. For example, at least four different Anglo firms have shares in Minorco; together they are more than 70 per cent of shares, but no single one is over 40 per cent. Luxembourg is often chosen for registration precisely because ultimate ownership can be concealed.

The other is that Anglo has become highly skilled at controlling firms while retaining a direct ownership of less than 40 per.cent, so that the firms are not considered "majority-owned".

These became central issues in the Anglo bid for control of ConsGold. Minorco is technically European, not South African, because it is based in Luxembourg and its assets are outside South Africa. Based on this, the Canadian Government said that a loan to help Minorco finance the takeover did not violate the ban.

Canada has since tightened up its regulations. But the deal was only raised because Anglo control of Minorco is so well known.

PART IV:
VULNERABILITY AND SANCTIONS POTENTIAL

South Africa is an ideal target for trade sanctions, because it is such an open economy with a high degree of commercial and financial integration with the western industrialised countries. South Africa's trade in J goods and services is equivalent to between half and two-thirds of gross domestic product (GDP). This is a high figure, which has changed little despite the Government's protectionist policies. Indeed, as we show later, attempts to decrease vulnerability have actually increased trade dependence and vulnerability.

It is useful to look at areas where South Africa is most vulnerable to trade sanctions, and thus areas where it might be most effective to widen, tighten, and intensify sanctions. Vulnerability should be seen in two ways: 1) ease of applying sanctions, and 2) impact of sanctions if applied.

- Several general studies of sanctions point out that it is more effective to target a country's exports than its imports. This is because the competition for export markets is so intense, world-wide, and exporters are fighting each other for market share. This normally gives the importing country the upper hand in controlling trade. Thus, it is relatively easy for a country to refuse to buy South African goods, and know that other countries will be anxious to supply instead. In contrast, if a country refuses to sell to South Africa, other suppliers may be less scrupulous.

South African exports

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South Africa's bulk exports are particularly vulnerable to sanctions, in both senses (impact and ease of application). There is a world oversupply of coal, most metals, steel, and fruit; alternative suppliers are ready and waiting. Because of this surplus, South Africa will not easily find alternative buyers.

Furthermore, enforcement is also much easier because bulk commodities are shipped in large volumes and are difficult to disguise. It is possible to fly out millions of dollars worth of diamonds or platinum, but coal is shipped in bulk carriers which are very hard to hide. Shipping movements can be followed by satellite and port reports. It is possible to use chemical analysis to determine the country of origin of crude minerals; South African coal contains an identifiable mix of trace elements such as silicon, potassium, and aluminium. Finally, it is much easier to require and confirm certificates of origin for entire shiploads of commodities. Thus sanctions busting is hard for bulk commodities.

Mineral dependence on South Africa has been the subject of years of disinformation. (This is discussed in detail in Robbins, Vol II.) The key point is that most of South Africa's mineral exports could be replaced immediately, or very quickly. No one need be dependent on South Africa for coal, iron ore, base metals (copper, lead, tin, zinc, nickel, and aluminium), uranium, and non-metallic minerals (stone, asbestos, etc). Because of world surpluses, finding alternative suppliers for these minerals would impose little or no cost penalties. It is ludicrous and immoral, if ' appropriate, that South Africa is able to export tens of millions of dollars each year of tombstones.

Much is made of so-called "strategic minerals", which are important on military and economic grounds, and for which there is a significant dependence on South Africa. These are usually defined as platinum and steel additives, sometimes with titanium, antimony, and andalusite included. The steel additives are chromium, manganese, and vanadium, plus their compounds and ferro-alloys (ferrochromium, ferromanganese, and ferrovanadium); these provide various special properties to stainless and hardened steels. The steel additives, titanium, and antimony account for 5 per cent of South African exports. According to studies by the United States Bureau of Mines and others, alternative supplies are available, but sometimes only at a higher price. Andalusite is a refractory (used in furnaces); it could be replaced but as South African exports of andalusite are only US$ 5 million per year, it could also be exempted from initial bans on non-metallic minerals. Because of likely world price increases if sanctions were imposed on steel additives, titanium, antimony, and andalusite, there would be a temptation for importing countries to break sanctions. Thus South Africa is less vulnerable on these.

Platinum is a special case. It is a very important catalyst used in the chemical industry and for car exhaust controls. More than 80 per cent of western world supplies come from South Africa. It would be possible to do without South African platinum, but it would be very difficult and expensive. 69 If platinum were subject to sanction, South Africa would surely smuggle large quantities of it, and the price would be so much higher than at present that South Africa would probably earn more from sanctioned than un-sanctioned platinum. Thus a sanction would not be useful. Instead,.it makes more sense to ensure that platinum remains available for strategic uses and that the price stays low.

Uranium is sometimes thought to be "strategic", but is in fact highly vulnerable to sanctions. South Africa produces 13 per cent Cf the non-communist world’s uranium, and is second to Canada, which is by far the biggest producer. Because nuclear electricity generation has expanded less rapidly than expected, there is a world oversupply.and large stockpiles; prices are depressed. Cutting off South African uranium would not create shortages.

After uranium is mined, it passes through four processing stages. First, the ore is made into uranium oxide powder (yellowcake). Second, the uranium oxide is converted to uranium hexafluoride gas, which is stored in large drums. Third; the gas is enriched. Finally, it is converted to fuel rods for use in nuclear reactors.

The first stage is relatively simple; it is done in South Africa, which exports yellowcake. The next two stages are done on a commercial basis in only a limited number of places:

Oxide to hexaflucride Enrichment Sanction?
United States United States partial
Soviet Union Soviet Union yes
Canada yes
United Kingdom United Kingdom no
France France " no
Netherlands - no
West Germany . not
.Japan (under devel) partial

Three of the five countries which can make hexafluoride will not import and process South African uranium, either for their own use or for other countries. This is important, becaUse it is normal practice for countries which do not have processing facilities to buy yellowcake and then have it processed by a country with appropriate facilities. Unfortunately, France and Britain continue to process South African uranium. A total ban on South African uranium could be obtained if these two stopped processing it.

The United States ban on uranium covers ore and oxide, and is thus interpreted to permit the import of uranium hexafluoride. Consequently, South African yellowcake is now being sent elsewhere to be transformed into hexafluoride, and sold to the United States in that form.

Priority export targets
The following commodities account for 32 per cent of South African exports: agricultural products, iron and steel, iron ore, base metals, uranium, and coal and other non-metallic minerals. South Africa is doubly vulnerable for these commodities, because as bulk commodities they are easier to control, and because as world surplus commodities, there are few alternative markets. Therefore they should be the priority targets in any sanctions campaign.

Other manufactured goods (other than arms), including chemicals and petroleum products, account for another 5 per cent of South African exports. These are also vulnerable to sanctions. Although South Africa produces sophisticated equipment in a few areas, such as mining machinery, most of its exports are textiles and other simple manufactures typical of any newly industrialising country (NIC). For example, its refineries are old fashioned and produce excesses of some waxes and fuel oils that South Africa does not need, so it exports them. For nearly all chemicals and other manufactured goods, there are many alternative suppliers. Consumer goods such as clothing are normally labelled and thus subject to consumer boycotts.

Thus 37 per cent of South Afrioa’s identified exports are highly vulnerable to sanctions, and could be cut off. a

Steel additives and ferro- -alloys account for 5 per cent of exports, and should only be targeted later. Some advance planning would be required, and this should include support to SADCC states to expand alternative production of these minerals. (Jourdan, Vol II)

Gold is high-value, low-volume, and easy to smuggle. But gold represents nearly half of South Africa’s earnings, and a successful sanction against South African gold would have a massive impact. The pro-sanctions World Gold Commission was formed last year, and it has proposed a promising market-linked ban and other strategies which deserve further investigation. (See World Gold Commission, Vol I11

The remaining two high-value, low-volume commodities, platinum and diamonds, account for 11 per cent of South African export earnings -- much less than gold. As they are so easy to smuggle, it would be a waste of effort to try to control them, at least in the early stages of a sanctions programme. South Africa is not vulnerable on these.

South African imports -- looking for choke points
The big advantage of sanctions on bulk commodities is that each country which imposes its own measures cuts South African exports -- every individual sanction bites. This is not true with the goods South Africa buys, because there are often sellers willing to take part in sanctions busting -- for a price. Therefore, South African imports will be most vulnerable to sanctions if one of two conditions is satisfied: either 1) there is a broad international . consensus, as with arms and oil, so that there are relatively few rogue suppliers, or 2) there are relatively few producers of key items and they could agree among themselves to refuse to supply.

In both cases, the existing supply limitations mean it should be possible to identify weak points where particular South African imports could be stopped or sharply reduced. Oil remains the best example; with no oil supplies of its own, it has always been obvious that South Africa is vulnerable to oil sanctions. 011- from- -coal plants and substantial oil stockpiles have reduced South Africa’s vulnerability. But the cost to South Africa of an effective oil embargo would still be enormous, because South Africa remains dependent on imports for two-thirds of its requirements.

Countries which are committed to the oil embargo could impose tighter rules on their own companies, and put pressure on the remaining oil suppliers to do likewise. One action would be to extend the already common requirement for "discharge certificates" which show where oil is unloaded, to try to ensure that oil is not delivered to South Africa.

The biggest loophole at the moment, and most vulnerable point in the chain for possible action, relates to transport of oil. Some countries, notably the Nordic states, prohibit their ships from carrying oil to South Africa. But many countries which formally abide by the oil embargo do not limit the role of their shipping companies.

The five major oil companies in South Africa (Shell, BP, Mobil, Caltex, and Total) are key to both the oil and coal trades. They would be highly vulnerable to any regulations which forced them to choose between their business in South Africa and that elsewhere. Without them, South Africa could still obtain its oil, but with more difficulty and at a higher price.

Blockade?
Critics of sanctions sometimes argue that comprehensive sanctions would be unenforceable because they

Would require a naval blockade from Walvis Bay around the Cape to Maputo. This, they claim, is patently impossible. In fact, both statements are wrong -- a blockade is feasible, but not necessary to enforce sanctions.

One of the successes of the arms embargo is that South Africa has been forced to run down its navy. It now has very little deep water capacity, and is largely dependent on Israeli fast patrol boats that must remain near the coast.

At the same time, the cargoes that a blockade would need to stop -- oil coming in and minerals and agricultural products going out -- are all bulk cargoes carried in large ships. It would not need a very extensive naval blockade to turn back those ships. South Africa could only survive the cut-off of all bulk cargoes for a few months.

i But that also points to the reason why a blockade is not needed. Bulk carriers and normal commercial freighters are large enough to be identified on satellite photos and by other reconnaissance techniques. Security and intelligence services around the world could monitor South African shipping, and probably already do. If the world was serious about sanctions, pressure could be applied at the non-South African end. If just one bulk carrier of South African coal was identified and banned, so that no port would accept it, it would be forced to stay at sea, like the ships loaded with unacceptable toxic waste. After that, few shipping companies would run the risk. Similarly, if pressure was put on the Gulf oil producers, supplies would dry up soon enough.

Thus a naval blockade is possible and even practical, but political action would have the same effect.

CHAPTER 16. TECHNOLOGY AND SKILLS

White leaders in South Africa often claim that South Africa is sufficiently industrialised that if sanctions were imposed, it could become self-sufficient. Indeed, some business people advocate autarky as a way of stimulating flagging industrial production.

This is nonsense for two different reasons. First, South Affica is much too small a market for modern industrial production -- even more so because under apartheid the earnings of the great majority of the population are so small that they are outside the market for most goods.

Second, as a typical NIC, South Africa has already passed through the simple import substitution phase of industrialisation -- backed by a wall of high protective tariffs.

Despite its pretensions, South Africa is not a major industrial power. It is a middle-size, middle-income NIC similar to Algeria and Argentina. Like most developing countries, its exports are raw materials and its imports are machinery and manufactured goods. This means it is highly vulnerable to cuts in its supply of manufactures.

Manufactured imports

South Africa has made major efforts in the past decade to reduce its vulnerability to sanctions by increasing its local manufacturing capacity. The result is somewhat ironic -- many things are produced in South Africa which were imported a decade ago, but import dependence has not decreased.

First, this is because all sophisticated manufactured goods still contain imported components. The position is demonstrated clearly by South Africa's automobile industry. Under tight government regulations, all cars must have two-thirds local content, measured by weight. 70 But a South African Government study published last year admitted that the cheapest and heaviest components are made locally to satisfy the rule, so that by value the local content is only 37 per cent for passenger cars. And even at this low content, the study found that South African cars are more expensive than if more components were imported. 71 Japan's biggest export to South Africa is cars, vehicles, and parts (US$ 985 million in 1987). This is such a large volume that if sanctions were imposed, enough parts could not be smuggled, and car production would be hit.

Second, most machinery is still imported. And the more sophisticated nature of South African industry actually makes it much more vulnerable than Southern Rhodesia was two decades ago. It will not be possible to make spare parts in machine shops and hold equipment together with string, as happened in Rhodesia's less sophisticated industries. South Africa will remain dependent on the outside for spares and servicing.

By now, almost anything which South Africa once imported and which could be easily and profitably produced locally, is already being produced locally. Significant further import substitution, and any major move to increase self-sufficiency, will be difficult and costly.

How technology is transferred

Technology is not just physical machinery. It is also incorporated in production processes and_products, and includes knowledge as well as documents and physical objects. Thus control of the transfer of technology can be successful only if a comprehensive approach is taken.

.There are five different mechanisms for technology transfer:

direct foreign investment;
licencing agreements:
purchase of equipment;
purchase of knowhow and blueprints; and
through skilled people.

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Thus when TNCs like Ford and IBM withdrew, they were able to maintain a continuity of their market by establishing sourcing agreements with the nominally independent South African firms. The investment ended, but the other four mechanisms continued.

Reducing vulnerability is vulnerable

The very process of reducing vulnerability to sanctions is, itself, constrained by sanctions and vulnerable to further sanctions. This is because any further import substitution will require imported machinery, computers, and other technology. This is vulnerable to sanctions in three ways. First, the sales of machinery and spare parts could be halted. Second, continued financial and other economic sanctions will make it difficult to find the money to buy foreign technology. Third, South Africa needs skilled people from abroad. .

South Africa is particularly vulnerable to sanctions which would deprive it of the equipment it needs for modernisation. This includes computers and sophisticated machine tools. But there is some urgency, as South Africa rushes to beat sanctions. For example, in June 1988, Volkswagen announced that it is to build in South Africa a USS 18 million plant to make machine tools for its car production. VW South Africa says it now relies on Japanese and European manufacturers for 70 per cent of the machine tools it needs, but that by the end of the century this new facility will make it independent of machine tool imports.

This is already an area of sanctions busting. For example, a British company was caught in 1985 trying to smuggle computer controlled milling equipment to a South African arms manufacturer.

Computer-numerically-controlled (CNC) machine tools, robots, and other elements of factory automation would also make a good target because such equipment is normally labour- -saving. Thus a ban on automation technology would directly benefit black workers by reducing the number who are thrown out of jobs by automation.

Although South Africa, like many other countries, assembles computers, it has no real indigenous computer industry, and will be unable to develop one in the short term. Local manufacture meets only 25 per cent (in value terms) of South Africa’ s electronics needs. David Jacobson, a former vice president of South Africa’ 5 Council for Scientific and Industrial Research, notes that "even if we design and construct our own hardware in South Africa, the international umbilical cord of component and special material supply cannot be shaken off. "

Arms and oil

Because of the arms embargo, South Africa has developed an impressive local arms industry. Nevertheless, few South African weapons are genuinely indigenous; all depend on plans, tools, components, and expertise from abroad. Some of this is smuggled. Others are imported as civilian or "dual use" equipment which can be used to make weapons as well as civilian hardware.

South Africa also produces some of its own oil from coal, and is developing the Mossel Bay gas field for fuel production. (See Woldendorp, Vol II) But this requires foreign expertise. The offshore exploration has been done by Norwegian and British companies with North Sea experience, as well as by other European firms. Similarly, around 70 per cent of the technology to bring the gas ashore will be foreign, including well drilling equipment, platforms, pipelaying, and pipeline control systems. "This is one of the areas which has been identified as vulnerable to sanctions," admits Mossgas director of projects Ken Graham. 72

It was concern about precisely this issue that led the Commonwealth Committee of Foreign Ministers on Southern Africa (CFMSA) in Toronto last year to invite governments to consider adopting measures "to prohibit technology transfer that is designed to enable South Africa to circumvent existing sanctions, particularly in the areas of arms, oil, and computers."

Other import "choke" points

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As already noted, it will be difficult to block sales to South Africa of many items because of the competition for export markets. Many countries assemble advanced technology devices of various sorts, and some will sell to Pretoria. For example, South Africa is increasingly turning to Taiwan for its computers.

Nevertheless, sanctions can still have an impact, because many producers of advanced technology equipment are themselves dependent on specialised technology that is available from only a few manufacturers. Most-personal and small business computers are based on microprocessor chips which are made in the United States, Japan, Germany, and France. Manufacturers who bought such chips could be required to guarantee that they would not be used in computers to be sold to South Africa. Similar restrictions would have to be imposed on the sale and licensing of chip-making technology. Experience with the CoCom (Coordinating Committee for Multilateral Export Controls) regulations shows that such rules can be enforced, where the will exists.

Similarly, many countries manufacture CNC machine tools. But they incorporate control devices made mainly in Japan, West Germany, United States, Italy, and Norway. It is highly likely, for example, that the new Volkswagen machine tool plant will still use imported control devices. Thus South Africa would be vulnerable to restrictions placed on the sale of the control devices.

The skills squeeze

Every modernising country needs a growing corps of skilled people. If South Africa is serious about creating a siege economy which can withstand sanctions, it will need many more skilled people. Cut off from outside technology, it would be forced, in effect, to keep "reinventing the wheel". That will require a lot of scientists, engineers, and - technicians. But the apartheid education system means that South Africa will remain far short of the skilled people it needs, even without sanctions. This is one of the most important reasons for South Africa’s relatively low industrial productivity, and for the failure of its attempt at export led industrialisation. Thus the shortage of skilled people may prove to be South Africa’s weakest point in any fight against sanctions. (See Swainson, Vol II)

For many years, higher education and advanced training have been reserved for whites. This never provided enough skilled people, and 25 to 40 per cent of the annual requirement for new higher and middle level skilled people was met by white immigrants. One million Europeans and former colonists emigrated to South Africa between 1945 and 1977.

Following the Soweto uprising in 1976, there was a net emigration in 1977 and 1978, but immigration returned to the old levels by 1982. In 1985 Barclays tried to recruit 150 white British computer staff for South Africa, promising double their British salaries and "a lifestyle of your dreams". But the uprisings and sanctions of 1985 made South Africa seem less appealing: in 1985-87 there was again a net emigration.

The skills crisis has been clear to business for some years, and is largely responsible for business pressure to end job reservation and improve black education and training. This has had a limited effect: black people-were 23 per cent of students in tertiary education in 1975, but this had only risen to 37 per cent by 1986. In 1975 only 13 of 908 graduating engineers were black; by 1985 it was 66 out of 1542. Since South Africa needs 3000 engineers a year, the gap remains massive and the continued failures of the apartheid education system are obvious.

The Financial Mail admitted that "the shortage of skills in the information technology is reaching chronic proportions." 73 In electronics so many people are underqualified that production standards are falling. The National Manpower Commission in 1987 warned that "the management corps has shrunk too low to cope properly with the mobilisation of resources and productivity." This hardly bodes well for any attempts to build a self-sufficient siege economy.

The brain drain

As well as the decrease in immigrants, the post-1976 period has seen a substantial increase in South African emigrants. (See Swainson, Vol II) They are the most skilled, because they can more easily obtain jobs in other countries. Teachers, doctors, engineers, and accountants are leaving in high numbers. Nearly 10 per cent of top computer people leave each year. 74

Many emigrants are newly trained men who flee to avoid conscription. The change in South African law in 1984 which extended conscription to foreign nationals accelerated the exodus. And it seems likely that many who have other passports do not register as emigrants, and thus emigration is greater than the statistics show.

Filling the gap from abroad

The failure to make significant improvements in black education means that South Africa is still looking abroad for skilled people. But immigration is down and TNCs are finding staff reluctant to go to the apartheid state.

The "Big Eight" international accounting firms used to send lOO accountants a year to South Africa on two or three-year contracts, but that has ended. They still try to second staff from overseas offices, but one official admitted "it’s unusual that they’ll stay for longer than three months." 75

Increasingly, skilled people will only go to South Africa on flying visits -- as trouble shooters, consultants, seconded experts, and equipment servicing staff. Many will be sent by TNCs to present or former subsidiaries, or as part of licensing agreements or service contracts. Most engineers who go to South Africa are now recruited by TNCs and redeployed by those firms, or recruited for particular tasks via specialist journals. Foreign contractors on big projects like Mossgas will also bring their own skilled staff with them.

packages, it should be possible to impose sanctions with some degree of success. For example, bans on the sale of computers to South Africa could be extended to also ban firms sending people to service or work on computers already in South Africa.

Hoist on its own petard

_ South Africa’s industrial policy is in a state of confusion. On the one hand, a Government anxious to gain support and funding for its "repressive reform" policy is advocating liberalisation of the economy, including reductions in local content requirements. This is also being encouraged to make industry more efficient and competitive, and to spur exports. At the same time, the Government is trying to prepare for a siege economy with higher local content and thus less efficiency and reduced international competitiveness. Capital that should go to modernising industry instead goes to defending apartheid and preparing for sanctions, as well as buying firms from withdrawing TNCs instead of building new factories. The result is confusion, and an increasing dependence on imports, especially of technology that can be cut off by sanctions.

Meanwhile, the apartheid education system has created a skills shortage that makes any industrial policy unworkable. So scarce imported skills become even more vital. Thus apartheid has created a special vulnerability to technology transfer sanctions.

CHAPTER 17. HOW MUCH PRESSURE IS NEEDED?

The preceding two Chapters have shown that South Africa is highly vulnerable to sanctions. Yet it is also clear that the sanctions imposed so far have not been enough -- they have helped to push the white regime to the negotiating table over Angola and Namibia, but not over ending apartheid within South Africa itself. Earlier, we quoted Archbishop Hurley’s assessment that "much stronger pressure is required -- pressure that will cause real discomfort to the white minority to make it realise that it cannot continue" with apartheid. In this Chapter we try to make some estimate of what would be needed to cause that "real discomfort".

This requires a more detailed look at the South African economy and at South Africa’s debt problem and its 1985 debt freeze. Ironically, the problem dates back partly to the 1980 gold boom, when the gold price touched US$ 800/oz. South Africa assumed that this would reverse the economic decline, and it borrowed heavily abroad. In part, this money was to pay for major electrification schemes, nuclear power, and Sasol oil-from-coal plants which were needed to reduce the impact of the oil embargo.

In the 19705, some banks had already stopped lending to South Africa, and in the early 19805 more became worried. Debts were still rolled over, but for ever shorter periods. By 1985, the debt was US$ 24 billion, which is not large for a country of South Africa’s size; but 60 per cent was due to be repaid in less than a year -- an unusually large percentage. In mid-1985, the Government declared its state of emergency. The stock market collapsed and the Rand fell. United States banks, faced with growing anti-apartheid pressure and led by Chase Manhattan, refused to roll over (renew) the loans any more.

South Africa froze payments and demanded renegotiation of US$ 14 billion of short term debts to international banks. It said it would continue to repay the other US$ 10 billion "outside the net" of the freeze, which consisted of government guaranteed trade credits, bond issues, and a debt to the International Monetary Fund (IMF). ISee South Africa and the International Financial System for more detail.)

In 1986 South Africa negotiated a one year agreement with the banks (the "Leutwiler Accord") and in 1987 a three year agreement (the "Stals Accord"). The Leutwiler Accord came only after President Botha announced a series of "reforms," including partial abolition of the pass laws, on 31 January 1986. This was at a time when various sanctions packages were being imposed, and these "reforms" seemed designed, at least in part, to meet the banks’ demands for tangible evidence of change before they agreed to any rescheduling. The banks, in turn, were looking over their shoulders at their governments and anti-apartheid activists.

The Stals Accord a year later came when general sanctions pressure was easing. Both inside and outside South Africa this was considered generous, both politically and financially. South Africa's repayments were to be a 'relatively small portion of exports, and Finance Minister Barend du Plessis said that "not one political demand was made" during the negotiation. 75 The banks agreed to accept slightly higher interest payments with just US$ 1.4 billion of capital repayments over three years. This represented only 10 per cent of debt which had largely been due in 1985 and 1986.

This agreement expires on 30 June 1990, at which point an estimated US$ 9 billion will technically be due. 77 Negotiations during late 1989 and early 1990 between the banks and the South African Government will decide both the repayment terms and the time scale. These will be influenced mostly by political considerations, but also by the banks' assessment of South Africa's ability to pay. Ironically, if they feel South Africa will be able to pay with little difficulty, they are likely to give easier terms, because some banks may want to renew lending to the apartheid state.

The three-year rescheduling of the Stals Accord was widely seen as giving South Africa a breathing space -- as "taking the sting out of the most damaging sanctions yet." 78 The CFMSA specifically called on banks "to press for rescheduling arrangements which do not extend beyond one year at a time". This would clearly increase the political pressure on South Africa.

The 1990-91 debt bulge

What makes 1990-91 a critical period for South Africa, however, is not just the renegotiation of the main US$ 9 billion debt. There is also a bunching of nearly US$ 3 billion in debts "outside the net" which are due in 1990 and 1991. These are largely bonds issued by parastatals like Escom which were purchased in 1980-83 (during and just after the gold price boom) and which have a maturity of 7-10 years.

Some kind of rescheduling of the US$ 9 billion frozen debt is likely, but its terms could require more repayments than the Stals Accord. And the US$ 3 billion in bonds cannot be rescheduled. So if banks are less helpful in the 1990 rescheduling than in 1987, South Africa could easily see its repayments double or triple.

The crisis will probably be made much worse by the lower gold price, which is forecast to remain well below is

1987 peak. The South African-dominated World Gold Council admitted in an internal paper that "the critical issue facing the World Gold Council is the increasing supply of newly minted gold to the market and the consequent demand shortfall that is anticipated." 79 Following the 1980 price boom, many countries started work on new mines that-began production in the mid-19805. Central banks also realised that it made more sense to sell gold on a rising price. Thus in 1987, for the first time, gold did not rise after a stock market crash. Prices have declined since then, and many analysts predict that oversupply could keep prices down at least through the. 1990-91 debt crisis period. They predict that the gold prices will remain below US$ 400/02, and might go below US$ 350. Thus Pretoria will have US$ 1 to 2 billion less each year with which to repay its debts. Interestingly, the 1985 debt crisis came just at a time of a low gold priCe.

Finally, many financial commentators noted that some of the economic effects of the 1985-86 sanctions only began to show in 1987-88, when the economy seemed to be recovering because of a higher gold price. In the first half of 1988 a higher rate_of economic growth triggered an unsustainable import boom not matched by export growth. Reserves fell and a balance of payments crisis loomed, forcing the Government to adopt deflationary measures including import surcharges of up to 60 per cent -- cutting off the economic recovery.

The high cost of apartheid

The debt bulge comes at a time when the gold price is lower and the economy is already weakened by sanctions and its own failings. GDP per capita has been falling since 1975, and especially since 1981. In the 19805, per capita GDP has been falling at 2 per cent per year. 80 In other words, the average South African is 15 per cent poorer today than at the beginning of the decade.

The Governor of the Reserve Bank, Gerhard de Kock, admits that there are "underlying unfavourable trends in the South African economy" and that things were not worse in the late 19705 only because the high gold price provided what he called "windfall gains". 31

The stagnation of the South African economy since 1980 is mainly attributable to the inefficiencies of apartheid, and to the actual cost of maintaining white rule, particularly the huge expenses of the military, police, and apartheid bureaucracy. South African industrialists acknowledge this by being unwilling to invest in their own country. Productive industrial investment has not kept up with depreciation’ industrial production today is lower than it was in 1981. 8& Professor Jan Lombard, then vice president of the Reserve Bank, noted that "the stagnation of the industrial sector is totally of our own making. This gives the impression that our country's people are dismantling the South African economy of their own accord." 83

Sanctions do impose an important extra strain on the economy, and further increase the cost of maintaining apartheid. But the sanctions imposed so far are too limited to account for such a large fall in per capita GDP. Indeed, those who fear that sanctions will "wreck" a functioning economy ignore the reality that white rule is already destroying that economy. Sanctions represent the only way to force the essential political changes that will halt the downward economic spiral that is already under way.

What view will the banks take?

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South Africa enters 1990-91 facing a profound apartheid-induced economic crisis. How it weathers that crisis depends on two groups of actors __ international banks and the governments of the industrialised countries. They can use the crisis to apply pressure and force negotiations to end apartheid, or they can provide Pretoria with a lifeline that allows it to restructure and maintain apartheid.

The response of the two groups is intertwined. International banks are concerned to maximise their profits and protect their loans, but their judgement will be based on a political assessment. If no significant further sanctions seem likely, they will conclude that South Africa is to be protected from sanctions. They will feel that the international community has given its stamp of approval to repressive reform, and that economic pressure has been lifted from South Africa. Thus it will seem reasonable to return to business as usual with the apartheid state.

. The South African Government hopes this will happen. South African bankers and high-level government officials are devoting considerable resources to maintaining personal contacts with the international financial community, making regular visits to banks throughout the world. 84 President P W Botha visited Zurich in October 1988 to plead for new loans.

After the visit, South Africa was able to arrange two small syndicated loans worth nearly US$ 70 million -- a drop in the bucket compared to the needed billions. But Escom, traditionally one of South Africa's largest and most trusted borrowers, was told by bankers that there would be no new loans without some political change. This indicates that a few banks may be more sympathetic to Pretoria, but that the general lending climate has not really changed.

In an advertisement in London's Financial Times in November 1988, 85 Finance Minister Barend du Plessis said "I think we shall have the basis for getting back into the world’s capital markets, because, quite apart from the perception that there is a prospect of peaceful political solution in South Africa, the reality will be that that process will, inside South Africa, produce an environment which I am sure will be conducive to our re-entry into the global capital markets." That somewhat convoluted sentence was preceded by the Claim that "to date we’ve dealt reasonably successfully with sanctions", and that pressure will not force South Africa to accept "political solutions" demanded by "foreign critics". The need is to "stabilise the internal political situation" and this will be done through privatisation, deregulation, and urbanisation. In other words, repressive reform and no fundamental political changes.

If, however, repressive reform is not accepted, and if political and economic pressure on the apartheid state is increasing, then international banks will be aware that they cannot return to doing business as before. And they will realise that tightening sanctions and a low gold price will make it even harder for Pretoria to pay its bills. In those circumstances, banks will hardly be willing to make new loans, and instead they will put increasing pressure on the regime. Banks will want either as much money as can be squeezed out, or significant political changes that will ensure that a South African government survives to pay the debt eventually.

