
EUROPEAN PARLIAMENT

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REPORT

drawn up on behalf of the Committee on Development
and Cooperation

on the form, status, context and application of
the Code of Conduct for Community companies with
subsidiaries, branches or representations in
South Africa

Rapporteur: Mr P. LAGORCE

12.4

EUROPEAN PARLIAMENT

C O R R I G E N D U M

To the report by Mr LAGORCE on the form, status, context and application of the code of conduct for Community companies with subsidiaries, branches or representation in South Africa

(Doc. 668/78)

Paragraph 3 of the motion for a resolution to read as follows:

- '3. Considers that, although the Code of Conduct adopted on 20 September 1977 within the framework of political cooperation is not legally binding and depends on voluntary implementation, it may nonetheless be considered as giving expression to a certain political attitude of the Nine that could be an important initial step in the establishment of an overall strategy aimed at eliminating apartheid, particularly in the employment sector;'

By letter of 31 March 1978 the Committee on Development and Cooperation requested authorization to draw up a report on the form, status, context and application of the Code of Conduct for Community companies with subsidiaries, branches or representation in South Africa.

By letter of 27 April 1978 the President of the European Parliament authorized the committee to draw up a report on this subject. The Political Affairs Committee, the Committee on Economic and Monetary Affairs and the Committee on External Economic Relations were asked for their opinions.

The Committee on Development and Cooperation appointed Mr Lagorce rapporteur on 18 May 1978.

It considered the draft report at its meetings of 22 June 1978, 23 November 1978, 29 November 1978 and 28 February 1979. At the latter meeting the motion for a resolution and explanatory statement were adopted unanimously.

Present: Miss Flesch, chairman; Mr Lagorce, vice-chairman and rapporteur; Mr Andersen (deputizing for Mr Dondelinger), Mr Broeks, Mr Croze, Mr Cunningham, Mr Dewulf, Mr Didier (deputizing for Mr Flämig), Lady Fisher of Rednal, Mr Glinne, Mr Kavanagh (deputizing for Lord Castle), Mr Lezzi, Mr Nolan and Mr Wawrzik.

The Committee on Economic and Monetary Affairs and the Committee on External Economic Relations have stated that they will not be drawing up opinions on this report.

The opinion of the Political Affairs Committee is attached.

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The Committee on Development and Cooperation hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on the form, status, context and application of the Code of Conduct for Community companies with subsidiaries, branches or representations in South Africa

The European Parliament,

- having regard to the report of the Committee on Development and Cooperation and the opinion of the Political Affairs Committee (Doc. 668/78),
 - deeply concerned at the pursuit of racial policies and denial of fundamental civil and human rights by the South African Government,
 - having regard to the dangerous and unstable situation created by these policies in southern Africa and the threat it represents to world peace,
1. Strongly condemns, on political, humanitarian and moral grounds, the apartheid policy of the Republic of South Africa, a unique form of the violation of human rights since it is expressly written into the constitution of that country and the fate of the individual is determined by the colour of his skin alone, both at present and in the future;
 2. Welcomes the fact that both the Community and its Member States have repeatedly and unequivocally condemned South Africa's racial policy and have joined with all civilized countries in rejecting the establishment of homelands since the Bantustan system serves only to consolidate the apartheid policy;
 3. Considers that, although the Code of Conduct adopted on 20 September 1977 within the framework of political cooperation is not legally binding and depends on voluntary implementation, may nonetheless be considered as giving expression to a certain political attitude of the Nine that could be a decisive initial step in the establishment of an overall strategy aimed at eliminating apartheid, particularly in the employment sector;
 4. Regrets, however, that certain passages of the Code of Conduct are imprecise and superficial and have been drafted in a psychologically unfortunate style, since this anti-apartheid document might itself be regarded as having a racist bias in that it refers only to black African workers and fails totally to acknowledge that South African society is made up of four population groups;

