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POLICIES OF APARTHEID OF THE
GOVERNMENT OF SOUTH AFRICA
QUESTION OF NAMIBIA

SECURITY COUNCIL
Forty-fourth year

Letter dated 31 August 1989 from the Permanent Representative of
Canada to the United Nations addressed to the Secretary-General

I have the honour to request you to circulate the concluding statement of the fourth meeting of the Commonwealth Committee of Foreign Ministers on Southern Africa held at Canberra from 7 to 9 August 1989, and its attachment (see annex), as a document of the General Assembly under items 28 and 36 of the provisional agenda, and of the Security Council.

(Signed) L. Yves FORTIER, O.C., Q.C.
Ambassador and
Permanent Representative

* A/44/150.

ANNEX

**COMMONWEALTH COMMITTEE OF FOREIGN MINISTERS
ON SOUTHERN AFRICA**

Fourth Meeting: Canberra, 7-9 August 1989

Members of the Committee

The Rt Hon Joe Clark (Canada) - Chairman; Senator the Hon Gareth Evans (Australia); The Hon Rashleigh E Jackson (Guyana); The Hon P V Narasimha Rao (India); The Hon Major-General Ike Nwachukwu (Nigeria); The Hon Benjamin Mkapa (Tanzania); The Hon Luke J Mwananshik (Zambia) and The Hon Dr Nathan Shamuyarira (Zimbabwe).

The Foreign Minister of Malaysia, The Hon Dato' Abu Hassan bin Haji Omar, representing the host Government of the forthcoming Heads of Government Meeting in Kuala Lumpur attended the meeting as the guest of the Committee. The Foreign Minister of New Zealand, the Hon Russell Marshall, held discussions with the Committee during its meeting.

CONCLUDING STATEMENT

1. The Committee's fourth meeting considered developments and progress in the implementation of earlier decisions arising from its mandate from Commonwealth Heads of Government and the Okanagan Statement and Programme of Action. Its conclusions in Canberra included the following:

The Situation in South Africa

2. The Committee noted that despite talk about reform the situation in South Africa had not improved since its last meeting in Harare. Apartheid remained in place and the state emergency had been renewed for the forth consecutive year. Nelson Mandela and the other political prisoners remained incarcerated. Most of the detainees released at the beginning of the year following the country-wide hunger strike had since been restricted as part of the regime's effort to contain all opposition to the system. The Committee was distressed by the increasing and distorted application of the legal doctrine of "common purpose". Of particular concern was the sentencing to death of the Uppington 14. Equally disturbing were growing instances of informal repression and attacks on anti-apartheid activists. The murder of Dr David Webster on 1 May followed an all too familiar pattern of assassinations. According to a United States State Department report issued in February, South African "death squads" were said to be operating "completely outside

the law inside and outside the country". The South African Government had also continued its pressure against the media on several fronts as part of the wider effort to quell peaceful opposition to apartheid. The ban on political parties remained in force and, notwithstanding the declarations of the new leadership of the ruling National Party, no beginning had been made on negotiations between the Government and the acknowledged representatives of the black majority.

Namibia

3. The Committee considered recent developments in Namibia as a matter of priority concern. Ministers stressed the importance of 'impartiality' and elimination of 'intimidation' in the implementation of Resolution 435. The presence of former Koevoet personnel had already been the subject of complaint by the United Nations Secretary-General. Pretoria's evident hostility to all opposition and its retention of Koevoet personnel within the South West Africa Police (SWAPOL) constituted a most disturbing indication of intimidation of South West African People's Organisation (SWAPO) and other opposition supporters by the authorities, and a clear danger to free and fair elections. There was urgent need for a strict adherence by South Africa to the basic principles of the 435 process.

4. Beyond these matters of a physical nature, there were serious questions that remained unresolved in relation to the proclamation that would govern the conduct of the elections, the operations of the Constituent Assembly and the entire process leading to independence. Fundamental changes appear to be needed to ensure the integrity of the secret ballot. Particular proposals for tightening the proclamations that in our view require very careful consideration include the following:

- a) voter identification must take place before a voter is issued with a ballot paper and the subsequent use of fingerprint experts, etc., abandoned;
- b) party agents must be permitted to play their full and proper role in the polling process;
- c) UNTAG's role must be fully consistent with requirements of Resolution 435;
- d) counting must take place at each polling station and the final determination concluded expeditiously;
- e) the Constituent Assembly must be recognised as the only authentic representative body and as such must exercise its rights in an unfettered manner in both drafting and adopting the Constitution and (should the

Assembly so wish) in reconstituting itself as the first parliament under the new Constitution from such date as it should choose as Namibian Independence Day;

- f) the Administrator-General in the performance of his role until Independence Day should be guided by the wishes of the Assembly.