The outcome of the debt crisis, in turn, will influence business people and government. If white South Africa obtains good terms on its debt renegotiations, and if there are no new sanctions, that will be the sign of , international approval. But if the banks impose harsher conditions and sanctions further squeeze the economy, then it will be clear that South Africa cannot continue with apartheid as usual.

Hitting a declining economy

Having looked at the strains of the South African economy, and considered the role of the international banks, it is possible to return to the question of what level of sanctions will be needed to cause the "real discomfort" needed to create a strong enough lobby for negotiations.

South Africans are becoming poorer at the rate of 2 per cent per year. This has caused discontent, but it has not caused enough white people to question the basis of apartheid. And with good reason; white living standards remain high, and would have to fall more rapidly before most white people felt "real discomfort". Considering various studies of the South African economy, and looking at the impact of sanctions on other countries, we believe that per capita GDP would need to fall at a rate of at least 5 per cent per year to have a noticeable effect, and thus have a political impact. (We note that this is similar to the economic decline in Rhodesia after 1974, which led to Ian Smith being jeered by white crowds. Sanctions at this level and the growing liberation struggle led to the internal settlement and Lancaster House.)

Taking into account the underlying economic decline, this means that sanctions would have to be strong enough to cause the GDP to fall at a rate of 3 per cent per year, steadily over several years. Sanctions would cause this decline by reducing South Africa’s ability to import both luxury and essential goods. South Africa has imposed increasingly tight secrecy over its economic statistics, to the point where even South African economists cannot make i accurate economic forecasts. We are not able to make specifio predictions either, but we are able to reach some fundamental general conclusions. (See Stoneman, Vol II.)

After a detailed study of the available data, we conclude that there is a threshold, and that sanctions must be greater than that threshold if they are to have the required impact. We believe that a sustained cut in South African imports of 30 per cent is the minimum that would produce a GDP fall sufficient to trigger an appropriate political response.

We note that in 1985, imports did fall by nearly that much and per capita GDP dropped by more than 4 per cent. Per capita GDP continued to decline in 1986 and 1987, but by 1988 import levels had partly recovered and the per capita GDP decline was temporarily arrested. This, in turn, was due to the high gold and base metals prices in 1987’and 1988, as well as the very easy terms of the Stals Accord. This gives general support to our contention -- the initial GDP fall was in the expected range, but without a sustained cut in imports it was not maintained.

Another way to assess the significance of this kind of import cut is to look at South African estimates of "essential" imports. The two most widely differing views are probably those of Finance Minister Barend du Plessis, and Edward Osborn, Nedbank’s chief economist, who had been in Rhodesia when that country was facing international sanctions. Both referred to the pre-1985 trade pattern. Du Plessis said that "our analyses have shown that more than 80 per cent of imports are absolutely essential goods" -- these are essential capital and intermediate goods, so only 20 per cent of total imports could be cut. By contrast, Osborn argues that 24 per cent of imports could be substituted by local production in the short term and another 21 per cent are non-essentials which could be stopped "without undue loss of public morale" (these include items like coffee, tea, watches, TVs, and books) -- 45 per cent in all.

Our estimate of a 30 per cent minimum cut falls between these two estimates. In other words, our estimate of the minimum cut in imports needed to have a sufficient impact on GDP corresponds, not unexpectedly, to cutting all inessential imports as well as some that will be seen as important by white South Africans.

Is this possible?

The most likely sanctions packages will not directly out off South Africa's imports -- it is harder to stop sales to South Africa. As we have stressed in Chapter 15, it will be more practical to take an indirect route, and cut South Africa's exports; if countries stop buying South African goods it earns less money and thus must cut its imports because it cannot pay.

Because of a sizeable invisibles deficit, the value of imports is equivalent to only two-thirds of exports. That implies a 20 per cent cut in purchases from South Africa would force South Africa to cut its own purchases by 30 per cent. (See Stoneman, Vol II) South Africa might be able to reduce invisibles payments somewhat. But we believe that it is a reasonable approximation to conclude that to be politically effective, sanctions would need to cut world-wide purchases from South Africa at least one-quarter.

Is this possible? We noted in Chapter 5 that all of the sanctions imposed by sanctions imposing countries had cut 7 per cent of all purchases from South Africa. This is only one quarter of what is needed, so it is not surprising that sanctions have only been a partial success. Nevertheless, it shows that even partial sanctions imposed by a limited number of countries can make a significant' difference, and go a considerable distance toward what is needed. '

If we follow the guidelines of Chapter 15, with its proposals for tighter and wider sanctions, plus some new actions imposed by most of South Africa's trading partners, then it is possible to get over the required threshold of cutting off one-quarter of purchases from South Africa. The big step is to ban the purchase of all South African bulk exports and manufactured goods. This would include coal, fruit and vegetables, and base metals. This is reasonable because no action is proposed against precious or strategic minerals, which are more controversial. This sanction is detailed in Chapter 19, and would affect 37 per cent of 1987 purchases from South Africa.

Three smaller actions would add to the impact. An end to platinum coins should lead to a fall in platinum prices by 1992; if prices fell just 12 to 25 per cent (which is a quite reasonable expectation), this would take off 1 to 2 per cent of South Africa’s total earnings. A three or five year phasing out of trade credits would cost US$ 600 million or US$ 1000 million per year, equivalent to a cut in earnings of 3 to 5 per cent. Finally, to tighten the oil embargo enough to add just US$ 2 per barrel in sanction busting fees -- which could be done purely by political pressure -- would be the equivalent of a 1 per cent cut in purchases from South Africa. Together these would be 5 to 8 per cent of purchases.

Finally, the gold price has fallen from its 1987 average of US$ 444.50/oz. A price of US$ 400 will cut 4 per cent off the value of total 1987 imports from South Africa. A price of US$ 350 is equivalent to a 10 per cent cut. The impact of all of these things taken together is shown in the following table.

PORTION OF 1987 IMPORTS FROM SOUTH AFRICA
WHICH WOULD BE AFFECTED BY VARIOUS FACTORS

Cutting bulk exports	37%
Other actions .	
Lower platinum price	1 - 2%
Phase out trade credits	3 - 5%
Tighter oil embargo	1%
Impact of a lower gold priCe	4 -10%
TOTAL :	46 - 55%.

Thus we have put forward a plausible package which, if fully enforced, would be the equivalent of cutting about half of all imports from South African exports.

But can it be enforced? We expect that the Commonwealth, the United states, and other countries which have imposed substantial sanctions so far would support such a package. If so, then moral and political pressure might succeed with some other countries such as Japan, Germany, Spain, and Turkey which have increased their trade in recent years, but which also profess strong anti- -apartheid views.

On the other hand, it must be assumed that Taiwan and Israel, and perhaps South Korea, may continue to strengthen their links with South Africa. Countries such as the United States are in a position to apply considerable pressure on those states not to increase their trade with South Africa. Together, Taiwan, Israel, and South Korea have, a population of about 70 million and a GDP of US$ 150 billion, so there is a limit to how much these three can buy from South Africa for their own use. Thus they will not be able to be the "big brother" that supports South. Africa, if they are blocked from becoming third parties in sanctions busting. If they are allowed to become sanctions busting channels, however, they could seriously weaken the sanctions effort.

Finally, it must be assumed that some of South Africa’s important trading partners which have long-standing economic ties and which are politically opposed to sanctions will be reluctant, and’thus half-hearted, participants. All together, then, we could not hope to make the package more than two-thirds effective. Nevertheless, that will still be above the minimum threshold.

The need to move quickly

Various studies of sanctions applied elsewhere make a central point about the speed with which sanctions are applied. If enforced only slowly, the target is able t0" adapt. If enforced quickly, the shock reinforces the psychological impact.

This view is reinforced by what happened after 1985. Without further sanctions, the economy adapted to the 1985 crisis and the per capita GDP decline slowed. Business confidence rose, although the economy remained fragile.

Despite its economic strains, South Africa still has some flexibility. For example; during the 1985 debt crisis South Africa cut back on oil purchases and ran down its oil stocks, only building them up again in 1987 after the Stals Accord gave it a bit of extra money. It could run oil stocks down again in 1990, 86 and gain up to USS 1 billion to repay bondholders. - i

80 if sharply tighter sanctions are not imposed in 1990, Pretoria could find money for some repayments. This would give it better financial standing, while the lack of sanctions would give it better political standing, and lead to softer terms by the international banks. This, in turn, would make it much easier for Pretoria to ride out sanctions which might be imposed in 1992 or later. And it might even lead to new loans and investment. Finally, the longer sanctions are delayed, the more time Pretoria has to shift trade to countries like Taiwan and Israel.

On the other hand, the economy has very little space to absorb new sanctions, especially in the next two years. If sanctions, the debt bulge, and falling gold prices all hit the apartheid state at once, the result could be overwhelming. Hitting South Africa with new sanctions during the 1990-91 debt bulge could have an important multiplier effect, while delaying might make even a larger sanctions package insufficient. Thus it is essential to hit South Africa during the 1990-91 period.

It is impossible to make detailed economic forecasts about South Africa. But we have made estimates which demonstrate two critical points, namely that
1) the present level of sanctions has had an impact, but is not enough to cause "real discomfort" and it is not surprising that they have only forced limited negotiations, but
2) a reasonable set of sanctions which could be imposed now and which excludes precious and strategic minerals could be expected to have enough impact on the economy and on white morale to have a significant political impact, if imposed quickly.

The writing on the wall

Both the government and the business community have stood by and watched the steady deterioration of the economy over the last decade, rather than remove apartheid. Nevertheless, the repeated warnings-that sanctions will "wreck" the economy suggests there is a limit. In 1985, in the midst of township uprisings, a majOr financial crisis, and a crescendo of sanctions, businesspeople began to talk with the ANC. When repression restored some measure of government control and sanctions pressure eased, business stopped looking for alternatives.

We believe that the business community will not allow the economy to be wrecked. Once it sees the writing on the wall, it will put pressure on the Government to settle. Similarly, many other white people will begin to understand that continuing with apartheid is not,a viable option.

Thus, we think it most likely that if a package of sanctions is put in place which is strong enough to cause severe discomfort and threaten major economic disruption, that negotiations will begin before the sanctions really damage the economy.

Timing is essential. For a limited package like this to have a social and political impact, it must be imposed quickly enough to be directly felt. And for this limited package to have the predicted effect, it must come at the same time as the 1990-91 debt crisis -- both to discourage bankers from giving Pretoria a better deal, and to ensure that financial reserves are stretched beyond-the limit.

Renege on debts?

It would be possible for Pretoria to simply default on its debts. Indeed, du Plessis has threatened this if a new rescheduling agreement is not reached in 1990. If it stopped repayments of capital and interest, and also halted foreign payments like dividends and licence fees, it could save US$ 3 to 4 billion per year -- cancelling out half of the proposed sanctions.

The apartheid state has been wise to try to retain a semblance of normal relations with the international financial and commercial community. This is because its position is very different from that of other Third World debtors, in that its problems are fundamentally political and not financial.

Thus, for Pretoria to renege on its debts and cut off foreign payments would set off the chain reaction that it has been so desperately trying to avoid. TNCs which lost their revenues would no longer be so willing to provide technology and spares. Countries which had supported Pretoria because of their high level of economic involvement would - lose interest. Banks would no longer be so willing to provide trade credits (as happened for a short period after the debt freeze in 1985). South African assets abroad, including valuable exports, would be seized, making it harder to_trade.

Political and economic pressure would build as countries began to think the so-far unthinkable. Gold and ferro-alloy sanctions could move to the top of the agenda.

The Government did not consult the business community in 1985, and there is no reason to think that it would this time. But if 1985 caused such panic in the. business community and a sudden rush to talk to the ANC, then a full renunciation of debts in 1990 or 1991 would cause hysteria. The pressure for a negotiated settlement would be massive.

Constituency for change

We cannot be certain about the precise outcome. But we can be sure of two things. First, sanctions on the level we propose would severely weaken the apartheid state. Second, whether or not South Africa renounced its debts, sanctions at this level would produce a much larger constituency for change. This would happen once it was clear that South Africa was not protected from sanctions, that continued apartheid was not a viable option, and that sanctions would cause real discomfort.

PART V:
POSSIBLE FURTHER ACTION
CHAPTER 18. A STRATEGY FOR ACTION

The white minority is fragmenting. The far right believes that traditional apartheid can be maintained at an acceptable cost. The Government professes to believe that it can hold off sanctions for as long as it takes to carry out its programme of repressive reform. The business community is divided, with some calling for political change to head off further sanctions, while others back the Government and feel no serious sanctions are likely; both camps, however, are investing abroad to be ready for whatever happens.

We are convinced that this growing division within the white minority shows that the Commonwealth Eminent Persons Group (EPG) correctly identified the central question: Will the white minority come "to the conclusion that it would always remain protected" from "effective economic measures"? Pressure for and against change within the white community is directly related to the perception of what theainternational community will do.

We believe that one of the essential roles of sanctions is to accelerate the fragmentation of the white bloc. Sanctions will support and enlarge a constituency that sees the necessity and value of entering negotiations to lead to majority rule. At the same time, effective sanctions should make clear that international protection against sanctions is ending, and the price of maintaining apartheid is rising.

Both the white minority and the black majority in South Africa now ignore the ritual international condemnations of "apartheid". Indeed, even the white Government says it is against "apartheid" as it tries to create new forms of minority rule. And both white and black treat token sanctions as sops to local electoral pressure in the country imposing the measure, rather than as an attempt to put pressure on the apartheid regime.

The EPG was correct in pointing to the need for effective economic measures. In the following Chapters we set out a strategy for action, including a series of measures which we believe would be effective, if applied quickly enough. Their effectiveness will be increased by the window of opportunity created by the 1990-91 debt bulge and by the lower gold price. The same measures, delayed until after 1991, would be much less effective.

Ratchetting up

The Okanagan Statement calls for the "wider, tighter, and more intensified" application of economic and other sanctions. And its stresses that "while mindful of the widespread view within the international community that comprehensive and mandatory sanctions would be the quickest route to bring Pretoria to the negotiating table, we, with the exception of Britain, believeathat, pending the acceptance of such a position by the international community. as a whole, genuine efforts should be made to secure the universal adoption of the measures now adopted by most Commonwealth and other countries, including the United States and the Nordic countries."

This points to a programme of steadily increasing sanctions: a ratchetting up of sanctions until genuine negotiations begin. And it points to the routes followed by other states, particularly the Nordic countries, to develop a programme of progressively tighter economic sanctions.

It is clear that any effective sanctions will require a significant reduction in trade with the apartheid state. The first step must be for each country to make a public commitment to a steady reduction in trade with South Africai

Such a pledge would serve as a warning to the apartheid regimewand South African business, but it would also give advance warning to those firms still trading with South Africa that they should begin now to find other markets and suppliers.

Most countries start with those sanctions which have the least cost to themselves. Priority is also given to those sanctions which do not need unanimity -- where non-comprehensive sanctions will still have an effect. Thus it is best to start with easier, lower-cost measures which do not need unanimous agreement.

W

Coal is a good example of such a sanction. Substituting Australian or Chinese coal for South African coal will have a cost penalty, because South Africa is now forced to sell below world market prices. But this extra cost .will not be large. Furthermore, this extra money will go to other countries which may themselves be imposing sanctions, so the sanction is actually profitable to some. Finally, each country which imposes the sanctions cuts South African earnings, so it does not need unanimous support to be effective.

As we have seen, the best candidates for initial sanctions are South African bulk exports where there is an ample supply on the world market.

These are coal, iron ore, iron and steel, base metals, nons metallic minerals, uranium, agricultural products, chemicals and other manufactured goods. (These sanctions are detailed in the next Chapter.) This is really just a widening of United States and Commonwealth sanctions, which already cover a significant part of this group. These commodities alone account for more than one-third of South African exports; if sanctions were imposed quickly, cutting off the sale of this group alone would have such a major economic impact that the political repercussions would be far reaching.

Cutting off South African exports like ferro-alloys imposes a significant cost penalty; they also account' for a relatively smaller proportion of South African exports. In the first phase of sanctions, it would be sensible to make a commitment to cut off the purchase of steel additives at a fixed time -- say in three years -- if serious negotiations had not begun. This should be backed up with financial and technical support to the SADCC states to develop alternative sources of supply, to ensure that if and when ferrochromium sanctions are imposed, supplies will still be available.

Trying to block sales to South Africa requires relatively more unanimity, and also involves higher costs to the nations imposing sanctions. Therefore, such measures can be left for later. Nevertheless, as part of the first phase with its commitment to reduce trade, we believe that a few actions should be taken to block sales to South Africa which have a high political profile.

In Chapter 21 we suggest two sanctions which we believe will have a significant psychological impact on the white . community, and which will actually benefit black employment.

Tightening the noose

A significant part of the first phase of sanctions must be tightening existing measures. This involves tighter enforcement and higher penalties. It means making some voluntary bans mandatory, and re-writing the terms of others to ensure that they are not easily bypassed. It is necessary to close the loopholes, particularly those permitting third party transactions. Diplomatic initiatives and political pressure are needed to encourage countries with weak sanctions to implement stronger ones. And much more attention will have to be paid to South African companies abroad. (These issues are discussed in chapter 22.)

Perhaps the most difficult area is technology transfer. It is important to block South African attempts to increase its self-sufficiency, which means reducing the flow of technology to SOuth Africa. A key aspect of this was identified by the Commonwealth

Committee of Foreign Ministers on Southern Africa (CFMSA) in August 1988 when it pointed to the need

"to prohibit technology transfer that is designed to enable South Africa to circumvent existing sanctions, particularly in the areas of arms, oil, and computers".

(Detailed proposals are set out in Chapter 20.)

. Because the next phase of sanctions will still not be mandatory, some trade will be expected to continue. , However, measures should be taken which would discourage such trade without actually banning it. Here, we call on governments to take actions which will allow market forces to discourage continued links with South Africa.

This means giving full publicity to continued trade with South Africa, and special legislation if necessary to allow local boycotts. (Proposals are detailed in Chapter 24.)

Under the heading of market forces comes the issue of export credits. Such credits clearly encourage trade with South Africa; cutting them off would encourage firms to search out other export opportunities where credits were available. Credits are South Africa's remaining source of foreign funding, and will be used to pay for sanctions busting projects like Mossgas. (This is discussed as part of Chapter 19.)

Real discomfort?

We believe that if the preceding measures were all introduced quickly, the political effect would be overwhelming. The pressure within the white community, particularly from business, would be so great that the government would be forced to the negotiating table.

This view is based on the assumption that all parts of the package are introduced. The economic measures must be strong enough to have a rapid and significant impact on GDP. Technology transfer restrictions must be tight enough to convince white South Africa that a siege economy is not practical. And psychological measures must be strong enough to create a profoundly stronger sense of isolation in the minds of the white minority.

Sanctions with a significant cost to imposing countries

Clearly the initial package will create discomfort in the white community, but it may not cause the "real discomfort" that Archbishop Hurley says is needed. We must be prepared for a further phase, with sanctions that have larger direct costs to the sanctions-imposing countries. This means a substantially expanded programme of sanctions, including an end to nearly all purchases from South Africa.

It should be stressed at this point that there are alternative sources of supply or substitutes for all of South Africa’s minerals. (See Robbins, Vol II1 The real problem is cost, but increases would not be large for most minerals. These costs could be minimised by planning ahead.

Canada took a step in this direction when Foreign Minister Joe Clark met with Canadian steel producers in February 1989 to suggest that they find alternative suppliers of minerals now obtained from South Africa. A joint government-industry task force has been established to pursue this.

Ferrochromium is the most serious problem. The sudden loss of South Africa as a supplier would push up world prices by a significant amount. This, in turn, would cause small but noticeable increases in the prices of consumer goods which use stainless steel. With proper political initiatives, this could be made acceptable, as a necessary sacrifice to fight apartheid. Furthermore, if actions are taken now to increase Zimbabwean production, then the cost of this sanction will be much lower when it is finally imposed.

In any case, it must be in the interests of the steel industry to find alternatives. If the initial phase of sanctions does not provoke genuine negotiations, then South Africa would probably be descending into the further violence forecast by the EPG. In that case, some mineral supplies would be disrupted by strikes and insurrection; In other words, even if ferro-alloys supplies are not cut off by sanctions, then they may well be disrupted anyway. Thus it would be prudent to begin the search now for alternatives.

Diamonds and platinum would still be exempted from sanctions, because they would be too difficult to control at this stage. It should be noted that South Africa might choose to manipulate platinum supplies to push up the price, which could increase the costs. Intergovernmental discussions on a gold sanction would begin.

Eventually, as part of the expanded programme of sanctions, it may be necessary to follow the Nordic lead and cut off remaining sales to South Africa.

In some cases there will be alternative markets, particularly in those countries which now buy manufactured goods from South Africa. But some exporting companies will be hurt by such a ban.

At this stage of imposing steadily wider, tighter, more intensified measures, sanctions busting and the few countries which refuse to participate will play a much more important role. In particular, it will be hard to stop some countries and individual companies from selling vital goods to South Africa. The best that can be done is to impose tight restrictions to prevent the re-export of sanctioned goods to South Africa.

This would restrict the role that countries like Taiwan and Israel could play, because they are dependent on supplies from the United States, Japan, and several other major industrial powers.

Similarly, there will have to be effective penalties on countries which refuse to participate, at least in present Commonwealth and United States sanctions, especially those on South Africa’s bulk exports. This would need to include very strict bans on the import of goods from third countries which contain South African material. Other penalties such as the United States ones against "taking advantage" of sanctions would need to be widened and enforced.

Commitment and political impact

Sanctions already imposed have had an initial impact on South Africa. Wider application of United States and Commonwealth sanctions would have a marked economic impact. And the substantially expanded programme of sanctions discussed above would, in the words of the Financial Mail, lead to "a virtual collapse of the economy". This would bring severe discomfort to the white community. We do not believe that the business community would allow this to happen L- it would force serious negotiations before the economy was allowed to collapse, with the support of most whites.

The key point, however, is that the Financial Mail says it is convinced that such an expanded programme of sanctions "can be discounted", so it is unnecessary to worry about economic collapse. Few South Africans believe that trading partners will make sufficient sacrifices to impose sanctions at that level.

If the West made clear that it was prepared to absorb the costs, and if it could convince South Africa of this fact, there would be two results which would tend to reduce those costs. First, if South African businesspeople actually believe that without serious negotiations with representatives of the majority of the population, expanded sanctions will soon be imposed, then they will push for negotiation before the "virtual collapse of the economy". In other words, once they are convinced that the cost of doing nothing will be very high, then they will push for prompt talks to avoid that high cost, during earlier stages in the ratchetting up of sanctions.

Second, by starting now to prepare for wider sanctions, the costs to the countries imposing sanctions can be reduced. Companies could plan ahead to find other export markets and other sources of raw materials. If ferro-alloy users are given three years warning they will be able to find alternative supplies; this will mean long-term contracts which justify the opening of new mines and processing facilities. Prices will be higher than present prices, but much lower than the market would set if there were a sudden cut-off due to sanctions or revolution.

Thus a genuine commitment to sanctions will lead to advance planning which will reduce the cost, if such sanctions must be carried out. Such advance planning is prudent in any case. South Africa is no longer a secure supplier of so-called strategic minerals. Thus, wise importers will want to look for alternative supplies to prevent a cut-off caused by either sanctions or escalating violence. This suggests

a public commitment to further reductions in trade, if no progress is being made toward a negotiated settlement.

Are expanded sanctions politically realistic and practical? Those words are changing meaning so fast that it is sometimes hard to tell. Just five years ago, sanctions seemed totally off the agenda. Those who called for bans on South African oranges were told it was impossible because of GATT and EC rules. India and most other developing countries had imposed comprehensive sanctions, but such notions were dismissed in Europe. Yet, five years on, the Nordic states have comprehensive trade bans, the United States has imposed wide-ranging sanctions, and the Commonwealth has agreed a significant set of measures. Even the European Community has imposed limited sanctions, and Japan is publicly committed to trade restraint.

The Okanagan Statement states that "genuine efforts should be made to secure the universal adoption of the measures now adopted by most Commonwealth and other countries, including the United States and the Nordic countries." Thus, expanded sanctions are now realistic and practical. We have seen the importance of the lead given at various times by the Commonwealth, by the United States, and by the Nordic states. In each case, this has been meaningful and useful when it was leading by example -- when one or the other group took a giant step out in front and the others followed. This is a time when such a bold lead could be important; when a new and powerful commitment could set the pace. Therefore

’ the Commonwealth should take the lead and set an example for other states, by committing itself now to an expanded programme of sanctions.

Much has been made of the cost of imposing
sanctions -- the cost of lost markets and of increased prices
a of certain minerals. But the cost of not imposing sanctions
i is incalculably higher -- mainly to the people of South
5 Africa, but also to ourselves in terms of lost markets and
supplies if South Africa is allowed to descend into violence.

CHAPTER 19. HITTING PRETORIA IN THE WALLET

In the previous Chapter, we stressed that the
.first priority of any sanctions package must be to stop
abuying South African bulk exports which can be easily
replaced by supplies from elsewhere, and which can be easily
identified so that sanctions can be monitored. These are
agricultural products, iron and steel, non-strategic minerals
(including coal and iron ore), chemicals, and other
" manufactured goods. Details of these commodities are included
in the tables at the end of this report; the chart below
summarises the position:

Share of South Sanctions already
Commodity category African exports imposed by
E Agricultural products 13%
1 of which
Fruit, veg, grain 6% Comm, US, Japan(part)
Meat, fish, dairy 1% Comm, US ’
3 Natural clothing mat. 3% US
; Wood, pulp, paper 3%
g - Misc farm 1% Comm(part), US
% Non-strategic minerals 15%
a of which
. ’ Coal 7% Comm, US, some EC
Base metals 4%
Other non-metallic 2%
Iron ore 1% some Comm, US
Uranium 1% Comm, US(part), Japan (part)
3 Manufactured goods 9%
i of which
3 Iron & steel 4% Comm, US, Japan, EC
; Other manufactures 3%
3 Chemicals & petroleum
products 2%
TOTAL 37%

As this table makes clear, one priority must be to encourage all countries to ban South African agricultural products which still account for 13 per cent of South African exports. Not only are they inessential, but they are in direct competition with products from other southern hemisphere producers, including the SADCC states and other Commonwealth members.

But as the table also makes clear, the present sanctions position is very confused. The Commonwealth at Nassau in October 1985 agreed to "a ban on the import of agricultural products from South Africa". In practice, however, many Commonwealth states ban only edible agricultural products. There is no evidence that this limited interpretation was intended when the ban was agreed. We believe that the ban on agricultural products should follow the GATT definition of "agriculture". ,

GATT provides an internationally agreed framework, and it would make sense to follow its conventions. 87 The GATT definition encompasses both "food" and "raw materials", and effectively includes everything which grows. It is defined as Standard International Trade Classification gSITC) sections 0, 1, 2 (minus divisions 27 and 28), and 4. 8 Thus it includes the following South African products:

e groundnuts and vegetable oils;
e cotton and wool;
i hides and skins;
s fish and seafood; and
i wood pulp.

The Commonwealth and the United States already ban coal and uranium, as well as iron and steel. Sanctions have already cut South Africa’s coal earnings -- from 10 per cent of total exports in 1986 to 7 per cent in 1987. That 7 per cent is important, and there are numerous other coal suppliers who could replace South Africa. Prices would rise somewhat, because sanctions busting coal has kept the world market price artificially low. Uranium and iron and steel are .also in surplus on the world market. So a high priority should be to extend the bans on coal, uranium, and iron and steel.

South Africa is a major mineral producer, and it is important to distinguish betWeen the few minerals which are strategic and those which are common. South Africa produces most of the "base metals" (copper, lead, tin, zinc, aluminium, and nickel) but it is only a minor world producer of any of them. It accounts for 3 per cent of world lead and nickel production, and only 1 per cent of copper, aluminium, zinc, and tin. Internationally, production and consumption often vary by more than that each year. (see Robbins Vol II) Prices of base metals are often quite volatile _- nickel rose four-fold and copper doubled between mid-1987 and mid-1988. Removing South Africa from the market would have less impact than normal annual fluctuation. Users of base metals are accustomed to quite wild price swings and can absorb any price changes due to sanctions. Base metals accounted for 4 per cent of South Africa's exports in 1987, and probably double that in 1988 because of rising prices -- reducing the impact of other sanctions. World prices are falling again, but base metals are still a key earner of foreign exchange. Being a major earner for South Africa, while being of no great importance to world markets, makes base metals another priority target for sanctions. i

VIron ore is not included in many bans on "iron" and steel. But it is another mineral for which there are many alternate suppliers. South Africa also exports a variety of non-metallic minerals, including building stone, tombstones, asbestos, and fertilizer. All of this, except for the refractory andalusite, are widely available.

Thus there are three groups of minerals which could easily be banned now. They are not strategic in any way, South Africa is not a major world producer, and there is a wide range of alternate (non-communist) suppliers, including Commonwealth members. They are:

l base metals (copper, lead, tin, zinc, aluminium, and nickel),
1 iron ore, and
l non-metallic minerals (except andalusite).

These account for another 7 per bent of South African exports, and can be obtained from other sources. Precious metals such as platinum, and the controversial steel additives and minor metals, are not included in this list. (See Robbins, Jourdan Vol II)

However, as we explained in Chapter 12, it is possible to reduce South Africa's earnings as well as ensure the supply of platinum if all countries stop the production and sale of all platinum coins and small bars aimed at investors.

South Africa is trying to expand its exports of manufactured goods and chemicals as a way of expanding industrialisation and becoming more self-sufficient in the face of sanctions. South Africa's manufactures are typical of many developing and newly industrialised countries, including some in the Commonwealth. South Africa's textiles, furniture, and glassware are in direct competition with products from other newly industrialised states, and there can be no justification in continuing to buy them from South Africa.

Because the South African market is too small for many high technology production processes, manufactured exports are essential for many import substituting industries; there is substantial over-capacity in the chemical industry, for example. Finally, because of the nature of its refineries and the Sasol oil-from-coal plants, South Africa produces a surplus of some kinds of fuel oil and waxes, and it has become a significant exporter; buying these products helps the apartheid regime break the oil embargo. The United States bans South African textiles, but no other countries have bans which specifically relate to manufactured goods. Thus -

.an immediate ban should be imposed on South African manufactured goods, including iron and - steel, chemicals, and petroleum products.

Again, we recommend the use of the GATT convention, which defines "manufactures" as SITC sections 5, 6 (except division 68), 7, and 8.

International travel is seen by white South Africans as one of their key links to the "white" countries of Europe and North America. The tourists who still arrive in South Africa and their own ability to visit Europe and North America remains to many the proof that they are still a "white island just off the coast of Europe", and not really part of Africa.

The psychological impact is most important, but it is not the only issue. Tourism promotion is manipulated for propaganda. Tourism advertising is increasingly aimed at non-tourists, and claims the foreign press is misrepresenting a happy and prosperous South Africa. And those who do visit, especially on package tours, see little of the misery of South Africa and can come away with a false impression.