5. Therefore urges those responsible to correct as soon as possible the inadequacies referred to in Section III (2) of the attached explanatory statement (Content of the Code of Conduct) and to expand or amend the text of the Code accordingly, and in particular to remove the racist undertones of Articles 1(c) and (e), 2(b), 3, 4(b) and 5 (b);
6. Deplores the fact that the Code was not drafted in close cooperation with the employers' and workers' organizations responsible for its implementation and application, and further regrets that these organizations were not informed of the objectives of this policy until a relatively late stage;
7. Calls, moreover, on the Council to initiate an information and publicity campaign to explain the content and objectives of the Code of Conduct to the citizens of the European Community; further considers it essential for the Governments of the Member States to provide the mass media with precise information on the application and effects of the Code of Conduct;
8. Considers it illogical that the Code should have been adopted by a Community decision, while the responsibility for ensuring its observance and application rests with the Member States; therefore calls on the nine Governments of the Member States to agree as soon as possible on a common formula for the application of the Code, in order to eliminate from the outset any disadvantages or distortions of competition that could affect individual companies;
9. Therefore calls on the Foreign Ministers meeting in political cooperation, the Council or the Commission to inform Parliament immediately of what measures envisaged or already initiated by the governments to ensure the uniform application of the Code throughout the Community;
10. Requests Members of the European Parliament to keep in close touch, in their national parliaments, with the measures taken by their respective national governments to implement the Code of Conduct and, where necessary, to initiate appropriate action themselves;
11. Regrets that when adopting the Code of Conduct, the EEC Foreign Ministers did not at the same time agree on a model for the drawing up of company reports, a vital precondition for the uniform application of the Code; calls on the Foreign Ministers, therefore, to make good this omission without delay;
12. Stresses the importance of Article 7 of the Code of Conduct as a means of exercising control and calls on the Conference of Foreign Ministers specifically
 - to report annually to Parliament on the application of the Code of Conduct by Community companies which have their legal or actual headquarters in the Community and maintain subsidiaries in South Africa and

- to submit the reports drawn up by these Community companies to Parliament;
13. Recalls in this connection the assurances given in the past by various Presidents-in-Office of the Council both to Parliament and to the Joint Committee of the ACP-EEC Convention that they would keep Parliament informed on observance of the Code;
 14. Takes the view that the systematic evaluation of these reports should be organized centrally, and hopes that this task will be delegated to the Commission of the European Communities; also feels that an ad hoc working party of the Committee on Development and Cooperation should be set up to scrutinize the reports of the companies concerned;
 15. Calls for the whole question of the Code of Conduct to be transferred from the Foreign Ministers meeting in political cooperation to the Council, since it will be possible to establish a clear policy and ensure that the code is fairly applied and respected by Community companies only if there is coordination between the Commission, the Council and Parliament.
 16. Considers that at this stage a general economic boycott against South Africa would not be an effective way of combating apartheid, since the Code of Conduct is intended as a means of helping to improve the living standards and working conditions of the non-white population of South Africa, whereas a general boycott would primarily result in serious economic disadvantages for that population; moreover, boycott measures are difficult to supervise and are seldom observed in a uniform fashion by all parties, as recent events have shown;
 17. Calls, however, for a systematic examination of measures that might be deployed at Community level to compel Community companies to observe the rules of the Code of Conduct; if the application of the Code in its present form proves ineffective, consideration should also be given to how the Community could use its economic power to force South Africa to change its apartheid policy;
 18. Believes that the adoption of the Code of Conduct must be followed by action in other areas and that, in particular existing cultural agreements between Community countries and South Africa should be denounced, since there is a contradiction between the concept of culture and that of apartheid;
other;
 19. Considers it very important for the principles proclaimed in the Code of Conduct to be applied also by the industrialized nations outside the European Community, and therefore welcomes the fact that the Community has already taken steps to this end within the OECD;