5. Commonwealth governments had been alerted to these issues. Their several Governments would exert every effort to ensure that the final legislation was in conformity with the expectations of the international community and the requirements of the 435 process; but there was very little time in which to ensure this. Heads of Government would be meeting in Kuala Lumpur three weeks before the elections. It was absolutely essential that the international community as a whole gave maximum support to the United Nations at this moment in ensuring that the basic legislative framework existed under which the electoral process and the Constituent Assembly thereafter did not become a distortion of international expectations for Namibia's independence. The Committee felt that it could not urge too strongly the utmost vigilance in relation to these basic arrangements. The fulfilment of Commonwealth expectations for a free Namibia within the family of the Commonwealth could very well turn on how these questions were resolved.

6. Resolution 435 vested responsibility for the supervision and control of the elections and election campaign in the United Nations. However, as had already been demonstrated by a considerable number of visits, there was scope for others to observe the process and lend weight to international efforts to buttress the United Nations operation. In this regard, Ministers were of the view that the Commonwealth Secretary-General should explore urgently the possibility of constituting a representative observer group from the Commonwealth which would visit Namibia prior to the Commonwealth Heads of Government Meeting in order to report to Heads of Government in Kuala Lumpur on the situation and on possible future arrangements.

7. Ministers noted with approval that the expanded United Nations Transition Assistance Group (UNTAG) police force would soon reach its authorised target of 1,000 and that several Commonwealth countries were among the contributors. At the same time, they expressed concern at the ongoing problem of SWAPOL and in particular the continuing presence of Koevoet personnel in SWAPOL, and resolved to draw this concern to the attention of the United Nations Secretary-General. To help the United Nations address the problem, the Committee agreed that the Commonwealth Secretary-General would encourage Commonwealth member countries to be prepared to supply additional police officers if the United Nations Secretary-General requested them. The Commonwealth would make this offer of support to the United Nations Secretary-General to ensure that the United Nations had all the resources needed to resolve the serious problem posed by SWAPOL.

8. In this regard the Committee reiterated its earlier call on member states of the United Nations, including members of the Security Council, to assure the United Nations Secretary-General that the

required resources will be provided to enable him to deploy, up the upper limit of 7,500, the full military component judged by him to be necessary for carrying out effectively all the relevant tasks specified in the UNTAG plan.

9. The Committee concluded that the challenge facing Namibia in the post-electoral period both before and after independence would be daunting. Conditions were very uncertain and, even if as was to be hoped, the election process was free and fair, the success of the expression of the people's will could be frustrated by subsequent political and economic pressures from South Africa. In light of these dangers the Namibian people would need assistance in preparing themselves administratively for independence and in effecting rapid economic development. The Commonwealth already provided extensive training and other development assistance. Ministers asked the Secretary-General to explore the possibilities for significantly expanded aid in the operational, development and constitutional fields. In anticipation of these needs and the expectation of increased assistance, the Committee thought that consideration should be given to sending Commonwealth expertise at the appropriate time to provide assistance and advice, while participating in the planning of future activity with the new Government.

Destabilisation

10. The Committee noted that despite the welcome improvement in the security situation in South Western Africa, South Africa's campaign of destabilisation in other parts of the region continued to exact a high toll both in human life and material loss. According to an independent study on the subject of destabilisation commissioned by the Committee, the resulting instability in the region in the period since 1980 had caused the death of 1.5 million people, no less than four million made homeless, several thousand disabled, and material damage estimated at some US\$45 billion.

11. The Committee was particularly concerned that Mozambique continued to suffer from the ravages of the South African-backed Mozambique National Resistance (MNR). The Committee applauded the initiative of the Government of Mozambique to achieve peace and national reconciliation and in this connection called upon Pretoria to show by deed that it had truly abandoned its support for the rebel MNR.

12. The Committee denounced South Africa's campaign of destabilisation against its neighbours and saw in that campaign a major contributory factor in the region's economic problems. In this regard the Southern Africa Development Co-ordination Conference (SADCC), with its objectives of promoting regional self-reliance and economic independence from South Africa, deserved increased support and encouragement.

