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ELIMINATION OF RACISM AND RACIAL DISCRIMINATION

Adverse consequences for the enjoyment of human rights of political, military, economic and other forms of assistance given to the racist and colonialist regime of South Africa

Note by the Secretary-General

In accordance with paragraph 13 of General Assembly resolution 45/84 of 14 December 1990, the updated report of the Special Rapporteur on the adverse consequences for the enjoyment of human rights of political, military, economic and other forms of assistance given to the racist and colonialist regime of South Africa is hereby transmitted to the members of the General Assembly.

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ANNEX*

Adverse consequences for the enjoyment of human rights of political, military, economic and other forms of assistance given to the racist and colonialist regime of South Africa

Updated report prepared by Mr. Ahmad M. Khalifa, Special Rapporteur

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* Previously issued as E/CN.4/Sub.2/1992/12.

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I. BACKGROUND

1. In its resolution 3 (XXVI) of 19 September 1973, the Sub-Commission on Prevention of Discrimination and Protection of Minorities recommended that the Commission on Human Rights direct the Sub-Commission to appoint a special rapporteur to evaluate the adverse consequences for the enjoyment of human rights of assistance, in particular through investment of foreign capital and military aid, given to the racist regimes in southern Africa. Pursuant to the endorsement of that resolution by the Commission on Human Rights and the Economic and Social Council, the Sub-Commission, by its resolution 2 (XXVII) of 16 August 1974, appointed Mr. Ahmad M. Khalifa as Special Rapporteur for the preparation of a study on the subject. That study (E/CN.4/Sub.2/383) was submitted by Mr. Khalifa to the Sub-Commission at its thirtieth session, and was further considered by the Commission on Human Rights at its thirty-fourth session and by the General Assembly at its thirty-third session.

2. In its resolution 1 (XXX) of 26 August 1977, the Sub-Commission, having considered the report of Mr. Khalifa, invited the Special Rapporteur, as requested by the Commission on Human Rights, to prepare the necessary material for a provisional general list identifying those whose activities constituted assistance to the colonial and racist regimes in southern Africa.

3. The report prepared by Mr. Khalifa pursuant to that request (E/CN.4/425 and Corr.1-3 and Add.1-7) contained a provisional general list of banks, firms and other organizations which give assistance to the colonial and racist regimes in southern Africa as well as comments received by the Special Rapporteur from Governments on the subject.

4. In its resolution 2 (XXXIII) of 2 September 1980, the Sub-Commission, in accordance with Commission on Human Rights resolution 11 (XXXVI) of 26 February 1980, endorsed by the Economic and Social Council in its decision 1980/131 of 2 May 1980, decided to mandate the Special Rapporteur to continue to update the list annually and to submit the updated report through the Sub-Commission to the Commission. That decision was welcomed by the Commission in its resolution 8 (XXXVII) of 23 February 1981 and endorsed by the Economic and Social Council in its decision 1981/141 of 8 May 1981.

5. The General Assembly, at its thirty-fifth, thirty-seventh, thirty-ninth, forty-first, forty-third and forty-fifth sessions (resolutions 35/32 of 14 November 1980, 37/39 of 3 December 1982, 39/15 of 23 November 1984, 41/95 of 4 December 1986, 43/92 of 8 December 1988 and 45/84 of 14 December 1990) and the Commission on Human Rights at its thirty-seventh to forty-eighth sessions (resolutions 8 (XXXVII) of 23 February 1981, 1982/12 of 25 February 1982, 1983/11 of 18 February 1983, 1984/6 of 28 February 1984, 1985/9 of 26 February 1985, 1986/6 of 28 February 1986, 1987/10 of 26 February 1987, 1988/12 of 29 February 1988, 1989/6 of 23 February 1989, 1990/23 of 27 February 1990, 1991/17 of 1 March 1991 and 1992/7 of 21 February 1992) mandated the Special Rapporteur to update his report, subject to annual review.

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6. On the basis of these resolutions and decisions, the Special Rapporteur submitted the following reports:

E/CN.4/Sub.2/1982/10;

E/CN.4/Sub.2/1983/6 and Add.1-2;

E/CN.4/Sub.2/1984/8 and Add.1-2;

E/CN.4/Sub.2/1985/8 and Add.1-2;

E/CN.4/Sub.2/1987/8/Rev.1 and Add.1, parts I and II;

E/CN.4/Sub.2/1988/6 and Add.1;

E/CN.4/Sub.2/1989/9 and Corr.1 and Add.1;

E/CN.4/Sub.2/1990/13 and Add.1;

E/CN.4/Sub.2/1991/13 and Add.1.

7. In its resolution 45/84 of 14 December 1990, the General Assembly, inter alia, expressed its appreciation to the Special Rapporteur for his updated report (E/CN.4/Sub.2/1990/13 and Add.1) and invited him:

> "(a) To continue to update, subject to annual review, the list of banks, transnational corporations and other organizations assisting the racist and colonialist regime of South Africa, giving such details regarding enterprises listed as the Rapporteur may consider necessary and appropriate, including explanations of responses, if any, and to submit the updated report to the General Assembly at its forty-seventh session;
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> "(b) To use all available material from other United Nations organs, Member States, specialized agencies and other relevant sources in order to indicate the volume, nature and adverse human consequences of the assistance given to the racist regime of South Africa;
>
> "(c) To intensify direct contacts with the United Nations Centre on Transnational Corporations and the Centre against Apartheid of the Secretariat, with a view to consolidating mutual cooperation in updating the report."

8. In addition, the General Assembly called upon all Governments to cooperate with the Special Rapporteur in making the report more accurate and informative. Therefore, the Special Rapporteur decided to include, in conformity with the General Assembly's earlier request contained in resolution 43/92 of 8 December 1988 "to include in his updated report a list of partial disinvestment of foreign enterprises from South Africa", information on that particular aspect received from pertinent sources. 1/

9. The Economic and Social Council, during its first regular session of 1990, adopted resolution 1990/34 of 25 May 1990. The Council, in paragraph 8 of that resolution, requested the Secretary-General to bring the updated report

of the Special Rapporteur (document E/CN.4/Sub.2/1990/13 and Add.1) to the attention of Governments whose financial institutions continued to deal with the regime of South Africa and to call upon them to provide the Special Rapporteur with any information or comments they might wish to make.

10. On 21 November 1990, the Secretary-General sent a note verbale containing the Special Rapporteur's updated report to the Governments of Australia, Austria, Belgium, Denmark, France, Germany, Greece, Israel, Italy, Japan, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

11. At its forty-seventh session, the Commission on Human Rights adopted resolution 1991/17 of 1 March 1991 in which it took note with appreciation of the updated report by the Special Rapporteur. The Commission noted with appreciation that some Western States, parliamentarians, institutions, trade unions and non-governmental organizations had taken important measures in order to exert pressure on the racist regime of South Africa. It also expressed satisfaction at the disinvestment, trade restrictions and other positive measures taken by some countries and transnational corporations and urged them to continue in that direction. However, the Commission also expressed concern that certain States were taking advantage of the disinvestment measures and trade restrictions imposed by some States on South Africa to increase their own trade relations with the region.

12. Following the recommendations of the Sub-Commission on Prevention of Discrimination and Protection of Minorities (resolution 1990/3 of 20 August 1990) and the Commission on Human Rights (resolution 1991/17), the Economic and Social Council adopted resolution 1991/26 in which it endorsed the recommendations of the Sub-Commission and Commission and invited the Sub-Commission to consider the revised report of the Special Rapporteur at its forty-third session.