20. Supports the measures to eliminate apartheid policy urged by the various institutions of the Lomé Convention, in particular the Joint Committee, and in this connection welcomes the exceptional financial aid which the Community grants to ACP States particularly hard hit by South Africa's racial policy and which it intends to be seen as a clear political gesture;
21. Hopes that with the renegotiation of the ACP-EEC Convention, exceptional aid to these countries will be increased substantially, either by extending the possibilities for which Article 59 of the Lomé Convention already provides or by creating an additional special action programme;
22. Feels that observance of the embargo on arms supplies, control of the use of nuclear energy for peaceful purposes, and a halt to the financing of South African industry by the European banks, are methods which are likely to prove effective in combating apartheid;
23. Calls on the Community to develop at long last a constructive and coherent policy on Africa which would treat the problem of South Africa as a special case, since a worsening of the situation in that part of the world would have serious consequences, not only for the African continent itself, but also for all of Europe's political, economic and strategic relations with Africa and the rest of the world;
24. Welcomes the Community's unequivocal condemnation of the apartheid system, but feels bound to point out that this alone cannot form the basis of a policy on Africa; indeed, it is essential that, by adopting the Code of Conduct, the Community should not purely and simply pass on its responsibility for the abolition of apartheid and thus admit to an inability to find an overall solution to this delicate problem by its own efforts;
25. Therefore urges the Community to pursue a 'Realpolitik' by evolving, in parallel with its condemnations of apartheid, a strategy which establishes and guarantees the right of existence of all ethnic groups, this being an indispensable condition for a peaceful solution to racial conflict, not only in a divided South Africa, but also in some new type of federation;
26. Considers that the Community would be well advised to seek a solution to the South African problem by evolving a strategy which could, for example, be similar in its basic features to the policy it envisaged for a peaceful settlement to the Israel-Palestine conflict;

27. Is convinced that the EEC is not equipped, in institutional terms, to make an effective contribution to the solution of serious crises, in Africa or elsewhere in the world; consequently, calls upon all those responsible in the Community to take cognizance of Europe's responsibility for safeguarding world peace and to establish the vigorous and dynamic policy which Europe needs if it is not to concede its rightful place on the world political stage to the superpowers.
28. Instructs its President to forward this resolution and the attached report to the Council and Commission of the European Communities, and to the Foreign Ministers of the nine Member States of the European Community meeting in political cooperation.

B
EXPLANATORY STATEMENT

Introduction: South Africa has developed into a potential flashpoint of world politics

1. Since the granting of independence to the Portuguese overseas provinces of Angola and Mozambique, southern Africa has been in the centre of the political stage. The effects of decolonization in this region cannot yet be judged. Southern Africa is one of today's major international trouble spots not only on account of the difficulties in Rhodesia and Namibia and the policy of apartheid in the Republic of South Africa but also because there is a dangerous overlap here between the problems of the north-south relationship and political antagonisms between east and west.
2. As South Africa develops into one of the most sensitive points in world politics, discussion of the region's political future is therefore becoming increasingly topical. Liberation movements are fighting against the last vestiges of colonialism and racism in Africa and rightly demanding the support of Europe for their cause. The Soviet Union and some other communist states are encouraging the liberation movements with massive military aid, aid which the EEC and other western states have to refuse on humanitarian grounds.
3. Whilst the governments of black Africa demand transition to a South African unitary state under black majority rule, the whites in South Africa believe they have found a practicable alternative in their policy of apartheid which will allow at least a white 'rump' state to survive in South Africa. In the case of Namibia and Rhodesia (Zimbabwe), it now seems that, despite the many imponderables, a solution in the form of a black majority government has been brought nearer; no solution is in view for the Republic of South Africa, although there is no shortage of proposals. There is only agreement on the condemnation and rejection of the existing racialist system and the need to destroy this system as soon as possible. Only a few years ago, neither the world powers nor the EEC showed any political interest in South Africa and even warning voices like that of President Kaunda of Zambia were not taken seriously. Today the possibility of conflict in and around South Africa has become so acute, particularly because of the presence of contingents of foreign troops, that an armed struggle in this region could degenerate into a worldwide catastrophe. The situation is all the more dangerous since the white Africans show no signs of a willingness to compromise and indeed appear prepared to take up armed struggle and risk self-destruction.

I. Some reflections on the policy of apartheid and the internal development of the Republic of South Africa

4. The internal political and economic organization of the Republic of South Africa is with reason severely criticized. Criticism is particularly warranted because the policy of apartheid or 'separate development' has been imposed by the white majority on the blacks and those of mixed race and Indian origin. 'Separate development' is particularly objectionable because it favours the white population alone and inflicts only humiliation and degradation on the other groups. The rigid views of the white South Africans have led them into a labyrinth, with a system of government which can only be described as 'white oligarchy'.