Tourism is financially important for South Africa, earning more than US$ 400 million per year, which is equivalent to 2 per cent of export earnings. Travel out of South Africa is particularly important for sanctions busting business people.

Visa restrictions, tourism bans, and ending direct flights are all intended to out these links and further increase the sense of isolation -- to show to white South Africa that the kith and kin at home do not accept neo-apartheid.

The first step is to tighten and extend present "voluntary" tourism promotion bans.

At the very least, this should include
1) the closure of all South African tourist offices abroad, and
’2).a ban on all advertising which promotes South Africa as a travel destination.

We note that South Africa itself defines "tourism" to include business travel; we agree, and think business travel should be included in any ban on promotion. Tour operators should be stopped or strongly discouraged from offering South Africa as a tour or package destination. Airlines should be stopped or discouraged from promoting South Africa as a destination for business or holiday travel.

The Expert Study Group would not support a ban on travel to South Africa, nor do we feel it feasible to ban directory and other listings of flights, hotels, and travel facilities. We do, however, think it is important to actively discourage travel to South Africa. Therefore, we suggest that listings which are exempt from a ban, and tour advertisements and brochures which violate the "voluntary" tourism promotion ban, should be required to carry a warning notice, similar to those in tobacco advertising. Such a notice might say: "the government discourages travel to apartheid South Africa".

Tourism in the other direction is also important in breaking the isolation of white people in South Africa. So it is important to extend the tourism promotion ban to include

" a ban on the promotion of travel from South Africa.

Governments would be expected to prohibit companies in their country (and their subsidiaries and agents) from placing advertising in the South African press, promoting package tours, etc.

Finally, the Expert Study Group underlines the importance of

extending the ban on air links

to all countries other than the SADCC states. This ban will cost international airlines very little -- they can fly to Gaborone or Harare just as well as Johannesburg; But it is psychologically very important that South Africans have no direct access to Europe, and that majority-ruled states are their only gateway to the rest of the world. Passing through the SADCC states may dispel a few South African myths about majority rule. And the life of businesspeople and tourists . going to and from South ’Africa will be made a little bit harder.

The air links ban also has three financial advantages. South African Airways will lose profitable routes. SADCC airlines and airports will earn money from the transit traffic. And some tourists and businesspeople who might otherwise have gone to South Africa because of better flight connections will change their destination to the SADCC states.

Counter trade, marketing, and transport

We noted in chapter 12 that South Africa is increasingly using counter and barter trade, and that it seems likely to use this as a way of encouraging private

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companies outside South Africa to do its sanctions busting for it. Companies may be required to sell South African coal, fruit, and other sanctioned items in order to obtain a deal which remains legal.

South Africa has also encouraged joint marketing, particularly of products like citrus where it has a well developed marketing infrastructure. This allows it to mix embargoed fruit with fruit from other countries.

This occurs because many countries allow their companies to deal in sanctioned goods, so long as these goods do not enter the country. Similarly, ships can often carry sanctioned goods. This seems an excessively narrow interpretation of sanctions, which allows the apartheid state a major loophole. Therefore, it is essential that

if a country has imposed a sanction against a South African product or against selling a product to South Africa,

then nationals of that country, companies based in that country; and companies owned or controlled by nationals of that country should not be permitted to transport or trade in that product, or to do joint marketing involving that product, even on the high seas or in countries where the product is not banned.

(The term "controlled" is discussed in chapter 22.)

Cutting off credits

The report on South Africa and the International Financial System showed that from the debt crisis of 1985 until the time of the report in mid-1988 international banks had refused to give the South African government new loans. The report concluded that the maintenance and extension of financial sanctions would hobble South African economic growth and maintain the economic pressure on the South African government to abandon apartheid.

Since mid-l988 there have been a few small loans, which reinforces the need for the Commonwealth (except Britain) position of

no new loans to South Africa

to be adopted by other countries.

At its meeting in Toronto in August 1988, the CFMSA recognised that "banks whose loans are subject to the South African moratorium and interim rescheduling have no option but to retain their exposure in South Africa or to sell it at a discount to other banks; However, the type of rescheduling accepted by the bank can have a significant effect on the constraints faced by economic policy-makers in South Africa. Ministers agreed to ask banks in their countries to press for rescheduling arrangements which do not extend beyond one year at a time." We endorse this view, and believe that banks should require political concessions even for one year rescheduling.

Trade credits

Short-term trade credits are now South Africa’s only significant source of foreign finance. These are usually tied to the purchase of particular equipment, and are either, loans to the buyer (buyers’ credits) or delayed payment terms offered by the seller (suppliers’ credits) which may, itself, have obtained a loan from a bank to cover the credit or sold the debt to a bank (discounted trade bills and factoring).

South Africa maintains an outstanding trade debt of over US$ 3 billion. On 6 July 1988, the Governor of the South African Reserve Bank, Gerhard de Kock, said that in recent months there had been a "gratifying" increase in trade credits. This, he said, "serves to ease the balance of payments constraints on economic growth."

In reports to the CFMSA last August, both the Expert Study Group and the study on the International Financial System pointed to the importance of export credits. The South African magazine Finance Week 89 reacted with concern: "If Commonwealth and other anti-apartheid lobbyists are able to reduce availability of credits by as little as 20 per cent, it would still have the effect of causing South Africa to repay some US$ 600 million at least of short-term foreign loans."

The British Foreign and Commonwealth Office also noted that "a ban on new export credit, if widely applied, could have a significant impact on economic growth and development in South Africa." In particular, "large development projects would be difficult to fund with cash and might have to be cancelled." 90 These big projects include sanctions busting ventures like Mossgas.

Some countries have banned some trade credits, but the position is confused. Japan and Australia include trade credits in the ban on bank loans, so buyers’ credits are banned but not suppliers’ credits.

Much of international trade functions on credits of various sorts -- competition is not just on price, but on credit terms as well. Squeezed by sanctions, South Africa is even more likely to buy from the supplier who can offer the best credit terms. On the other hand, a substantial amount of international trade is done for cash, with companies or countries who do not have an acceptable international credit rating. Thus if individual countries cut off trade credits this would not prohibit trade, but it would put companies in those countries at a disadvantage compared to those in countries which still offered credits. The CFMSA in August recognised this when it agreed only that there should be "no expansion in trade financing."

We looked in some detail at this issue. We have already argued above that there must be a public commitment to reduce trade with South Africa, and we believe that a reduction in trade credits is in keeping with that. In Chapter 23 we argue that where there is no ban on trade with South Africa, market forces should be used to discourage trade. A reduction in trade credits would have that effect -- firms would increasingly look to other markets where credits made sales easier, while those with a long term commitment to South Africa who could trade with reduced credits would also be able to continue. And as Finance WeeK pointed out, even a partial reduction in trade credits would have a financial impact.

Therefore, we believe that governments should phase out trade credits over several years.

We would suggest three years, and certainly no more than five years. This is in keeping with our view that South Africa’s trading partners must demonstrate a long term commitment to sharply reduce trade if South Africa does not move to negotiations. Under this plan, trade credits would be cut by 33 per cent (or 20 per cent) each year; this would be done either by imposing a ceiling, or by steadily reducing the repayment period. It is important as well to define terms so that trade credits include both suppliers’ and buyers’ credits.

At the same time, there should be , a ban on export credit guarantees and insurance which would also discourage but not prohibit trade.

The concern for governments imposing sanctions is that if they phase out trade credits but other countries do not, then companies in those countries will simply take over that trade and the sanction will have no impact on South Africa. Clearly this matter will have to be monitored. Publicity remains the strongest weapon. Some governments may feel the need to follow the United States lead and enact provisions allowing retaliation against countries which "take advantage" of sanctions. (This matter is discussed further in Chapter 22.)

Help for the SADCC states

Economic and military help for SADCC is often seen as an alternative to tighter sanctions. We reject this unreservedly. The aid given to SADCC is small compared to the damage done by the apartheid state, and it would be a much more sensible investment to stop the destruction than to provide bandages for the wounds.

There are, however, four areas in which aid to SADCC would specifically help to enforce sanctions. The first would be assistance to help SADCC become an alternative source of supply of South African goods subject to sanctions, such as strategic minerals and agricultural products.

Second, donors could help the SADCC states find alternative markets and marketing companies for products now sold to or through South Africa. Industrialised countries may wish to give preference to SADCC products to help those states delink from South Africa. Where quotas are involved, as with sugar and textiles, it would be proper to assign South Africa's quota to SADCC states.

Third, assistance could be given to allow the SADCC states to buy elsewhere the goods that are now imported from South Africa. This could involve subsidies to cover extra costs, and help to establish import-export agencies.

Fourth, donors should ensure that they purchase supplies from SADCC states rather than South Africa, and use SADCC ports when sending assistance to the region.

Clearly, assistance to SADCC should be increased on grounds of general need, and to help repair the damage done by South Africa. But such aid cannot be seen as an alternative to sanctions.

CHAPTER 20. ARMS AND OIL

Discussion of sales :9 South Africa must start with the two long standing embargoes, arms and oil. The arms embargo remains the only mandatory United Nations embargo. "The vast majority of the world's oil producing states prohibit the export of their oil to South Africa", according to the report of the United Nations Intergovernmental Group to Monitor the Supply and Shipping of Oil and Petroleum Products to South Africa (known as the Intergovernmental Oil Group).

As we noted in Chapter 6,.both embargoes have been effective. The arms embargo has prevented South Africa from obtaining new weapons systems, and played a key role in forcing the Pretoria regime to agree to Namibian independence. The oil embargo is costing South Africa at least US$ 2 billiOn per year.

Nevertheless, South Africa still obtains arms and oil. Thus tightening the arms and oil embargoes must have a high priority. All efforts to cut sales to South Africa, discussed in this and the next Chapter, must always work at two levels: directly blocking the supply of the commodity, and preventing South Africa from gaining the ability to produce the embargoed item. The importance of this latter point was recognised by the CFMSA when it called on governments "to prohibit technology transfer that is designed to enable South Africa to circumvent existing sanctions, particularly in the areas of arms, oil, and computers."

How Pretoria obtains its arms

South Africa obtains its arms and military equipment in three different ways:

a) Through illegal and clandestine deals which involve the smuggling of arms, components, spares, and ammunition.

b) By importing so-called "dual-purpose" and "civilian" equipment which can then be turned to military and repressive uses.

c) By assembling and manufacturing arms and ammunition. This requires foreign components, designs, and other technology and know-how. 91 w

South Africa has developed a major arms industry, and become a large arms exporter. Nevertheless, South Africa is simply too small to be self-sufficient. Virtually any weapon, vehicle, or other piece of hardware has imported parts and is based, at least partially, on foreign know-how.

This has occurred because the western industrialised nations have taken a very different attitude toward arms supplies to South Africa compared to arms supplies to the socialist countries. This was shown in 1983 when western security services discovered an attempt to smuggle advanced computers to the Soviet Union via South Africa. The computers were legally exported from the United States to South Africa, and were only stopped when they were then sent on to Sweden and West Germany in transit to the Soviet Union. 92

Arms sales controls are codified by most western countries in an "export control list", "security export control" regulations, or a similar document. These are based on an agreed list worked out through CoCom, the Coordinating Committee’for Multilateral Export Controls, which is an informal grouping of the NATO countries (except Iceland) plus Japan.

In general, items on the list cannot be exported to a list of 12 "proscribed" east bloc countries. In introducing the 1985 edition of the British list, the then Minister of Trade, Paul Channon, explained that "we cannot divorce our prosperity from our security and I believe that the strategic export controls represent a fair balance between our strategic and our commercial interests".

The list is in three parts: atomic energy materials, munitions, and "dual use" industrial goods with potential military use. Attention focuses on the last group, and Mr Channon stressed that one way to acquire "advanced technology with military potential ... is through legitimate trade in high technology designed principally for civil use but which could be diverted or applied to military purposes.

The industry list is a comprehensive directory, running to nearly 100 pages, of dual use technologies and equipment. It is so comprehensive that many common personal computers cannot be taken to Eastern Europe.

The problem with respect to South Africa is that most countries interpret the United Nations mandatory arms embargo in the narrowest sense. They apply only the "munitions" section of their export control list, while licensing sales from the industry list. If "dual use" items are considered to have military implications for some countries, it seems difficult to argue that they should not fall under the mandatory United Nations ban.

Clearly there is a profitable business in that "dual use" middle ground which countries will be reluctant to lose. But they accept that they should lose potential sales to some countries treated as enemies. At the minimum, common standards should be applied: nothing should be sold to South Africa which is already embargoed to some other country.

This year, Canada became the first major-western country to put a total ban on sales to South Africa of items on its export control list as well as computers and other key technology. (See Chapter 6) We commend this action to other countries, and urge that

South Africa should not be allowed to purchase any "dual use" equipment whose sale is already banned to any other country, as part of an export control list or other means.

This is an obvious first step, but it will not be enough. Because South Africa is less technically advanced than the socialist countries, its military and arms industry needs to import many "low-tech" items not considered significant by CoCom. One obvious example is four- -wheel drive vehicles, and Canada has extended its ban to include them.

At its meeting in Harare in February 1989, the Commonwealth Committee of Foreign Ministers on Southern Africa (CFMSA) said that the , UN mandatory arms embargo should be interpreted to include: '

1) articles capable of being converted into arms and implements of war;
2) materials, equipment, and technologies of which South Africa has a deficiency and which may be critical to the production of arms, ammunition or implements of war, or their means of utilisation or delivery, or counter-measures to them; and
3) goods to assist in the maintenance of repression including aircraft and parts, computers, telecommunications equipment, and four-wheel drive vehicles.

The Expert Study Group strongly supports this view. (The full :text is given in Appendix 6.) And we warn that SOme of these items are not covered in various export control lists.

End users

One of the most difficult problems of all export controls are third party transactions, in which an item is sold to one person for a legitimate purpose, but is then passed on to someone else for a prohibited use. The United States has imposed very stringent requirements. It has a re-export control system under which a United States export licence is required for items manufactured in other countries which include controlled components of United States origin, or which were manufactured using United States-origin technology.

In 1986 the United States Commerce Department fined a British computer company, Systime, US$ 600,000 for exporting equipment with United States components without a licence to countries ranging from Switzerland to Libya.

In at least one case, the United States has used its powers to penalize a firm for breaking South African sanctions. In 1982 the British computer company ICL had to pay a United States fine for having sold computers to the South African police containing United States disc drives. 93

The more extreme extra-territorial actions by the United States have drawn some protest in Britain, Canada, and elsewhere. Nevertheless, they do show what is necessary to enforce a wide-ranging arms embargo.

i We would not advocate such extreme measures at this time. However, we feel strongly that more must be done to limit the re-export to South Africa of strategic goods and technology.

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One issue which has been raised in Canada, but which applies to many other countries, is that controlled exports require an "end-use certificate" to show the final destination of the item. But Canada and some other countries will accept an end-use certificate that says that the item is being included in some other product, and do not impose further restrictions on that transformed product. In particular, this means that Canadian aircraft engines and parts can be included in aircraft which are then sold to South Africa. United States law would not allow this. 94
Indeed, it appears that embargoed items can be included in goods sold to South Africa. In 1985 Britain said that Optima surveillance aircraft could be sold to South Africa, even though its engines were on the export control list, because the entire aircraft was not covered by the regulation. The Expert Study Group believes that exports of strategic parts and components must have restrictions to prevent these items being used in goods for South Africa; similarly, licensing agreements must contain bans on using the technology to produce strategic goods for South Africa.
The British House of Commons Trade and Industry Committee looking at CoCom and trade with Eastern Europe made a suggestion which we believe is also appropriate for South Africa. 95 It said that end-use is "the prime consideration" and said that exports of technology should only be authorised if "the equipment will be so intimately bound up with other high value plant as to be virtually immoveable, or the recipients agree to a regular inspection by suppliers’i representatives to ensure unchanged use." And it went on to recommend "on-site inspection of high technology exports whose diversion to military use would pose a military threat". We support this for South Africa as well, and argue that it be made a condition of all sales where South Africa is claiming that a strategic item is for purely civilian use.
The Committee makes another suggestion which we also feel is appropriate to South Africa: "Diversion of spares presents a serious problem, but this can be overcome by authorising only a small holding and making replenishment conditional on the return of defective items."
Finally, we feel that the Committee came to two conclusions which are equally relevant to the sale of strategic goods to South Africa. The Committee says that "we believe that industry supports the CoCom process". And it stresses the need for restrictions to prevent technology transfer, pointing out that "equipment and software to assist the design and manufacture of high technology equipment is particularly sensitive."

Turning off the oil tap

No country openly sells crude oil to the apartheid state, but that has not cut the supply of oil. There are a number of ways in which the oil embargo could be tightened to make it harder for Pretoria to find sufficient fuel.

Countries which subscribe to the oil embargo openly admit to sending more than US$ 57 million per year in oil products, and they are important because some are lubricants and other - products which South Africa cannot easily produce itself. West Germany, the United States, Britain, and Japan are important suppliers. This is because of a narrow definition of the oil embargo to include only crude petroleum. The British government actually says it opposes "a comprehensive! oil embargo"; 96 British regulations do not include refined oil or non-British Continental Shelf crude oil. Clearly the oil embargo should include lubricants and other refined oil products.

Another problem is cargoes which are sold at sea, transshipped through intermediate ports, and otherwise sent to South Africa in violation of the embargo. Many countries already require discharge certificates for oil. These list the port of discharge (unloading) and the date, and must be submitted to the exporting country after delivery. Because they are already commonly used, those countries which are serious about imposing the oil embargo will insist on discharge certificates for oil.

The importance of this is shown by an incident in which a cargo of North Sea oil was resold several times and ended up in South Africa. The British Government said the embargo had been satisfied because Shell had included a restriction in its contract barring the sale to South Africa (even though the restriction was violated), while Shell stressed that "international embargoes are properly a matter of public law, not private contract." Without a law requiring a discharge certificate, it is easy for a cargo to be resold often enough to drift out of control of the original supplier.

Nonvoil producers could also restrict oil movements if they imposed a ban on the use of ports (including free ports) and transit facilities to transship oil to South Africa.

As it faces the prospect of a tightening oil embargo, South Africa has turned to converting coal and natural gas to liquid fuels. This is expensive, and uses processes not considered commercially viable anywhere else in the world. Furthermore, it produces relatively too much petrol and too little diesel fuel, meaning that South Africa will remain dependent on imports.

The central issue, however, is that South Africa is dependent on foreign technology and machinery for its oil and gas exploration and for the manufacture of liquid fuels. The Mossel Bay gas and synthetic fuels (Mossgas) project will cost more than US$ 2 billion, and provide about 10 per cent of South Africa's need for liquid fuels. It will be dependent on a wide range of foreign technologies and contractors. As well as actual hardware (likely to be provided on trade credits) there will be a need for licences, designs, software, and a large number of skilled people.

As we noted, the British Government is already encouraging firms to become involved in this project. Clearly such involvement would go against the CFMSA proposal for a ban on technology transfer intended to circumvent the oil embargo.

) Oil technology is not now included in the CoCom industrial list, so that it will not be covered by the ban proposed above on sales to South Africa of all items on export control lists. Therefore there is a need for governments to establish
a specific ban on the sale of technology, equipment, licences, etc to South Africa intended for
1) oil and gas exploration, production, and delivery, and
2) the manufacture of liquid fuels. .

This ban should also cover contractors, consultants, and firms sending people to South Africa to work in these areas.

Arms and oil are similar issues

Many of the problems relating to the implementation of the arms and oil embargoes are similar. For example, some of the countries involved are well known, and it should be possible to apply international political pressure. At the very least, governments should take some steps to reduce violations:
1) impose stricter end-user requirements on hardware and technology supplies to countries suspected of violating the arms and oil embargoes;
2) ask security services and trade ministries to take additional steps to identify violations of these embargoes; and
3) publicise all violations of the arms and oil embargoes.

Another problem with both the arms and oil embargoes has been the unwillingness of governments to assert

control of shipping. Therefore,
national bans on the transport of arms and oil must extend to all ships and aircraft owned, leased, or in any way controlled by national firms or individuals.

Another major loophole in both arms and oil embargoes is the role of TNCs in South Africa. The United Nations Intergovernmental Oil Group points to BP, Caltex, Mobil, Shell, and Total as companies which have subsidiaries in South Africa which "are assisting the apartheid regime in the energy field", possibly including the importation of oil. The experience and international links of these TNCs helps South Africa to break the oil embargo, and their withdrawal would add to the problems caused by sanctions.

The International Oil Group also points to subsidiaries of British, French, Dutch, and Belgian firms involved in Mossgas. Local subsidiaries and licensees of TNCs are also involved (often indirectly) in local military production. The various regulations proposed in this Chapter will impose limitations on the TNCs, but it will not stop them. However, for most firms the South African market is relatively small, and they could not afford too high costs. Therefore governments should
encourage consumer boycotts directed at firms involved in helping to break the arms and oil embargoes,
in the hope that this will put sufficient commercial pressure on the firms to cut their links with South Africa.

’ There is also a problem in the opposite direction: as South African TNCs invest outside South Africa, they are gaining control of possible military contractors, and of firms that are involved in oil developments such as those in the North Sea. Therefore,
firms which are controlled by South African based companies or individuals should be banned from participating in activities that would be subject to sanctions against South Africa, such as oil and arms production.

Special export controls

Finally, we return to the problems of using export control lists based on the CoCom list. We feel that such lists are a good place to start, because they provide at least a partial definition of industrial goods with military application. But there are two reasons why it is important to move on from the CoCom list.

First, there is concern that sanctions against South Africa should not be linked to COCom, because it is closely identified to the security of the western alliance and to East-West conflicts. Second, the CoCom list is more suitable for industrialised countries like those of Eastern Europe, rather than a NIC like South Africa; we noted above the problem that all oil technology and some of the more "low-tech" arms technology needed by South Africa are not now included in CoComsbased export controls lists. This will become more serious in future, as improvements in East-West relations lead to a shortening of the CoCom list. Therefore we would urge that

national legislation should be passed in each country to ban the sale of strategic technology and equipment to South Africa, either directly or through third parties.

This will require further study to identify technologies and equipment important to South Africa's efforts to break the oil and arms embargoes, but which are not_now in the various export control lists. -

CHAPTER 21. CARS AND COMPUTERS

In keeping with'our views that it is more difficult to impose sanctions on sales to South Africa than on purchases from it, and that it is important to start with sanctions that are the least difficult to impose, the Export Study Group recommends only two new sanctions on sales to the apartheid state. Both are practical, because they involve only a handful of international suppliers. And both will create and protect black jobs, while having an important psychological impact on the white minority. For this reason, we especially commend these two sanctions to those who have voiced concern about black employment and welfare, in the context of sanctions (rather than apartheid).

Car sanctions would hit whites

Africans in South Africa buy less than 1 per cent of all new cars, but they constitute half of the workforce in the local car industry. Thus a sanction which affected new cars without closing down the car industry would be a sanction that preferentially hit the white minority.

High tariffs ensure that most cars are assembled locally rather than imported, and South Africa produces about 200,000 new cars a year. After 25 years of steadily enforced increases in local content, cars are now 66 per cent South African by weight but only 37 per cent local by value. This is less local content than in many other car making NICs, ranging from Mexico to Taiwan.

Vehicles and parts are South Africa’s largest single import, accounting for 20 per cent of all imports. Japan and West Germany are the major suppliers, at roughly US$ 900 million per year each, followed by Britain and United States at about US$ 200 million per year each.

The seven main car manufacturers are linked to Japanese, United States, and West German firms. Britain and Italy have a small presence in the industry. And they all import a wide range of components from the parent company. For example, Honda imports the entire engine, while Mercedes Benz makes engine blocks in South Africa but imports vital parts like the cylinder head. ’

The South African Board of Trade and Industry in 1988 admitted that "most of.the high technology developments in automotive component manufacture in recent years have to a large extent been beyond the capabilities of the South African automotive component industry. The relatively low volumes (of the South African car industry), sophistication of design, patent rights, unavailability of certain raw materials, and severe capital requirements have hindered local high technology component development."

Indeed, the internationalisation of car production, and the very rapid technological changes, especially those involving electronics, are lowering local content levels throughout the NICs. Taiwan, for example, has actually lowered its local content required from 70 per cent to 50 per cent. South Korea produces 100 per cent local content cars for domestic consumption; but 25 per cent of the value of its exported cars is imported high technology components such as automatic transmissions and emission controls because it cannot meet the high standards demanded internationally with local parts.

Old fashioned apartheid cars?

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Could car sanctions be imposed effectively? The vital high technology in modern cars is produced only in Japan, the United States, and western Europe (or under licence from producers in those countries), and thus would be relatively easy to cut off if those countries agreed. Clearly the German and Japanese car makers, who dominate the market, would object vociferously to any sanction. And the South African market is important for these companies. For Toyota, for examole, South Africa is the second largest foreign market, after the United States. But Toyota’s United States operation is four times as large, and its Canadian operation is only slightly smaller than its South African one. Thus if it were forced to choose, by either government or consumer pressure, it would reluctantly withdraw from South Africa.

So what would happen if sanctions were imposed on vehicle and vehicle part sales to South Africa? It seems clear that South Africa could produce a car with nearly 100 per cent local content. It might have help from motor manufacturers in Taiwan and South Korea, and would still be able to Smuggle from the west some small but expensive components. Nevertheless, a near 100 per cent South African car would probably "be reminiscent of today’ 5 passenger vehicles of Eastern Europe -- outdated, unsophisticated, and inhibitingly expensive." 97

A sanction on vehicles and parts would have three indirect effects. The cuteoff of parts would also affect spares, which would make it much more difficult to maintain the existing cars. Also, fuel consumption of the locally made cars would be much higher (since part of the high- tech is fuel saving technology), which would interact with the oil embargo. Finally, the cut- off would make it more difficult for South Africa to make its military vehicles, which are still partly dependent on imported "dual use" components.

But the main impact would be on car workers and car buyers. A jump from 37 per cent to nearly 100 per cent local content, even for fewer cars, would create jobs in the depressed motor industry. Skilled workers would be needed to make even the least sophisticated engines, transmissions, etc for the 100 per cent local cars. Thousands of others would be employed in workshops throughout the country making spares in an effort to keep old cars running. Thus car sanctions would create jobs, and probably provide a small boost to the local economy.

But for white car buyers, it would be a shock, comparable or perhaps greater than that of the sports boycott. They have become accustomed to modern cars with frequent model changes. With car sanctions, the price of apartheid would be constantly visible on the road.

computers

South Africa is computerising its industry. As we noted in Chapter 16, it is almost totally dependent on imported equipment, technology, and people to do this.

The Commonwealth (including Britain) already has "a ban on the sale and export of computer equipment capable of use by South African military forces, police, or security forces". The United States bans the export of computers and software to entities of the South African Government engaged in the enforcement of apartheid.

But there is a wide variation in interpretation.
The British Department of Trade and Industry encourages computer sales to the Council for Scientific and Industrial Research (CSIR). But CSIR is at the heart of South Africa's military research establishment and one of the agencies on the United States banned list. '
In any case, present bans on sales to the military, police, and apartheid-enforcing agencies are empty; modern telecommunications and networking technology mean that those agencies can easily use computers they do not own or control. Armscor, the state armaments company, reports that it uses 700 South African private sector sub-contractors. Their use of computers and other technology in work for Armscor cannot be regulatedw The United States does post-shipment checks on computers, but the General Accounting Office admitted that "it is possible for the military or police to use a United States-made computer remotely by'modem or off-site terminal without detection by a post-shipment check." 98
Thus the Commonwealth phrase "capable of use" should cover nearly all computers because of the close links between industry, government, and the military in South Africa. In fact, it seems to have been interpreted much more narrowly.
However, if countries were to follow the Canadian lead and ban all items on the Export Control List, this would stop the sale to the apartheid state of most modern computer technology.
The export control list is very broad in this area. For example, common micro computers containing the standard Intel 80386 microprocessor chip are included on the list.
South Africa has increasingly turned to Taiwan as a source of electronics and computers. Taiwanese electronics sales to South Africa doubled in 1987, compared to 1986, and looked likely to double again in 1988. Public statements by South African industry sources make Clear that they are hoping Taiwan will be a safe sanctions busting source.
Two sets of components are key to computer technology: microprocessors (which drive personal computers) and dynamic random access memories (DRAMs) which are essential for all_computers. (See Chataway, Vol II1 These are made by a small number of manufacturers, based on licences from an even smaller number. (For example, of 1 megabit DRAM chips, 88 per cent are made in Japan and the rest in the United States, South Korea, and West Germany.) It would be practical to restrict the re-export of these microprocessors and DRAMS to South Africa, and even to control Taiwan and others who might help South Africa. Therefore, '

tighter controls should be imposed on microprocessors and DRAMs, to ensure that they are not exported or re-exported to South Africa as part of computers and electronic equipment.

Curbing automation

Automation rather than sanctions has been the main cause of job losses in South Africa, and is likely to be so in the next few years. Farm mechanisation has thrown many thousands of farm workers out of work and into starvation, and a ban on the import of vehicles and parts would also protect jobs by slowing further agricultural mechanisation.

Computers are the building blocks of both office and factory automation, and computer numerically controlled (CNC) machine tools are now at the heart of factory automation. CNC control mechanisms are also the "brains" inside machining centres, robots, automatic testing equipment, and modern flexible manufacturing systems.

Not only are CNC machine tools important for reducing labour (saving about one job per machine tool, on average), but they are also essential for meeting rising quality standards. Quality is becoming a major issue in South Africa because it is pressing to increase local industrialisation to beat sanctions. It also hopes to export some of its production to offset the high costs, and can only do this if quality is competitive with other world producers.

CNC machine tools are also essential for the apartheid arms industry.

Thus a restriction on factory automation is a particularly good target. First, it is essential for ’ sanctions busting, as part of the quest for self-sufficiency in arms and other industry. Second, South Africa is still entirely dependent on foreign suppliers, and the gap cannot easily be filled by countries willing to break sanctions, so the sanction can be enforced. Finally, it is a job creating sanction.

CoCom recognises the military importance of factory automation, and export control lists already include numerically controlled machine tools and automatically controlled industrial systems, as well as the technology, software, and components for them. Thus any complete export control list ban, as already proposed, will also cover this area.

However, because end-use certificates are sometimes only required for delivery to intermediate manufacturers, because of likely reductions in the scope of the CoCom list as part of improved East-West relations, and

because CNC devices are normally included in machine tools and other equipment, we suggest special attention be paid to a ban on the sale of computer numerical control (CNC) devices to South Africa, including strict controls to ensure that CNC devices are not included in other equipment sent to South Africa.
We commend this especially to those who are worried about the Aimpact of sanctions on black jobs, because this will protect jobs rather than destroy jobs.