13. The Committee also welcomed the outcome of the Gbadolite summit of 20 June and pledged its support for the African initiative to help

bring about peace and genuine national reconciliation in Angola. The Committee also welcomed a similar initiative being mounted in the case of Mozambique.

Sanctions

14. Recent developments in South Africa have reaffirmed the Committee's belief that sanctions are having an increasing economic and political impact. It saw evidence of a heightened recognition within the white community that in the absence of fundamental political change, South Africa's relationship with the world was unlikely to improve and that the economy and living standards would continue to deteriorate under the pressure of trade and financial sanctions. If Pretoria did, indeed, turn towards the dismantling of apartheid, sanctions would have contributed to forcing that change. The Committee was united in the belief that sanctions would need to be sustained, and intensified, until progress in that direction become irreversible.

15. In that context, the Committee noted that Pretoria had not taken any of the steps Commonwealth leaders had urged at Nassau in October 1985, namely: to declare that the system of apartheid will be dismantled and specific and meaningful action taken in fulfilment of that intent; terminate the existing state of emergency; release immediately and unconditionally Nelson Mandela and all others imprisoned and detained for their opposition to apartheid; establish political freedom and specifically lift the existing ban on the African National Congress (ANC) and other political parties; and 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.

16. The Committee reiterated its conviction, confirmed by its further consultations with several black South African leaders, that most black South Africans continued to look principally to sanctions for pressure on Pretoria for peaceful change. Sanctions, in the Committee's view, remained the most effective peaceful path to the ending of apartheid.

Expert Study on Sanctions

17. In receiving the final report on the Evaluation of the Application and Impact of Sanctions against South Africa, prepared by an independent expert study group, the Committee recalled that at Okanagan, Heads of Government, with the exception of Britain, had agreed that pending the acceptance by the international community as a whole that comprehensive and mandatory sanctions would be the quickest route to bring Pretoria to the negotiating table, a wider, tighter and more intensified application of sanctions must remain an essential part of its response to apartheid.

18. Ministers shared the overall conclusions of the report that existing sanctions - adopted by the Commonwealth, the United States, the Nordic States and other countries - have through their impact on South Africa's economy and policies, confirmed the legitimacy of sanctions as an instrument of policy to induce dismantling of apartheid in South Africa and, in the circumstances, the urgency of even stronger signals to the new Government in South Africa.

19. The Study makes 30 recommendations for action. The Committee believed these recommendations deserved careful consideration by all countries, most of whom now apply sanctions of one kind or another against South Africa. It was therefore making the Study available not only to Commonwealth governments but to the wider international community. Since important questions of timing arise in the consideration and application of further measures, Ministers felt that all governments would wish to examine these recommendations carefully and in the framework of overall strategy. For Commonwealth countries, they have particular significance in relation to the Kuala Lumpur Meeting of Commonwealth Heads of Government later this year.

20. The Committee also noted the Study's conclusions that the policies of certain countries had continued to undermine the effectiveness of existing sanctions adopted by the Commonwealth and other countries. They noted that, particularly in the light of the publicity fostered by the Committee, some of the countries which have expanded their links with South Africa in recent years have become conscious of the need to curtail them, particularly in certain sectors where Commonwealth sanctions apply. They expressed concern, however, at the unwillingness of those countries with the most leverage to apply pressure on South Africa through more concerted action on sanctions. South Africa should not be encouraged to believe that it may delay indefinitely in responding fully to the legitimate aspirations of the majority of its citizens. There was a critical need for those countries to look again at responding to the urgency of the South African situation and the Committee called on them to demonstrate by concrete actions their commitment to hastening the end of apartheid.

South Africa's Links with the International Financial System

21. The Committee welcomed the publication of "Apartheid and International Finance" by Keith Ovenden and Tony Cole commissioned by the Australian Government, noting that it was an updated and expanded version of the report of the Intergovernmental Group on South Africa's Relationship with the International Financial System commissioned by the Committee and considered by it in Toronto. It supported the authors' conclusion that financial sanctions applied by the private sector, governments and non-governmental organisations had been and continue to be one of the most effective forms of pressure on Pretoria.

22. The Committee reaffirmed its Toronto decisions on widening and tightening financial sanctions. It had an extensive discussion on further action to enhance the effectiveness of financial sanctions against South Africa. It also considered means of further defining the Commonwealth ban on new bank lending to South Africa. As a result, the Committee invited Commonwealth and other governments to take further action, as specified in the Annex to this Statement, which was issued as a press release on 8 August.