13. After discussion, the Sub-Commission adopted resolution 1991/1 on 20 August 1991, containing a draft resolution for adoption by the Commission on Human Rights in which the Commission would note the initiative taken by the President of South Africa on 2 February 1990, promising a new era in South Africa and an end to white domination, and would recommend to the Economic and Social Council that it request the Secretary-General to contact the Government of South Africa with a view to enabling the Special Rapporteur to visit South Africa on a special mission for the purpose of updating the present report. The Commission on Human Rights reiterated this request in two resolutions adopted at its forty-eighth session in 1992 (1992/7 and 1992/20).

14. The Special Rapporteur takes pleasure in informing the Sub-Commission that contacts in this regard have been intensified with the Government of South Africa, including a useful exchange of views which he had in March 1992 with the Permanent Representative of South Africa to the United Nations Office at Geneva.

15. In this connection the Special Rapporteur wishes to recall the outcome of the referendum which took place in South Africa on 17 March 1992. As the Permanent Representative of South Africa to the United Nations Office at Geneva informed the Under-Secretary-General for Human Rights:

> "Now all South Africans demand continued negotiations. President de Klerk was right. White South Africans want a new constitution just as much as other South Africans do. Now all South Africans will become equal partners in a new democracy." 2/

16. In accordance with the cited resolutions, the Special Rapporteur continued his contacts with the United Nations Centre on Transnational Corporations and the Centre against Apartheid. In 1992 he again visited those two Centres and had a useful exchange of views with the staff.

II. EFFECTS OF SANCTIONS IN SOUTH AFRICA

A. Economic trends before the imposition of sanctions

17. In the mid-1970s the long-term growth rate of the South African economy began to decline, and the cyclical pattern of economic activity became more unstable. Between 1960 and 1974 real gross domestic product (GDP) grew at an average annual rate of 5 per cent. Over the next decade to 1984 this rate dropped to 2.7 per cent. Also during this later period, business cycle fluctuations were more volatile. Other indicators of structural problems which emerged during the mid-1970s are persistent double-digit inflation from 1974; substantially reduced ratios of fixed domestic investment to GDP; even more substantially reduced ratios of personal savings to disposable income; and a fall in formal sector creation from 157,000 per annum between 1960 and 1974 to 57,000 per annum between 1974 and 1985.

18. To a large extent, the slowdown in growth followed significant developments in the world economy, which imposed similar costs on South Africa as they did on other developing countries. However, within South Africa there were important contributing factors, like macroeconomic mismanagement on the part of the authorities, the escalation of domestic opposition to apartheid, especially with the violence in Soweto in 1976, and the beginning of military intervention in Angola. For the first time since 1961, massive capital outflows were recorded on the capital account of the balance of payments in the mid-1970s, although they were later reversed.

B. The effect of sanctions on the economy, especially from 1985

19. South Africa was subject to selective embargoes and restrictions prior to the early 1980s, but stringent economic sanctions were imposed after 1983, and especially in 1985-1986, significantly later than when the structural problems emerged. Sanctions were imposed by India in 1949, and by the Arab States in 1974. The oil and arms embargoes date from 1973 and 1977 respectively. The Scandinavian States collectively and independently introduced restrictions progressively from 1979. Of most importance to South Africa, however, were European Economic Community sanctions, which were applied in 1985 and tightened in 1987, and the Comprehensive Anti-Apartheid Act passed in the United States in 1986. Measures introduced against South Africa by the Commonwealth countries, especially Canada, New Zealand and Australia, were also applied more severely from 1985. It is interesting that, despite many of the restrictions having the force of law, few countries made provision for penalties to be imposed if embargoes were broken. This undoubtedly weakened their effectiveness.

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20. The performance of the economy from 1985 has been very poor, trends established prior to the imposition of stringent sanctions both continuing and being exacerbated. Restrictions placed on the economy from abroad, while not causing the problems, made recovery very difficult. The rate of growth of GDP in the period 1985-1990 slowed even further, averaging 1.7 per cent.

21. Part of the poor record after 1984 is undoubtedly attributable to the fall in the price of gold. Internal factors are also important: political instability and labour unrest; the lack of business confidence, which has reduced domestic investment to the point where one can speak of an investment strike; government mismanagement of the economy; continuing border and cross-border military conflict; and rates of inflation higher than those of major trading partners (between 15 and 20 per cent), which undermines economic activity and increases risk. The rate of creation of formal sector employment fell to 0.7 per cent per annum between 1985 and 1990 (employment in manufacturing grew only 0.5 per cent annually over the period), while the population grew at an average rate of 2.5 per cent. The cessation of net foreign capital inflows and limitations placed on foreign trade could only exacerbate the situation, although it is clearly difficult to determine the extent to which sanctions alone reduced (or otherwise influenced) economic activity. It is, however, possible to assess the nature of the impact of economic sanctions on South Africa. This is done in the following subsections.

C. Sanctions

1. Financial sanctions

22. Financial sanctions were undoubtedly successful in applying pressure on South Africa, limitations on bank loans having a far greater effect than disinvestment by foreign corporations.

23. Historically, the economy has been critically dependent on inflows of foreign capital for financing both domestic investment and current-account deficits. While direct investment, particularly the financing by multinational corporations of foreign subsidiaries, made up more than half of total foreign liabilities during the 1960s, it declined in relative importance during the 1970s in line with global trends.

24. During the 1970s and early 1980s, political instability and other factors contributing to slower economic growth reduced the profitability of direct investment. Since 1973, the growth trend for foreign direct investment has been negative (in contrast to strong positive real growth up to 1972), while negative growth in real foreign borrowing occurred only in the period following internal political upheavals (1961-1964 and 1977-1980). It appears that foreign loans to South Africa are, in the short term, particularly sensitive to the internal political situation, while foreign direct investment depends on the perceptions of long-term business prospects.

25. The withdrawal of foreign companies, ostensibly as disinvestment actions, during the mid-1980s did not have as significant an impact as might have been expected. Historically, subsidiaries of foreign multinational corporations have not been responsible for inducing ongoing large inflows of long-term direct investment, especially since the 1970s. Expansion has occurred through

the reinvestment of profits earned in South Africa, with between 30 and 76 per cent of gross profits being retained over the years from 1960. The major benefits to South Africa of foreign direct investment in recent decades have been the associated technology transfers (on which the country is dependent, since very little technology is developed domestically) and access to foreign markets.

26. In most cases, disinvestment occurred through the selling of assets to (usually) South African investors, often cheaply, and the existing plant continued to operate, generally with the same staff and with technological, licensing, franchising and trade-mark links intact. In most cases the proceeds of the sale were invested in blocked rand accounts or, if a purchaser of financial rand could be found, repatriated abroad at a substantial loss. It should be noted that the implications for existing employment of disinvestment actions was insignificant.

27. Of greater concern for the South African economy was the measure of success achieved by the disinvestment campaign in halting bank loans to South Africa. The vulnerability of the economy to this measure arose from its increased dependence, particularly that of the public sector, on foreign loans to finance overspending on investment and consumption and from the need to finance deficits on the balance of payments.

28. Long-term capital had formed the major portion of debt capital inflows during the early and mid-1970s. This changed in the late 1970s and early 1980s. To meet the shortfall on the current account, the economy relied more heavily on short-term borrowings from foreign banks and authorities between 1981 and 1984 than, for example, during the previous period characterized by large current-account deficits (1973-1976). According to the figures of the Bank for International Settlement for the end of 1984, 67 per cent of South Africa's outstanding foreign debt of $18.9 billion was short-term, with maturities of up to and including one year; 6.5 per cent was medium-term debt; 18.3 per cent was long-term debt; and 8.2 per cent was unallocated.