Internal unrest - one only has to think of Soweto - although at present restricted to certain areas, is gradually beginning to open the eyes of even the whites to the weaknesses of their system. In the field of foreign affairs the South African government's fierce attachment to apartheid is not only leading to general isolation and ostracism in the world and international organizations but may in future also give rise to considerable international complications and confusion. This uncompromising attitude on apartheid has led to a situation where the racism of the whites provokes the nationalism of the blacks. Today the blacks are convinced that only the enemies of their enemies, particularly the communists states, are their friends. In view of recent events in black Africa, no one can really dispute this view.

5. The racial policy of the South African government is incompatible with the standards of civilized behaviour. There is no question that South Africa is continually violating the human rights of its black population, their freedoms and privileges. Under the existing system of government only the whites, as citizens of the country, can own land, businesses and factories. The civil service, judiciary, government and even the parliament are white. The standard of living of the four million whites is as high as in comparable industrialised countries, but only because the twenty million black and coloured people work for them. Millions of black people keep industry, mining, transport etc. in operation and produce very large profits for the whites in return for very low wages. The black majority has no civil rights of any type, cannot vote and is not eligible for election.

6. One of the greatest faults of the South Africans is to permit a situation where 45% of the blacks are still illiterate. Only a very small number receive higher school education. The blacks have bad,

overcrowded schools, which cannot accommodate all the children and the teaching is of a lower quality than that given to the whites. The tactic is clear: the blacks are only to be educated for subordinate tasks. They are deliberately prevented from obtaining an education which would enable them to take an effective role in business, administration or government. There are only three black universities for a few hundred students, and then only those who do not criticize the system.

7. Very few members of the black population have so far been able to make their way into the highly qualified professions. The professions of technician, doctor or mining engineer are examples, and indeed the second of these is a blatant example of crude political neglect. Discrimination exists not only in schools and universities but particularly in the training of skilled workers which is the preserve of the white trade unions. In addition to the regulations which reserve skilled work for whites in order to exclude blacks from positions of superiority over whites, there is the extremely unjust discrimination in pay even though the black labour force is absolutely necessary to the functioning of the South African industrial economy.

8. Every black must carry his pass with him at all times and in all places. If the papers are not in order, the person in question is immediately taken to prison. Those with work are allowed to live in a black settlement, those that are unemployed are not. This law sometimes has appalling consequences particularly since black unemployment is very high and rising rapidly because of the increasing mechanization and automation of the economy.

9. Since black workers are urgently needed in the industrial centres but are unwelcome as people and as citizens, they and their families have to find a place to live in the so-called 'homelands', far from civilization. These constitute 13% of the surface area and take the form of enclaves scattered over the whole country, most of which do not have any geographical unity. This dispersal has no economic or political justification. Moreover it is an absurd idea to settle 80% of the total population on 13% of the surface of the south African subcontinent particularly since there is no work at all available in most of the homelands. The homelands' share of the gross domestic product of South Africa is approximately 2½%. Only the northern Bantu areas have any raw materials. Because of their weak economic position, the state budgets of the semi-independent homelands have to draw on subsidies from the government in Pretoria, which in some cases cover as much as three-quarters of a homeland's expenditure. Although the official line in Pretoria is that the blacks in the homelands are free and can determine for themselves under what conditions they wish to live, the fact of the

matter is that the freedom of decision of the homeland governments is extremely limited by their financial and economic dependence.

10. Under the homelands scheme, the Bantus are allocated autonomous territories. They obtain a separate nationality on a tribal basis, but at the same time lose South African nationality. The real meaning of this is that if, in future, there should be free elections in South Africa, the Bantus would not have the right to vote in them. Thus the sole aim of the homeland policy is to safeguard the power and living standards of the white minority.

So far the Transkei and Bophuthatswana have achieved independence and many other Bantu areas are making preparations for it. Some are making prior territorial demands, while others are rejecting independence because of the problems of the urban Bantu since the homelands scheme reduces their status in the Republic of South Africa to that of foreign workers and in return for no more than notional citizenship. The essential problem of territorial apartheid is the fact that the blacks settled in the homelands are aliens in the Republic of South Africa.

Although it cannot be denied that the political leaders of some of the homelands have an independent role in the interplay of forces within South African nationalism, the homeland idea has really failed to provide a solution to the apartheid problem.