Arms Embargo

23. South Africa's policies of destabilisation and repression highlight the importance of maintaining and strengthening the arms embargo. Ministers received a report from Canada on recent efforts at the United Nations to further the recommendations on tightening the embargo. Ministers also received an updated report on the United Nations arms embargo from the World Campaign against Military and Nuclear Collaboration with South Africa (WCMNC). The Committee was encouraged by the recent meetings of the United Nations Security Council's 421 Committee charged with monitoring the embargo. They welcomed efforts to compile a new report on the Committee's work, hold hearings with experts and undertake thorough investigations of recent breaches of the embargo. They agreed to consult at the United Nations with a view to encouraging further progress along these lines.

Demarches

24. Ministers reaffirmed their commitment to secure a more concerted application of a global sanctions programme and reviewed their efforts through demarches on a wide range of governments to encourage universal adoption of the Commonwealth package of measures, including the actions recommended by the Committee. They made plans to continue their efforts in the months ahead, taking into account the opportunities presented by forthcoming conferences and the United Nations General Assembly for joint activity by Committee members.

Security Needs of the Front-Line States

25. The Committee reviewed the continuing threat to the security of the Front-Line States and stressed the ongoing need for practical security assistance, especially for Mozambique. While acknowledging the generous contributions in this area by a number of Commonwealth and non-Commonwealth countries, the Committee stressed that much remained to be done to help meet the security needs identified in the special report by General Olusegun Obasanjo of Nigeria. The Committee asked the Secretary-General to continue his efforts to encourage increased security assistance for the countries of the region, particularly Mozambique.

Special Commonwealth Fund for Mozambique

26. The Committee reviewed and commended the Secretary-General's Report on operations in the first 18 months of the Special Commonwealth Fund for Mozambique, and noted the further strong evidence of successful implementation and of continuing demand for Commonwealth assistance under the programme. The Committee urged all Commonwealth governments, as part of their preparations for the Kuala Lumpur Heads of Government Meeting, to consider pledging generously so that the Fund's momentum is maintained and the promise of Vancouver becomes a reality.

Promotion of Trade and Investment in Front-Line and Neighbouring States

27. In the light of the importance of strengthening their economic independence and disengagement from South Africa, the Committee reviewed the draft strategy paper submitted by Canada on trade and investment promotion in the Front-Line and neighbouring States. The extremely useful efforts already being undertaken in this regard in a number of different fora, including SADCC and the Preferential Trade Area (PTA), were recognised. The Committee requested the Secretariat to develop an Action Plan taking into account the views of the Front-Line and neighbouring states, SADCC and the PTA and all Commonwealth countries concerned.

Dialogue

28. In keeping with its mandate from Vancouver, the Committee has continued to place a premium on dialogue between the South African Government and the true representatives of the non-white majority as the only peaceful route to a resolution of the conflict. The Committee welcomed recent growing instances of dialogue among South Africans across racial and political lines. For example, in Lusaka in July more than 100 white South Africans from the "Five Freedoms Forum" met with the ANC. The Committee also took particular note of the meeting between State President P W Botha and Nelson Mandela on 5 July in Cape Town. The Committee recalled that in its Report the Eminent Persons Group (EPG) had underlined the centrality of Nelson Mandela in any genuine negotiation to bring about the resolution of the conflict. If the meeting was an indication that at long last the South African Government too was beginning to share this assessment of Nelson Mandela's place in the South African political equation, the next logical step should be his immediate and unconditional release. In this regard, the Committee stressed the continuing validity of the Negotiating Concept elaborated by the EPG as a basis for future negotiations.

Countering South African Propaganda and Censorship

29. The Committee noted that since its last meeting the apartheid regime had taken its campaign against the media further with bannings of newspapers and journalists and the imposition of crippling fines. Against this background the Committee reaffirmed the continuing validity of the Commonwealth effort to expose the truth about apartheid and to combat media censorship. In this connection they warmly welcomed and endorsed the report for Heads of Government from the Working Party established by the Secretary-General to develop a Commonwealth strategy for this purpose. The Committee paid tribute to all the Commonwealth governments which had in various ways contributed to the work of the Working Party and to the wider effort to counteract South Africa propaganda and censorship.

Aid to Victims and Opponents of Apartheid

30. The Committee continued to emphasise the importance of practical and financial assistance to victims and opponents of apartheid, in particular educational, legal and humanitarian assistance and aid to trade unions. Efforts already being made by Commonwealth and other countries were recognised and the Committee called for further responses from all countries opposed to apartheid.