29. The sharp depreciation of the rand in 1985, caused by large-scale sales of the currency, shrinking average loan maturities, and the refusal of some creditor banks to roll over short-term debt, placed the country in a position where it was unable to meet its repayments obligations, and so forced the declaration of a moratorium on short-term commercial bank debt (about 60 per cent of total foreign debt).

30. The subsequent rescheduling arrangements agreed on in March 1986 did not terminate the pressure. A series of disinvestment transactions by several large companies in 1986 and 1987 generated substantial outflows of long-term direct investment. These were not offset by inflows of long-term loan capital, which were cut off completely and immediately by a combination of perception of growing risk in lending to South Africa and successful disinvestment pressure. Considerable sums of short-term capital not subject to the moratorium also left the country during these years, although not nearly to the same extent as in 1985. These not only included private non-bank capital, but also reflected a reduction in lending to the South African banking and government sectors. These outflows, together with the obligation to repay regularly outstanding short-term debt, and the virtual

cessation of inflows of both direct investment and long-term loans created a large and sustained deficit on the capital account of the balance of payments. On several occasions, reserves were reportedly reduced to the equivalent of six weeks' imports. This necessitated action by the monetary authorities to turn the historical current account deficit into a substantial surplus, to make possible the servicing of the foreign debt.

31. Deflationary policies to reduce domestic expenditure have remained essential in order to maintain current account surpluses. Net capital outflows persisted to the end of 1990. While the disruptive effect of capital outflows on current transactions was reduced with the reintroduction of the dual exchange-rate system in 1985, any upswing in the economy, with consequent increase in demand (or any loss of export markets) placed an immediate strain on the balance of payments. Strict monetary policy measures to curb domestic spending and import surcharges were imposed in the late 1980s, although the latter were incrementally reduced in successive government budgets from 1990.

32. Debt servicing in the years 1990 and 1991 was particularly onerous. South Africa was reportedly due to repay almost $12 billion equivalent to roughly half of export earnings and nine times the current account surplus recorded in 1988. Even after the rescheduling arrangements agreed to in 1989, the anticipated outflows for 1990-1993 required average current-account surpluses of over 5 billion rand. The situation was relieved by the rolling over of debt not subject to the moratorium; by gold swops; and by the raising of some new loans with German, Swiss and Belgian banks, especially medium- and long-term trade finance by South African public corporations. Legislation and political pressure reduced the access to the International Monetary Fund and to United States, Canadian, United Kingdom and Japanese banks.

33. The role of trade finance in relieving the severe pressure created by the strict limitations on foreign borrowing was important for the South African economy. Trade credits were exempt from much of foreign sanctions legislation, although Australia, Austria, Canada, New Zealand and the United States banned export credit guarantees, and the Netherlands and the Federal Republic of Germany placed a ceiling on medium- to long-term guarantees. Agencies in Europe, Japan and Taiwan (Province of China) however, continued to ensure credits. After the 1985 standstill declaration, international banks became cautious about granting loans, and trade credits began to substitute for other forms of lending.

34. While the major proportion of trade is carried out on credit or on currency exchanges, counter-trading and barter also increased during the years of sanctions. It is not known how widely either method of settlement is practised, although neither is believed to be very important. In 1988 there were reports of 12 counter-trade deals involving South Africa, worth about $80 m. Some multinational firms and banks established special departments to organize barter trade, but most transactions involve small and medium-sized organizations in one-off deals.

35. The severe curtailment of South Africa's international borrowing was a powerful sanctions measure, far more effective than trade sanctions, placing restrictions not only on access to foreign resources, but also limiting considerably the Government's room to manoeuvre with respect to domestic

policy. Ultimately the forcing of concessions recently made by the Government of South Africa can to a large extent be attributed to the strains that these measures placed on the economy.

2. Trade sanctions

36. If trade sanctions had any effect on South Africa's foreign trade, it was to generate a shift in the direction of trade, especially of exports. Both the composition and volume of imports and exports suffered little damage as a result of trade embargoes.

37. It should be noted that a high proportion (44 per cent of exports and 20 per cent of imports in 1988) of South African trade is not classified by country, resulting in a distorted picture of the direction of trade. Unclassified exports consist of gold, arms, uranium and platinum. Unclassified imports are mainly oil and arms, and oil imports are estimated to amount to around $2 billion a year. This is not the only difficulty encountered in piecing together what happened to South African trade during the sanctions period; official publication of trade data was terminated in January 1986, and it has been necessary to use information reported to international organizations by trading partners.

(a) The direction of trade

38. South African two-way trade increased during the 1980s, although the country moved from its position among the top 20 trading nations in the world to twenty-fifth place (making way to some extent for the newly industrializing countries). Aggregate flows mask significant changes in the direction of trade during the 1980s. Although by far the largest share of South African trade still occurs with the Western industrialized countries, notably France, Germany, Italy, Japan the United Kingdom and the United States, the share of East Asian countries is increasing. The share of Southern African countries fell during the 1980s, but was still 21 per cent of total exports in 1989.

39. Real depreciations of the rand in the order of 30 to 40 per cent against the currencies of the Western industrialized countries between 1983 and 1986, sustained in most cases to 1990, would lead one to anticipate increasing volumes of exports to these countries, historically South Africa's most important trading partners. Growth in sales slowed, however, in the period 1986-1988, in part because of the application of stringent sanction measures in the mid-1980s, especially by the European Community in 1985/87 and in 1986. Exports to the the United States fell by 40 per cent in 1987, exports of some goods specifically banned under the Comprehensive Anti-Apartheid Act falling to zero. In 1986 British trade with South Africa fell by 15 per cent, although it rose again somewhat in the following year. In 1987 exports to Germany dropped by 25 per cent. This fall was due primarily to a decline in German purchases of coal, gold and Krugerrands, the last falling by almost 90 per cent as a result of the European Community ban. Also, in 1988, as relations with France deteriorated, exports to that country fell by 40 per cent. There may be inaccuracies in these figures, because of the rerouting of trade. This is very difficult to quantify from the statistics.

40. High growth in the Pacific countries made it possible to switch from export markets in countries applying sanctions. Real devaluation over the 1980s against the currencies of Hong Kong, the Republic of Korea, Singapore and Taiwan (Province of China), together with the lowering of prices on certain commodities like coal to below the world price in order to attract orders, has enabled trade to flourish, despite South Africa not having official links with some of these countries. Taiwan (Province of China), a major target for trade expansion, received a large trade mission from South Africa in 1986, and by 1988 was the country's sixth most important trading partner. Hong Kong is now tenth in importance. It is uncertain exactly where the Republic of Korea lies, because that country does not report its South African trade to the International Monetary Fund, but it should be listed among the top 15 countries. According to United Nations data sources, Singapore ranks 22nd as an ultimate purchaser and supplier, although its actual trade volumes would place it far higher, because it has played an important role is rerouting trade between South Africa and East Asia, (Spain and Turkey played a similar role in rerouting exports, coal in particular, to EC countries after sanctions were imposed).

41. In response both to overtures from South African producers and to some real depreciation of the rand in the early 1980s, new markets were also exploited in South America, with sales to Argentina, Brazil and Chile doubling between 1983 and 1987. Brazil now ranks among the 15 most important trading partners of South Africa.