11. Anyone, whether black or white, who opposes the official racial policy of the government, and anyone who, for christian or humanitarian reasons, takes action to improve the rights of the blacks must expect imprisonment. While it is true that human rights are violated in many other countries of the world, what makes the South African system so objectionable is that it makes the colour of a person's skin the sole arbiter of his or her fate. To be black means quite simply to be a member of an inferior race, to be deprived of civil and human rights and to run the danger of being punished for attempting to obtain basic rights. This cruel inhuman system exists in a state which describes itself as democratic, whose inhabitants imagine themselves to be the elect and make constant reference to the economic prosperity which this state has achieved.

12. Unfortunately there is as yet no sign of a change of view in government circles. The majority of South Africans are stubborn and determined and convinced of the justice of the official policy of apartheid. The former American Secretary of State, Dr Kissinger, clearly realised this when, following talks with the South African Prime Minister in 1976, he said that to him Vorster was like a figure from the Old Testament. It is true that in recent years there has been a gradual abolition of 'petty apartheid' removing some of the offensive measures but this has not indicated any

readiness for a genuine change of heart. On the contrary, the removal of some niggling humiliations has more of a cosmetic effect and does nothing to alter the basic dominance structures. Certainly there is not the slightest suggestion of a readiness for change in the ruling National Party which won an absolute majority at the last general election in 1977. The situation is slightly different in the white opposition parties - the United Party, the Progressive Party and the Democratic Party - which are currently planning to amalgamate into a single party in order to exert greater influence. Their common programme will most probably include the abolition of racist white supremacy and the participation of all citizens in the political life of South Africa. Hope may be found in particular in the programme of the Progressive Party, the country's liberal party, which obtained 17 seats in the 165-seat parliament at the last elections. Its programme calls for a limited and controlled access of coloureds to all areas of society including political power. They would be a sort of qualifications test to act as a regulator which would at least give a black university professor the right to vote. Although this is still not a final solution to the problem, it does offer a ray of hope. The only drawback is that the time for such a scheme appears to be long since past. Even parties like the Progressive Party can no longer turn the clock back, since today the coloureds are demanding full equal rights with no exceptions.

13. It has therefore to be made clear to the leaders of the South African State that the age of colonialism and racism in Africa has finally passed. The wheel of time cannot be stopped or turned back even on the African continent. The inhuman system in South Africa has to be abolished, but how? In what way is it possible to bring about peaceful change and a new way of thinking in the South African Republic? It is very difficult to predict from outside what will and what ought to happen. The best course would naturally be for all the inhabitants of South Africa to work together to find an internal solution without foreign interference. Outsiders should in any case avoid doing anything which could make a solution more difficult or could stabilize the present situation. The EEC, the United States and other western countries must do their utmost to persuade the South African whites to give up their apartheid policy and make them realize once and for all that the supremacy of one race over another is no longer acceptable in this day and age. No society subscribing to democratic, christian and humanitarian ideals can overlook this division of mankind into first and second class human beings. Those conscious of their responsibility, that is to say the democratic states of this world, should therefore orientate their foreign and trade policies towards helping to disentangle and change the political situation within the South African Republic. The only difficulty is finding the appropriate means to achieve this objective.

II. The European Communities' position on apartheid

14. As the Republic of South Africa's leading trading partner, the European Economic Community has a key role to play in the fight against apartheid. Both the Community as a whole and the individual member countries have often stated their views on it. The Community's position is that the South African government must take measures to produce fundamental changes so that a society can be created in which all South Africans, irrespective of their race and the colour of their skin, can live and work together in peace, equality and mutual respect. Within the framework of political cooperation, the foreign ministers have begun to draw up and implement joint measures to influence the apartheid policy in South Africa.

15. The declaration by the foreign ministers of the nine Member States of 23 February 1976¹ drawn up in the framework of political cooperation was the Community's first precise statement on apartheid. Although it unambiguously condemned the apartheid policy of the Republic of South Africa, it did not contain any real indication as to how to mitigate or abolish the discriminatory racial policy. On 28 September 1976 the President-in-Office of the Council, the Netherlands Foreign Minister, Mr Van der Stoep, condemned South Africa's racial policy on behalf of the Nine before a meeting of the UN General Assembly. On 28 October 1976 the permanent representative of the Netherlands, Mr Kaufmann, refused on behalf of the Nine to recognize the notional independence granted on 26 October 1976 by South Africa to the Transkei, the first of the homelands, explaining that to recognize the Transkei as an independent state would only consolidate the policy of apartheid. The nine Community countries also refused to recognize the 'independence' of Bophuthatswana. A declaration by the foreign ministers published on 22 November 1977 described the creation of bantustans as an element of the apartheid policy.