31. The Committee strongly endorsed the work of the newly-established Commonwealth network of non-governmental organisations, Skills for South Africa, which will provide high level training and work experience for black South Africans and contribute both to the process of change in South Africa and the development of skills required in a post-apartheid society.

32. The Committee noted the support the network had already received from a wide range of governments and institutions, commended it to the Commonwealth, and urged governments to provide appropriate support and resources to assist in the implementation and co-ordination of this work.

Sporting Contacts with South Africa

33. The Committee took account of recent developments in relation to sporting contacts with South Africa. Ministers reaffirmed the importance of Commonwealth Governments' stand against such contacts and of the Commonwealth's commitment in relation to them under the Gleneagles Agreement, and unreservedly condemned the efforts by South Africa to induce cricket and rugby players from Britain and other Commonwealth countries to play in South Africa.

34. They expressed extreme disappointment at the action of players who had indicated their willingness to go to South Africa in violation of the Gleneagles Agreement, describing such conducts as unworthy of the highest tradition of Commonwealth sport and gravely detrimental to it, and called on the players in question who had not already done so to decline these invitations. Sporting contact with South Africa could not be justified on the basis of its contribution to the development of non-racial sport within that country: the very structure of South African society and the actions of the white minority Government necessarily confined non-whites to second class participation in sport, as in all other aspects of South African life. Nothing could justify giving comfort to the apartheid regime or undermining the position of other sportsmen and sportswomen who remained faithful to the Gleneagles Agreement.

35. In the case of cricketers who had agreed to go to South Africa, the Committee called for the rigorous enforcement of the penalties agreed earlier this year by the International Cricket Conference. Ministers also called upon other sporting bodies to develop and apply similar rules and penalty structures in respect of the sports they controlled.

36. Ministers called on all Commonwealth Governments to express their own strong opposition to such sporting contacts with South Africa and to use their utmost endeavours through all political and other channels to discourage them. They were mindful of the efforts which had already been made in this respect and were particularly appreciative of the strong stands taken by the Australian and New Zealand Governments. They looked for the furtherance and intensification of all such efforts.

Auckland Commonwealth Games

37. The Ministers expressed their strong and unanimous desire that next year's Commonwealth Games in Auckland should be an unqualified success. They recognised that the Games were an important element in the strength of the Commonwealth association and the fraternity of its peoples, particularly the young people of the Commonwealth. They agreed that they would pursue a process of consultation in relation to the Games in the months ahead, and would seek the involvement of all other Commonwealth countries in that consultative process.

38. Ministers welcomed the opportunity afforded by their meeting in Canberra for discussions on the Auckland Games and related matters with the Foreign Minister of New Zealand, the Hon. Russell Marshall. They took the opportunity to express to him the value they placed on the strong support his Government had given to the Gleneagles Agreement and to the wider Commonwealth effort to bring about the dismantling of apartheid.

Future Organisation of Commonwealth Games

39. Ministers received with interest a proposal from Canada for placing the Commonwealth Games on a firmer footing and for arrangements which would facilitate their being staged in developing Commonwealth countries. They supported the idea of a meeting of Commonwealth representatives to examine these proposals further.

Consultations

40. The Committee greatly valued the opportunity for direct consultations with leading personalities from the liberation movements and anti-apartheid organisations from within South Africa. Making presentations before the Committee were Father Smangalis Mkhathshwa, Director of the Institute of Contextual Theology, Dr Max Coleman, a Commissioner of the Human Rights Commission, Mr Moses Mayekiso, General Secretary of the National Union of Metalworkers, Mr Ahmad Gora Ebrahim, Secretary for Foreign Affairs of the Pan Africanist Congress of Azania (PAC), and Mr Aziz Pahad, Chief Representative of the ANC to Britain. Their perspectives on the situation in South Africa considerably assisted the Committee's deliberations. Ministers expressed their profound disappointment that the Government of South Africa should have prevented Mr Azhar Cachalia, the Treasurer of the United Democratic Front (UDF), from being present at their meeting.

APPENDIX

**COMMONWEALTH COMMITTEE OF FOREIGN MINISTERS ON SOUTHERN AFRICA
APARTHEID AND INTERNATIONAL FINANCE**

At their meeting on Tuesday 8 August 1989, the Commonwealth Committee of Foreign Ministers on Southern Africa agreed to the following statement:

The financial sanctions already being applied by Commonwealth and other Governments and their respective financial institutions have proved to be among the most effective of all instruments of pressure against South Africa. South Africa's exclusion from world capital markets is placing significant pressure on its balance of payments and, as a consequence, on its capacity for economic growth.