42. IMF direction of trade statistics show Africa as taking only 4.4 per cent of South African exports in 1985, the last year for which South Africa provided data. This percentage derives from exports of the Southern African Customs Union (SACU) as a whole. The proportion is much higher if South African exports to members of SACU are taken into account, in which case exports to Africa were 13 per cent of South African total exports in 1989, 21 per cent of non-gold exports, and one third of manufactured exports. South Africa was the dominant supplier of several of its neighbours, although its dominance was decreasing in some cases. In 1985, Botswana, Lesotho and Swaziland accounted for 55 per cent of South African non-gold exports to Africa, and the Southern African Development Coordination Conference group (SADCC) for 85 per cent. It can be argued that South Africa has a clear advantage in exporting to neighbouring countries, because its industry is more advanced than theirs, and because it is very much nearer than other sources of imports. In addition, an unknown amount of trade was not reported in the 1980s because many African countries did not want to be seen to be trading with South Africa.

(b) South African exports

43. Many of South Africa's trading partners showed little support for sanctions. Despite restrictions on trade, exports of goods (including gold) and non-factor services have been performing relatively well, averaging 31.7 per cent of GDP between 1980 and 1990.

44. Mining is still by far the most significant exporting sector. Net gold exports averaged 44 per cent of total visible exports over the decade (equivalent to around 13 per cent of GDP). On an annual basis, however, the

proportion fell from 51 per cent in 1981 to 33 per cent in 1990. This change represents both a decline in the gold price, especially from 1985, and a significant real average growth in non-gold merchandise exports between 1984 and 1990.

45. Although the share of gold in total exports fell, its continued importance as an earner of foreign exchange cannot be over-emphasized. South Africa produces 44 per cent of the West's monetary gold output. Despite sanctions, other exports of gold (for jewellery and industrial uses) almost doubled between 1983 and 1986, amounting to nearly 16 per cent of merchandize exports. The other (proportionality small) form of gold exports, Krugerrands, was virtually wiped out by sanctions.

46. After four years of poor performance, remarkably high growth in non-gold exports occurred in the period after 1983. Expansion in export volumes in excess both of the growth in GDP and of the growth in world trade was recorded in most years from between 1984 and 1990. This was in response to strong economic recovery on both sides of the Pacific and to the partial real depreciations of the rand (by an average of 7.7 per cent annually) between 1983 and 1990. The high growth slowed in the period 1986-1988, reflecting lower levels of world demand for mining and agricultural exports, and the immediate effects of economic sanctions.

47. The effect of sanctions on aggregate non-gold exports seems, however, to have been temporary. Some decline in export growth (which none the less remained positive) following the imposition of more comprehensive sanctions from 1985 was not surprising. It takes time for exporters to adjust to external shocks, either by finding new export markets or by devising ways in which to evade the restrictions, especially if there is uncertainty as to whether to expect a relaxation or intensification of the measures imposed. However, recovery (in aggregate) was remarkable. In 1989 the volume of non-gold exports grew by almost 16 per cent, and even in 1990 South Africa's export performance was better than might have been anticipated, increasing in volume terms by 5.7 per cent, in a context of slower world economic growth, which exerted downward pressure on volumes of exports of metals, minerals and other natural resources, and depressed international commodity prices.

48. Non-gold mining exports continued to contribute an increasing proportion of total exports during the 1980s. The platinum group metals, most of which are bought by Japan and the United States, constitute a major source of earnings, and were virtually untouched by trade restrictions. Trade in diamonds, the other important precious mineral, was unaffected. Significant shifts occurred in the direction of South Africa's coal trade, although this industry, together with iron and steel, saw growth during the decade, despite sanctions. The major development with respect to mining exports was the opening up of markets in the Far East, a move necessitated by various sanctions resolutions, and made possible by the rapid industrialization of those countries.

49. Some categories of manufactured exports grew remarkably, especially in large-scale capital-intensive industries, protected from the 1950 to the 1970s and now reaping the benefits of economies of scale. However, by and large, the South African manufacturing sector produces mainly for its own market (and

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increasingly exports to other African countries), relying on exports in the primary sector to finance its substantial import requirements.

(c) South African imports

50. The composition of exports (which have averaged 25.6 per cent of Gross Domestic Product) has not changed significantly during the 1980s. The largest single category of imports is machinery and mechanical appliances and electrical equipment and parts, accounting for some 30 per cent of the total in 1985. Unclassified imports (ranging between 30 per cent in 1980 and 15 per cent in 1984) are mostly oil and some arms. If oil producers were included, they would rank high amongst the country's trading partners. As it is, the top four countries reporting trade supply 52 per cent of South Africa's imports. The Federal Republic of Germany alone provided almost 20 per cent of the total in 1988.

51. In terms of the cutting of trade links and consequent need to find alternative trading partners, sanctions, with the exception of those imposed by the United States, have not had a significant direct effect on South Africa's imports. The reason is obvious: Governments and businesses are reluctant to take action which jeopardizes their own industries, and it is generally easier to find an alternative foreign supplier than an alternative foreign market. Legislation restricting access to the South African market has therefore rarely been enforced.

52. Countries imposing restrictions on trade with South Africa which resulted directly in reductions in imports (outside of the general embargoes on oil, arms and nuclear technology) were the Nordic countries, Japan and the United States. Even then, only specific commodities were affected, very few of which were of strategic importance.

53. The most significant import restricted by sanctions was oil. Despite the embargo, South Africa has obtained enough crude oil to meet its needs and to stockpile against a possible successful embargo. It is estimated that in 1985 unrefined petroleum accounted for 22 per cent of intermediate imports and 13 per cent of total imports. These figures peaked in 1981 at 28 per cent and 17 per cent respectively. In 1990 oil imports were estimated to amount to $2 billion. Access to petroleum was clearly maintained throughout the sanctions period. Costs to the economy would have accrued in the form of a premium paid for clandestine trade, but to what extent is impossible to ascertain, given the secrecy surrounding the issue.

54. Another implication for the economy was the extensive import-substitution policy adopted to counter the effects of anticipated shortages of strategic foreign supplies. South Africa prepared for sanctions for many years. Great efforts were made to eliminate dependence on oil by developing alternative energy sources. In addition, strategic imports, including computer and aircraft parts were stockpiled, providing a cushion for the economy during the search for alternative sources of these commodities or the completion of import-substitution projects. In both these last-mentioned courses of action, South Africa had some success, managing to circumvent many trade restrictions and developing, for example, extremely sophisticated weaponry and oil-from-coal technology. Nevertheless, the country's dependence on foreign technology

remained one of its areas of greatest vulnerability. Inability either to obtain or manufacture fighter aircraft, for example, lost South Africa supremacy of the air in its military conflicts.

55. While direct reductions in foreign purchases were generally insignificant, imports have, however, been affected indirectly to a significant degree. Since the debt crisis in 1985, it has been necessary to restrain the growth in imports so as to run current-account surpluses in order to finance continual capital outflows. Large surpluses were recorded from 1985 to 1987, although the economic upswing in 1988 reduced the size of the excess of exports over imports. A comparison of imports by sector for 1984 and 1985 shows substantial real reductions (and even some large nominal reductions) in almost every category in 1985. By 1987 imports were down about 30 per cent from their 1974 peak in volume terms. The pressure placed on the balance of payments by increased imports in 1988 necessitated the imposition of direct import controls to curb foreign purchases. Some of these were relaxed during 1990, as exports continued to perform well, helped by the weakness of the rand against the currencies of the major industrialized countries.