16. On 12 January 1977 the late British foreign minister, Mr Crosland announced to the European Parliament, in his capacity as President-in-Office of the Council, that (to quote but one example) 'the Nine are united in their opposition to the policy of apartheid in South Africa which is unacceptable on moral grounds and ultimately unworkable in practice'.²

¹ See the text of the Declaration adopted by the Foreign Ministers of the Member States which was published at the end of a political cooperation meeting held in Luxembourg on 23 February 1976, Annex I.

² Debates of the European Parliament, OJ No. 211 (Annex), January 1977 p. 98

17. In August 1977 the first UN Anti-apartheid Conference was held in the Nigerian capital, Lagos; the representatives of 102 governments and 18 non-governmental organizations took part.

At the Conference, Mr Simonet, the Belgian foreign minister acting in his capacity as President-in-Office of the Council, condemned South Africa's apartheid policy in strong terms. Speaking on behalf of the Nine, he rejected the concept of 'separate communities' and regretted that the South African government continued to refuse to work towards a non-racist society in which the whole population could enjoy equal rights. The Nine, he said, were convinced that only a move in this direction could solve the country's problems. The policy of apartheid was an insult to human dignity and inconsistent with the principles of the Universal Declaration of Human Rights. On this occasion, the Community's representative gave the first indication that the Community was examining economic measures which would help to persuade South Africa to give up apartheid.

The Lagos declaration was prepared in July 1977 by the foreign ministers of the Nine acting within the framework of political cooperation (EPC).

In September 1977 Mr Simonet once again explained the Nine's attitude to the South African question before the UN General Assembly and on 12 October 1977 he condemned, in the strongest terms, the events in South Africa which had led to the death of Steve Biko. Mr Biko, the leader of the Black Consciousness Movement, an opponent of the bantustans and an advocate of a peaceful solution in South Africa died under mysterious circumstances whilst under interrogation by the South African authorities. Publication of the investigation into the circumstances of the death of this extremely popular black South African leader yielded facts which shocked the whole civilized world. 'The Times' of 3 December 1977 stated that even sadder than his death was the fact that 'the vast majority of white South Africans approved - in the name of national security - of what was done to Steve Biko, or cannot see what all the fuss has been about'.

III. Analysis of the Code of Conduct adopted by the Community for companies with subsidiaries, branches or representation in South Africa

1. Decision by the Community to adopt a Code of Conduct for companies in South Africa

18. At the meeting of Community foreign ministers of 12 July 1977 in the framework of political cooperation, a working party of experts was instructed to draw up a Code of Conduct for the activities of the Community companies operating in South Africa. The central topic of the Code was to be the working conditions of black workers in European companies in South Africa. At the same time the experts were to prepare a technical report

on investment and export credit guarantees.

19. At their political cooperation meeting in Brussels on 20 September 1977 the foreign ministers of the nine Member States adopted the Code of Conduct for Community companies with subsidiaries, branches or representation in South Africa. Incidentally, after this decision had been taken, the meeting of the foreign ministers went on to become the 469th meeting of the Council, something which would have been inconceivable a few years ago.

20. It is arguable whether the word 'code' is appropriate since a code is generally a legal document. The word code means a set of rules or collection of statutes. However, the Code adopted by the Community is not binding in law. The effectiveness of the text therefore essentially depends on the willingness of the companies to comply with its provisions. Some Community countries wanted a ban on incentives to invest in South Africa, and restrictive provisions on export credit guarantees to be included in the Code of Conduct, but the Nine failed to agree on certain legal and material problems. The Code does not cover the whole range of economic relations between the Nine and South Africa; its exclusive aim is to nullify South African apartheid legislation in the labour sector. The emphasis of the Code is clearly on the demand for equal treatment of blacks and whites at the workplace. The Code is divided into seven chapters:

- relations within the undertaking,
- migrant labour,
- pay,
- wage structure and black African advancement,
- fringe benefits,
- desegregation at places of work,
- and finally, reports on the implementation of the Code of Conduct.

