

EUROPEAN BACKGROUND INFORMATION COMMUNITY

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BACKGROUND NOTE

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CODE OF CONDUCT ADOPTED FOR EC COMPANIES IN SOUTH AFRICA

The adoption this week of a code of conduct for European companies in South Africa that would abolish segregation, institute wage equality and stimulate trade union activity among non-whites there is the latest step in a two-year escalation of European Community statements against racism in Southern Africa.

The code will be submitted to the 24-nation Organization for Economic Cooperation and Development in an attempt to gain broader support for similar stipulations from other Western nations.

Although not legally binding, the code exerts moral pressure on European companies to adhere to equality in personnel and wage policies and urges them to provide non-segregated facilities in lodging, transportation and social activities for their workers that are to serve as examples.

The code covers the following areas:

- 1) Internal company relations -- All employees without regard to race should be allowed to choose an organization to represent them in collective bargaining, following internationally accepted principles; all employees should be able to form or affiliate themselves with a trade union.
- 2) Migrant workers -- The companies should contribute as much as possible to freedom of workers' movement and temper the effects of the existing system (whereby black workers are segregated in "temporary" ghettos and considered residents of tribal "homelands").
- 3) Wages -- A non-discriminatory policy should improve poor working and employment conditions and should offer salaries not less than 50 per cent above the minimum wage.

4) Wage structure and promotion -- Positions should be open to all workers without distinction; a vocational training program policy should be created to achieve non-discrimination.

5) Additional benefits -- Companies should extend their non-discriminatory policies to the workers' housing, transportation, education and social services.

6) Desegregation at the workplace -- All segregation practices should be eliminated in canteens, sport activities and in company clubs.

The EC code urges European companies, affiliates and representatives to publish a yearly report on their progress toward equality and asks the governments of the nine European Community nations to examine these reports.

The code echoes many of the points mentioned in a private initiative signed this year by 54 U.S. companies, including Ford, General Motors, International Business Machines, Minnesota Mining & Manufacturing and others. That statement urged the elimination of segregation and discriminatory wage practices, the initiation of training programs for supervisory jobs and measures to improve the quality of life outside the workplace, but it did not specifically urge the formation of labor unions and set a standard for wages. In Brussels, however, the International Confederation of Free Trade Unions, which claims 50 million affiliated members in 90 countries, said the EC code was unsatisfactory because it represented "endorsement without enforcement" of trade unions.

The principal figure behind the most recent European Community statement on South Africa, British Foreign Secretary David Owen, had persuaded the EC ministers two months ago to consider economic action against segregation policies in the white-ruled nation. Owen and U.S. Ambassador to the United Nations Andrew Young have worked jointly during recent months to persuade the governments of South Africa and Rhodesia to allow black majority-rule governments.

In August, the European Community nations condemned Southern Africa racial policies at a world conference on apartheid held in Lagos. Belgian Foreign Minister Henri Simonet, the current president of the EC Council of Foreign Ministers, outlined there the measures and decisions already taken by the Community: opposition to South Africa's Bantustan (tribal homeland) policy and refusal to recognize Transkei, the first Bantustan; an increase in aid to nations neighboring South Africa; a contribution to the United Nations to help South African victims of apartheid, primarily in the form of legal or teaching aids; and an embargo on arms sales to South Africa. Through the Lomé Convention, under which the EC has trade and aid agreements with 52 African, Caribbean and Pacific countries, the Community provides financial assistance to the Lusaka United Nations Institute and scholarships to Namibian (Southwest African) students.

Within the past two years European Community officials have assumed increasingly stronger stands on African issues. An EC statement in August 1975 urged South Africa to withdraw from Namibia, a territory it controls in opposition to a U.N. mandate, and allow self-determination there. In early 1976 the Council of Foreign Ministers called for self-determination in Angola, Rhodesia and Namibia and condemned South African apartheid.

Last year, in an address before the United Nations, Max van der Stoel, foreign minister of the Netherlands, declared again the EC opposition to apartheid, control of Namibia by South Africa and the creation of a zone of influence in Africa by any outside nation. Van der Stoel said then: "South Africa is a multi-racial society in which all people, irrespective of their race or color, should have the right to live peacefully together on the basis of equality.

Apartheid is in flagrant contradiction with this fundamental right and should be eliminated. As long as it is practiced, it will be resisted by those whose basic human rights are denied. The Nine are unequivocal in their firm belief that justice and freedom for all people should prevail in South Africa."

Working groups within the Community recently have been asked to examine the possibility of imposing economic and legal sanctions against South Africa. In July, Belgian Foreign Minister Simonet said that commercial and legal sanctions would "not be excluded" if the code of conduct failed to alter South African policies. British Foreign Secretary Owen told reporters then that the Community nations sought "to erode apartheid at its foundations."

"To show credibility," Owen said then, "the European Community must develop a coherent strategy that uses its economic power as a catalyst for change in South Africa."

Some members of the Community -- particularly the Netherlands -- have urged Common Market nations to block export credits to South Africa. British companies have complained in the past that they suffer a loss of profits if a consensus is not developed among European companies to apply the same rules against exploitation of non-white workers.

British companies account for about half of South Africa's foreign investment, or about \$4 billion. German investments amount to more than \$1 billion and French companies account for about \$690 million. Direct investment by U.S. companies in South Africa, according to State Department sources, is about \$1.6 billion.

In 1976, Germany sold nearly \$900 million worth of goods to South Africa, overtaking Britain, which had previously been the white-ruled nation's chief European trade partner. The total EC exports to South Africa in 1976 amounted to about \$3.5 billion.