56. One of the effects of the cutback in imports that has given rise to most concern has been reduced access to new foreign capital goods. This too has been a result of the higher cost of imports arising from the depreciation of the rand, rather than a direct effect of embargoes. The country is now desperately in need of inventory replacement, and the long-term erosion of the capital base during the 1980s has generated a pent-up demand for capital. Industrialists report a burgeoning market in second-hand equipment, and engineering and farming machinery is being carefully nursed to lengthen its life. There are fears among the users of complex machinery about a future crisis when current equipment ceases to function, foreign supplies are unaffordable (and possibly unadaptable to outdated South African production methods), and domestic supplies do not exist.

D. Recent developments

57. Since the initiation of political changes in South Africa in February 1990, interest shown by the rest of the world in re-establishing economic links has created new opportunities for South African exporters. Access to foreign loans has also improved, not only from commercial banks abroad, but, more recently, with promises of development funding from international aid donors. Foreign investors have inevitably been far slower in responding. Although exploratory visits have been made to South Africa, very little new direct investment has been forthcoming. In fact the rate of disinvestment by foreign companies has accelerated in the past two years, although it has not reached the levels of the period 1986-1987 (see Jenkins, C., article in Indicator South Africa, vols. 7 and 8 (1990), issues 1 and 3).

1. Foreign investment

58. There has been a slow recovery in South Africa's access to foreign debt capital since the beginning of 1990. Debt inflows in 1990 were more than twice those of 1989 (in real terms), although still below the historical

pre-crisis low recorded in 1977. Inflows accelerated markedly in 1991, responding to political developments in South Africa as lenders perceived an improvement in the country's risk rating.

59. Bond issues in 1990 consisted of four new private placements denominated in Deutschemark and Swiss francs, and the refinancing of some 40 to 60 per cent of maturing DM bond issues. Access to long-term debt finance in 1990 was none the less significantly below what was required, the new issues (in SwF and DM) amounting to 34 per cent of maturing bond issues and 18 per cent of all debt falling due. Most of the loans raised were trade finance.

60. Bond issues in 1991 (still confined to private placements) were concentrated in the German market, and the average maturity of new issues increased from about three years to more than four years. South African borrowers also entered the Euro-dollar market for the first time since the debt crisis, with two private placements: one for the Government and one for Eskom. Despite the improvement, less than half of bond debt maturing in the first half of 1991 was rolled over (very little bond debt was due to mature in the second half of the year). The Government launched its first post-crisis public bond issue late in 1991, initating South Africa's rehabilitation in international capital markets.

61. The first funds from the World Bank are tentatively promised for June 1992. The Bank's Economic Development Institute is funding a three-year programme to improve local government skills, using existing training institutions. Agreement for a full lending role has not yet been reached, and is dependent on consensus being reached at the CODESA negotiations. Several teams from the World Bank have visited South Africa since the beginning of 1991, consulting with the Government and opposition parties, and undertaking preliminary economic studies in preparation for more active participation in development financing and poverty alleviation. South Africa's per capita income would make it ineligible for World Bank aid, although the country may well be considered a special case for receiving funds to redress the inequalities entrenched under the apartheid system. Once the World Bank has earmarked funds for South Africa, other donor agencies can be expected to follow suit.

62. There is little sign of foreign investors relenting. After the corporate withdrawals during the period 1986-1987, there was a period of respite in 1988-1989; but the number of disinvestment transactions increased after 1990. Early in 1991, United States firms were still under pressure to cut their South African ties, and at least two companies lost state business because of their continued presence in South Africa. The lifting of United States sanctions did not encourage an immediate change of attitude; state laws will certainly outlive federal legislation. Not only did firms continue to sell their South African assets, but from mid-1990 to mid-1991, 10 United States companies severed their non-equity links (distribution/licensing agreements), and a further five were planning to allow their agreements with South African firms to lapse. Of the 214 United States companies operating in South Africa in 1984, 106 now remain.

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63. Disinvestment transactions are being concluded by other than United States parent companies: in the first two months of 1992, three withdrawals were made by one Swedish and two British firms, although it was claimed that this was done as a consequence of world recession. Certainly additional factors other than anti-apartheid motives prompt disinvestment. Foreign firms claim to be uncertain about their future in South Africa, because of the threat of nationalization by ANC; the depth of the current recession in South Africa; competition for foreign investment funds; South Africa's geographical location; labour supply problems; the problems of reinvestment in markets once abandoned; and the success of doing business with non-equity links to South African firms. The companies that will come back most easily are those that included buy-back clauses in their sales agreements, although even these firms will adopt a wait-and-see approach to reinvestment in South Africa.

2. Foreign trade

64. The lifting during 1991 of restrictions on doing business with South Africa in Hong Kong, Japan and the Republic of Korea has allowed rapid expansion in two-way trade with these countries, and Taiwan (Province of China) has aggressively been expanding not only trade, but also its investment in South Africa. In 1990 trade with Taiwan grew more rapidly than with any other single country, with South African imports rising 37 per cent and exports rising 30 per cent. Prospects for expanded trade are believed to be positive and Taiwanese investments in South Africa are growing, currently making it one of the largest foreign investment groups in the country. Although trade with the Far East consists mainly in the sale of raw materials and foodstuffs, the growth potential of Hong Kong as a market is seen not only in these commodities, but also, because space is critical, in products that require large factories and floor space for the manufacturing process. The major market opportunity in the Far East is seen to lie in the People's Republic of China, and a Chinese trade office in South Africa is to be opened in 1992. Other opportunities are being created in Indonesia, Malaysia and Thailand.

65. The lifting of EC sanctions early in 1992 has allowed for expansion in trade with South Africa's biggest market, especially in raw and processed foods, and minerals. The South African fresh and tinned fruit producers are unable to meet demand, and are likely, temporarily at least, to reduce sales on the domestic market while capacity is expanded. By the end of 1991, the United Kingdom was on its way to becoming South Africa's largest single market, and was already the second largest trading partner (after Germany).

66. The potential to act as the EC gateway to Africa is repeatedly cited as being one of South Africa's greatest opportunities in the wake of easing of sanctions. European Governments (especially France) are increasingly seeing their future involvement in South Africa as part of a regional strategy in their review of their relations with Africa, especially if South Africa achieves a sustainable democracy and ceases destabilizing its neighbours. The country's close cultural and economic links with both Africa and Europe, as well as its relatively advanced level of development, mean that it is seen as a vital link for cooperation between the two continents in the post-apartheid era.

67. Trade with Africa has increased 25 per cent in the past three years. Almost two thirds of South Africa's manufactured exports are sold to other African countries. In 1990 the only African countries which reportedly had no dealings with South Africa were Djibouti and Equatorial Guinea. Authorities on African trade suggest that countries north of the Limpopo experience financing rather than political problems when it comes to trading with South Africa. Political problems have, however, undoubtedly played a role, and trade links will increase and strengthen as a solution is found to South Africa's problems.

68. The range of exports to Africa, which collectively ranks high on the list of trading partners, is virtually as wide as the range of South African products. South Africa is the major exporter to 7 of the 10 SADCC countries. Most important among African countries purchasing from the South African Customs Union (SACU) are Zimbabwe (which already has a preferential trade agreement with South Africa), Malawi, Zambia, Mozambique and Zaire. The statistics understate the significance of African trade, since Namibia, Botswana, Lesotho and Swaziland, which are valuable markets for manufactures and food, are part of SACU and do not appear in the records. South Africa's trade with the rest of the continent stands substantially in surplus and represents a useful source of foreign exchange.