In order to ensure that the pressure from these sources is maintained, the Committee reaffirmed its Toronto decisions on widening and tightening financial sanctions and invited Commonwealth and other Governments, and financial institutions within their respective jurisdictions, to take further action in each of the following areas.

(a) Tightening conditions for debt repayment

Ministers reaffirmed the key importance of June 1990 in terms of the rescheduling of South African debt, providing the opportunity to exert further pressure on South Africa's debt servicing obligations. They noted that there was some evidence of relaxation in the second rescheduling (1987-90) in that South Africa was required to repay annually less capital under it than under the first rescheduling agreement (1986-87). They called on banks in the context of the 1990 rescheduling negotiations to exert the maximum possible pressure on South Africa consistent with the need to avoid precipitating South African default on its debt and in particular recommended:

- . provision for substantial capital repayments;
- . the application of the highest possible interest rates to South African debt;

the rejection of exit options, including the long term rollover*.

To this end, Ministers agreed that a delegation of senior officials would seek access to senior executives of the member banks of the coordinating committee presently negotiating the 1990 rescheduling arrangements.

(b) Imposing further restrictions on trade finance

Ministers recognised the advantage that accrued to South Africa in having much of its trade credit business still insured with official export credit agencies. In order to send a clear signal about the need to curtail sources of foreign funds to South Africa and, at the least, to expose that country to the unfettered judgment of the market place in this field, they urged that all countries that had not done so now take South Africa "off cover" with official Government agencies for official trade credit and insurance purposes.

Ministers noted South African claims that trade financing was being used as a balance of payments cushion. They therefore called on all financial institutions in Commonwealth and other countries to impose tougher terms for trade financing including, in particular, reducing the maximum credit term to ninety days.

(c) Monitoring the ban on medium- and long-term lending

Recognising the importance of promoting public awareness of South Africa's dealings with the international financial community, Ministers supported in principle the establishment of an independent mechanism to review and report on South Africa's links with the international financial community on a regular basis. It would involve a small, specialist staff with proven research skills in the area of financial markets and be located in one of the world financial centres. The cooperation of finance houses in ensuring the regular publication of factual information covering the broad field of South Africa's links with international finance would need to be assured.

* Under the 1987 rescheduling agreement, creditors were offered two methods of escaping from the unilateral moratorium that South Africa had placed on commercial loans. One was to convert debt to a long-term schedule (the 1997 option) with defined interest and capital repayments. The other was to convert the debt into equities on the local South African share market and then export the funds through the financial Rand exchange systems - at a substantial discount. Since 1987 a further exit option has developed in the form of an international secondary market for South African debt. Use of any of these options has the effect of lessening the pressure on

Ministers agreed that a specific proposal along these lines should be developed for further consideration at Kuala Lumpur in October.

(a) Ban on new bank lending

Ministers discussed Commonwealth experience of the application of the existing ban on new bank lending to South Africa in the context of South African controlled international companies operating outside South Africa. They reaffirmed the intent of the lending ban which is to put pressure on South Africa's balance of payments. Ministers noted, in this connection, that loans to South African owned or controlled entities incorporated abroad may in certain circumstances enable South African companies to strengthen their marketing network, improve their access to technology and otherwise enhance their capacity to frustrate sanctions.

They also noted that lending to such entities may, on the other hand, involve in certain circumstances an outflow from South Africa of capital and expertise such as to reinforce the impact of financial sanctions.

As a result Ministers proposed that the following general guidelines be applied by banks and other financial institutions in respective national jurisdictions, as criteria for assessing the acceptability of a proposed loan:

That banks and other financial institutions responding to a long request from any entity outside South Africa that may possibly be controlled by South African interests should:

- (a) require a declaration by the borrower stating the source of control of the entity seeking the loan; and
- (b) where South African control is established:
 - obtain an assurance that the purpose of the loan is not for activities designed to circumvent sanctions;
 - require an assurance that the funds will be used for the stated purpose of the loan and will not be transferred to South Africa;
 - be satisfied that the purpose of the investment is not to repatriate profits to South Africa;
 - be satisfied that, on balance and in all the circumstances of the individual case, the loan would not result in significant net benefit flowing to economic interests within South Africa; or the South African economy as a whole;

and not grant the loan in question unless so assured and satisfied.