CHAPTER 22 . ENFORCEMENT

As sanctions are intensified, so are South Africa's efforts to bust sanctions. Thus the issue of enforcing regulations becomes increasingly important. This is a complex issue involving conflicting goals and priorities. For example, we are asking customs officials to interdict falsely labelled South African fruit at the same time we want to stop narcotics, which may be seen as a higher priority.
Some sanctions busting and smuggling is inevitable. But the goal must be to increase the likelihood of getting caught, and to raise the cost of getting caught. This means sanctions busters will charge more for their efforts, and this will increase the "apartheid tax" that South Africa will have to pay on sanctions busting trade.
An important step is to increase the penalties for sanctions busting.
The United States Comprehensive Anti-Apartheid Act of 1986 sharply increased the penalty for mismarking South African goods or giving false information to customs authorities -- mismarking goods from most other countries will only draw a fine, whereas mislabelling South African goods can draw a 10-year prison sentence. Canadian sanctions come under the act designed for strategic trade covered by CoCom, so the penalties go up to C$ 25,000 and five years in jail. The effect is to discourage businesspeople from dealing in sanctions busting goods; they might be willing to risk a small fine, but not jail. Such a change in law imposes no extra cost on the government.

Tighter gustoms procedures

Countries which have imposed sanctions will want to tighten their own customs procedures to limit sanctions busting. For imports, this will involve much closer scrutiny

of goods which could be mislabelled or have a false country of origin. One step will be to
require certificates of origin for goods subject to sanction. Such certificates would need to show country of production, rather than port of embarkation.
This would make it more difficult to hide the origin of commodities like coal by transshipping them via intermediate ports.
The United States General Accounting Office noted . that United States "customs highest priorities are narcotics, fraud, controls on high technology exports to the Soviet bloc, financial incidents, and pornography". United States Customs has not received additional resources to deal with South Africa, and has not established an independent informer network. 99 This is probably quite common. By contrast, however, when the United States imposed sanctions against Cuba it increased the funding and staff of the Bureau of Customs. (See Rich, Vol II) The "Dellums Bill", which passed the United States House of Representatives but not the Senate last year, called for the establishment of a "Coordinator of South African Sanctions". 4 ’
Governments should
create a special customs unit to deal with South African sanctions busting.
Such units already exist to deal with drugs, transfer pricing, and various other customs matters. The unit could be small. But it is important that at least a few customs staff have South Africa as their top priority.
Links will need to be established with Southl Africa’s neighbours, who are often victims of this misidentification, so that a quick check can be made to see if the product in question is correctly labelled. These countries may need assistance in setting up a verification system, but they will want to cooperate because false labelling is creating unfair competition for their products.
Special attention will have to be paid to goods from freeports, to ensure that they are not simply transshipped South African goods -- or, as in the case of coal, simple mixtures of South African and non-South African material. Customs officials may also need to do regular chemical checks on imported goods like coal, which are sometimes given false certificates of origin.
Checks will need to be made on oil, arms, and other embargoed goods being sent to free ports, to ensure they are not transshipped to South Africa.

Security services

Participation of intelligence and security services is essential. When the United States imposed sanctions against Cuba, it enlisted all arms of government to enforce them -- the Central Intelligence Agency (CIA); the State, Treasury, and Commerce departments; and embassies abroad. It was thus able to identify trade and bring political and other pressure to stop that trade. And it was clearly successful in sharply curtailing Cuban trade with non-socialist countries. The CIA has played a central and publicly acknowledged role in enforcing the CoCom provisions. Leaving the investigation of sanctions busting to under-funded non-government organisations will obviously be less effective, and shows a lack of seriousness. The South Africans, too, will take their cue from the degree of enforcement.

Sanctioned inputs

Consideration will need to be given to goods made’ from South African raw materials, but which satisfy normal rules of origin as coming from another country (typically 20 to 50 per cent local content). It clearly cannot be acceptable for Turkey to import cheap steel.billets from South Africa, roll them into simple products, and then sell those steel items to countries boycotting South African iron and steel -- even if the finished product qualifies technically as "made in Turkey". At the very least, such goods should not qualify for entry under special quotas, as exist for textiles and steel.

It would be best to ban the import of goods from third countries which contain South African materials already subject to sanction.

Admittedly this is difficult to enforce, but the United States has shown with its sanctions against Cuba that such rules can be made to work. For example, the United States was anxious to prevent the sale of Cuban nickel, so it required governments and firms to ensure that there was no Cuban nickel in any stainless steel. Similar techniques were used to keep Rhodesian chromium out of stainless steel. It was just too much nuisance for companies to keep separate Cuban and non-Cuban nickel, and Rhodesian and non-Rhodesian chromium, so they simply didn’t buy the embargoed goods. Both sanctions were highly effective, which proves it can be done.

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Some exception will be needed for South Africa’s neighbours.

Taking advantage

We have shown that some countries have increased their trade, reducing the effectiveness of sanctions. One way to stop this is to take measures against countries which "take advantage" of sanctions imposed by other states. The United States sanctions law has a specific provision under which "the President is authorized to limit the importation into the United States of any product or service of a foreign country to the extent to which such foreign country benefits from, or otherwise takes commercial advantage of, any sanction". So far, the President has not acted. But press reports indicate that one reason for Japanese restraint in its trade with South Africa is fear that the United States will enforce this provision against it. Countries which have already adopted measures should also adopt a provision like the United States one, and should use it.

When one computer company expands to fill the gap left by another which has withdrawn from South Africa, it is clearly "taking advantage" of an anti-apartheid action. Similarly, when a country buys more South African coal or steel because of the lower sanctions-induced price, it is "taking advantage" of those sanctions.

Where appropriate, action might be taken against individual companies. But in many cases, such as Turkey and steel or Spain and coal, it will only be sensible to take action against the country. This smacks of extra-territoriality and will worry some governments. But this must be set against the unfair advantage it gives those countries -- Turkish steel will be cheaper because it is rolled from South African billets. There is a long history in international trade of retaliating against countries which take unfair advantage, and this seems a clear case.

South African-controlled companies

The issue of South African-cdntrolled companies has become increasingly important, both because of their sanctions busting potential, and because they are subject to sanctions themselves. It is often very difficult to find out the true owners of a firm, however. This is because Luxembourg, Switzerland, and many islands allow ownership to be concealed. Indeed, when the United States Congress wanted to require foreign investors to disclose their holdings if they had more than 5 per cent of any United States business, British and other TNCs made such an outcry that the legislation was dropped. We appreciate that it will be difficult to propose general regulations on the identification of’foreign-owned firms.

Therefore, we argue for regulations specific to South Africa. In particular, national legislation should be passed to make it permissible in a wide range of circumstances to demand a declaration that a company is not ultimately owned, controlled, or managed by a South African company or individuals. There should be large penalties for a false declaration.

At the very least, such a declaration would be required for a firm to gain government contracts, grants, etc. It should also be required for firms working in sanctioned areas, like computers. It could be required by local councils and other bodies who might want to refuse to deal with South African controlled firms. This would not violate considerations of commercial confidence, corporate secrecy, and so on,.because companies could continue to hide their true ownership; they would only,have to reveal those links if they wanted certain sorts of contracts.

We have also noted the potential of South African controlled companies for sanctions busting -- for technology transfer, finance, and exports. One way to limit this would be to require that all sanctions imposed on South Africa should also apply to South African controlled companies.

Ownership and "control" need to be clearly defined. Anglo American has shown itself adept at controlling firms with as few as one-third of the shares, by long chains of shareholdings (often each involving a minority), and by holding smaller percentages of shares through several different intermediates. Thus the Commonwealth sanction on government contracts with "majority-owned South African companies" is much too narrow.

US law uses a variety of definitions of control which are helpful. The State Department talks of control being "authority to manage, direct, or administer the affairs" of the firm. Other United States regulations say that control is presumed in any of these cases: ownership of 25 per cent of the outstanding voting shares, when no other person owns a larger or equal percentage; having a majority of the board of directors; operating the firm on a management contract; or having the right to appoint a majority of the board of directors or the firm’s chief operating officer. 100 This sort of definition seems clearer and should be imposed.

Definitions must also pass back through any chain: if A controls B and C, and together B and C controls D, then A controls D. This issue became very clear when Canadian and United States banks were involved in funding the Minorco takeover bid of Consolidated Goldfields. Minorco is based in Luxembourg and is technically a European firm; furthermore, it was not directly "majority-owned" by any single company, because it was 39 per cent owned by one firm in the Anglo group, 21 per cent by another, and 11 per cent by two others. But the ultimate control and ownership is clear.

Other TNCs

Dealing with South African-controlled companies is difficult enough; dealing with other TNCs will be even harder. But TNCs are probably the main channel for technology transfer, particularly to present and former subsidiaries in. South Africa. There are also some financial transfers, in the form of loans and internal trade credits (although transfer pricing is probably taking money out of South Africa, on balance). .

Swedish legislation is very strict in dealing with Swedish-based TNCs, and is framed to ensure Swedish regulations extend to Swedish-controlled firms outside Sweden. In particular, the Swedish mother company has an obligation to actively supervise the subsidiaries' operations in order to prevent infringement of sanctions legislation.

Different countries have different legal traditions, but they will need to have special care to ensure that any regulations clearly apply to transactions which take place within a TNC.

CHAPTER 23. INFLUENCING MARKET FORCES

Our model of incremental sanctions means that some trade with South Africa will continue. Furthermore, sanctions cannot be watertight. Therefore, other mechanisms should be developed which lead companies to feel that it is in their own interest not to deal with apartheid, even if they are legally allowed to do so. The concept of "market forces" has gained renewed strength in recent years, and we believe that it is important to try to use market forces to reduce trade with South Africa.

There are two related issues. First, it should be in the commercial interest of firms not to trade with apartheid. Second, voters, consumers, and workers should be able to use the marketplace to express their abhorrence for apartheid in a small but tangible way, and to reduce their personal links with South Africa.

Consumer pressure can be enough to show firms that it is in their commercial interest not to deal with South

Africa. This is clearly behind the decision of many companies to withdraw from South Africa, and of many banks to end loans to South Africa.

Consumers can exert pressure only if they are informed. Unfortunately in some countries firms are allowed to conceal their South African ownership, the fact that they have South African subsidiaries, that they have been issued export licences to send goods to South Africa, etc.

It seems perverse that companies should be allowed to hide behind claims of "commercial confidence" because they know that their local business would be hurt if consumers knew they had South African links. Publicity is an important weapon. It seems clear that many companies are embarrassed about their continuing South African links, and go to great lengths to hide their apartheid connections. In part, they fear consumer retribution if these links became known. And executives are aware that they would be criticised by their friends if it were known that they were continuing to deal with the apartheid state.

It seems to us essential that to allow market forces to operate, the maximum amount of information about company links with South Africa must be published.

The first step is that violations of both voluntary and mandatory sanctions should be given maximum publicity.

A public statement by the Canadian Government criticising a firm which made an investment in South Africa against a voluntary ban seems to have discouraged other firms from making investments. By contrast, the British unwillingness to publicise violations of the voluntary tourism ban has been taken as licence to continue promoting tours to the apartheid state.

The next step is to publicise trade which does not yet violate sanctions. This means publication of all permits, licences, waivers, etc allowing trade with South Africa.

This is already done in the Nordic states, but in other countries such permits are normally kept secret as a matter of general policy on commercial confidence. We would argue that South Africa is a special case, and that it should be made clear to firms when they apply for licences or permits that these will be published.

The importance of this should not be underestimated. Norway’ 5 oil transport legislation allows ships to carry oil to South Africa under certain circumstances. But it requires that each case be reported to the Government, and some information on the report will become public. It was feared that shipping companies would take advantage of this loophole, but fear of publicity seems to have stopped them from doing so.

Encourage People’s Sanctions

Similarly, there should be tighter legislation requiring country-of-origin labels on agricultural and manufactured products. This will allow consumers to refuse to buy, and to impose their own sanctions. In the Nordic countries, consumer boycotts were already cutting South African sales before the Government imposed more general sanctions.

Legislation clarifying the right of workers to refuse to handle South African goods ’ is another avenue. In Finland, trade unions were able to halt South African trade long before the Government imposed a ban. The United States used dockworkers unions to enforce its Cuba boycott. But in several countries such boycotts are illegal.

Especially important is to permit local boycotts. In most countries, there is a need for legislation clarifying the right of local councils, schools, public institutions, and the like to refuse to use South African goods and to deal with firms active in South Africa. (Sluiter & Ferguson, Vol II) In some circumstances public bodies must accept the lowest tenders, even if it benefits the apartheid system. Waiving this requirement with respect to South Africa would allow local bodies to impose their own sanctions, and absorb the costs if they wished to do so.

Sweden introduced such legislation in 1985, before it imposed comprehensive sanctions. In introducing the legislation, Foreign Trade Minister Mats Hellstrbm noted that "if it is to be possible for municipalities and county councils to participate in demonstrations of solidarity against apartheid in South Africa, then special legislation must be enacted." He stressed that "this is a special measure dictated by the unique conditions of South Africa" and thus did not serve as a precedent to override basic principles enshrined in a wide variety of existing legislation.

Prodding South African-linked firms

Governments can take actions which will encourage firms to reduce their dealings with South Africa, without actually forcing them to stop. The run down in trade credits proposed in Chapter 19 will do this._Another technique was proposed in the Dellums Bill, by which firms involved in the South African oil trade or which have investments in South Africa would not be able to obtain oil or other mineral licences in the United States. This would particularly have hit the transnational oil companies like Shell which are active in South Africa. Firms would then respond to market pressures, and see whether their interests lay in the United States or in South Africa.

The decision by the Commonwealth (except Britain) to terminate double taxation agreements is a similar technique to make South Africa less attractive to private business. This proved less effective than expected, because of other provisions in the tax law of some countries which continued to permit firms to claim a credit for taxes paid in South Africa. The United States recognised this problem, and the adoption of the so-called "Rangel Amendment" meant that from 1 January 1988 companies could no longer offset South African taxes against United States taxes due. It is estimated that United States firms are now paying one-third more United States tax on their South African earnings, making South African investments much less attractive.

To carry out the intent of the decision to end double taxation agreements, special legislation will be needed in some countries to ensure that companies should not be allowed to offset or credit South African tax against tax due in another country.

Action on gold

Gold is so fundamental to the South African economy that some action should be taken. Most gold is traded in bars, and much monetary gold was mined many years ago. Jewellery is different, however. It is non-monetary gold, and often uses newly mined gold. This suggests that jewellery would be a suitable target. Therefore we suggest that when new gold jewellery is sold, the source of the gold should be identified.

Ample non-South African supplies are available for jewellery. Indeed, this might put a tiny price premium on non-South African gold. Because of the amount of gold in circulation and the stocks held by jewellers and dealers, as well as the fact that the trading network is not geared to identifying the source of gold, it would be reasonable to allow two or three years after announcement before the measure took full effect. ’

This sanction would not have a financial impact on South Africa because it does not reduce the total demand for gold, But it will identify gold with apartheid in the public mind, and will allow consumers to avoid jewellery with South African gold. This, in turn, would raise the profile of the gold issue, leading to more discussion about a possible gold sanction against South Africa. Research is already under way which has suggested some promising routes to gold sanction,. and this should be pursued. i W ’" i ’

PART VI:
SUMMARY AND CONCLUSIONS

CHAPTER 24. PROPOSED ACTIONS

The Commonwealth Eminent Persons Group (EPG), Archbishop Hurley, and others we have quoted in this report use phrases like "effective economic measures", "much stronger pressure", and "pressure that will cause real discomfort".that is common is the demand for measures which have a direct economic and political impact on South Africa, rather than mere token measures which express continued displeasure with apartheid and repression.

There is a realisation that continued opposition by some governments means that comprehensive, mandatory sanctions cannot be put into place in the near future. On the other hand, the 1990-91 window of opportunity calls for rapid action.

Thus, the need is for a package of measures which would be effective and would exert the required pressure -- if it was imposed quickly by many governments acting individually or in groups. We have assessed the impact that would be required, and conclude that a rapid ratchetting up of sanctions should push Pretoria into genuine negotiations.

Top Priority: Show Pretoria we are serious

It is clear from our analysis that sanctions will not be effective if they are only imposed in dribbles over decades. It is also clear that the’white minority Sees the slow and reluctant imposition of sanctions as de facto support for the reformulation of apartheid and continued white rule.

A big push on sanctions is needed in the next two years, when South Africa is most vulnerable. This is an essential part of diplomatic efforts in the region, not an alternative to them. A sanctions push will create a larger lobby for negotiations, and will mean that Pretoria is forced to negotiate an end to apartheid rather than use false negotiations to prolong apartheid.

Therefore, we believe that an essential part of the diplomatic effort, and the starting point of the whole process, is that

(1) Governments muSt make a public commitment to a steady reduction in trade with South Africa, setting a date to end trade with the apartheid state if no progress is made to a negotiated settlement.

This would give notice to the apartheid regime and to businesspeople and others within South Africa. It would also give ample advance notice to business within the state imposing the sanctions of the need to find new markets and new sources of raw materials.

"Progress" toward a negotiated settlement should be measured against the five steps in the Commonwealth Accord on Southern Africa, agreed at Nassau (See Chapterrz and Appendix 2). If Pretoria were to agree to these five steps, this would "stop the clock" and no new sanctions Would be imposed while genuine negotiations.continued; this would be a strong incentive to stay at the conference table once talks started. But existing sanctions should not be lifted until a negotiated settlement acceptable to all parties is reached.

The "public commitment" to end trade need not be part of a law, but it must be a firmly stated government policy backed up with a programme of ever tighter sanctions. We would hope that governments would set a date to end trade no more than five years away -- that is, by 1994.

Our investigation has made clear that it is absolutely essential to make a deep cut in South Africa’s income. This means a large reduction in export earnings and an end to remaining loans. As we stressed in the report, we have targeted a practical set of commodities for initial actions which excludes the precious and strategic metals which many countries would find difficulties in banning initially.

Most sanctions have some cost to the country imposing the sanction, so it makes sense to start with the least expensive ones. Similarly, it makes sense to start with those sanctions which are easiest to enforce. Historically, it has proved easier to sanction a country’s exports than its imports. Therefore, the priority target must be South African bulk exports for which there are many other suppliers. There are two main categories:

(2) Importatibn of all South African agricultural products should be banned. "Agriculture" should follow the GATT definition, and include everything that grows.

(3) Importation of all non-strategic South African minerals should be banned. This would include coal, base metals (copper, lead, tin, zinc, aluminium, and nickel), iron ore, uranium, and non-metallic minerals.

Ferro-alloys and steel additives, as well as andalusite, could be exempted.

Similarly, there is no reason to import any South African manufactured goods, including clothing, chemicals, petroleum products, furniture, etc. Therefore

(4) Importation of all South African manufactured goods should be prohibited. "Manufactures" should follow the GATT definition and include chemicals and iron and steel.

Many countries, including the Commonwealth and the US, already ban some of these products, including edible agricultural products, coal, uranium, and iron and steel. In that case, this should be seen as a widening of existing measures. For some European and Asian countries, however, these will be significant new sanctions.

We do not propose a ban on South African precious metals at this time. But it seems important not to artificially increase their consumption and price. Therefore

(5) The production and sale of all platinum coins and small bars for investors should be prohibited.

Where governments have already produced platinum coins for collectors, they should offer to buy them back but otherwise ban their trade.

The purpose of most economic sanctions is to reduce the amount of money available to the apartheid state. Bans on loans and investment have the same goal. Most governments restrict investment and longer term loans. This leaves trade credits as the major remaining source of foreign funds. Therefore

(6) Trade credits for sales to South Africa, including both buyers' and suppliers' credits, should be phased out over three to five years. Any remaining guarantees and insurance should be ended immediately.

Although the main goal of this sanction is to cut the flow of funds to the apartheid state, ending trade credits will also have the effect of discouraging trade with South Africa. This is in keeping with our first recommendation. The phasing out will reflect the commitment to end trade in a given period of time.

In the rest of this summary we make a number of additional recommendations for action. They cannot be seen as alternatives to our first six. We stress that an effective sanctions package must include our first six recommendations.

without them, any other actions will simply be tinkering with existing measures and will not have the necessary political impact.

Tightening the arms and oil embargoes

We are not calling for any major new bans on sales to South Africa at this time. This would be more costly to the countries imposing sanctions, and more difficult to enforce, than bans on purchases from South Africa. However, it is essential to tighten the existing bans on sales to South Africa, which cover arms, computers, and oil.

(7) The United Nations mandatory arms embargo should be interpreted broadly, to include any goods which can be converted into arms, which can be used for arms production, and which can be used to maintain and astrengthen repression.

The first step is to follow the Canadian lead and ban the sale to South Africa of all items on the export control list.

(8) South Africa should not be allowed to purchase any "dual use" equipment which has possible military applications, and the sale of which is already banned to any other country.

Most countries have some restriction on the sale of computers to the military, police, and/or apartheid enforcing agencies. Unfortunately, such bans are meaningless because telephone linkages and networking of computers makes it possible for the Government and for military contractors to use virtually any modern computer in South Africa. Therefore we recommend that governments follow the Canadian example and impose a blanket ban:

(9) The sale of all computers, software, and electronic and telecommunications equipment to South Africa should be banned.

The oil embargo as imposed by some countries contains a number of loopholes which should be closed.

(10) The oil embargo should include refined oil products. Oil producers should require discharge certificates for all oil. Ports and transit facilities should not be allowed to handle oil for South Africa.

The Commonwealth Committee of Foreign Ministers on Southern Africa have already accepted a proposal in our interim report that

(11) Technology transfer that is designed to enable South Africa to circumvent existing sanctions, particularly .in the area of arms, oil, and computers should be prohibited. ’

For oil, it means a ban on the sale of technology, equipment, licences, etc to South Africa for oil and gas exploration, production, delivery, and conversion into other liquid fuels. As part of this ban on technology transfer,

(12) There should be a voluntary ban on skilled people going to South Africa to take part in any activity which would help South Africa circumvent any sanction.

This would necessarily include a ban on recruitment advertising and on companies seconding staff to South Africa. for activities which would help circumvent sanctions.

One of the biggest loopholes in the arms and computer bans is that banned items can be purchased by a third party and incorporated in equipment which is then sent on to South Africa. Countries which already have tight restrictions on direct sales to South Africa should

(13) Tighter restrictions should be imposed on the re-export to South Africa of strategic goods and technology, either directly or included in other products.

Cars, computers, and job creation

Although we are not calling for an immediate end to all sales to South Africa, we have identified two sanctions which would have a strong political effect. These two new sanctions have been identified particularly for those countries which worry about sanctions harming the black majority; both will create jobs for black people while having their main negative impact on the white minority. Because white people are the main buyers of new cars,

(14) The sale of all vehicles and vehicle kits and parts to South Africa should be banned.

In order to allow some old fashioned cars to be built locally, and thus protect jobs in the car industry, this would be phased in over two or three years.

We have already called for a ban on the sale of computers on military grounds. The ban is also important as part of an effort to halt computers for automation and thus stem job losses. To target those devices linked to automation, we recommend that

(15) Tight controls should also be placed on the export and re-export to South Africa of microprocessors, dynamic random access memories, and computer numerical control devices.

Spreading the net wider

As tighter sanctions are imposed by a growing number of countries, it becomes increasingly important to close off ways of bypassing those sanctions. Private companies are a growing sanctions busting conduit. This includes both South.African companies and companies of sanctions-imposing countries. In particular

(16) A11 sanctions imposed on South Africa should also apply to South African-controlled companies.

Because of their potential for sanctions busting, South African-controlled companies should not be permitted to be involved in areas subject to sanctions, such as arms, computers, and oil. Similarly bans on loans and investment should apply to South African-controlled companies as well as South Africa itself. Limits should be imposed not just on "majority-owned" South African companies, but on the much larger group companies "controlled" from South Africa.

In countries where ultimate ownership and control is not always public, extending sanctions to South African-controlled companies will require regulations making it permissible to demand a declaration that a company is not controlled from South Africa. There should be a substantial penalty for a false declaration.

a It seems shortsighted for a_country to impose a sanction but still allow companies to deal in that sanctioned product in third countries or on the high seas. This has become an important loophole in sanctions regulations. Therefore:

(17) Governments should ensure that their nationals and companies do not transport or trade in sanctioned goods anywhere in the world.

In particular that would mean that if a country supported the oil embargo, then shipping companies registered in that country could not carry oil to South Africa. Similarly, if a country banned the import of South African coal and steel, then nationals and companies of that country could not trade in South African coal and steel anywhere in the world.

As sanctions become tighter and more sophisticated, so it becomes more important for South Africa to break sanctions. Thus better enforcement becomes more urgent. Because customs officials have so many conflicting priorities, it is important that a person or small group have South African sanctions as their top priority. And penalties for sanctions busting should be high enough that they are not simply shrugged off. Therefore

(18) Special sanctions enforcement units should be established. The penalties for South African sanctions busting should be increased to include possible jail sentences.

The Commonwealth may wish to establish a small unit to assist cooperation on South African sanctions enforcement between member state customs agencies.

Some countries will inevitably take advantage of sanctions imposed by others. This cannot be prevented, but it can be reduced.

(19) Action should be taken against countries and companies which take commercial advantage of sanctions that have been imposed against South Africa.

More intensified application of sanctions

Several existing sanctions are in danger of being relaxed, have still not been imposed by a few countries, or have had less impact than intended. Financial sanctions have been particularly effective, and will play a central role in creating the economic window of opportunity in 1990-91, so it is essential that Pretoria have no access to new funds. Therefore

(20) All countries should prohibit all new loans and investment of any sort to South Africa.

For some countries, this means making voluntary bans compulsory. Many will need to tighten the terms of their investment bans.

Rescheduling of South Africa’s debt is probably inevitable, but this must be used to extract political concessions. Banks have commercial priorities and will be more concerned with repayment and interest rates than with political gains, so governments will need to force the banks to take apartheid more into account. Therefore

(21) Banks with loans subject to the South African freeze should not be permitted to reschedule those loans for more than one year, unless Pretoria accepts the five steps set out in the Commonwealth Accord on Southern Africa (adopted at Nassau).

Banks should also be pressed by governments to put political pressure on Pretoria as part of annual rescheduling negotiations.

Double taxation agreements have already been cut in some cases, in order to make South Africa less attractive for business. Because this has not always been effective, special legislation or regulations may be needed to ensure that

(22) Companies should not be allowed to offset or credit South African tax against tax due elsewhere.

Cutting air links with South Africa has had an important psychological impact on white South Africans, so it is important that

(23) The ban on air links with South African should be extended to all states other than those in the SADCC region.

Since the Expert Study Group is proposing a running down of trade with South Africa, rather than an immediate ban, and because sanctions enforcement cannot be watertight, it is important to influence market forces so that businesses find it in their own interests to reduce their dealings with apartheid. The key is that

(24) Maximum publicity should be given to all continued economic links with South Africa. This includes the publication of all violations of voluntary bans, as well as of all permits and exemptions which allow dealing with South Africa.

Because of the key importance of the arms and oil embargoes, and because a number of countries still violate these long-standing sandtions, more should be done to expose violators. ’

(25) Governments should publicly identify companies and countries which help to break the oil and arms embargo. Consumer boycotts and people’s sanctions should be encouraged against the perpetrators.

In many countries traditional laws and practices limit the ability of workers, trade unions, local councils etc to boycott South African goods and South African-linked firms. These principles need not be breached in general, but it is important to recognise South Africa as a special case.

(26) Where existing law would prohibit such action, special laws or regulations should be approved to permit workers to refuse to handle South African goods and to permit councils and other local bodies to boycott South African goods and South African-linked firms.

Preparing for the next phase

Our targeted programme of sanctions includes only some of South Africa’s trade. We hope this will be sufficient. But in keeping with the commitment to end trade if Pretoria fails to begin genuine negotiations, it is essential to prepare now for further sanctions. We identify three areas where more study will be needed to develop effective sanctions.

Gold is South Africa’s most important export, but there are a number of difficulties which lead us to not include it in the first targeted package. However, recent research suggests that a practical gold sanction could be developed. We feel that it is important to raise the profile of gold as an issue, and to put a gold sanction on the agenda:

(27) Investigations into the possibility of a sanction against gold should be expanded. New gold jewellery should identify the source of the gold, as a way of publicising the issue of South African gold.

Tighter control will be needed of products which may contain sanctioned South African goods, such as steel and agricultural products.

(28) Legislation should be developed to ensure that goods from third countries do not contain significant amounts of inputs from South Africa which are subject to sanctions.

This might involve changes in certificate of origin legislation.

Although the use of existing export control lists is a good start in tightening the arms embargo, such lists do not include some of the lower level military technology that South Africa needs, nor do they include oil technology. Furthermore, export control lists only restrict hardware, and not licences and the movement of people which are both important for technology transfer. Therefore

(29) National bans should be developed to prohibit the transfer of strategic goods and technology to South Africa.

Such legislation would be independent of, or expand on, export control lists. Developing such regulations would require the identification of key technologies needed by South Africa to break the arms, oil, and computer bans. More detailed studylis needed of how to ban licenses, the movement of personnel, etc.

This is a package

We were given wide terms of reference which meant that we looked at many areas. Thus we have produced a long list of 29 recommendations. But we are anxious that this is not seen as a menu from which a few items are to be chosen. Recommendations are listed in order of priority. The first six must be accepted if the package is to be effective.

The remaining recommendations try to close the gaps in present sanctions and play an important role in tightening and intensifying the existing measures; they also look forward to a second phase of sanctions. But these will only be effective if accompanied by the widening of sanctions called for in the first six recommendations._

If enough countries imposed this package, there would be a major economic, psychological, and political impact on South Africa. Sanctions would help to create a much larger constituency pressing for genuine negotiation, and should push Pretoria to the conference table.-

The Commonwealth can take.the lead, not only through practical example, but also by putting pressure on other countries to impose similar sanctions. Therefore we make a final recommendation:

(30) After they have set an example by imposing wider and tighter sanctions against South Africa, Commonwealth states should launch a major diplomatic effort to encourage other industrialised countries to adopt similar measures.

It is 29 years since the Nobel Prize Winner Chief Albert Luthuli first called for economic sanctions. At that time he said "the economic boycott of South Africa will entail undoubted hardship for Africans. We do not doubt that. But if it is a method which shortens the day of bloodshed, the suffering to us will be a price we are willing to pay. In any case, we suffer already, our children are undernourished, and on a small scale (so far) we die at the whim of a policeman."

There are those who still say that the way to end apartheid is through increased trade and investment, and by using moral suasion to try to influence the white leaders of South Africa. After three decades of pursuing that policy, a new generation of children is undernourished, death at the whim of the police is no longer on a small scale, and suffering has increased many fold.

Those who oppose sanctions are effectively arguing that South Africa should be treated differently from Argentina, Libya, and other countries against which sanctions have been imposed. And the opponents of sanctions are arguing that a policy that has allowed so much suffering for three decades should be allowed to continue.