69. South African exports could increase rapidly, especially to countries such as Kenya and Nigeria (which is the largest market in terms of its import bill). Many other African countries, however, have small domestic markets. In francophone West Africa competition from French producers is limiting penetration by South African goods, while in Mediterranean Africa the proximity to Europe will favour EC producers. However, some South African firms are showing an interest in Egypt. There is also a possibility that South Africa could take the lead role in fuel supplies to the Indian Ocean islands, with the Gencor subsidiary Engen establishing an oil refinery in Madagascar or Mauritius. Cooperation in southern Africa in the distrubtion of imported maize during the 1992 drought is likely to pave the way for more trade between South Africa and the frontline States.

70. With the liberalization of both Eastern Europe and South Africa, efforts have been made to exploit opportunities for trade between two regions which have been excluded for some time from world trade. With the dissolving of the Soviet Union, South Africa is seen as an alternative source of raw materials and as a market for Eastern European goods which are not competitive in the European Community. Furthermore, South Africa also offers opportunities for East European technicians on contract. Contracts were signed in early 1991 with Hungary for the export of South African telephone and electrical equipment, and tenders were made for similar cooperation with Poland and Bulgaria. Trade links with Russia were initiated early in 1992. Despite the growth in these markets, however, they represent only a small percentage of South Africa's foreign trade, and foreign exchange constraints in Eastern Europe may pose problems in the short term.

71. There are reports of South African trade increasing quietly with the Gulf States, although Arab countries maintain official embargoes on economic links, and most contact occurs through third parties. The greatest potential for South Africa is in the export of steel and fresh and processed food, and in the refining of oil for re-export.

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72. The United States lifted sanctions in July 1991. South Africa regained its sugar quota later in the same year, and also concluded a contract to export steel to the United States (amounting to 20 per cent of the pre-sanctions volume). South Africa currently takes 40 per cent of United States export to Sub-Saharan Africa (4 per cent of South Africa's total imports).

E. Conclusion

73. In the mid-1970s South Africa shifted from rapid to slow economic growth. Other structural problems emerged at the same time. A variety of factors, both internal and external, were responsible for this change in the country's growth path. Economic sanctions were imposed with severity from 1985. While not causing the economic problems with which South Africa was faced, sanctions exacerbated the trends which had emerged in the decade 1975-1984.

74. The most successful economic pressure was applied by banks' refusing to roll over foreign debt in 1985, precipitating the debt crisis. This required strict economic contraction to turn the historical current-account deficit into a substantial surplus, enabling the servicing of the foreign debt during the period when no new lending was forthcoming. Disinvestment moves by foreign companies had little direct effect on the economy, although during the period 1985-1987, when the capital account was severely strained, outflows of repatriated principal added to the burden. Some relief for the balance of payments was provided by trade financing from abroad. Even so, the situation was so critical that on several occasions the country had sufficient funds for only six weeks' imports.

75. The most significant effect of trade restrictions was to change the direction of South African trade rather than its composition. In the long run, this may have proved beneficial to the South African economy, encouraging the opening up of non-traditional export markets, without affecting the aggregate volume of trade (the industries most harmed by trade sanctions were sugar, deciduous fruit, gold coins and perhaps coal). Another possible benefit was the development of industries producing substitutes for strategic imports, although against this must be offset the opportunity costs of not investing in the production of commodities in which South Africa has a comparative advantage.

76. Since the initiation of political change in South Africa in February 1990, and, more particularly, since the beginning of 1991, sanctions against South Africa have systematically been eroded, although there are still countries officially adhering to the recommendation that sanctions be maintained until the election of an interim government. New orders for South African products, especially fresh and prepared foodstuffs, are outstripping supply in some industries, and foreign loans are now forthcoming. Foreign direct investment is responding more to the uncertainty of the country's political and economic future than to the lifting of embargoes on doing business in South Africa, although there is interest in using South Africa as a gateway to Sub-Saharan Africa.

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77. Other benefits from the lifting of sanctions include the freeing of strategic stockpiles. In the 1992/1993 budget, one billion rand of the deficit-before-borrowing was to be financed by the sale of stockpiled commodities. Another benefit is the interest that is being shown in the creation of structures that will mean greater economic cooperation in Sub-Saharan Africa, and several research initiatives are currently under way to investigate the freeing up of regional trade and/or monetary and exchange-rate policy coordination.

78. Economic (and other) sanctions were part of the process which forced change in South Africa. Other factors also played a role, not least of which was the growing opposition to apartheid within the country and the costs of pursuing a war both within and outside the country's borders.

III. SOURCES USED FOR THE REPORT

79. The present report updates the reports submitted to the Sub-Commission at its fortieth (E/CN.4/Sub.2/1988/6 and Add.1), forty-first (E/CN.4/Sub.2/1989/9 and Corr.1 and Add.1), forty-second (E/CN.4/Sub.2/1990/13 and forty-third sessions (E/CN.4/Sub.2/1991/13). The updated report continues to be based on information and material obtained from various sources consulted since the completion of the previous report and received by the Special Rapporteur before 1 June 1992.

80. Among the various sources consulted, most of which were obtained in reply to the request for appropriate material addressed, in conformity with General Assembly resolution 45/84 and Economic and Social Council resolution 1991/26, to Governments, United Nations organs and bodies, specialized agencies, or other intergovernmental organizations and non-governmental organizations, the documents listed below have been retained as new sources for the report:

Document	Symbol No.
United Nations General Assembly Forty-sixth session Report of the Special Committee against Apartheid	A/46/22
United Nations Report on concerted and effective measures aimed at eradicating apartheid	A/46/499
United Nations Report on coordinated approach by the United Nations system on questions relating to South Africa	A/46/648
United Nations Report of the Commission on Corporations at its eighteenth session	E/C.10/1992/6 E/C.10/1992/7

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IV. COMMENTS RECEIVED BY THE SPECIAL RAPPORTEUR

81. In accordance with General Assembly resolution 45/84 and Economic and Social Council resolution 1991/26, the Secretary-General sent a note verbale dated 17 February 1992 to Governments and, on the same date, a letter to the United Nations organs, specialized agencies, intergovernmental and non-governmental organizations concerned, asking them for appropriate material which could be used in the report.

A. Comments received from Governments

82. As of 15 May 1992, replies had been received from the following Governments: Bahrain, Brunei Darussalam, Burkina Faso, Burundi, Cape Verde, Cuba, Samoa, San Marino, and Venezuela and are reflected below. The text of these replies are available for consultation in the secretariat.

BAHRAIN

[12 March 1992]
[Original: English]

The Government informed the Special Rapporteur that no banks, transnational corporations or other organizations in the State of Bahrain assisted the South African regime.

BRUNEI DARUSSALAM

[23 April 1992]
[Original: English]

The Government of Brunei Darussalem informed the Special Rapporteur that it had neither political, military nor economic links with South Africa.

BURKINA FASO

[9 March 1992]
[Original: French]

1. A decree of 13 September 1962 (Decree No. 465/PRES/CIM/DCI) prohibits trade relations with South Africa and Portugal. It remains in force as far as South Africa is concerned.

2. The implementation of this decree has frequently resulted in the withdrawal from the national market of products whose South African origin had been proved.

3. There are no political and military links between Burkina Faso and South Africa.

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BURUNDI

[24 April 1992]
[Original: French]

"1. The International Convention was adopted in 1973 and entered into force for Burundi on 11 August 1978, after its ratification on 31 May 1978 by Decree-Law No. 1/14.

The crime of apartheid in international law

"2. After considering, *in concreto*, the social and political situation in the Republic of South Africa in the light of the legal arsenal that organizes the despicable institution of apartheid as consisting essentially of the separate development of the black and white communities of South Africa, despite any other interpretation given to it by its founders since 1913, the international community systematized this concept in article II of the International Convention on the Suppression and Punishment of the Crime of Apartheid as follows:

(a) Denial to a member or members of a racial group or groups of the right to life and liberty of person:

(i) By murder of members of a racial group or groups;

(ii) By the infliction upon the members of a racial group or groups of serious bodily or mental harm, by the infringement of their freedom or dignity, or by subjecting them to torture or to cruel, inhuman or degrading treatment or punishment;

(iii) By arbitrary arrest and illegal imprisonment of the members of a racial group or groups;

(b) Deliberate imposition on a racial group or groups of living conditions calculated to cause its or their physical destruction in whole or in part;

(c) Any legislative measures and other measures calculated to prevent a racial group or groups from participatiion in the political, social, economic and cultural life of the country and the deliberate creation of conditions preventing the full development of such a group or groups, in particular by denying to members of a racial group or groups basic human rights and freedoms, including the right to work, the right to form recognized trade unions, the right to education, the right to leave and to return to their country, the right to a nationality, the right to freedom of movement and residence, the right to freedom of opinion and expression, and the right to freedom of peaceful assembly and association;

(d) Any measures, including legislative measures, designed to divide the population along racial lines by the creation of separate reserves and ghettos for the members of a racial group or groups, the prohibition of mixed marraiges among members of various racial groups, the expropriation of landed property belonging to a racial group or groups or to members thereof;

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(e) Exploitation of the labour of the members of a racial group or groups, in particular by submitting them to forced labour;

(f) Persecution of organizations and persons, by depriving them of fundamental rights and freedoms, because they oppose apartheid.

"3. It should be noted that the Convention does not mention by name the Republic of South Africa but defines apartheid by reference to what is practised in 'southern Africa' a term used only once in its 19 articles.

"4. Nevertheless, the subsequent resolutions mentioned above refer consistently and unequivocally to the Republic of South Africa.

<u>Transnational corporations</u>

"5. In conjunction with States, the international community also condemns transnational corporations, also called "multinational corporations", which operate in South Africa against the economic blockade policy imposed on that country with a view to compelling it to end apartheid and the attendant misery it creates for black people.

"6. A transnational corporation may be understood to be any corporation which has its registered office and administrative headquarters in another State where it is regularly constituted and which extends its activities to South Africa in conformity with the legislation of that country. It is in the latter country that the corporation is known as a transnational corporation.

"7. There is no doubt that a transnational corporation creates a relationship for at least two States both of which take advantage of its activities in violation, in the case in point, of the international policy which isolates South Africa in matters of economic cooperation.

"8. In view of developments in racial policy in South Africa following the abolition of certain legislative and administrative measures in recent years, with a view to channelling a situation which has been so strongly criticized towards a multiracial State, we believe that there should be a review of the policy of economic blockade particularly since some States are beginning to seek new bases for cooperation while at the same time wishing the abolition of all segregationist measures to be continued. This is in conformity with international law and the community of nations welcomes the détente, albeit precarious, which is emerging in that country.

<u>Final comments</u>

"9. The question raised contains two aspects:

1. The statement of views and information on the acts relating to the crime of apartheid committed by transnational corporations;

2. The significance and role of the transnational corporations in maintaining the system of apartheid.

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"10. With regard to the first aspect of the question, it should first be mentioned that in view of the current poor relations between our country and South Africa, characterized by the absence of established diplomatic missions, in accordance with the policy adopted by the international community, but also characterized by the fact that no transnational corporation is registered in our country, it is particularly difficult for us to provide full information about the crimes of apartheid committed by transnational corporations.

"11. However, it should be mentioned, in globo, in the light of what has been noted above, that insofar as these corporations are established in the host country of South Africa, in conformity with its highly segregationist national law, they are in effect participating in the implementation of all the legislative measures that make for apartheid and more especially in respect of social issues and issues concerning their constitution in South Africa. These corporations are therefore part and parcel of the system of apartheid and they help to perpetuate it.

"12. On the second aspect of the question, the significance and role of transnational corporations in maintaining the system of apartheid are considerable in that they act as a decisive link between host States and States of origin. To one they pay royalties which unquestionably enable apartheid to be maintained and to the other they provide sizeable earnings which prevents it from subscribing to the economic blockade policy in the form planned by the international community.

"13. If the international community labels these corporations as accomplices of the acts that constitute the crime of apartheid, it follows that all acts listed in article 2 of the Convention can be ascribed to them. Their withdrawal would soon have prompted South Africa to change its iniquitous policy thus giving way to international pressure. The contribution made by these corporations to the maintenance of the apartheid system in South Africa is considerable."

CAPE VERDE

[10 March 1992]
[Original: French]

The Government of Cape Verde communicated to the Special Rapporteur that no banks or organizations, whether private or public, gave assistance to the Government of South Africa.

CUBA

[16 March 1992]
[Original: Spanish]

1. The Government of the Republic of Cuba considers that the adoption of these resolutions represents an expression of the international community's persistent condemnation of the policies and practices of the apartheid regime which violate substantially the human rights of the South African people.

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2. As is well known, in keeping with its consistent position of principle in condemning the Government of South Africa for its policy of apartheid, the Republic of Cuba maintains no diplomatic, consular, trade or other relations with that Government. Similar condemnation has been expressed concerning those countries and bodies which, through their disregard for the views of the international community and United Nations action in this area, and their systematic collaboration with the perpetrators, make it possible for these pernicious practices to continue.

3. Regrettably, the black majority in South Africa is still living under the wicked system of apartheid, since the roots of oppression have not yet been eliminated by the peace process initiated there. Sanctions must therefore be maintained against the Pretoria regime until it terminates its policy of government based on apartheid in order to ensure that any victories which the black population of South Africa may gain are irreversible.

4. The number of racist acts which violate the human rights of individuals and groups in the world is increasing constantly. They cannot be stopped "merely by legal documents or international conventions which enshrine or proclaim the equality of all people. Broader, more effective action is essential since racism, and racial as well as ethnic discrimination, have manifold causes. The United Nations must respond to the current situation by using all means at its disposal to further such measures, and call on the international community to cooperate in bringing these human rights violations to an end.

"5. Cuba once again reaffirms its desire to collaborate in any effort to this end. It commits itself to the struggle on the basis of immutable principles which have been given practical expression since the victorious 1959 revolution, *inter alia*, through the elimination of any form of discrimination from Cuban society. Our country's involvement has been evinced through active participation in the various international fora and, in particular, within the United Nations, where we have advocated the elimination of discrimination in any of its forms or manifestations, including discrimination against indigenous populations in countries where they constitute a minority, and the increasing xenophobia faced by migrant workers in the industrialized countries.

"6. We think it appropriate in this struggle to highlight the adverse consequences for the enjoyment of human rights not only of political, military, economic and other assistance given to South Africa but also of any aid which encourages acts of discrimination and prejudice, such as those suffered by the Palestinian people, the minorities in the United States, the Cuban people as a result of the economic, commercial and financial blockade which they have endured for over 30 years, and many other such acts which, like the apartheid regime, constitute humiliating affronts to the international community."

SAMOA

[9 March 1992]
[Original: English]

The Government informed the Special Rapporteur that there were no institutions or organizations in Samoa which had any dealings with South Africa.

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SAN MARINO

[8 April 1992]
[Original: Italian]

The Government of the Republic of San Marino reported that no form of assistance to the Government of South Africa was given, whether economic, commercial or other.