The mood in Southern Africa is changing, with new international potential for negotiation. At the same time, there is ferment inside the white minority, with a growing constituency for negotiation. This offers an opportunity which should not be lost. But it should not be exaggerated. The white leadership has not changed its goal of maintaining white hegemony. Little progress has been made on any of the five steps set out in the Commonwealth Accord on Southern Africa. Pretoria still looks to a false negotiation as a way to maintain and restructure apartheid, rather than to a genuine negotiation to end apartheid.

Sanctions are the way to force Pretoria to enter genuine negotiations. Sanctions are necessary to take" advantage of the opportunity now available. That means sanctions are an essential part of negotiations, not an alternative to negotiation.

Three years ago the EPG concluded that the South African Government "is in truth not yet prepared to negotiate fundamental change". In an open letter to Christians in Britain, 17 Southern African bishops confirmed that the position has only worsened since the EPG mission. The bishops wrote: "We believe that it is not enough to condemn the racist policies of the South African regime. Words, alone, will not deter the South African government from the pursuit of its repressive and undemocratic policies. In a situation of civil war, drastic strategies for peace are necessary. Do not be deceived by certain changes which have been made in South Africa. The constitution is fundamentally racist. The government continues to ’rule by clampdown’ and detentions. There is no meaningful freedom of speech nor opportunity for effective peaceful protest and democratic political organisation. The family life of countless blacks has been shattered and communities continue to be uprooted. The situation is an affront to humanity. Much greater pressure is needed from the outside world to pull us back from ever-worsening conflict and war." 101

The message is resounding and clear from those black leaders inside South Africa who are still free to speak out. "The question of mandatory and comprehensive sanctions against the South African apartheid system has become a life and death issue, so as to reduce the number of fatalities in this struggle to end apartheid," declared Frank Chikane, General Secretary of the South African Council of Churches.

Stronger sanctions are possible

Existing measures against South Africa have had an impact, albeit a limited one. They played a key role in forcing South Africa to negotiate over withdrawal from Angola and Namibian independence. Increasingly, white business people are saying that political change is the only way to avoid further sanctions.

The Expert Study Group believes strongly that a practical sanctions package, excluding controversial items like gold and ferro-alloys, could be effective in pushing Pretoria to the conference table -- but only if it is imposed quickly. Because of the urgency, it makes sense for . individual countries and groups of countries to impose their own sanctions packages. This will create a momentum, as happened in 1985-86, resulting in a wave of sanctions.

This wave would amplify the economic crisis anticipated in South Africa in 1990 and 1991 due to a debt bulge and lower gold prices. Many white people, especially in the business community, would finally realise that it is just too expensive to maintain apartheid. This will enlarge the constituency for negotiation.

A storm looms on the horizon. Will apartheid be helped to ride out that storm? Many people are waiting to see what the foreign opponents of apartheid will do. Inside South Africa, the white minority wonders if the international community will allow it to continue with repressive reform. The international banks are asking if the pressure will be eased, making it safe to grant new loans. The TNCs remaining in South Africa are asking themselves if the worst is over, and whether profitability will return with an easing of sanctions. Pretoria’s international allies want to know if their shoring up of apartheid will continue to be profitable. And the majority asks if Chief Luthuli’s calls will be ignored for another 30 years.

A window of opportunity

We wish to underline the urgency of this matter. There is a very small window of opportunity. Because of the 1990-91 debt crisis, the sanctions weapon will be much more powerful if wielded now. We have tried to determine what action would be an effective support for genuine negotiation. And we conclude that it will require a significant increase in pressure, but one which is within the reach of the governments of the industrialised world -- given the political will to contribute to the ending of apartheid. Commonwealth countries could show the way by intensifying and widening their own sanctions to include the entire package.

, The package we propose involves a significant widening and tightening of existing sanctions, and it entails some cost; But the cost is small compared to that being paid by the people of South.Africa, and it is also small compared to that of the much larger sanctions package that would be needed later to have the same impact.

If this opportunity is missed, the limited sanctions package proposed here may not be sufficient. If governments merely tinker with existing sanctions, or if new measures are only imposed after 1991, then the white minority can justifiably feel that it is being protected from sanctions. They will conclude that fundamental change is not needed.

For the white minority, negotiating fundamental change and giving up a monopoly on power will be a long, difficult, and worrying process. It is a road that will be taken only when it is the only road available. Sanctions are essential to demonstrate that the option of reforming apartheid is too expensive and is internationally unacqeptable. Sanctions are necessary to push Pretoria down the difficult road to genuine negotiation.

We can only restate the question asked by the EPG:

102 "Is the Commonwealth to stand by and allow the cycle of violence to spiral? Or will it take concerted action of an effective kind? Such action may offer the last opportunity to avert what could be the worst bloodbath since the Second World War."

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In 1987, EC fruit, vegetable, and grain imports from South Africa were more than US$ 265 mn higher than the 1983-85 average. See Table 4.1. By contrast, official EC figures show that 1985 imports of South African steel covered by sanctions were only US$ 140 mn.

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Wall Street Journal, 25 Mar 87.

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Christopher Wilson, "South Africa’s Debt Overhang", Optima, Jun 87. 8

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GDP in the 19805 has risen by 1 per cent per year on average, while population growth is approximately 3 per cent per year.

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South Africa and the International Financial System

Financial Times, 23 Nov 88.

This was explicitly proposed by Nedbank Chairman Owen Horwood, Financial Times, 22 Nov 88.

GATT, in turn, follows the International Standard Industrial Classification. (UN Statistical Papers, Series M, No 4) GATT defines three "broad product groups", one

of which is "agriculture". (See the GATT "International Trade" annual volumes for definitions, and detailed discussions of trade in the various product groups.)
This definition excludes cotton and wool yarn and thread, leather, paper and sawn wood, and vegetable tanning products. We would include all of these in agricultural products, and have used this broader definition in our .statistics. These additional "agricultural" products would, in any case, be included in our proposed ban on manufabtured goods, so their category is not an urgent question if both agricultural products and manufactured goods are banned.
Finance Week, 18 Aug 88.

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Memorandum to the House of Commons Foreign Affairs Committee dated 22 Oct 85.
Our views on violations of the arms embargo are largely based on reports of: 1) the World Campaign Against Military and Nuclear Collaboration with South Africa, 2) the International Seminar on the Arms Embargo in London in May 1986, and 3) the "421 Committee" established by the United Nations Security Council under Resolution 421 (1977).
Signe Landgren, Embargo Disimplemented, (Oxford University Press, Oxford, 1989) p. 207.
US De artment of Commerce News, Washington, DC, 3 Mar 82.
See, for example, Arms Canada by Ernie Regehr (James Lorimer, Toronto, 1987).
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See "Implementation of the Comprehensive Anti-Apartheid Act of 1986", Lawyers Committee For Civil Rights Under Law, 1400 Eye St, Washington DC 20005.
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APPENDIX 1: THE STUDY

At their meeting in Vancouver in October 1987, Commonwealth Heads of Government (with the exception of Britain) agreed "to evaluate on a continuous basis the application of sanctions in order to assess their impact" under the Okanagan Statement and Programme of Action (See Appendix 5). At its first meeting in Lusaka in February 1988, the Commonwealth Committee of Foreign Ministers on Southern Africa (CFMSA), established at Vancouver to provide high level impetus and guidance in furtherance of the Okanagan Statement's objectives, approved the terms of reference of the Study and requested the Commonwealth Secretary General to' arrange for it.

The Commonwealth Secretary General accordingly commissioned an independent Expert Study on the Evaluation of the Application and Impact of Sanctions Against South Africa. An independent group of nine individuals with expertise in various areas of sanctions was formed. Dr Joseph Hanlon was appointed coordinator. In addition, 12 other researchers and one institution contributed to the work of the Group. The members of the Expert Study Group are:

Dr Joseph Hanlon, study coordinator
Dr Martin Bailey
Ms Joanna Chataway
Mr Auret von Heerden
Mr Richard Moorsom
Mr Peter Robbins
Mr Peter Sluiter
Mr Colin Stoneman
Ms Nicola Swainson

Additional research was done by:

Mr Gavin Cawtha Dr Tom Lodge
Ms Sandra Ferguson Dr Tessa Marcus
Dr Paul Goodison Dr Donna Rich
Dr Tom Hewitt Ms Kate Targett
Ms Ruth Jacobson Mr Jon Walters
Ms Jodie Lewis Mr Jaap Woldendorp.
Catholic Institute for International Relations.

The Secretary General also constituted an Advisory Group to assist the Expert Study Group in the preparation of the Study. It met twice in London, in July 1988 and March 1989, to offer advice and comment. The Advisory Group's members were:

Dr Martin BaileyT
Ms Phyllis Johnson
Mr David Martin
Mr Moloetsi Mbeki
Mr Richard Moorsom
Mr Vella Pillay
Mr Colin Stonemant
Mr Bernard Wood.e

The Experts began their work in April 1988 and submitted an interim report to the CFMSA meeting in Toronto in August 1988. They completed their report in May 1989. The responsibility for the contents of the Study rests with the Expert Study Group.

9 Were able to attend only the first meeting.

i Participated in the second meeting only.

TERMS OF REFERENCE FOR A STUDY ARISING
FROM THE OKANAGAN STATEMENT (PARAGRAPHS 7-11)

Introduction

With the exception of Britain, Commonwealth Heads of Government at their Vancouver meeting agreed that economic and other sanctions have had a significant impact on South Africa and that their wider, tighter and more intensified application must remain a part of the international commufiity's response to apartheid. in this context, they agreed to evaluate on a continuous basis the application of sanctions in order to assess their impact; and also. committed themselves to continuing efforts to secure a more concerted application of a global sanctions programme.

2. In order to assist in the fulfilment of the above decisions of the Heads of Government, the study will review the scope of the existing sanctions by the Commonwealth and non-Commonwealth governments, voluntary bodies and private sector, examine their implementation and evaluate their impact not only in economic terms but also in terms of the morale of the Pretoria regime and the political processes in South Africa.

3. The study will also identify efforts to frustrate sanctions and the manner 'and the extent to which the impact of sanctions is weakened as a result. in examining what action can be taken to strengthen the impact of sanctions, it will consider the scope for further concerted efforts by the Commonwealth and the wider world.

Possible Outline of Study

4. The areas of enquiry for the study may be set out as follows:

A. Review of Current Sanctions

Scope and legal status of sanctions adopted by country or group of countries, by major category of sanctions; the status of various United Nations measures (mandatory or non-mandatory) and their implementation; measures by voluntary groups and the private sector; dates of adoption and implementation; monitoring mechanisms and provisions of penalities against offenders.

3,- Etforts to Frustrate Sanctions

Efforts by South Africa to frustrate sanctions by category of measures; the role of governments, organisations and
. ' . on 8 outside
bouth. Africa in frustrating sanctions; South Africa's pgicifs towards its neighbours in frustrating sanctions.

C. Strengthening Exist "mg MW

Scope for making existing measures more effective through a wider, tighter and more intensified application:

(i) Economic Impact of Sanctions

Impact on credit and investment flows to South Africa; on the cost and supply of oil; on exports and imports in terms of volume and wit values. Economy wide impact in terms of capital Conmtion; access to teehnetegy: employment and growth of GDP;-and on the confidence of the business community.

(ii) Impact on Military Capability

, Impact on access to security/military related technology (and on the availability of armaments; on the military capability of South Africa.

(iii) Political Impact

Impact on the Pretoria regime and its willingness to negotiate, on the political perceptions of the business community and on the White electorate in general. Impact in terms of South Africa's isolation in the international community and its ability to conduct external relations.

D. Areas of Vulnerability

Areas, economic or otherwise, in which South Africa is particularly vulnerable to sanctions. Measures that will have a significant impact when applied (a) concertedly or (b) bilaterally. A prioritisation of possible measures -

E. Possible Further Action

Possible further action given South Africa's vulnerability in particular areas. - '

Time-Frame and Modalities

5. An initial study concluded within a'period of, say, not more than six months, could be followed up by updating and extending the enquiry to further area':., as the situation evolves, at periodic intervals. The Secretary-Generai in consultation with the Chairman will arrange for the study to be undertaken in amanner that would inter alia permit the issue of interim reports or-segmeMs of the Study to members of the Committee from time to time.

Commonwealth Secretariat
Mulungushi Conference Hall _ -
Lusaka
2 February 1988

APPENDIX 2

The Commonwealth Accord on Southern Africa

1. We consider that South Africa’s continuing refusal to dismantle apartheid, its illegal occupation of Namibia, and its aggression against its neighbours constitute a serious challenge to the values and principles of the Commonwealth, a challenge which Commonwealth countries cannot ignore. At New Delhi we expressed the view that "only the eradication of apartheid and the establishment of majority rule on the basis of free and fair exercise of universal adult suffrage by all the people in a united and non-fragmented South Africa can lead to at just and lasting solution of the explosive situation prevailing in Southern Africa." We are united in the belief that reliance on the range of pressures adopted so far has not resulted in the fundamental changes we have sought over many years. The growing crisis and intensified repression in South Africa mean that apartheid must be dismantled now if a greater tragedy is to be averted and that concerted pressure must be brought to bear to achieve that end. We consider that the situation calls for urgent practical steps.

2. . We, therefore, call on the authorities in Pretoria for the following steps to be taken in a genuine manner and as a matter of urgency:

(a) Declare that the system of apartheid will be dismantled and specific and meaningful action taken in fulfilment of that intent. t

(b) Terminate the existing state of emergency.

(c) Release immediately and unconditionally Nelson Mandela and all others imprisoned and detained for their opposition to apartheid.

(d) Establigl political freedom and specifically lift the existing ban on the African National Congress and other political parties.

(e) Initiate, in the context of a suspension of violence on all sides, a process of dialogue across lines of colour, politics and religion, with a view to establishing a non-racial and representative government.

3. We have agreed on a number of measures- which have as their rationale impressing on the authorities in Pretoria the compelling urgency of dismantling apartheid and erecting the structures of democracy in South Africa. The latter, in particular, demands a process of dialogue involving the true representatives of the majority black population of South Africa. We believe that we must do all we can to assist that process, while recognising that the forms of political settlement in South Africa are for the people of that country - all the people - to determine.

4. To this end, we have decided to establish a small group of eminent Commonwealth persons to encourage through all practicable ways the evolution of that necessary process of political dialogue. We are not unmindful of the difficulties such an effort will- encounter, including the possibility of initial rejection by the South African authorities, but we believe it to be our duty to leave nothing undone that might contribute to peaceful change in Soutll Africa and avoid the dreadful prospect of violent conflict that looms over South Africa, threatening people of all races in the country, and the peace and stability of the entire Southern Africa region.

S. We are asking the President of Zambia and the Prime Ministers of Australia, The Bahamas, Canada, India, the United Kingdom and Zimbabwe to develop with the Secretary-General the modalities of this effort to assist the process of political dialogue in South Africa. We would look to the group of eminent persons to seek to facilitate the processes of dialogue referred to in paragraph 2(e) above and by all practicable meansd.to advance the fulfilment of the objectives of this Accor . v

6. For our part, we have as an earnest of our opposition to apartheid, reached accord on a programme of common action as follows:

(i) We declare the Commonwealth’s support for the strictest enforcement of the mandatory arms embargo against South_ Africa, in accordance with United Nations Security Council Resolutions 418 and 558, and commit ourselves to prosecute violators to the fullest extent of the law.

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(iii)
We reaffirm the Gleneagles Declaration of 1977, which called upon Commonwealth members to take every practical step to discourage sporting contacts with South Africa.

We agree upon, and commend to other governments," the adoption of the following further eeonomic measures against South Africa, which have already been adopted by a number of member countries: '

(a) a ban on all new government loans to the Government of South Africa and its agencies;

(b) a readiness to take .unilaterally what action may be possible to preclude the import of Krugerrands;

(c) no Government funding for trade missions to South Africa or for participation in exhibitions and trade fairs in South Africa;

(d) a ban on the sale and eXport of computer equipment capable of use by South African military forces, police or security forces;

(e) a bah on new contracts for the sale and export of nuclear goods, materials and technology to South Africa;

(E) a ban on the, sale and export of oil to South Africa;

(g) a strict and rigorously controlled embargo on .imports ,of arms,' ammunition, military vehicles and paramilitary equipment from South Africa;

(h) an embargo on all military co-operation with South Africa; and

(i) discouragement of all cultural and scientific events except where these contribute towards the ending of apartheid or have no possible role in promoting it.

It is our hope that the process and measures we have ; agreed upon will help to bring about concrete progress towards the objectives stated above in six months. The Heads of

Government mentioned in paragraph 5 above, or their representatives, will then meet to review the situation. If in their opinion adequate progress has not been made within this period, we agree to consider the adoption of further measures. Some of us would, in that event, consider the following steps among others:

(a) a ban on air links with South Africa;

(b) a ban on new investment or reinvestment of profits earned in South Africa;

(c) a ban on the import of agricultural products from South Africa;

(d) the termination of double taxation agreements with South Africa;

(e) the termination of all government assistance to investment in, and trade with, South Africa;

(E) a ban on all government procurement in South Africa;

(g)_ a ban on government contracts with majority-owned SOuth African companies;

(h) a ban on the promotion of tourism to South Africa.

8. Finally, we agree that should all of the above measures fail to produce the desired results within a reasonable period, further effective measures will have to be considered. Many of us have either taken or are prepared to take measures which go beyond those listed above, and each of us will pursue the objectives of this Accord in all the ways and through all appropriate fora open to us. We believe, however, that in pursuing this programme jointly, we enlarge the prospects of an orderly transition to social, economic and political justice in South Africa and peace and stability in the Southern. Africa region as a whole.

Lyford Cay, Nassau

20 October 1985

APPENDI X 3

Commonwealth Heads of Government -
Review Meeting, London 3-5 August 1986

Communique

1. As agreed at Nassau last October, our Meeting was held in the special context of the crisis in Southern Africa. At the outset of our discussions we specifically reaffirmed our commitment to the Commonwealth Accord on Southern Africae which, with our other colleagues, we had concluded at Nassau. We reaffirmed, in particular, the united belief we expressed in the Accord that "apartheid must be dismantled now if a greater tragedy is to be averted, and that concerted pressure must be brought to bear to achieve that end".

.2. At our request the Co-Chairmen of the Commonwealth Group of Eminent Persons (EPG), General Olusegun Obasanjo and Mr Maicohn Fraser, introduced the report of the EPG and answered the many questions we put to them. Sir Geoffrey Howe, the British Foreign Secretary, who undertook a mission to Southern Africa in his capacity as President of the Council of Ministers of the EEC, also briefed us on the results of his mission. ' -

3. The Report of the EPG, Mission to South Africa, was the central docmnent at 'our discussions. That unanimous Report has commanded attention worldwide as pointing the way forward for South Africa and for the world in relation to South Africa. We warmly commend the Group's work which has made a positive and enduring contribution to the efforts to end apartheid and establish a non-racial and representative government in South Africa. We particularly commend the EPG's 'negotiating concept' and deeply regret its rejection by the South African Government.

4. At Nassau, the Commonwealth unanimously adopted a common programme of action which included a number of economic Incasures against South Africa. It was our collective hope that those measures and the eFForts 0f the EPG to promote a process of dialogue in South Africa would, within Six months, bring about concrete progre$s towards our objectives of seeing apartheid dismantled :uul the structures of (bmocracy erected in South Africa.

5. As envisaged in the Accord, we have reviewed the situation. We are profoundly disappointed that the :nxthorities in Pretoria haveh taken none of the five steps which at Nassau we called on them to take "in a genuine manner and as a matter of urgency". Nelson Mandela and other political leaders remain H1 prison. A new and more widely repressive mnergency' has been huposed znki political freedom more rigorously curtailed; the ANC and other political parties are still banned. Beyond these, however, it has been a matter of deep concern to us that the EPG after its most patient efforts has been Forced to conclude that "at present there is no genuine intention on the part of the South African Government to dismantle apartheid" and "no present prospect of a process of dialogue leading to the establishment of a noneracial znul representative government". We luui looked at Nassau For the initiation by Pretoria of a process of dialogue in thet context of a suspension of violence on all sides. Instead, as the EPG found, the cycle of violence and counter-violence has spiralled.

6. We receive the Group's findings with disappointment, andt deplore the conduct of the South African Government whose actions, including the raids on neighbouring countries at a crucial moment of the hPG's work, terminated its efforts for peaceful change. We continue to believe with the EPG that the cycle of violence in South Africa must end. It is clearly established that the situation in South Africa constitutes a serious threat to regional peace and security.

7. It is thus clear to us that since our meeting in Nassau there has not been the adequate concrete progress that we looked for there, Indeed, the situation has deteriorated.

8. Accordingly, in the light of our review and of our agreement at Nassau, we have considered the adoption of hurther measures against the background of the EPG's Conclusion that the absence of effective economic pressure on South Africa and the belief of the SoUth African authorities that it need not be feared are actually deferring change. We

acknowledge that the Commonwealtll cannot stand by and allow the cycle of violence to spiral, but must take effective concerted ncthNL

9. We are agreed that one element of Such action must be the adoption of further measures designed to impress on the authorities in Pretoria the compelling urgency of dismantling apartheid :nul erecting the structures (7E democracy hl South Africa.

10. In doing so, we have looked particularly at the measures listed in para 7 of the Accord which some of us at Nassau had already indicated a willingness to include in any ’considerntinn of Further mensnreq. 3nt we have looked as well h) other menunres under Considerntion elsewhere. In deciding on the adoption-of further measures, we recognise that if they are to have Innximnm effect they should be part of a tvider programme of international action.

II. The British Government’s position is set out in paragraph 12. The rest of us have agreed as follows:

(a) The adoption of further substantial economic measures against South Africa is a moral and political hnperative to which a l)ositive response can no longer be deferred.

(b) We ourselves will therefore adopt the following measures and commend them to the rest of the Commonwealth and the wider international community for urgent adoption and implementation:

(i) All the measures listed in paragraph 7 of the Nassau Accord, namely: ’

(a) a ban on air links with South Africa,

(h) a ban on new investment or reinvestment of profits earned in South Africa,

(c) a ban on the import of agricultural products From South Africa,

(d) the termination of double taxation agreements with South Africa,

(e) the termination 0F all government assistance to investment in, and trade with, South Africa,

(f) a ban on all government procurement in South Africa,

(g) a ban on government contracts with majority-owned South African companies, and

(h) a ban on the promotion of tourism to South Africa, and

(ii) the following additional measures:

(i) a ban on all new bank loans to South Africa, whether to the public or . private sectors,

(j) a ban on the import of uraniwn, coal; iron and steel from South Africa, and

(k) the withdrawal of all consular Facilities in South Africa except for our own nationals and nationals of third countries to whom we render consular services.

(c) while expressing both concern and regret that the British Government does not join in our agreement, we note its intention to proceed with.the measures mentioned in paragraph 12 below.

(d) We feel, however, that we must do more. We look beyond the Commonwealth to the wider international . community. We will, therefore, immediately embark on intensive consultations within the international community with a view to securing concerted international actionl in the coming months, our emphasis being on those countries that presently sustain :1 significant level of economic relations with South Africa.

12. The British Government, while taking a different view on the likely impact of economic sanctions, declares that it will;

(i) put a voluntary ban on new investment in South Africa,

(ii) put a voluntary ban on the promotion of- tourism to South Africa, and

(iii) accept and implement any EEC decision to ban the import of coal, iron, and steel and of gold coins From South Africa.

15. As a further element of. our collective commitment to effective action, we have requested the Secretary-General, with assistance From our Governments, to co-ordinate the hnplementation of the agreed measures and to' identify such adjustment as may be necessary in Commonwealth countries affected by them. '

14. We renew the call we made at Nassau on the authorities in Pretoria to initiate, in the context of a suspension of violence on all sides, a process of dialogue across lines of colour, politics and religion with a view to establishing a non-racial and representative government in a united and non-Fragmented South Africa. If Pretoria responds positively to this call and takes the other steps for which we called in paragraph 2 OF the Nassau Accord, we stand ready to review the situation and to rescind the measures we have adopted if appropriate; and to contribute, in all ways open to us, to an orderly transition to social, economic and political justice in South Africa and to peace and stability in Southern Africa as a whole.

l5. '0n the other hand, we are equally mindful of our further commitment at Nassau that if in a reasonable time even these further measures have not had the desired effect, still further effective measures will have to be considered. We trust that the authorities in Pretoria will recognise the seriousness of our resolve. Acts of economic or other aggression against neighbouring states by way of retaliation or otherwise will activate that resolve.

l6. Regretting the absence of full agreement but recognising that the potential for united Comnonwealth action still exists, we agree that the seven Governments will keep the situation under review with the view to advising whether any further collective Commonwealth action, including a full Heads of Government Meeting, is desirable. We are conscious that the situation in South Africa may evolve rapidly and dangerously. We believe the Comnonwealth must retain its capacity to help to advance the objectives oF the Nassau Accord and be ready to use all the means at its disposal to do so.

l7. Meeting in London at a time of heightened strains within our association, we take the opportunity to renew our own firm commitment to the future of the Commonwealth and to the aims and objectives which have guided it over the years. We are fortified in this renewal by the spirit of frankness in friendship which characterised our discussions and our belief that they have helped to light a common path towards fulfilment 0F our common purpose, namely, the dismantling of abartheid and the establishment of a non-racial and representative government in South Africa as a matter of compelling urgency.

5 August 1986

APPENDIX 4

Excerpts from the Okanagan Statement and Programme of Action on Southern Africa

Comonwcalth Response .. Sanctions

7. With the exception of Britain we believe that economic and other sanctions have had a significant effect on South Africa and that their wider, tighter, and more intensified application must remain an essential part of the international community’s response to apartheid.

8. We realise that if the sanctions and othet measures we have adopted are to have maximum effect, they must be part of a wider programme of international action. While mindful of the widespread view within the international community that comprehensive and mandatory sanctions would be the quickest route to bring Pretoria to the negotiating table, we, with the exception of Britain, believe that, pending the acceptance of such a position by the international community as a whole, genuine efforts should be made to secure the universal adoption of the measures now adopted by most Commonwealth and other countries including the United States and the Nordic countries. We commit ourselves to continuing efforts to secure a more concerted application of a global sanctions programme.

9. Further, in the interest of greater effectiveness, we have decided to continue co-ordination by the Secretariat of the implementation of measures as agreed by each member and to identify any efforts to frustrate them.

10. with the exception of Britain, we agree to evaluate on a continuous basis the application of sanctions in order to assess their impact. Moreover, given the significance of South Africa’s relationship with the international financial system and the need for a better understanding of developments and possibilities in this sphere, with the exception of Britain we will initiate an expert study, drawing on independent sources, to examine this aspect of the South African economy.

11. Finally, mindful of our commitment at Nassau which we reaffirm here in Vancouver, we agree that we will continue to take further action- individually and collectively as deemed appropriate in response to the situation as it evolves until aparthehi is dismantled, in the case of all but Britain that includes sanctions.

Lake Okanagan

16 October 1987

APPENDIX 5
Excerpts from the concluding statement of the
COMMONWEALTH COMMITTEE OF FOREIGN MINISTERS
ON SOUTHERN AFRICA
Second Meeting: Toronto, 2-3 August 1988
Sanctions
The Committee had before it two Reports prepared pursuant to its decisions at Lusaka.
Impact of Sanctions
The first was an Interim Report on the Evaiuation of the Application and Impact of Sanctions against South Africa prepared by an EXpert Study Group pursuant to Terms of Reference agreed by the Committee at Lusaka with a view to widening, tightening and intensifying economic and other sanctions. The Committee noted the sconciusions of the Interim Report that trade sanctions are having a discernible impact on South Africa, that its economy is coming under pressure and that the impact of sanctions will be enhanced if the sanctions themseives are more widely adopted and their application intensified and tightened. Within this context, the Committee agreed on an action plan of individual and concerted demarches on countries which have so far not adopted Commonwealth measures, or whose trade practices in reiation to South Africa are tending to diminish the impact of Commonwealth sanctions.
With a view to intensifying and tightening the appiication of sanctions already agreed, the Committee invited Commonwealth and other Governments to consider adepting the foiiowing measures as recommended in the Interim Report:
(a) to press other countries to adept the Commonwealth trade bans, priority attention being given to coal;
(b) to implement procedures for stricter customs scrutiny and give higher priority to investigating sanctions violations;
.(c) to provide, where necessary by legislation, for heavier penaities for those violating sanctions, inciuding pubiicising of rioiations and the consequent penaities;
(d) to prohibit technology transfer that is designed to enable South Africa to circumvent existing sanctions, particularly in the areas of arms, oil and computers;
(e) to clarify the definition of agricuiturai products in order to reinforce the scope of the ban of agriculturai products From South Africa;

(f) to undertake to increase pubiicity and information about companies which continue to trade with South Africa, in violation of agreed sanctions; and

(g) to permit orderly actions of local authorities, private sector groups and individuals in demonstrating their abhorrence of apartheid;

Additionaliy, the Committee asked the Secretary-General to pubiish i the statistical tables on South Africa’s trade prepared by the Expert Study GrOUp. The Committee Tooked forward to the early submission of the experts’ finai report in the New Year.

B. Financial Links

The second Report was that prepared on behalf of the Committee by officiais of the Governments of Austraiia, Canada, and India on . South Africa’s reiationship with the international-financial system with a view to exploring the possibilities of effective action against South Africa in this area. The Committee’s conciusions on this Report are set out in the Annex to this Statement which was separately released by the Committee during its Meeting. The Committee agreed that in the Tight of its conciusions it would be desirable to make the Report avaiiable to aii Commonweaith Governments and to the wider international community.

C. Propaganda Against Sanctions

The Committee recognised that Pretoria’s fear of sanctions was leading to a concerted campaign supported by massive financial resources to convince Western countries that biack South Africans were Opposed to sanctions. The Committee recognised that this was itself an admission by Pretoria of the effectiveness of sanctions; Its deiiberations aiso confirmed throughout the Committee’s view that biack South Africans continued to 100k principaHy to . sanctions as the international community’s most necessary form of pressure on Pretoria for peacefui change. The Committee, therefore, believed it to be a paramount need to counteract South African prOpaganda that sanctions are Opposed by blacks because it hurts them. In this regard, it agreed that it was speciaiiy important for the authentic voices of black South Africans, particularly of black trade unionists, to reach the outside world.

Appendix 6

COMMONWEALTH COMMITTEE OF FOREIGN MINISTERS
i ON SOUTHERN AFRICA

STATEMENT ON THE ARMS EMBARGO AGAINST SOUTH AFRICA

1. At Toronto. the Commonwealth Committee of Foreign Ministers on Southem Afn'ca invited Commonwealth and other Governments to consider prohibiting technology transfer that is designed to enable South Africa to circumvent existing sanctions, particularly in the areas of arms. oil and computers.

The intent of the existing UN and Commonwealth arms embargois not only to deny South Afn'ca amilitary capability but also to increase the cost of maintaining apanheid. The World Campaign Against Military and Nucleaf Collaboration with South Africa Report makes clear that the most substantial loopholes in the UN arms embargo denve from differing interpretations of the embargo, more specifically, of what exports should be banned.

2. With a view to tightening the mandatory UN arms embargo against SOuth Africa and in order to ensure that there is no misunderstanding about the Commonwealth ban, or the Commonwealth's interpretation of the UN ban. the Committee commends the following clarifications of what exports should be banned as "arms and related material" by way of supplement to the suggestions made in Security Council Resolution 591.

(i) 'Arms, ammunition. implements or munitions of war. or any articles deemed capable of being convened the rcinto or having a strategic ortactical value or nature. Materials. equipment and technologies which are designed or used for the development, production or utilisation of arms. ammunition or implements of war. Materials and equipment incorporating unique technology. the acquisition 01' which by South Africa may reasonably be expected to give assistance to the development and production of arms. ammunition and implements of war. of their means of utilisation or delivery, or counter-measures to them. Materials. equipment and technologies of which South Africa has a deficiency, and which may be critical to the production of arms. ammunition or implements of war, or their means of utilisation or delivery. or counter-measures to them.

(ii) "Strategic or tactical nature or value" to be considered to include goods which assist in the maintenance of repression in South Africa: specifically exports of high technology including aircraft, aircraft engines and pans thereto, data processing equipment and software. electronic and telecommunications equipment; and also exports of four wheel drive vehicles.

The Committee calls for the above provisions, in conjunction with those contained in Resolution 591. to be made mandatory by the Security Council.

3. The Committee also urges that:

(i) a Monitoring Unit be established at the United Nations in order to assist the UN 421 Committee. The Unit would, inter alia. investigate alleged breaches and publish its Iindings regularly;

(ii) measures be considered for preventing foreign technology and expertise from assisting the internal armaments industry of South Africa; and for subsidiaries in South Africa of overseas companies being prohibited from manufacturing or supplying any items having a strategic or tactical value which would enhance the capability of the military and security forces; and

(iii) the provision in the Reso1ution 413 (1977) (mandatory arms embargo) relating to licences bc stn’ctly applied with a view to all licences being terminated.

4. The Committee further calls for a mandatory embargo on the import of South African arms and military goods to complement the embargo on the export of arms and in particular, for the Security Council to make its resolution on the impon of anns mandatory.

5. The Committee encourages all Commonwealth members to provide the Secretary-General with details about how they have implemented the UN arms embargo as well as the further measures to strengthen that embargo which have been adopted by the Commonwealth.

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8 February 1989

TRADE STATISTICS
1.1 Major changes in trade - 1987
1.2 Trade trends, 1983-87
2.1 Imports from South Africa by country - US$ - 1987
2.2 Imports from South Africa by country - SDR - 1987
2.3 Imports from South Africa by country - excluding pre-
cious minerals - US$ - 1987
2.4 Imports from South Africa by country - excluding
precious minerals - SDR - 1987 .
Imports from South Africa by commodity group - ranked
Imports from South Africa by commodity group - changes
Imports from South Africa by commodity group by country
Imports from South Africa by country by commodity group
Exports to South Africa by country - US$ - 1987
Exports to South Africa by country - SDR - 1987
Exports to South Africa by commodity group - ranked
Exports to South Africa by commodity group - changes
Exports to South Africa by commodity group by country
Exports to South Africa by country by commodity group
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'Trade with South Africa by country, first 6 months of
1988 - US$
10.2 Trade with South Africa by country, first 9 months of
1988 - US$
10.3 Trade with South Africa by country, first 6 months of
1988 - US$ - ranked by percentage change on 1987
10.4 Trade with South Africa by country, first 6 months of
a 1988 - SDR
10.5 Germany, Japan, and Gold - 1988

NOTES ON TRADE STATISTICS

Tables 1.1-9.1 look at trade with South Africa in 1987, and compare that to 1986 and to the average of 1983-85. It is difficult to select a single "normal" year to use as a basis for comparison, so we have instead used this average of three years as a way of taking into account the wide changes due to the debt crisis and drought.

Tables 10.1-10.5 look at the limited data available for 1988, and compare to similar periods of 1987.

In an attempt to give as complete and accurate as possible a picture of trade flows, we have looked at data supplied by South Africa's trading partners instead of by South Africa itself. South Africa's published trade returns were always inadequate for this purpose because they lacked detailed commodity breakdowns. In any case, the South African government progressively suppressed the publication of even routine trade statistics, finally ceasing publication completely.

Therefore, for Tables 1.1-9.1 we started with partner country trade returns as supplied to the United Nations world trade database. All members have reporting obligations to the United Nations, so this database maintains by far the most complete worldwide coverage of inter-country commodity flows. Countries report in terms of a singlet standard commodity code, the SITC, removing at least some of . the many code and category variations between national publications. Most partners supply the United Nations with information on their trade with South Africa. And governments often supply data on computer tapes to the United Nations well before they are able to publish full returns in their national series.

Nonetheless, problems do remain. Several significant trading partners do not report their South African trade. For several major and sensitive commodities (notably diamonds, uranium, arms, and petroleum), a number of key trading partners suppress details. The UN Statistical Office's practice of organising its trade data in terms of customs zones also poses a major difficulty because even where partner countries differentiate its members in their national publications, the UN aggregates data for the whole of Southern African Customs Union (SACU -- South Africa plus Botswana, Lesotho, and Swaziland).

We have therefore modified the data by taking account of information from several other sources:

r official SACU customs returns, plus the South African Reserve Bank's national accounts entries for merchandise imports and exports and for net gold exports;

r official trade statistics of Botswana, Lesotho and y Swaziland (BLS);

e published national trade reports of partner countries;

i reference publications of the principal international agencies monitoring trade flows (IMF, OECD, EC);

1 industry sources for particular commodities, notably coal, uranium and diamonds;

i independent research by institutions having specialist knowledge of particular commodity flows, especially the Shipping Research Bureau for petroleum.

The data were checked for anomalies, and certain correction made, notably Hong Kong's 1985 imports from South Africa were revised downward by US$ 100 million. Re-exports, where reported, were excluded for all countries except Singapore and Hong Kong.

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Special explanations are needed for the data relating to five countries:

1 Singapore: the figures supplied by the United Nations, as reportedly supplied to them by Singapore, have an implausible commodity composition and are far out of line with official national statistics, so were excluded. From 1986, Singapore's published data specifies nearly all African countries. The only possible partners of any significance excepting South Africa in the residual category 'other countries of other Africa' were Swaziland and Zimbabwe. Trade with Singapore identified in the returns of these two countries was therefore deducted. In addition, since nearly all the commodities attributed to Mozambique in Singapore's imports are neither made in Mozambique nor exported via Mozambique from neighbouring countries, they were reclassified as of South African origin and included. The resulting figures specify Singapore's trade at the 3-digit level for 1986-87.

e SE Asia nes: As analysed above, Singapore's . published trade indicates a large flow of re-exports, which we believe to be exports from other countries in South East Asia to South Africa, via Singapore.

e East Asia nes: re-exports from Hong Kong.

e South Korea: Data submitted to the United Nations for 'SACU' are clearly for BLS only. South Africa published data on trade with South Korea up to 1984, and these were converted, where it was possible, to correlate with SITC categories or to identify more detailed categories from the general commodity structure of South African trade, and were extrapolated. For coal and some minerals, industry sources were used.

1 Taiwan: because it is not a member, the-United Nations does not distribute Taiwanese trade data as a matter of policy. However, the national trade 2 publications contain full details of Taiwan's ' trade with SOuth Africa in terms of the CCCN; " these were integrated after the necessary checking and conversion.

At the time of writing, 1988 data was not yet available from the United Nations. Therefore, for tables 10.1-10.5 we have used OECD data plus national sources. More detailed trade statistics and more information on methodology are contained in Vol II.

Table 1.1
ggjor recent changes in trade
Changes of US$50m or more, 1987 compared to the 1983-85 average

Imports from SA:	US$m	%	Exports to SA:	US$m	%
Increases:					
Japan	574	34	West Germany	552	28
West Germany	283	30	Japan ’	334	22
Taiwan	241	115	Taiwan	213	102
Switzerland5	183	218	East Asia nes1	80	172
Italy	166	10	Belgium/Luxemb’g	66	30
South Korea	159	74	Switzerland	53	24
Spain	147	86	Netherlands	50	21
Turkey	135	159	,		
Hong Kong	93	40	3		
Belgium/Luxemb’g 1	67	21	E		
Netherlands	50	36	3		
Israel S	50	29	g		
Decreases:					
France	-54	-8	Norway	-68	-91
Canada	-63	-45	Finland	-73	-100
United KingdomIt	-118	-10	United States	-585	-31
Denmark	-137	-97			
United States	-921	939			

S Figures available for SACU only.
8 Reflects large shifts in the diamond trade. Excluding diamonds, UK imports decreased only US$20m and Swiss imports increased by US$59m.
1 Re-exports via Hong Kong.
1,1..._..-cr-.-.a:v...ux.n ..-. 1.1 w ’1’ h
Sources: UN Statistical Office; OECD; national trade reports.
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1Iable 21.2a
lmposing and undermining sanctions: trade trends, 1983-87 gin cugggggzl5m
Imports from SA: Exports to SA:
average rise/ average rise/ Net
1983-85 1987 cut 1983-85 1987 cut change
(a) All trade, in US$ million
Sanctions 984 3,481 2,230 -1251 2,931 2,047 -884 -2135
Rest4 7,278 9,938 2660 10,445 10,293 -152 2508
monetary gold 6,374 7,130 756 756
Total 17,133 19,298 2165 13,375 12,340 -1036 1129
(b) All trade, in SDR million
Sanctions 9’1 3,360 1,725 -1635 2,829 1,583 -1246 -2881
Rest4 7,036 7,688 652 10,066 7,963 -2103 -1451
Monetary gold 6,135 5,516 -620 -620
Total 16,532 14,929 -1603 12,895 9,546 -3349 -4952
(c) Trade excluding gold, diamonds, platinum and oil, in US$ million
Sanctions 95 2,209 1,349 -861 2,893 2,035 -857 -1718
Rest 5,723 6,932 1209 7,183 8,425 1242 2451
Total 7,932 8,281 349 10,076 10,460 384 733
(d) Trade excluding gold, diamonds, platinum and 011, in SDR million
Sanctions 95 2,136 1,043 -1093 2,793 1,575 f1218 -2311
Rest 5,529 5,363 -166 6,917 6,517 -399 ,-565
Total 7,665 6,406 -1259 9,709 8,092 #1617 62877
5 The US, France, Canada, Australia, New Zealand and the Nordic countries.
4 Including non-monetary gold and oil.

’_.
Table 1.2b ’ . ,
Imgosing and undermining sgnctions: trade trends, 1983-87 gpgr cent
Imports from SA: Exports to SA:
rise/ rise/ Net
average cut average cut change
1983-85 1987 % 1983-85 1987 % %
(a) All trade, in US$ million
Sanctions 931 3,481 2,230 -36 2,931 2,047 -30 -33 ;
Rest1 7,273 9,938 37 10,445 10,293 -1 14 E
monetary gold 6,374 7,130 12 12 g
Total 17,133 19,293 13 13,375 12,340 -3 4 g
l
(b) All trade, in SDR million
Sanctions 951 3,360 1,725 -49 2,829 1,583 -44 , -47
Rest1 7,036 7,688’ 9 10,066 7,963 I 321 -8 ,
Monetary gold 6,135 5,516 310 -10 g
Total 16,532 14,929 410 12,895 9,546 -26 -17 :
(0) Trade excluding gold, diamonds, platinum and oil, in USS million
Sanctions 941 2,209 1,349 -39 2,893 2,035 -30 -34
Rest 5,723 6,932 21 7,183 8,425 17 . 19
Total 7,932 8,281 4 10,076 10,460 4 4
(d) Trade excluding gold, diamonds, platinum and oil, in SDR million
Sanctions 91’ 2,136 1,043 -51 2,793 1,575 -44 -47
Rest 5,529 5,363 -3 6,917 6,517 -6 -5
Total 7,665 6,406 -16 9,709 8,092 -17 -17
. 1’ The US, France, Canada, Australia, New Zealand and the Nordic countries.
1 Including non-monetary gold and oil.

Table 2.1. Imgorts from South Africa bx countgx
US$ million
Trading partner 1986
Japan 2,248
Italy 1,914
United States 2,520
West Germany 1,255
United Kingdom 1,227
France 488
Taiwan 319
Belgium/Luxemb’g 361
South Korea 369
Hong Kong 348
Spain 286
Switzerland 87
Israel 5 203
Turkey 202
Netherlands 195
Austria 95
Australia 97
nauritius S 68
Canada 230
Portugal 60
Brazil S 60
Singapore 47
Sri Lanka 8 60
Greece 53
R6union 35
Venezuela NA
Chile 3 35
Argentina S 31
Norway 26
Sweden 21
Peru 13
Ireland 22
New Zealand S 15
Thailand 10
Ecuador 5 NA
Denmark 102
Finland 1
TOTAL 13,102
5 Figures available for SACU only.
% change
on 1983-85:
1986 1987
32 34
18 10
8 -39
31 30
2 -10
-23 -8
53 115
13 21
71 74
50 40
66’ 86
3 218
18 29
138 159
40 36
17 32
-7 -14
66 85
65 -45
58 91
86 119
-13 29 2
162
44 56
17 27
53

- 71
-27 -28
-59 858
29
15 -35
-15 -38
59
-28 -97
-96 -95
18 7
% change rank:
1987 on 1983/
1986 1985 1987
1 2 1
-6 3 2
-44 1 3
-1 15 4
-11 4 5
19 6 6
41 10 7
7 7 8
2 9 9
-7 8 10
12 11 11
207 18 12
9 12 13
9 17 14
-3 15 15
13 19 16
-7 16 17
12 22 18
-67 14 19
21 23 20
18 27 21
48 20 22
29 23
9 24 24
9 28 25
25 26
30 27
32 28
-1 26 29
0 21 30
35 31
-44 31 32
-27 33 33
37 34
36 35
#96 13 36
19 34 37
-9
Sources: UN Statistical Office; OECD; national trade reports.

Table 2.2. Imgorts from South Africa by country
SDR million 3 change % change rank: ;
on 1983-85: 1987 on 1983/
Trading partner 1986 1987 1986 1987 1986 1985 1987
Japan 1,916 1,764 16 7 7 -8 2 1 8
Italy 1,631 1,385 4 -12 -15 3 2 ;
United States 2,148 1,098 -5 -51 -49 1 3 1
west Germany 1,070 961 15 4 -10 5 4 i
United Kingdom 1,045 842 -10 -28 -19 4 5 5
France 416 451 -32 -27 8 6 6 g
Taiwan 272 349 35 73 28 10 7 :
Belgium/Luxemb’g 307 298 0 -3 , -3 7 8 j
South Korea 315 290 53 41 -8 9 9 ;
Hong Kong 297 251 32 12 -15 8 10 .
. Spain 244 247 46 48 1 11 11 ’
Switzerland 74 207 -8 155 179 18 12 i
Israel S 173 171 4 3 51 12 13 f
Turkey 172 170 108 105 -1 17 14 1
Netherlands 166 146 24 9 -12 15 15 :
Austria 81 83 3 5 2 19 16 1
Australia 82 69 -18 -31 -16 16 17
Mauritius , s 58 59 46 48 1 22 18
Canada 196 59 . 46 -56 -7o 14 19
Portugal 51 56 40 53 10 23 20 i
Brazil s 51 55 64 75 7 27 21 ;
Singapore 40 53 - -23 3 34 20 22 3
Sri Lanka 5 51 NA 131 - 29 23
Greece 45 45 27 25 -1 24 24
R6union 30 30 3 2 -1 28 25
Venezuela NA NA 4 25 26
Chile 5 30 NA 35 30 27 g
Argentina 5 26 NA _ 52 32 28 g
. Norway 22 20 -36 -42 -10 26 29 i
Sweden 17 16 -63 -67 -9 21 30
Peru 11 NA 14 35 31
Ireland 19 9 1 -48 -49 31 32
New Zealand s 13 8 -25 -51 -34 33 33
Thailand 8 NA 42 37 34 i
Ecuador 5 NA NA 36 35 ;
Denmark 87 3 -36 -97 -96 13 36 E
Finland 1 1 -96 -96 8 34 37 3
TOTAL 11,167 9,195 4 -14 -18 i
5 Figures available for SACU only.
Sources: UN Statistical Office: OECD; national trade reports.

Q
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5 USS million % change % change rank:
3 on 1983-85: 1987 on 1983/
i Trading partner 1986 1987 1986 1987 1986 1985 1987
Japan 1,529 1,479 16 12 -3 1 1
United Kingdom 962 1,017 -10 -5 6 3 2
West Germany 982 965 13 11 -2 4 ’3
United States 1.339 603 22 -45 -55 2 4
Italy 552 567 9 12 3 6 5
France 444 532 -27 -13 20 5 6
Taiwan 317 448 53 117 42 10 7
South Korea 369 375 71 74 2 8 8
Spain 280 312 65 84 11 12 9
Hong Kong _ 313 288 49 37 -8 9 10
Belgium/Luxemb’g 264 268 -1 1 1 7 11
Israel S 203 221 18 29 9 11 12
Turkey 202 219 138 159 9 17 13
Netherlands 193 187 41 36 -3 15 14
Austria 93 101 33 44 8 18 15
Switzerland 70 88 50 89 26 21 16
Australia 87 76 -14 -26 -13 16 17
Mauritius 3 68 76 66 85 12 22 18
Canada 226 . 76 63 -45 -67 14 19
Portugal 60 73 58 91 21 23 20
Brazil 5 60 71 86 119 18 27 21
Singapore 47 69 -13 29 48 19 22
Sri Lanka 5 60 NA 162 29 23
Greece 53 58 44 57 9 24 24
R6union 35 38 17 27 9 28 25
Venezuela NA NA 25 26
Chile 8 35 NA ’ 53 30 27
Argentina 5 31 NA 71 32 28
Norway 26 25 -27 -27 -1 26 29
Sweden 20 21 -59 -58 3 20 30
Peru 13 NA 29 35 31 .
3 Ireland 22 12 15 -35 -44 31 32
a New Zealand 5 15 11 -16 -39 -28 33 33
i Thailand 10 NA 60 37 34
Ecuador S NA NA 36 35
Denmark 102 4 -28 -97 -96 13 36
Finland 1 1 -96 -95 18 34 37
TOTAL 9, 083 8, 281 15 4 -9
Table 2.3. Imports from South Africa by countgx, excluding precious minerals #
S Figures available for SACU only.
Note: Gold, diamonds and platinum are excluded from the data.
Sources: UN Statistical Office; OECD; national trade reports.

Igglg_2.4. Imports from South Africa by countgx, excluding precioqg minerals
SDR million % change 8 change rank:
’ on 1983-85: 1987 on 1983/ 3
Trading partner 1986 1987 1986 1987 1986 1985 1987 ;
Japan 1,303 1,144 2 -1o -12 1 1
United Kingdom 820 787 -21 -24 -4 3 2
West Germany 837 747 0 -11 -11 4 3
United States 1,141 467 7 -56 -59 2 4 ,
Italy 470 438 -4 -11 -7 6 5 1
France 379 412 -36 -3o 9 5 6 4
Taiwan 270 347 35 74 28 1o 7 3
South Korea 315 290 53 41 -8 8 8 ;
Spain 239 242 45 47 1 1 12 9 ;
Hong Kong 266 223 31 1o -16 9 10 ;
Belgium/Luxemb’g 225 207 -12 -19 -8 7 11 :
Israel 5 173 171 4 3 -1 11 12
Turkey 172 - 170 108 105 -1 17 13
Netherlands 165 145 24 9 -12 15 14
Austria 79 78 17 15 -2 18 15
Switzerland 60 68 32 51 14 21 16
Australia 74 59 -24 -41 -21 16 17 i
nauritius 1 s 58 59 46 48 1 22 18 2
Canada 193 59 44 -56 -7o 14 19 ;
Portugal ’ 51 56 4o 53 10 23 2o 3
Brazil 8 51 55 64 75 7 27 21 5
Singapore 40 53 -23 3 34 19 22
Sri Lanka 5 51 NA 132 29 23
Greece 45 45 27 25 -1 24 24 .
R6union 30 3o 3 2 -1 28 25 ;
Venezuela NA NA 25 26 1
Chile 5 30 NA 35 30 27 1
Argentina 5 .26 NA 52 32 28 f
Norway 22 2o -35 . -42 -1o 26 29 1
Sweden 17 16 -64 -66 -6 20 30
Peru 11 NA 14 36 31
Ireland 18 9 1 -48 -49 31 32
New Zealand s 13 8 -26 -52 -35 33 33 1
Thailand 8 NA 42 37 34 1 1
Ecuador 5 NA NA 35 35 1
Denmark 87 3 -36 -98 -96 13 36 1
Finland 1 1 -96 -96 7 34 37 3
t
TOTAL 7,742 6,406 1 -16 -17 g
3 Figures available for SACU only.
Note: Gold, diamonds and platinum are excluded from the data.
Sources: UN Statistical Office; OECD; national trade reports.
..--4 1aw1r."H.z"’:1mW’-. _

USSm % of
total
8,742 45
1.569 8
1,408 7
1,075 6
1,041 5
769 4
725 4
Table 3.1. Imgorts from South Africa b1 commodity groug, 1987
Commodity group and item
Goldi
of which (USSm):
1,612
Non-monetary gold
Platinum group metal;
Coal
Fruit, vegetables, grain
of which (033m):
176
135
115
92
60
32
24
10
227
110
26
13
10
mmmmmmm
Fruit & veg., including:
Preserved fruit & juice
Apples
Pears, avocadoes, etc
Oranges
Grapes
Grapefruit
Raisins
Other citrus
Other:
Maize
Sugar & honey
Vegetables
Goundnuts & 011
Coffee a tea
Ferro-alloys, associated ores
of which (USSm):
652
251
79
47
Iron a steel
Ferro-alloys
Chromium
manganese
molybdenum, tungsten etc
of which (USSm):
255
209
156
39
34
24
16
Base metals
Pig iron, steel ingots
Universals, plates, sheets
Bars, rods, angles, shapes

Tubes & pipes
Iron & steel scrap
Wire (not insulated)
S Simple steel manufactures
of which (USSm):
263
139
118
59
18
Copper#
Aluminium
Nickel
Lead
Zinc

Table 3.1. Imports from South Africa by commodity groug, 1987
ussm a; of
total
569 3
547 3
532 3
493 3
339 2
337 2
223 1
’ 197 1
163 1
Commodity group and item
Natural clothing materials
of which (US$m):
390 S Wool, mohair, yarn
92 S Hides, leather, articles
35 S Cotton & yarn
28 5 Vegetable tanning extracts
22 S Furskins
Diamonds
Manufactured goods
of which (US$m):
122 Machinery
65 Electrical & electronic goods
58 _ Cars, trucks, parts
1 53 Clothing & footwear
31 Glass & glassware
30 Furniture
19 Synthetic yarn
15 Cloth
Hood, pulp, paper
of which (US$m):
216 Pulp & pulpwood
196 Paper & paperboard
18 Plywood, panels, board etc
Chemicals .
of which (US$m):
188 Inorganic chemicals
78 Organic chemicals
1 39 ’ Resins & plastics
Other non-metallic minerals
of which (US$m):
70 Granite
67 Fertiliser
59 Asbestos
30 Quartz, mica, felspar
Iron ore
Uranium, radio-active material
neat, fish, dairy
of which (US$m):
85 Fish
52 Crustaceans
7...__.---,.,m_,...im A .1

:gple 3.1. Imgorts from South Africa bx commodity group, 1987
E USSm % of Commodity group and item
f total
2 150 1 misc. farm products
2 of which (USSm):
F 57 5 Animal feedstuff
31 8 Tobacco
24 , 5 Cut flowers
114 1 Silver, precious ores, jewellery
97 1 Petroleum products
; 76 0 Unspecified
19,165 99 SUB-TOTAL
19,298 100 TOTAL1
8 Net gold exports.
1 Reported partner country trade plus net gold exports. Uranium understated.
Includes copper-nickel matte.
S For these commodities, figures are available for SACU only. The
corresponding group aggregate is for South Africa.
Notes
1. Includes all countries with imports above US$10m in any one year 1983-87.
2. A11 commodity items above US$10m in 1987 are listed.
3. 'Unspecified' includes SITC 911 (post) and 931 (special transactions),
residuals under SITC 9, and differences between the country total and
the sum of its listed commodities.
4. For several countries, only SACU data are available. The aggregates given
here are thus slightly overstated.
Sources: UN Statistical Office; OECD; national trade reports.

33618 3.2. Imports from South Africa by commodity group 4
US$ million 2 change % change 3
on 1983-85: 1987 on
1986 1987 1986 1987 1986 1
Heat, fish, dairy 188 163 21 5 -13
Fruit, vegetables, grain 1,015 1,075 26 34 6 1
Natural clothing materials 511 569 -12 -2 11
Wood, pulp, paper 448 493 59 75 10
nisc. farm products 130 150 -9 5 16 i
Iron ore & powder 250 223 -11 -20 -11 ;
Ferro-alloys, associated ores 989 1,041’ 7 12 5
Iron & steel 934 769 67 37 -18 :5.
Gold3 7.370 8,742 -8 9 19 3
Diamonds 465 547 27 50 18 E
. Platinum group metals 1,213 1,569 41 83 29 1
Silver, precious metal ores 136 114 -41 -50 -16 E
Coal 1,877 1,408 15 -14 -25 i
Crude & refined petroleum 123 97’ 35 7 -21 E
Base metals 650 725 -14 -4 12 1
Uranium, radio-active material 394 197 8 -46 -50
Other non-metallic minerals 334 337 11 12 1
Chemicals 3 338 339 26 27 0
manufactured goods 578 532 65 52 -8 i
Unspecified 61 76 -22 -3 ’ 24 g
-- f
SUB-TOTAL 18, 001 19,165 6 12 6
Tony 18,113 19,298 6 13 7
- coverage 99 99
7 Net gold exports.
4 Reported partner country trade plus net gold exports. Uranium understated.
. Notes
1. Includes all countries with imports above US$10m in any one year 1983-87.
2. ’Unspecified’ includes SITC 911 (post) and 931 (special transactions), residuals under SITC 9, and differences between the country total and the sum of its listed commodities.
3. For several countries, only SACU data are available. The aggregates given here are thus slightly overstated.
3 N amuv;#mv.-V.l-V’w’ - - v
Sources: UN Statistical Office; OECD; national trade reports.
v_,,.,1,,...r...,.. .