VENEZUELA

[21 April 1992]
[Original: Spanish]

The Government of Venezuela has guaranteed the implementation of all resolutions of the United Nations General Assembly relating to the policies of apartheid, three of them (concerning the United Nations Trust Fund for South Africa, the oil embargo, and the elimination of all forms of racial discrimination generally) having been sponsored by Venezuela. In this connection it should be noted that:

(a) There is no Venezuelan public investment in South Africa and no credit guarantees or licences to invest in South Africa are granted to Venezuelan private investors or companies;

(b) Trade with South Africa is not promoted;

(c) Krugerrands and other coins minted in South Africa are not imported;

(d) There is no cooperation whatsoever with South Africa in military, police or intelligence matters. Moreover, Venezuela does not export equipment that can be used by the security forces of South Africa; this includes computers;

(e) Venezuela does not engage in any kind of collaboration with South Africa in nuclear matters;

(f) Oil is not exported to South Africa. The approach of Venezuela has always been to support and uphold the oil and any other kind of embargo on South Africa. In this connection, all its oil sales are subject to a clause which ensures that supplies do not reach South Africa, directly or indirectly;

(g) Venezuela does not maintain diplomatic, consular, economic, financial, military, sporting, cultural or any other kind of relations with the South African Government.

B. Comments received from United Nations organs and specialized agencies 3/

83. The United Nations Centre against Apartheid transmitted a copy of the report of the Special Committee against Apartheid (A/46/22), the report of the Secretary-General on policies of apartheid of the Government of South Africa (A/46/499) (concerted and effective measures aimed at eradicating apartheid) and the report on a coordinated approach by the United Nations system on questions relating to South Africa (A/46/648).

84. The United Nations Centre on Transnational Corporations transmitted copies of the reports prepared by it for the eighteenth session of the Commission on Transnational Corporations in 1992 (E/C.10/1992/6 and E/C.10/1992/7). The report of the Secretary-General (E/C.10/1992/6) contains information on the role of transnational corporations in South Africa. Document E/C.10/1992/17 contains a list of transnational corporations with interests in South Africa.

85. The Special Rapporteur was subsequently informed that the Commission on Transnational Corporations at its 1992 session adopted a resolution (E/CN.10/1992/L.7/Rev.1) in which it welcomed the recent developments in South Africa, including the repeal or amendment of the major apartheid laws. It also requested the Secretary-General to continue to examine possible contributions of transnational corporations to the construction of a united and non-racial democratic South Africa in the economic and social fields.

86. The Special Rapporteur takes note of some important developments discussed at the latest session of the Commission on Transnational Corporations. The draft report (E/C.10/1992/L.8/Add.1) confirmed that sanctions had played a positive role in support of the internal struggle in South Africa and in influencing the Government to take steps to dismantle apartheid. There were two prevailing views among delegations regarding the monitoring of developments by the United Nations in the area. One view stressed that the phased application of appropriate economic pressure on South Africa was still required until the complete dismantlement of apartheid had taken place. A more far-reaching view was that restrictive measures had been or were in the process of being lifted in response to the changes taking place in South Africa and that the focus of the role of the United Nations in the area should shift to how transnational corporations could promote economic and social development in a new democratic South Africa, in the context of development in the region as a whole.

87. Within the latter context, one delegation, speaking on behalf of a group of States, felt that gradual decisions were needed: in the first stage a decision to lift the ban on new investments and later a decision to lift the oil embargo and the restrictive measures in the cultural, scientific, and sporting fields. Those actions would encourage positive developments in South Africa, in particular the establishment of an interim Government. This group of States was in the process of reviewing the latest application of the Code of Conduct of the European Community in the light of its usefulness as a means of promoting and influencing fundamental changes in South Africa. Through implementation of the Code, European companies had contributed to the dissemination of goals pursued by the European Community and its member States with regard to democracy, a market economy and improved labour relations, which were a major issue under discussion in the process of elaborating a convention for a democratic South Africa (CODESA). This group of States was well aware of the important role transnational corporations could play in South Africa in the creation of much needed jobs and improvement of labour relations, which would benefit the black work force, and of the potential activities of those corporations in training and upgrading qualified black South Africans. The European Community felt that a peaceful post-apartheid South Africa would have a better chance of attracting investment and creating conditions for stable economic growth, which would benefit the black work

force in particular but also surrounding States. Regarding the future work of the Commission concerning South Africa, the current changes taking place there should be taken into consideration.

88. Some delegations expressed agreement with the view taken in the report of the Secretary-General on the potential contribution of transnational corporations in a post-apartheid South Africa. Future reports should define their role further, in particular in the field of training and entrepreneurship development.

89. The Special Rapporteur also received a reply, dated 11 March 1992 from the United Nations Population Fund.

C. Other replies 4/

90. Replies were also received from the World Bank, the International Confederation of Free Trade Unions and the World Moslem Congress.

V. STRUCTURE AND CONTENTS OF THE UPDATED LIST

A. Guide to the updated comprehensive list

91. The updated comprehensive list (contained in the addendum* to the present document) presents the names of transnational corporations, banks, insurance companies, firms and other enterprises giving, either directly or indirectly, military, economic, financial and other assistance to the racist and colonialist regime of South Africa. This country-by-country list was updated on the basis of material and information examined by the Special Rapporteur since the completion of the previous report. It is alphabetized according to the nationality of each bank, company or firm cited. Following the code of the country, the name of the bank or company involved is mentioned. The third column indicates the type of entity involved: a firm, bank, financial institution or insurance company. The fourth column indicates the type of assistance provided: economic, military, financial, nuclear or a combination of a number of these categories. The last column on the right indicates the recipient of assistance.

92. An annex to the updated list contains names which have been deleted from the list, in accordance with information available to the Special Rapporteur or brought to his attention, indicating that economic and other activities with and in South Africa have been discontinued.

93. In the second line of each entry, reference is made to the source in which the information was found, followed by the relevant page, paragraph or appendix.

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* The addendum will be issued under the symbol A/47/480/Add. 1.

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B. List of symbols and abbreviations

94. In order to facilitate reading and comprehension of the list, a key to all abbreviations used is provided below:

1. Countries and territories 5/

AUS	Australia
AUT	Austria
BEL	Belgium
BHS	Bahamas
BRA	Brazil
CAN	Canada
CHE	Switzerland
DEU	Germany, Federal Republic of
DNK	Denmark
ESP	Spain
FIN	Finland
FRA	France
GBR	United Kingdom
GRC	Greece
HKG	Hong Kong
HSE	Holy See
ISR	Israel
ITA	Italy
JPN	Japan
LIE	Liechtenstein
LUX	Luxembourg
MCO	Monaco
NLD	Netherlands
NOR	Norway
PRT	Portugal
SWE	Sweden
TAI	Taiwan, Province of China
USA	United States of America

2. Other symbols and abbreviations

B = Bank/insurance company/financial institution
E = Economic (assistance)
F = Firm
Fi = Financial (assistance)
M = Military (assistance)
NI = Not identified
N = Nuclear (assistance)
SA = South Africa

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Pressclips

Notes

1/ See E/CN.4/Sub.2/1991/13/Add.1.

2/ Letter dated 18 March 1992 from the Permanent Representative of South Africa to the United Nations Office at Geneva to the Under-Secretary-General for Human Rights.

3/ The full texts of these replies are available for consultation in the secretariat's file.

4/ The text of these communications are available for consultation in the secretariat's file.

5/ The codes for the representation of names of countries are in conformity with the Alpha 3 codes of the alphabetical list of entities and codes in English contained in section one of Codes for the Representation of names of Countries, second edition, 1981-05-15, International Organization for Standardization, International Standard, ISO 3166.