Table 4.1. Imports from South Africh$ugcommoqg 1 group and countr
US$ million 3 change 8 change
on 1983-85: 1987 on
1986 1987 1986 1987 1986
1. AGRICULTURAL PRODUCTS
I.A. Edible meat, fish and daigx products
Japan 34 35 23 25 2
Italy 17 22 48 83 24
Spain 14 20 210 337 41
France 13 2O 37 103 49
Australia 20 13 -1 -32 -32
R6union S 11 12 34 49 11
Hong Kong S 12 11 41 37 -3
United States S 40 2 -5 -94 -94
TOTAL 161 135 22 3 916
148. Fruit, vegetables and grain
Japan 223 . 252 111 138 13
United Kingdom 204 202 -1 -2 -1
West Germany 125 156 38 72 25
France 70 115 47 144 65
Taiwan 47 59 209 285 25
Belgium/Luxemb’g 29 39 41 88 33
Switzerland 27 32 12 32 18
Netherlands 23 27 -8 8 18
Austria 24 26 46 64 12
Hong Kong 18 22 -4 14 19
South Korea NA NA
Israel 15 20 31 75 34
Italy 9 15 68 159 54
Spain 12 12 39 38 0
Singapore ’ 8 11 36
Venezuela 3 NA -74
Canada 25 1 -8 -96 -96
Sweden 0 1 -99 -95 804
United States 72 0 -10 -100 -100

I .
Iggre 4.1. Impogts frqm_Sopth Africa by qggpoditx gggqp and countr
USS million % change 2 change
on 1983-85: 1987 on 2
1986 1987 1986 1987 ’ 1986 4
14g;_Agriculturq1_products related to clothing
Italy 110 125 -12 0 14
United Kingdom 80 92 -21 -9 16
Japan 70 89 4 33 28 ;
West Germany 67 80 -8 8 18 :
France 48 55 -28 -17 16 %
Spain 19 21 -21 -13 1o 3
Taiwan 13 19 42 101 42 i
Hong Kong S 10 15 55 149 61 r
Belgium/Luxemb’g 10 11 -18 -12 8 ’
Portugal 7 . 11 -30 3 48
United States 5 27 8 -26 -77 -69
Canada 8 10 8 33 -3 -27 g
. Netherlands 2 3 -73 -58 54
1
TOTAL 474 538 914 -2 14 g
i
I.D. Hood, ul _gpd pgggr
Japan 9 94 96 29 31 1
United State 65 n 76 94 10 i
United Kingdom 53 63 -1o 8 20 !
Taiwan 26 34 51 97 30 7
Italy 27 25 463 419 -8 %
West Germany 16 24 188 327 48 E
France 15 21 226 349 38 ?
Singapore 15 20 29
Hong Kong 18 19 30 41 8
Venezuela 12 NA 60
Thailand v 12 NA 468
. Australia 9 9 -3 -3 -1
TOTAL 365 384 55 63 5
llg;_g1gggllaneous agricultural Eroducts
West Germany 43 52 -10 7 20
Netherlands 27 26 52 48 -3 _
United Kingdom 9 15 8 82 69 :
Italy 4 12 127 574 197 ;
United States 5 11 5 -36 -72 -56 1
Hong Kong ’ s 2 3 -81 -77 24 g

-- f
TOTAL 96 112 -9 6 16 ’
___._ ,..,.,6.,,1H. :h .6...
wmwwnm

Iggle 4.1._Im20rts from South Africa by commodity group and countgy
USS million % change % change
on 1983-85: 1987 on
1986 1987 1986 1987 1986
11;_IRON, STEEL AND RELATED PRODUCTS
II.A:_Iron ore and powder
Japan 140 136 -15 -17 -2
United Kingdom 27 33 79 122 24
Turkey 33 21 101 26 -37
West Germany 27 14 -49 -73 -47
Italy 9 10 -5 13 19
Austria 10 7 252 155 -27
France 0 0 -100 -99 100
TOTAL 246 222 -9 -18 -9
II.B. Ferro-alloxs and associated ores
United Kingdom 198 225 -10 2 14
Japan 234 221 6 0 -6
United States 196 178 31 19 -9
West Germany 105 127 9 31 20
France 57 74 -5 23 30
Spain 35 43 47 82 23
Italy 42 39 -7 -15 -8
Canada 15 19 1 23 21
Taiwan 14 17 85 131 25
Turkey 8 15 51 188 91
Belgium/Luxemb’g 7 14 -18 56 91
Sweden 9 11 -38 -22 26
Australia 10 9 23 7 313
Norway 22 8 28 -54 -64
TOTAL 953 1,000 7 12 5
II.C. Iron and steel ___
Taiwan 55 124 67 277 126
Hong Kong 129 109 155 116 -15
Japan 127 91 184 104 -28
Turkey 81 87 94 108 7
Israel 55 52 42 35 -5
west Germany 44 45 45 49 3
United Kingdom 38 32 66 42 -15
Sri Lanka 31 NA 236
Singapore 21 30 , 45
Greece 30 26 141 102 916
Argentina 17 NA 187
Portugal 16 12 16 -7 -20
Spain 17 12 60 15 -28
United States 184 5 4 -97 -97
Canada 10 0 86 -95 -98
TOTAL 855 626 72 26 -27

, .
Ith9191119lE29r s jgggm3gyth Africa by commoditx group and countgz M_
US$ million 3 change 1 change
on 1983-85: 1987 on
1986 1987 1986 1987 ’ 1986
III. PRECIOUS nETALS AND STONES
III A "Non-monetarx gqlg_ggg_coin
Italy 1,357 1,222 22 10 -10 1
Japan 366 231 252 122 -37 g
West Germany 212 122 279 118 -42 ’
France 22 23 44 54 7 ,
Austria 1 6 -86 -45 297 3
United States 79 0 -78 -100 -100
TOTAL 2,038 1.604 23 -3 -21 ,
. ALL GOLD 7 , 370 B, 742 -8 9 19 i
E
III.B. Diamonds and precious stones
Switzerland 3 131 466 1324 4066 ;
Belgium/Luxemb’g 91 111 91 135 23
United States 5 360 87 -3 -77 -76
Hong Kong 1 S 36 35 58 ’ 55 -2
United Kingdom 222 23 83 -81 -90
Japan . , 23 19 32 10 -17
West Germany 11 8 34 -2 -27
TOTAL8 745 415 25 -31 -44
8 Host BLS diamonds are attributed to ’South Africa’. Namibia is also a
major exporter.
.V _. -"1 _mw;wmw.rr -4 .p-pnw-w-v -
. III.C. Platinum group metals
United States 742 729 44 42 -2
Japan 330 552 26 110 67
West Germany 50 147 79 422 192
United Kingdom 38 46 381 479 20
Switzerland 13 46 -54 68 263 7
France 21 27 91 144 27 6
Australia 9 13 414 680 52 3
TOTAL 1 , 203 1 , 560 41 83 30
l;I.D. Silver and precious metal ores
United Kingdom 126 100 -42 -54 -20 %
West Germany 2 7 . -59 18 188 -
TOTAL 128 107 443 -52 -17

% change % change
on 1983-85: 1987 on
1987 1986 1987 1986
5 , 1v. MINERAL FUELS
i IV.A. Coal
f
’ Japan 401 312 8 -16 -22
Italy 214 171 14 -17 -20
South Korea 204 168 80 48 -18
Spain 146 132 104 84 -10
West Germany 172 94 55 -16 -46
; Belgium/Luxemb’g 97 89 -3 -11 -8
: Taiwan 77 76 68 67 o
1 Hong Kong ’ 94 74 28 1 -21
i Israel 95 71 32 -1 -25
5 Netherlands 62 59 101 92 -5
1 France 95 50 -57 -78 -48
’ Turkey 22 35 . 188 359 59
Portugal 15 25 545 1020 74
Switzerland 14 18 254 359 30
Greece 5 13 -54 8 132
f Austria 3 12 244
j United Kingdom 8 3 -31 -75 -63
g Denmark ’ 93 o -28 -100 -100
; United States 52 0 54 -100 -100
2 TOTAL 1,868 1,401 16 -13 -25
United States 47 27 72 -2 -43
Spain 14 24 98 244 74
Italy 3 10 2 247 240
3 West Germany 11 9 67 33 -20
1 Japan 23 3 1o -83 -85
: New Zealand 0 0 -99 -99 7
TOTAL 97 73 39 5 -25

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116191.914:1-_.me9:tgjr9m_.999:&A___frica bx Egmditxgregg and countrL
US$ million 8 change 8 change
on 1983-85: 1987 on
1986 1987 1986 1987 ’ 1986
yLA. Base metals
west Germany 150 135 -15 -29 -15 ,
Japan 54 121 -50 12 122 i
United States 5 125 9a -1 922 -21 E
Italy 55 59 4 28 23 g
Taiwan 30 54 -34.4 41 114 ;
Belgium/Luxemb’g 72 54 -20 -40 -24 E
United Kingdom 40 49 57 92 23
Turkey 15 38 130
Austria 29 27 6 2 -4 s
. France 24 25 -2e #24 5 3
Hong Kong 5 7 4 -25 -55 -40 g
Venezuela 8 0 NA -100
TOTAL 514 555 -14 -4 12 :
France 80 159 -34 31 .99
i
west Germany 12 25 974 -45 109 %
Canada 32 6 -8 -82 -80 g
United States 270 0 67 -100 -100 E
TOTAL8 394 191 8 748 -52
8 Understated: many importers conceal their trade. The UK is a major importer and toll processor, especially for the US and Japan. Namibia accounts for some 40% of ’South African’ exports.
v _ 2...... Mp1pr _--- -- 5.72
V.C. Other non-metallic minerals
S
1
west Germany 55 57 7e 55 -13 E
Japan 49 54 -7 3 11 1
United States 40 41 -17 -15 2 E
Italy 29 37 8 37 27 2
Belgium/Luxemb’g 22 28 141 209 29 5
France 16 18 -12 -3 11
United Kingdom 19 16 28 5 -18
Netherlands 9 13 6 56 47
Spain ’ 1o 11 34 51 13
Turkey 18 6 258 21 -66
Australia 5 4 -55 -64 -19
Thailand 0 NA -91
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Iable 4.1;a1mports from South Africa bx commodity group and countgx ___

	USS million		% change on 1983-85:		% change 1987 on
	1986	1987	1986	1987	1986
VI. MISCELLANEOUS					
VI.A. Chemicals					
United States	46	54	19	41	18
Brazil	29	34	168	221	20
Japan	51	33	-4	-38	-35
West Germany	30	27	22	12	-8
Netherlands	20	24	-1	22	23
United Kingdom	20	23	22	39	13
Taiwan -	19	18	49	40	-6
Turkey	19	14	185	116	-24
Hong Kong	9	13	13	59	40
Austria	10	11	31	45	10
Belgium/Luxemb'g	10	9	20	8	-10 .
Australia	9	9	-20	-23	-4
TOTAL	271	269	24	24	-1
V1.8. Manufactured goods __					
United Kingdom	129	145	-6	6	13
United States	132	95	64	19	-28
West Germany	49	67	195	302	36
Australia	20	21	-22	-16	7
Canada	113	21	725	55	-81
Japan	17	20	578	710	19
Israel	9	20	-7	103	119
France	11	18	88	208	64
Italy	9	15	109	228	57
Netherlands	15	15	93	87	-3
Belgium/Luxemb'g	10	14	102	170	34
Hong Kong	13	12	65	63	-1
Taiwan	6	12	504	1036	88 .
TOTAL	534	477	68	50	-11
VI.C. UNSPECIFIED					
United States S	32	26	-21	-36	-18
Israel					

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S Figures available for SACU only.

Notes

1. Includes all countries with imports abbve US$10m in any one year 1983-87.
2. 'Unspecified' includes SITC 911 (post) and 931 (special transactions), residuals under SITC 9, and differences between the country total and the sum of its listed commodities.

Sources: UN Statistical Office; OECD; national trade reports.

Igple 21l;_l Qorts_from_ggggg_gf ica bx countgx and_commoditz group
USS million % change % change
on 1983-65: 1987 on
1986 1987 1986 1987 1986
JAPAN
Platinum group metals 330 552 26 110 67
Coal 401 312 8 -16 -22 ;
Fruit, vegetables, grain 223 252 111 138 13 i
Non-monetary gold & coin 366 231 252 122 -37 i
Ferro-alloys, associated ores 234 221 6 0 -6 3
Iron ore & powder 140 136 915 -17 -2 1
Base metals 54 121 -50 12 122’
Wood, pulp, paper 94 96 29 31 1
Iron & steel 127 91 184 104 -28
Natura1,clothing materials 70 89 4 33 28 ;
Other non-metallic minerals 49 54 -7 3 11 E
Heat, fish, dairy 34 35 23 25 2 1
Chemical products 51 33 -4 -38 -35 3
manufactured goods 17 7 20 578 710 19 5
Diamonds 23 ’ 19 32 10 -17
Crude & refined petroleum 23 3 10 -83 -85
TOTAL 2,235 2,266 32 34 1 1
ITALY 1 f
Non-monetary gold & coinx 1,357 1,222 22 10 -10
Coal 214 171 4 -17 -20
Natural clothing materials 110 125 -12 O 14 a
Base metals 56 69 4 28 23 i
Ferro-alloys, associated ores 42 39 -7 . -15 -8 g
Other non-metallic minerals 29 37 8 37 27 ;
Hood, pulp, paper 27 25 463 419 -8 $
neat, fish, dairy 17 22 48 83 24 ;
manufactured goods 9 15 109 228 57 1
Fruit, vegetables, grain 9 15 68 159 54 I
nisc. farm products 4 12 127 574 197
Crude & refined petroleum 3 10 2 247 240
Iron ore & powder 9 10 -5 13 19
’-3
91
13
35
O)
Q
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5’
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1-0W
4 A roughly equivalent amount is estimated to enter via Switzerland.
-"T vrw-wnm vvwmmuuwn mwv-a
Tr: m2":

a ....m._m. ... A
-. 1 w--.m-v.;..... _
Iab1e_5.1. Imports from South Africa bx countgx and commodity grouQ
USS million
X change
1987 on
1986
156
147
136
127
122
192
1986
UNITED STATES
Platinum group metals 742
Ferro-alloys, associated ores 196
Base metals 8 125
Manufactured goods 132
Diamonds _ S 360
Wood. pulp, paper 65
Chemical products 46
Other non-metallic minerals 40
Crude & refined petrOleum 47
Unspecified S 32
Natural clothing materials 8 27
nisc. farm products 3 11
Iron & steel 184
neat, fish, dairy S 40
Fruit, vegetables, grain 72
Uranium, radio-active material 270
Coal 52
Non-monetary gold & coin 79
TOTAL 2,519
WEST GERnlNY
Fruit, vegetables, grain 125
Platinum group metals 50
Base metals 160
Ferro-alloys, associated ores 105
Non-monetary gold & cdin 212
Coal - 172
Natural clothing materials 67
manufactured goods 49
Other nonvmetallic minerals 66
Misc. farm products 43
Iron & steel 44
Chemical products 30
Uranium, radio-active material 12
Wood, pulp, paper 16
Iron ore & powder 27
Crude & refined petroleum 11
Diamonds 11
Silver, precious metal ores 2
TOTAL 1,203
% change
on 1983-85:
1986 1987
44 42
31 19
-1 -22
64 19
-3 -77
76 94
19 41
-17 -15
72 -2
-21 -36
-26 -77
-36 -72
4 -97
-5 -94

-10 -100
67 -100
54 -100
#78 -100
8 -39
38 72
79 422
-16 -29
9 31
279 118
55 -16
-8 8
195 302
78 56
-10 7
45 49
22 12
-74 -45
188 327
-49 -73
67 33
34 -2
-59 18
30 29

15912 5.1._1mpqggg from gouth Africa by countgx and commoditx_grggp_
USS million % change % change
on 1983-85: 1987 on
1986 1987 1986 1987 1986
UNITED KINGDOM
Ferro-alloys, associated ores 198 225 -10 2 14
Fruit, vegetables, grain 204 202 -1 -2 -1
nanufactured goods 129 145 -6 6 13
Silver, precious metal ores 126 100 -42 -54 -20
Natural clothing materials 80 92 -21 -9 16
Wood, pulp, paper 53 63 -10 8 20
Base metals 40 49 57 92 23
Platinum group metals 38 46 381 479 20
Iron ore & powder 27 33 79 122 24
Iron & steel 38 32 66 42 -15
. Diamonds .222 23 83 -81 -90
Chemical products 20 23 22 39 13
Other non-metallic minerals 19 16 28 5 -18
misc. farm products 9 15 8 82 69
Coal 8 3 -31 -75 -63
TOTAL 1,210 1,069 2 -10 -12
PEARCE
Uranium, radio-active material 80_ 159 -34 31 99
Fruit, vegetables, grain 70 115 47 144 65
Ferro-alloys, associated ores 57 74 -5 23 30
Natural clothing materials 48 55 -28 -17 16
Coal 95 50 -57 -78 -48
Platinum group metals 21 27 91 144 27
Base metals 24 25 -28 -24 5
Non-monetary gold & coin 22 23 44 54 7
Hood, pulp, paper 15 21 226 349 38
. Heat, fish, dairy 13 20 37. 103 49
Other non-metallic minerals 16 18 -12 -3 11
Manufactured goods 11 18 88 208 64
Iron ore & powder 0 0 -100 -99 100
TOTAL 472 606 -24 -3 28
T2181!
Coal 77 76 68 67 0
Iron & steel 55 124 67 277 126
Fruit, vegetables, grain 47 59 209 285 25
Base metals’ 30 64 -34 41 114
Wood, pulp, paper 26 V. 34 51 97 30
Chemical products 19 18 49 40 -6
Hanufactured goods 6 12 504 1036 88
Ferro-alloys, associated ores 14 17 85 131 25
Natural clothing materials 13 19 42 101 42
TOTAL 287 423 54 126 47

11919 5.1. 1m orts_g59m South Africa by country and commodity groug
USS million % change % change
on 1983-85: 1987 on
1986 1987 1986 1987 1986
BELGIUn/LUXEHBOURG
Diamonds 91 111 91 135 23
Coal 97 89 -3 -11 -8
Base metals 72 54 -20 -40 -24
Fruit, vegetables, grain 29 39 41 88 .33
Other non-metallic minerals 22 28 141 209 29
Ferro-alloys, associated ores 7 14 -18 56 91
manufactured goods 10 14 102 170 34
Natural clothing materials 10 11 -18 -12 8
Chemical products 10 9 20 8 -10
TOTAL 349 369 15 22 6
SOUTH KOREA
Coal 204 168 80 48 -18
Mineral products NA NA
Fruit, vegetables, grain NA NA
TOTAL NA NA
HONG KONG
Iron a steel 129 ’ 109 . 155 116 -15
Coal 94 74 28 1 -21
Diamonds S 36 35 58 55_ -2
manufactured goods 13 12 65 63 -1
Fruit, vegetables, grain 18 22 -4 14 19
Wood, pulp, paper 18 19 30 41 8
meat, fish, dairy S 12 11 41 37 -3
Natural clothing materials 5 10 15 55 149 61
Chemical products 9 13 13 59 40
Base metals 5 7 4 -25 -55 -40
Misc. farm products S 2 3 -81 -77 24
TOTAL 346 318 50 38 -8
SPAIN
Coal 146 132 104 84 -10
Ferro-alloys, associated ores 35 43 47 82 23
Crude & refined petroleum 14 24 98 244 74
’ Natural clothing materials 19 21 -21 -13 10
Heat, fish. dairy 14 20 210 337 41
Fruit, vegetables, grain 17 12 60 15 -28
Iron & steel 12 12 39 38 0
Other non-metallic minerals 10 11 34 51 13
TOTAL 269 - 277 69 74 3

2_____
Table 5.1. Igpgyts from South Africa by coqptgx and_ggmmoditv grggp_
USS million % change 3 change
on 1983-85: 1987 on
1986 1987 1986 1987 1986
SUITZERLAND
Diamonds 3 131 -66 1324 4066
Platinum group metals 13 46 -54 68 263
Fruit, vegetables, grain 27 32 12 32 18 2
Coal 14 18 254 359 30 ;
TOTAL 56 227 -13 251 302 :
ISRAEL
Coal 95 71 32 -1 -25
Iron & steel 55 52 42 35 -5 7
. Fruit, vegetables, grain 15 20 31 75 34
Manufactured goods 9 20 -7 103 119 i
Unspecified S 4 25 -79 43 592 3
1
TOTAL 178 190 19 27 7 $
?
1TURKEY 2
Iron & stee1 81 87 94 108 7 1
Base metals ’ 16 38 130 1
Coal 22 35 188 359 59 E
Iron ore & powder . 33 21 101 26 -37 :
Ferro-alloys, associated ores 8 15 51 188 91 ;
Chemical products 19 14 185 116 -24 ;
Other non-metallic minerals 18 6 258 21 -66 E
TOTAL 197 215 133 155 9 E
Coal 62 59 101 92 -5 L
Fruit, vegetables, grain 23 27 -8 8 18 3
misc. farm products 27 26 52 48 -3 1
Chemical products . 20 24 -1 22 23 g
Manufactured goods 15 15 93 87 -3 1
Other non5meta111c minerals 9 13 6 56 47 ,
Natural clothing materials 2 3 -73 -58 54
TOTAL 157 167 34 43 6 %
AUSTRIA E
Base metals 29 27 6 2 -4 1
Fruit, vegetables, grain 24 26 46 64 12 5
Coal 3 12 1 244
Chemical products 10 11 31 45 10
Iron ore & powder 10 7 252 155 -27
Non-monetary gold 8 coin 1 6 -86 -45 297
TOTAL 77 90 20 39 16

Igylg_5.1._1mgorts frggnggggg Africa by countgx and’commoditx ggoug
USS million
1986
1987
AUSTRALIA
Manufactured goods
Platinum group metals
Heat, fish, dairy
Wood, pulp, paper
Chemical products
Ferro-alloys, associated ores
Other non-metallic minerals
CANADA
Manufactured goods
Fruit, vegetables, grain
Uranium, radio-active material
Ferro-alloys, associated ores
Natural clothing materials
Iron & steel
PORTUGAL
Coal
Iron & steel
Natural clothing materials
BRAZIL
Chemical products
SINGAPORE
Iron & steel
Fruit, vegetables, grain
Wood, pulp, paper
29
34
SRI LANKA
Iron & steel
GREECE
.Iron & steel
Coal
31
NA
% change % change
on 1983-85: 1987 on
1986 1987 1986
-22 -16 7
414 680 52
-1 -32 -32
-3 -3 -1
-2O -23 -4
23 7 -13
-55 -64 ’ -19
-7 -10 -4
725 55 -81
-8 -96 -96
-8 -82 -80
1 23 21
33 -3 -27
86 -95 -98
98 -47 -73
545 1020 74
16 -7 -20
-30 3 48
44 86 29
168 221 20
45
29
35
38
236
141 102 -16
-54 8 132
47 57 6

% change 8 change
on 1983-85: 1987 on
1986 v1987 1986 1987 1986
neat, fish, dairy S 11 12 34 ’ 49 11
VENEZUELA
Fruit, vegetables, grain 3 NA ,774
Base metals S 0 NA -100
Wood, pulp. paper 12 NA 60
TOTAL 16 NA -30
ARGENTINA
Iron a steel 17 NA 187
NORHRY
Ferro-alloys, associated ores 22 8 28 -54 -64
SWEDEN
Ferro-alloys, associated ores 9 11 -38 -22 26
Fruit, vegetables, grain 0 1 -99 -95 804
TOTAL 9 12 -67 -56 33
THAILAND
Wood, pulp, paper 12 NA 468
Other non-metallic minerals 0 NA -91
TOTAL 13 NA 87
DENEARK
Coal 93 0 -28 -100 -100
5 Figures available for SACU only.
Notes
1. Includes all countries with imports above US$10m in any one year 1983-87.
2. ’Unspecified’ includes SITC 911 (post) and 931 (special transactions), residuaIS’under SITC 9, and differences between the country total and the sum of its listed commodities.
Sources: UN Statistical Office; OECD; national trade reports.
N-v .ukw-mu-vuw-w ’3
. ..-1... n....xu-

,g.,.2...._-..,_ 1m
........,. w4n’n .. A
gable 6.1. g2gorts_g9_80uth Africa by country
US$ million % change 3 change rank:
on 1983985: 1987 on 1983/
Trading partner x 1986 1987 1986 1987 1986 1985 1987
West Germany 1,940 2,546 -3 28 31 1 1
Japan 1,357 . 1,868 -12 22 38 4 2
United Kingdom 1,250 1,565 -19 2 25 3 ’3
United States 1,173 1,295 -38 -31 10 2 4
France 404 468 -13 . 1 16 4 5
Italy 352 457 -20 3 30 5 6
Taiwan 218 423 4 102 94 9 7
Netherlands 254 289 6 21 14 6 8
Belgium/Luxemb’g 210 284 -4 30 35 8 9
Switzerland 242 276 9 24 14 7 10
East Asia nes1 47 126 0 172 171 25 11
Hong Kong 74 125 -25 25 67 15 12
SE Asia nes1 90 121 26 _ 68 34 20 13
Sweden 112 108 -24 -26 -3 10 14
Spain 85 99 -15 -2 16 14 15
Canada 137 87 _2 -35 -36 11 16
Israel S 65 82 -23 -2 27 16 17
Austria 76 79 8 13 4 21 18
South Korea 59 79 3 36 33 23 19
Brazil 5 NA NA 13 20
Ireland 41 61 7 61 50. 27 21
Singapore 35 61 -27 26 72 24 22
Australia 53 57 936 931 7 17 23
Argentina S 49 NA -61 312 24
Chile S NA NA 28 25
Venezuela 5 NA NA 26 26
Portugal 16 18 -42 -33 15 29 27
Denmark 46 14 -24 876 -69 22 28
New Zealand S 11 11 -33 -32 1 31 29
Sri Lanka 3 11 NA -37 30 30
Ivory Coast S NA NA 33 31
Norway 46 7 -39 -91 -85 18 32
Neth. Antilles S NA NA 32 33
Peru S NA NA 35 34
Paraguay S 1 NA -75 34 35
Finland 3 0 -97 -100 -100 19 36
TOTAL 8,454 10,602 -18 3 25
S Figures available for SACU only.
1 Re-exports via Singapore and Hong Kong respectively.
Sources: UN Statistical Office; OECD; national trade reports.

Table 6.2, Exports to South Africa_bx cgggggz
SDR million 3 change % change rank:
on 1983-85: 1987 on 1983/
Trading partner 1986 1987 1986 , 1987 1986 1985 1987
west Germany 1,654 1,969 -14 2 19 1 1 ;
Japan 1,157 1,445 -22 -2 25 4 2
United Kingdom 1,065 1,211 -28 -18 14 3 3 1
United States 1,000 1,002 -45 -45 0 2 4
France 345 362 -23 -19 5 4 5 1
Italy 300 353 -29 -17 18 5 6 3
Taiwan 186 327 -8 62 76 9 7 ’
Netherlands 217 224 -6 -3 3 6 8
Belgium/Luxemb’g 179 219 -15 4 23 8 9 1
Switzerland 206 213 -4 91 3 7 10 1
East Asia nes1 4o 98 -11 118 146 25 11 i
Hong Kong 63 96 -34 1 52 15 12 1
SE Asia nes1 77 93 11 35 22 20 13 E
Sweden 95 84 -33 -41 -12 10 14 I
Spain 73 76 -25 -22 5 14 15
Canada 116 67 -10 -48 -42 11 16
Israel s 55 63 -32 -22 15 16 17
Austria , 65 61 -4 -1o -6 21 18
South Korea 50 61 -9 9 20 23 19 1
Brazil S NA NA 13 20 ,
Ireland 35 47 -5 29 36 27 21 I
Singapore 30 47 -35 2 56 24 22
Australia 45 44 -43 -45 , -3 17 23 E
Argentina S 41 NA -65 12 24 1
Chile 5 NA NA 28 25
Venezuela 5 NA NA , 26 26 1
Portugal 13 14 -48 946 4 29 27 1
Denmark 39 11 -33 -81 -72 22 28 5
New Zealand s 9 8 -40 -45 -8 31 29
Sri Lanka 8 9 NA -44 30 30 ;
Ivory Coast 5 NA NA 33 31 1
Norway 39 5 -46 -92 -86 18 32 .
Neth. Antilles 5 NA NA 32 33 ;
Peru 5 NA NA 35 34 1
Paraguay S 1 NA -78 34 35 5
Finland 2 0 -97 -100 -100 19 36 ;
TOTAL 7,206 8,202 -27 -17 14
S Figures available for SACU only.
9 Re-exports via Singapore and Hong Kong respectively.
Sources: UN Statistical Office; OECD; national trade reports.

Table 7.1
. Expor3E_;9H3ACU Qxhggmgoditx grouQ, 1987
USSm % of
total
2,462 20
(2,439)
1,880 15
1,687 14
(1,667)
1,501 12
(1,498)
1,490 12
(1,476)
984 8
(976)
Commodity group and item
Vehicles & transport equipment
of which (US$m):
1,330 ' Vehicle parts & accessories
244 Passenger cars
223 Internal combustion engines
194 Construction & mining machinery
167 Goods vehicles
133 Aircraft
83 Tractors, farm machinery
Coal, gas, petroleum
Electrical & electronic goods
of which (US$m):
408 Electronic parts & components
293 Computers.
168 Computer parts
161 Consumer electronics
117 Elec. measuring equipment
92 Telephone equipment
59 Medical electronics
57 Electricity transmission equipment
Chemicals
of which (US$m):
361 Resins, plastics
353 Organic chemicals
181 Medicines, pharmaceuticals
134 Inorganic chemicals
86 Soap, cosmetics, perfumes
23 Synthetic rubber
Machinery & tools
of which (US$m):
174 Pumps, compressors
169 Hand & interchangeable tools
157 Textile a leather machinery
143 Steam engines & boilers
140 Electric motors & generators
122 Heating & cooling equipment
97 Mechanical handling equipment
71 Machine tools
47 Printing machinery
35 HetaI-working machinery
22 Pulp & paper machinery
Other manufactured goods
of which (US$m):
170 Scientific & control instruments
102 Photographic equipment
77 Books & printed matter
67 Optical goods, watches
44 Glass & glassware

Table 7.1._Exports to 8ACU hy_gommoditz group; 1987
USSm % of Commodity group and item
total
880 7 Agricultural products
(874) of which (US$m):
185 Paper & paperboard
139 neat & fish
75 Alcoholic beverages ;
68 Cereals 3
59 Vegetable oils & animal fats i
54 Coffee, tea, beverages ’
40 Rubber
32 Fruit & vegetables
21 Tobacco & cigarettes
. 567 _ 5 Clothing 6: textiles i
(566) of which (US$m)8: g
284 Fabrics g
106 Clothing, footwear ?
104 Synthetic fibres & yarns E
301 2 Iron & steel
(294) of which (US$m):
118 Tubes, pipes
67 Bars, rods, shapes, plates. sheets a
1
288 2 Other minerals E
(283) of which (US$m): E
89 Non-ferrous metalsi 1
33 Clay construction materials ?
32 Fertiliser . i
30 Diamonds, precious stones 5
23 Sulphur ?
. 158 1 Unspecified
12,198 98 SUB-TOTAL SACU %
12,428 100 TOTAL SACUi i
(12,110) SUB-TOTAL SA %
(12,340) TOTAL SA 1
1 Reported partner country trade plus estimated oil exports.
8 Approx. US$50m excluded from the sub-totals for lack of detail.
gptes
1. Includes’all countries with exports above US$10m in any one year 1983-87.
2. All commodity items above US$10m in 1987 are listed.
3. ’Unspecified’ includes SITC 911 (post) and 931 (special transactions),
residuals under SITC 91 and differences between the country total and
the sum of its listed commodities.
4. Group totals in brackets are for South Africa, ie excluding the bulk of
direct exports to BLS.
- -r.-.y...w.c....w.g-za e w" v
Sources: UN Statistical Office: OECD; national trade reports.

..e..,............. _...1. _
Table 7.2. Egports to South agrica bx commodity group __
US$ million % change % change
on 1983-85: 1987 on
1986 1987 1986 1987 1986
Agricultural products 803 874 -35 -29 9
Coal, gas, petroleum 1,500 1,880 -55 -43 25
Iron & steel 230 294 -6 20 ’28
Other minerals 276 283 -12_ -10 3
Chemicals 1,339 1,498 15 28 12
Clothing & textiles 435 . 566 -26 -3 30
machinery & tools 1,130 1,476 -31 -10 31
Vehicles & transport equipment 1,767 2,439 -15 17 38
Electrical & electronic goods 1,461 1,667 -9 4 14
Other manufactured goods 767 976 -16 7 27
Unspecified 112 158 25 77 42
SUB-TOTAL , 9,819 12,110 -26 -8 23
TOTAL 5A1 _ 9,940 12,340’5 ,-26 ’ -8 24
- coverage (3) 99 98 3
- excluding oil 8,440 10,460 -16 4 24
4 Reported partner country trade plus estimated oil exports.
Notes
1. Includes all countries with exports above US$10m in any one year 1983-87.
2. ’Unspecified’ includes SITC 911 (post) and 931 (special transactions),
residuals under SITC 9, and differences between the country total and
the sum of its listed commodities.
3. For several countries, only SACU data are available. The aggregates given
here are thus slightly overstated.
Sources: UN Statistical Office: OECD; national trade reports.

"11613191441_-__EP$P_9.FPS 10.. 509111513993 bxwitxmoue and countrL _
USS million ;% change % change
on 1983-85:. 1987 on
1986 1987 1986 1987 1986
1 .A. AGRICULTURAL PRODUCTS
United Kingdom 124 170 -7 28 38
United States S 143 154 -64 -61 8
West Germany 65 83 31 69 28
SE Asia n43 65 73 12
France 29 5O 8 86 73
Argentina 5 45 NA -62
Netherlands 30 41 -10 24 37
Ireland 7 30 82 642 307
Chile S NA NA
Italy 20 25 27 55 22
Canada S 30 24 12 -13 -22
Brazil S NA NA
Japan 27 24 -2O -30 -13
Austria 11 18 4 68 63
Belgium/Luxemb’g 11 16 14 66 45
Australia 26 15 -34 ’ -62 -43
Spain 10 11 1 16 15
Singapore 8 11 31
Ivory Coast S NA NA
Israel 1 S 3 9 -67 -2 200
Sri Lanka 8 8 NA -44
Sweden 14 ’7 -21 -58 -46
Portugal 6 7 -59 -50 23
New Zealand S 7 7 -27 -31 -6
Denmark 8 2 -46 -88 -78
Paraguay 3 1 NA -75
Peru 5 NA NA
Finland 0 0 -100 -100 -164
SUB-TOTAL 700 778 -38 -31 11
TOTAL 645 706 -45 -40 9
LI. mm; __ _
I__-_?1-_,_C_&,_3as_qnd.,pgtr219_ua Products
West Germany 17 21 -11 9 22
United States 5 31 13 -15 -64 -57
United Kingdom 11 ll 13 11 -2
Japan 7 7 -20 -29 -10
Neth. Antilles S NA NA
Venezuela S NA NA
SUB-TOTAL 66 51 -32 -47 -22
TOTAL REPORTED 82 61 -25 -45 -26
TOTAL PETROLEUM6 1,500 1,880
’ Estimated total exports of petroleum products.

US$ million % change % change
on 1983-85: 1987 on
1986 1987 1986 1987 1986
11.8. Iron and steel
Japan 59 91 -22 22 55
West Germany 54 77 2 46 42_
United Kingdom 33 50 15 74 51
France 36 22 18 -28 -39
Italy 7 12 6 77 67
United States 5 5 8 -63 -35 74
SUB-TOTAL 193 259 -6 26 34
TOTAL 236 300 -6 19 27
II.C. Other minerals
West Germany 44 60 7 46 37
United Kingdom 42 41 23 20 -3
Belgium/Luxemb’g 12 29 103 390 141
United States S 20 28 -20 14 43
Canada 5 49 25 -12 -55 -49
Italy 14 21 -44 -16 49
France 10 16 12 83 64
Japan ’ 8 13 -23 24 60
Israel 5 11 13 -6 15 23
Netherlands 10 10 -2 -6 -4
Norway 34 0 941 -100 . -100
SUB-TOTAL 254 257 911 #10 1
TOTAL 281 287 -12 -10 2
114D. Chemicals
West Germany 303 345 35 54 14
United Kingdom 292 327 8 20 12
United States S 225 234 -5 -1 4
Netherlands 101 107 28 36 6
Switzerland 70 88 21 52 26
France 71 82 26 44 15
Japan 72 78 27 37 8
Belgium/Luxemb’g 47 59 -3 23 26
Italy 26 37 3 2 44 40
Israel S 18 23 6 34 26
Spain 18 22 30 6O 22
Singapore 13 18 41
Taiwan 7 15 48 221 117
Brazil S NA NA -
Sweden 10 13 12 49 . 33
Ireland 13 12 -7 -12 -5
. Denmark 13 10 32 6 -19
Canada 5 1 4 7 -48 -18 58
SUB-TOTAL 1,302 1.475 14 29 13
TOTAL 1.310 1,481 12 V 27 13

Egblg_g:1. Exggrts to South Africa by commogity grogg and country _
US$ million % change 2 change E
on 1983-85:_ 1987 on g
1986 1987 1986 1987 1986
lin;h; Clothing, 395E11es and related oods____ _ E
!
Taiwan 80 140 -4 68 75 g
Japan 55 55 -40 940 0 %
West Germany 38 55 -37 -9 45 ’
South Korea 5 NA NA
Italy 45 48 -14 -7 8
United Kingdom 28 37 -37 -17 32 ;
Hong Kong 5 18 33 -33 25 87 E
United States 5 28 24 -48 -55 -13 1
East Asia nes S 17 . NA -16 ;
Belgium/Luxemb’g 8 15 -35 26 95 ;
Spain 6 14 -60 -12 116 ;
Netherlands 7 11 -40 -7 55 1
France 9 10 -36 -30 9 7
Austria 7 9 -31 -7 35 1
Brazil 5 NA NA 1
SUB-TOTAL 7 345 450 -34 -14 31 f
TOTAL 349 475 -32 -7 36 7
III.B. machinefymgpgwg991;.__ E
west Germany 345 449 -19 5 30 E
United Kingdom 172 242 -30 -2 4o 1
Japan 138 162 ,-28 -15 18 %
Italy 85 139 -36 6 64 5
United States 8 112 135 -51 -41 20
France 72 87 -28 -13 20 :
Switzerland 55 74 -25 0 34 1
Taiwan 17 4o -22 84 135 E
Sweden 33 35 -38 -3s 5 3
Belgium/Luxemb’g 16 27 936 11 72 ?
Netherlands 19 23 -29 -13 22
Austria 21 18 24 7 -14
Spain 8 12 -51 -31 41
Israel 5 6 9 -45 -23 40
Canada S 4 4 -50 -51 -1
Brazil S NA NA
Denmark 9 2 -34 -88 -81 1
Finland 0 0 -99 -100 -100
SUB-TOTAL 1,114 1,459 -31 -10 31
TOTAL 1,137 1,487 -31 -10 31

Igglgngl1; ggports to ggggh Africa bx commodity group and countgx ___
USS million 3 change % change
on 1983-85: 1987 on
1986 1987 1986 1987 1986
III.C. Vehicles and transport eguipment
Japan 621 984 3 64 59
west Germany 651 857 -3 27 32,
United States S 168 228 -46 -27 36
United Kingdom 128 161 -50 -37 26
Italy 35 58 -33 11 66
France 38 43 -45 -36 15
Taiwan 16 31 -7 80 94
Belgium/Luxemb’g 8 19 -34 63 149
Netherlands 12 14 13 27 12
Austria 10 7 -11 -40 -32
Spain 19 6 87 -39 -67
Australia 6 6 -50 -54 -9
Sweden 6 4 1 -60 -71 -28
Canada S 28 3 182 -65 -88
Switzerland 2 1 -73 -83 -36
Brazil S NA NA
SUB-TOTAL 1,748 2,424 -16 17 39
TOTAL 1,776 2,453 -15 17 38
III.D. Electrical and electronic groducts
West Germany 305 367 3 24 20
Japan 238 292 -22 -5 221
United States S 256 252 -19 -20 -2
United Kingdom -224 236 -16 -11 5
Taiwan 45 100 82 306 123
France 84 95 -9 3 13
Italy, 79 84 15 23 7
Netherlands 50 57 8 23 14
Switzerland 57 55 46 41 -3
Hong Kong S 15 29 -28 37 91
Belgium/Luxemb’g 22 22 -14 -11 3
Singapore 9 17 83
Spain 11 16 -23 6 38
Sweden 17 11 -20 -48 -35
Ireland 15 10 59 9 -32
Israel 5 10 8 -35 -47 -18
Canada S 6 7 -49 -42 14
SUB-TOTAL 1,443 1,658 -8 5 15
TOTAL 1,475 1,680 -9 4 14

F_._
Igplg 8.1. ggport8vggw8gggg_ggrica bx commodity group and counggx
USS million % change % change
on 1983-85; 1987 on
1986 1987 1986 1987 1986
IIIzghugyher manufactured goods
United Kingdom 145 194 -10 20 34
West Germany 136 171 0 27 26
United States S 105 114 -28 -22 9
Japan 82 106 -26 -4 29
Taiwan 38 70 -20 46 84
Italy 39 58 -29 5 49
France 38 56 -17 22 47
Hong Kong S 38 56 -19 18 46
Switzerland 34 35 37 39 1
Belgium/Luxemb’g 2O 22 -8 1 10
Netherlands 17 19 5 17 12
. Israel 5 13 15 -11 3 16
Spain 10 13 926 -5 28 r
Austria 8 9 -18- 3 26 ;
Sweden 6 . 6 -27 -2o 10 1
Ireland 3 3 -63 -58 12 i
SUB-TOTAL 732 949 -16 9 30
7 27
TOTAL . 762 971 -16
IV. UNSPECIFIED
United States 5 39 59 16 76 52 ;
Belgium/Luxemb’g 47 52 26 41 12 3
Taiwan 9 14 55 :
West Germany 12 ’14 ;
United Kingdom7 1 ’2 #31 14 65 ’
SUB-TOTAL 108 141 ’ 28 ’ 67 31
. TOTAL 111 158 26 78 42
3 Unidentified/arms 25 31 -49 -37 24 i
7 Excluded: forms a large residual under SITC 9 1983-86, alongside arms exports at cUSSlm. In 1987 arms increase to US$31m and the residual disappears, indicating the probable nature of the trade. No other country reports arms exports above US$1m except Italy (US$3m in 1987).
S Figures available for SACU only.
Notes
1. Includes all countries with exports above US$10m in any one year 1983-87.
2. ’Unspecified’ includes SITC 911 (post) and 931 (special transactions), residuals under SITC 9, and differences between the country total and the sum of its listed commodities.
Sources: UN Statistical Office; OECD; national trade reports.

Iglzle 9442332953 t0._S9uth Af51w_a_2y_ccm_.tzz._and g.gwgiiy._.9m____-
US$ million 2 change % change
on 1983-85: 1987 on
1986 1987 1986 1987 1986
WEST GERHRNY
Vehicles & transport equipment 651 857 -3 27 32
Machinery & tools 345 449 -19 5 30
Electrical & electronic goods 305 367 3 24 20
Chemicals . 303 345 35 54 14
Other manufactured goods 136 171 O 27 26
Agricultural products 65 83 31 69 28
Iron 8 steel 54 77 2 46 42
Other minerals 44 60 7 46 37
Clothing, textiles 38 55 -37 -9 45
Coal, gas, petroleum 17 21 -11 9 22
Unspecified 12 14 2 17 15
SUB-TOTAL 1,970 2,499 -1 26 27
JAPAN
Vehicles & transport equipment 621 985 3 64 58
Electrical & electronic goods 238 292 -23 -6 22
1 machinery & tools 138 162 -28 -15 18
3 Other manufactured goods 83 107 -26 -4 29
4 Iron & steel 59 91 -22 21 55
Chemicals 72 78 27 37 8
Clothing, textiles 56 56 -40 -40 0
Agricultural products 27 24 -20 -30 -13
Other minerals 9 14 -21 248 58
Coal, gas, petroleum 7 7 -20 -28 -10
SUB-TOTAL 1,310 1,814 -12 22 38
UNITED KINGDOH
Chemicals 292 327 8 20 12
Machinery & tools 172 242 -30 -2 40
Electrical & electronic goods 224 236 -16 -11 5
Other manufactured goods 145 194 -10 20 34
Agricultural products 124 170 -7 28 38
Vehicles & transport equipment 128 161 -50 -37 26
Iron 8 steel 33 50 15 74 51
Other minerals 42 41 23 20 -3
Clothing, textiles 28 37 -37 -17 32
Coal, gas, petroleum 11 11 13 11 92
Unspecified 1 2 -31 14 65
Unidentified/arms8 25 - 31 -49 -37 24
SUB-TOTAL 1,225 1,501 919 0 23
5 A large residual remains under SITC 9 1983-86, alongside arms exports
(SITC 951) at cUSSlm, In 1987 arms increase to US$31m and the residual
disappears, indicating the probable nature of the trade. No other country
reports arms exports above US$1m except Italy (US$3m in 1987).

Table 9.1 _Eg29rts to South Africa p1 gggntrx and commgggtx groug
USS million
1986
1987
% change
1987 on
1986
UNITED STATES
Electrical & electronic goods
Chemicals
Vehicles & transport equipment
Agricultural products
Hachinery & tools
Other manufactured goods
Unspecified
Other minerals
Clothing, textiles
Coal, gas, petroleum
Iron & steel
FRANCE
Electrical & electronic goods
Machinery & tools
Chemicals
Other manufactured goods
Agricultural products
Vehicles & transport equipment
Iron a steel
Other minerals
Clothing, textiles
ITALY
machinery & tools
Electrical & electronic goods
Other manufactured goods
Vehicles & transport equipment
Clothing, textiles
Chemicals
Agricultural products
Other minerals
Iron a steel
SUTB-TOTAL
% Change
on 1983-85:
1986 1987
-19 -20
-5 -1
-46 -27
-64 -61
-51 -41
-28 -22
16 76
-20 14
-48 -55
-15 -64
-63 -35
-37 -30
9 3
-28 -13
26 44
-17 22
8 86
-45 36
18 -28
12 83
-36 -30
-13 4
-36 6
15 23
-29 5
-33 11-
-14 -7
2 44

27 55
-44 "16
6 77
-19 11

Table 9.1. Expggps to 8outh Africa by countgx and commoditx group
USS million 1 % change % change
on 1983685: 1987 on
1986 1987 1986 1987 1986
TAIWAN
Clothing, textiles 80 140 -4 68 75
i Electrical & electronic goods 45 100 82 306 123
E Other manufactured goods 38 70 -20 46 .84
Machinery & tools 17 40 -22 84 135
Vehicles & transport equipment 16 31 ’ -7 80 94
Chemicals 7 15 48 221 117
Unspecified5 9 14 55
. SUB-TOTAL 212 410 6 105 94
4 The 1986-87 figures include the residual values not allocated
a by commodity.
NETHERLANDS
Chemicals 101 107 28 36 6
Electrical & electronic goods 50 57 8 23 14
, Agricultural products 30 41 -10 24 37
; Machinery & tools 19 23 -29 -13 22
3 Other manufactured goods 17 19 _ 5 17 6 12
5 Vehicles & transport equipment 12 14 13 27 12
1 Clothing, textiles 7 11 -4O -7 55
1 Other minerals 10 10 -2 -6 -4
SUB-TOTAL 246 282 5 20 1s
BELGIUH/LUXEHBOURG
Chemicals 47 59 -3 23 26
Unspecified -, 47 52 26 41 12
; Other minerals 12 29 103 390 141
i4- Machinery & tools 16 27 -36 11 72 .
3 Other manufactured goods 20 22 -8 1 10
5 Electrical & electronic goods 22 22 -14 -11 3
3 Vehicles & transport equipment 8 19 -34 63 149
Agricultural products 11 16 14 66 45
Clothing, textiles . 8 15 "35 26 95
SUB-TOTAL 189 261 14 609 553
SHITZERLAND
Chemicals 28 5 -52 -92 -82
nachinery & tools 26 7 -57 988 -73
Electrical & electronic goods 20 10 -60 -79 -49
Other manufactured goods 34 2 -43 -97 -94
Vehicles & transport equipment 35 1 -52 -98 -96
SUB-TOTAL 144 26 -53 -91 -82

1___
1 J
Igple 9.1. Expggt3 :9 South Africa by country and commoditx group 3_
US$ million % change % change
on 1983-85: 1987 on
1986 1987 1986 1987 1986
EAST ASIA RES 8
Clothing, textiles 19 NA -4
Other manufactured goods 12 NA 917
SUB-TOTAL 31 NA -9
HONG KONG 5
Other manufactured goods 38 56 -19 18 46
- Clothing, textiles 18 33 -33 25 87
Electrical & electronic goods 15 29 -28 37 91
. SUB-TOTAL 71 118 -25 24 66
SB ASIA HES
Agricultural products 66 73 12
SWEDEN
machinery & tools 33 35 -38 -35 5
Chemicals 10 13 12 49 33
Electrical & electronic goods 17 11 -20 -48 -35
Agricultural products 14 7 -21 -58 -46
Other manufactured goods 6 6 -27 -20 10
Vehicles & transport equipment 6 4 -60 -71 -28
SUB-TOTAL 85 77 -31 -38 -10
SPAIN
. Chemicals 18 22 30 6O 22
Electrical & electronic goods 11 16 -23 6 38
Clothing, textiles 6 14 -60 -12 116
Other manufactured goods 10 13 -26 -5 28
Machinery & tools . 8 12 -51 -31 41
Agricultural products 10 11 1 16 15
Vehicles & transport equipment 19 6 87 -39 -67
SUB-TOTAL 83 94 -13 -1 13
cmn’ A 5
Other minerals 49 25 -12 -55 -49
Agricultural products 30 24 12 -13 -22
Electrical & electronic goods 6 7 -49 -42 14
Chemicals . 4 7 7 -48 -18 58
Machinery & tools 4 4 -50 -51 -1
Vehicles & transport equipment 28 3 182 -65 -88
SUB-TOTAL 122 70 1 -42 -43

Table 9.1. Expprts to South Africa by cgggyrz gg6 commodity group ___
US$ million % change -% change
on 1983-85: 1987 on
1986 1987 1986 1987 1986
ISRAEL S
Chemicals 18 23 6 34 26
Other manufactured goods 13 15 -11 ’3 16
Other minerals 11 13 -6 15 . 23
Agricultural products 3 9 -67 -2 200
machinery & tools 6 9 -45 -23 40
Electrical & electronic goods 10 8 -35 -47 ’ -18
SUB-TOTAL 61 77 -23 -3 26
AUSTRIA
Agricultural products 11 18 4 68 63
Machinery & tools 21 18 24 7 -14
Other manufactured goods 8 9 918 3 26
Clothing, textiles 7 9 -31 -7 35
Vehicles & transport equipment 10 7 -11 -40 -32
SUB-TOTAL 57 62 -3 6 9
SOUTH KOREA
Clothing, textiles NA NA
BRAZIL 8
Vehicles & transport equipment NA I NA
machinery & tools NA NA
Clothing, textiles NA NA
Chemicals NA NA
Agricultural products NA NA
SUB-TOTAL NA NA
IRELAND
Agricultural products 7 30 82 642 307
Chemicals 13 12 -7 -12 -5
Electrical & electronic goods 15 10 59 9 -32
Other manufactured goods 3 3 -63 -58 12
SUB-TOTAL 38 56 9 61 48
SINGAPORE
Chemicals 13 18 41
Electrical & electronic goods 9 17 83
Agricultural products 8 11 31
SUB-TOTAL 30 45 51

Igble 9.1. Exports to South Africa pl_gggptrx and_gommodi$1;5g3ggl_vmu"
USS million % change % change
_on 1983-85: 1987 on
1986 1987 1986 1987 1986
A&QEQLE; ____
Agricultural products 26 15 -34 -62 -43
Vehicles & transport equipment 6 6 -50 -54 -9
SUBTOTAL3221386036
ARGENTINA S
Agricultural products 45 NA -62
CHILE
. Agricultural products NA NA
VENEZUELA 5
Coal, gas, petroleum NA NA
PORTUGAL
Agricultufal products 6 7 -59 -50 . 23
DENHRRK
v Chemicals 13 10 .32 6 -19
Machinery & tools 9 2 -34 -88 -81
Agricultural products 8 2 -46 -88 -78
SUBTOTAL301423 _____ 3;; ------ 33;"
1’, NEH ZEALAND 5
Agricultural products 7 7 -27 , -31 -6
SRI LANKA 5
Agricultural products 8 NA -44
IVORY COAST 5
Agricultural products NA NA
NORHAY
Other minerals 34 r 0 -41 -100 -100
NEEBERLANDS ANTILLES 5
Coal, gas, petroleum NA NA

Igglgn9.1._gxportg_;o Soth_Africa bx countgz and gpmmoditx grou2_ _
USS million % change % change
on 1983-85: 1987 on
1986 1987 1986 1987 1986
PERU S
Agricultural products NA NA
PARAGUAY 5
Agricultural products 1 NA #75
FINLAND
Hachinery & tools 0 0 -99 -100 -100
Agricultural products 0 0 -100 -100 -100
SUB-TOTAL O O -99 -100 -100
5 Figures available for SACU only.
Notes
1. Includes all countries with exports above US$10m in any one year 1983-87.
2r ’Unspecif1ed’ includes SITC 911 (post) and 931 (special transactions),
residuals under SITC 9, and differences between the country total and
the sum of its listed commodities.
Sources: UN Statistical Office: OECD; national trade reports.

lable 10.1 -- 1988 trade compared to 1987 -- first 6 months, US$ mn
At the time of writing, data for 1988 was not yet
available from the UN Statistical Office.
Therefore Tables 10a-10f are based on OECD and
national sources and may not be direCtly
comparable to the previous tables.
________._____..._:.__.-___._____._.1_-_...__._’_._____-__-__-_.._.__________-___________
___
TRADE WITH SOUTH AFRICA
First 6 months of 1988 compared to US$ mn
first 6 months of 1987
Country Total trade Imports from Exports to .
South Africa , South Africa 2
1987 1988 1987 1988 1987 1988 ’
w Germany 1658 2480 50% 549 909 66% 1110 1571 42%
1925 2172 13% 1136 1034 -9% 789 1138 44%
UK 1221 1679 38% 528 746 41% 693 933 35%
U, 1225 1511 23% 638 730 15% 587 781 33%
Ta wan 431 904 110% 244 618 153% 187 286 53%
France 476 660 39% 266 364 37% 211 296 40%
Belgium-Lux 309 412 33% 185 241 430% 124 171 37%
Switzerland 198 392 98% 71 238 233% 127 154 21%
Hong Kong 238 320 35% 141 172 22% 97 148 53%
Netherlands 213 287 35% 86 117 37% 128 170 33%
Spain 182 265 46% 141 192 36% 41 74 78%
Turkey 1104 154 47% 103 145 40% 1 49 665%
Israel 147 144 -2% 118 95 -19% 29 49 69%
Canada 90 112 24% 44 60 37% 46 52 12%
Austria 82 107. 31% 50 64 28% 32 43 35% 2
Australia 104 89 -14% 54 33 -38% 50 56 12% :
Portugal 43 51 20% 36 39 9% 7 12 76%
Ireland 33 40 20% 5 6 19% 28 34 21%
Norway 9 10 19% 5 10 109% 4 1 -78%
New Zealand 9 10 10% 5 3 -28% 4 7 52%
Denmark 9 8 -12% 2 2 -6% 7 6 -14%
Sweden 85 4 -96% 16 0 -100% 69 4 -95%
1.1and o 1 5496 o 1 69% o o -50%
Finland 0 0 0% 0 0 -100% 0 0 100%
TOTAL 8792 11812 34% 4421 5818 32% 4371 5993 37%
DATA FOR OECD COUNTRIES PLUS SOUTH AFRICA’S 3 LARGEST NON-OECD PARTNERS
OECD data from OECD Monthly Statistics of Foreign Trade, Jan 1989.
Israel, Hong Kong, and Taiwan using national statistics.
Hong Kong exports include re-exports (in contrast to previous tables)
No 1988 data for Greece or Italy.
Rates of exchange: OCED and Israel data in US$.
HK$ fixed at US$1 : HK$ 7.8
Taiwan mid-period rates: 1987 US$1
1988 US$1
NT$ 32
NT$ 28.7

Table 10.2 -- 1988 trade compared to 1987 -- first 9 months -- US$ mn

TRADE WITH SOUTH AFRICA
First 9 months of 1988 compared to
first 9 months of 1987
US$ mn
For countries where data is available.

Country	Total trade			Imports from South Africa			Exports to South Africa		
	1987	1988		1987	1988		1987	1988	
W Germany	2589	3739	44%	839	1269	51%	1750	2470	41%
Japan	3018	3153	4%	1730	1515	-12%	1288_	1638	27%
UK	1914	2538	33%	821	1105	35%	1093	1433	31%
Taiwan	676	1255	86%	360	791	120%	317	464	47%
Switzerland	366	628	72%	171	395	132%	196	233	19%
Hong Kong	405	549	36%	233	302	29%	172	248	44%
Netherlands	339	409	20%	137	158	15%	202	250	24%
Spain	298	387	30%	229	282	23%	68	105	53%
Israel	229	212	-7%	174	136	-22%	55	76	38%
Canada	143	194	36%	77	107	39%	66	87	33%
Austria	130	161	24%	76	92	21%	54	69	28%
Ireland	49	76	54%	7	11	66%	42	65	53%
Norway	12	17	37%	6	16	168%	6	1	-84%
New Zealand	15	17	10%	8	6	-31%	7	11	55%
Denmark	14	15	4%	3	5	55%	11	10	-10%
Finland	0	0	40%	0	0	-50%	0	0	100%

DATA FOR OECD COUNTRIES WHICH HAVE REPORTED FOR THE FIRST NINE MONTHS
PLUS SOUTH AFRICA’S THREE LARGEST NON-OECD PARTNERS
OECD data from OECD Monthly Statistics of Foreign Trade, Jan 1989.
Israel, Hong Kong, and Taiwan using national statistics.
Hong Kong exports include re-exports (in contrast to previous tables)
Rates of exchange: OCED and Israel data in US$.
HK$ fixed at US$1 : HK$ 7.8

Taiwan median rates:	
1987 US$1	NT$ 31.5
1988 US$1	NT$ 28.7

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1988 trade compared to 198/
COUNTRIES RANKED BY PERCENTAGE CHANGE
Trade with South Africa
First 6 months of 1988 compared to
first 6 months of 1987
Country
Taiwan
Switzerland
W Germany
Turkey
Spain
France
UK
Hong Kong
USA
Ireland
Portugal
Japan
Israel
Australia
Sweden
Country
Switzerland
iwan
Germany
UK
Turkey
France
Canada
Netherlands
Spain
Belgium-Lux
Austria
Hong Kong
Ireland ’
USA
Portugal
Japan
Israel
Australia
Sweden
Total trade
1987 1988
431 904 110%
198 392 98%
1658 2480 50%
104 154 47%
182 265 46%
476 660 39%
1221 1679 38%
238 320 35%
213 287 35%
309 412 33%
82 107 31%
90 112 24%
1225 1511 23%
33 40 20%
43 51 20%
1925 2172 13%
3 147 144 -2%
104 89 -14%
85 4 -96%
Imports from
South Africa
1987 1988
71 238 233%
244 618 153%
549 909 66%
528 746 41%
103 145 40%

266 364 37%
44 60 37%
86 117 37%
141 192 36%
185 241 30%
50 64 28%
141 172 22%
5 6 19%
-638 730 15%
36 39 9%
1136 1034 -9%
118 95 -19%
54 33 -38%
16 0 -100%
Bas8d on table 10a
LlrSC
US$ mn
Country
1
Turkey
Spain
Portugal
Israel
Taiwan
Hong Kong
Japan
W Germany
France
Belgium-Lux
Austria
UK
Netherlands
USA
Switzerland
Ireland
Canada
Australia
Sweden
6 months --
US$ mn
Exports to
South Africa
187
97
789
1110
211
124
32
693
128
587
127
28
46
50
69
4
42%
40%
37%
35%
35%
33%
33%
21%
21%
12%
12%
-95%
Countries with total trade of less than US$25 mn in each half year omitted

: Table 10.4 -- 1988 trade compared to 1987 -- first 6 months -- SDR mn 1 -4
I
x
f TRADE WITH SOUTH AFRICA SDR Inn
5 First 6 months of 1988 compared to
. first 6 months of 1987
. Country Total trade Imports from Exports to
South Africa South Africa
1987 1988 1987 1988 1987 19885
W Germany 1297 1812 40% 429 664 55% 868’ 1148 32%
Japan 1503 1588 6% 887 756 -15% 616 832H 35%
UK . 955 1227 28% 413 545 32% 543 682 26%
USA 959 1104 15% 499 534 7% 459 571 24%
Taiwan - 337 661 96% 191 452 136% 146 209 43%
France 373 482 29% 208 266 28% 165 216 31%
Belgium-Lux 242 301 24% 145 176 22% 97 125 28%
Switzerland 155 287 85% 56 174 213% 99 113 14%
Hong Kong 186 234 26% 110 126 14% 76 108 42%
Netherlands 167 209 26% 67 86 28% 100 124 24%
Spain 143 194 36% 110 140 27% 32 54 67%.
Turkey 82 112 37% 81 106 31% 1 7 618%
Israel 115 105 -9% 92 69 -25% 23 36 58%
Canada 70 82 16% 34 44 28% 36 38 5%
Austria 64 78 22% 39 47 20% 25 32 27%
Australia 82 65 -20% 42 24 -43% 40 41 4%
Portugal 33 37 12% 28 28 1% 5 9 65%
Ireland 26 29 12% 4 4 10% 22 25 13%
Norway 7 8 11% 4 7 94% 3 1 -80%
New Zealand 7 7 3% 4 3 -32% 3 5 42%
Denmark 7 6 -18% 2 l -12% 6 4 -20%
Sweden 66 3 -96% 13 0 -100% 54 3 -95%
Iceland 0 0 43% 01 0 58% 0 , 0 -54%
Finland 0 0 -7% O 0 -100% 0 0 84%
TOTAL ’ 6878 8633 26% 3458 4253 23% 3420 4381 28%
DATA FOR OECD COUNTRIES PLUS THREE LARGEST NON-OECD TRADING PARTNERS
OECD data from OECD Monthly Statistics of Foreign Trade, Jan 1989.
Israel, Hong Kong, and Taiwan using national statistics.
Hong Kong exports include re-exports
No 1988 data for Greece or Italy.
SDRs per US$: Q1 02
1987 .79313 .77271
1988 .73098 .73096
Rates of exchange: OCED and Israel data in US$.
HK$ fixed at US$1 : HK$ 7.8
Taiwan median rates: 198/ US$1
1988 US$1
NT$ 32
NT$ 28.7

l’.lfi.iv l0 .’)
9h ’ ’ FULL YEAR (03$ mn) FULL YEAR (SDR run)
1987 1988 Change 1987 1988 Change
JAPAN
Total imports 2265 1934 -15% 1750 1442 -18%
Gold 221 35 -84% . 171 26 -85%
PGMs 554 329 -41% 429 245 -43%
Diamonds 12 4 -69% 10 3 -70%’
Imports w/o gold,
PGMs, diamond 1476 1566 6% 1141 1168 2%
Total exports 1856 2049 10% 1435 1528 7%
Total trade 41.41 3982 -39. 3185 2971 -7%
Total trade w/o gold,
PGMs, diamond 3333 3614 8% 2576 2696 5%
$ANESE GOLD AND PLATINUM PURCHASES (tonnes)
1987 1988 Difference Notes’
GOLD
Total imports 229.2 292.4 63.2
From South Africa 15.5 4.5 -11.0 Prbducer
From UK, Switzerland 1 121.1 148.0 26.9 Imports from S Africa
From USSR, Australia, 56.8 107.9 51.1 Produter
& Canada
PLATINUM
Total imports 52.2 67.6 15 4
From South Africa 27.1 16.6 -10.5 Producer
From UK 7.5 15.2 7./ Imports from S Africa
From USA, West Germany 4.2 7.9 3.7 Imports from S Africa
6 13.7 2.1 Producer
1 ’rom USSR 11.
This table shows that Japan has decreased its gold and
platinum imports from South Africa, but has increased by
a larger amount its gold and platinum imports from
countries which themselves import from South Africa.
Notes:
PGMs : platinum group metals
Rates of exchange: Average of first three quarters Full year
Per US$ Per US$
1987 1988 ’ 1987 1988
Japan 147.6 129.1 145 128
West Germany 1.828 1.75 -
SDR 0.773 0.746

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JAPAN, GERMANY, AND GOLD

In 1988, West Germany replaced Japan as South Africa's largest trading partner. Analysis of the trade data shows that German and Japanese commodity trade both increased in 1988, but German trade increased much faster. Japanese imports fell only because it imported South African gold and platinum through third parties; excluding gold, platinum, and diamonds, Japanese imports from South Africa rose slightly in 1988 (measured in both US$s and SDRs). Statistics for Germany are only available for the first ten months of 1988, so Japan and Germany have been compared for that period.

FIRST TEN MONTHS (US$ mn)

	1987	1988	Change
JAPAN			
Total imports	2019	1611	-20%
Gold	340	S7	-83%
PGMs	450	289	-36%
Diamonds	7	2	-69% .
Imports w/o gold, PGMs, diamond	1221	1263	3%
Total exports	1462	1777	22%
Total trade w/o gold, PGMs, diamond	2684	3040	13%
WEST GERMANY			
Total imports	1044	1430	37%
Gold	87	303	248%
PGMs	124	147	18%
Diamonds	6	7	10%
Imports w/o gold, PGMs, diamond	826	973	18%
Total Exports	1987	2764	39%
Total trade w/o gold, PGMs, diamonds	2812	43736	33%