21. The wording of some passages in the text is inexact or superficial. This is hardly surprising since scarcely more than two months passed between the request for the text to be drawn up (12 July 1977) and its adoption by the nine foreign ministers (20 September 1977). In view of the immense significance of the apartheid problem, it is utterly incomprehensible why the formulation of such an important document was not begun much earlier. The result would certainly have been much better if the Commission had been involved in drawing up the text; but as the Commission representative reported to the Committee on Development and Cooperation on 29 March 1977, the Commission was at no time involved in the discussions. In view of the delicate position of the Commission

within the political cooperation framework, this is not surprising either. It would also have been sensible if, before the decision was taken, the competent bodies of the European Parliament and particularly the Committee on Development and Cooperation could have been asked for its opinion or at least consulted on the question particularly since a solution of the apartheid question has not only been an active concern of this Committee but is also at the centre of discussions within the ACP-EEC Convention of Lomé.

22. The Community's policy on South Africa is in many areas incomplete and impractical. Small steps are being taken but there is no overall plan, a point which has still to be discussed in detail. It might almost be thought that, by adopting the Code of Conduct, the Community wanted to shift its responsibility for finding a solution to the South African problem onto the business world, being incapable of devising an overall solution for this delicate question itself. However, it would be a mistake to write off the Code of Conduct completely. It is a political gesture which can have an effect on morale. In the formulation of a joint African policy for the Nine, the Code could be an important step in the right direction, becoming an essential element of an overall design. Although the Code is not binding, some of its provisions do conflict with the application of South African laws. This appears to be the intention since this will make it possible to discover whether the South African authorities are prepared to suffer economic losses in order to preserve the purity of their apartheid philosophy, or, alternatively, to make concessions on apartheid in accordance with economic reason.

23. The Republic of South Africa reacted relatively quickly to the Code adopted by the Community, although only verbally. In a statement issued in Pretoria on 26 September 1977 the South African Foreign Minister Mr Botha, a moderate supporter of the apartheid policy, criticized the 'high moral tone' of the Community governments. What he actually said was: 'The governments of the European Community have no monopoly on morals'. He said it was imperative for them to turn their attention to conditions in their own countries which in many cases were far from exemplary. The Code would only be credible if it were applied to the activities of European firms in all countries. Mr Botha said that South Africa would supply the European Community with a review of social conditions in other countries with which the Community traded. It is true that there are social differences in all countries, including those of the Community. There are also countries where social conditions are catastrophic. That is not the issue here. The point here is that the standard of living of the vast majority of the population in South

Africa is so low simply because the colour of their skin is black.

2. Content of the Code of Conduct

24. The Code of Conduct adopted by the Community is not the first document of this type. In 1974 the British Government adopted a White Paper which British firms in South Africa were asked to observe. In 1977 a Charter on the same subject was drawn up by eleven multinational American companies. Comparing these documents, the Community's Code is more complete than the British code of practice and its requirements go far beyond those set out in the American charter¹.

25. Chapter 1 of the Code deals with relations within an undertaking. Paragraph (c) of this chapter states: 'Should black African employees decide that their representative body should be in the form of a trade union, the company should accept this decision'. It is regrettable that 'should' is used instead of 'must'. Apart from this, this wording does present a substantial step in the right direction and might have a positive effect on the attitude of the South African government towards the trade union question. The Code emphasises that trade unions for black Africans are not illegal and that companies are free to recognize them, negotiate and conclude agreements with them. That is very important since there is discrimination in the field of training in skilled trades which remains the preserve of the white trade union members. The formation of non-white trade union organizations and fair negotiations with employers' representatives, particularly European ones, are extremely important in order to improve wages and working conditions, as black workers are commonly exploited in South Africa because they are black and therefore, as Steve Biko once said, exploitation based on race must be abolished first. Unfortunately the good start to chapter 1 of the Code is let down slightly by paragraph (f) which states: 'Where works or liaison committees already operate, trade union officials should have representative status on these bodies if employees so wish'. It would have been better to omit this phrase as African workers have in the past rejected these 'works and liaison committees' as being both unrepresentative and ineffective.

26. Chapter 2 of the code deals with the problems of migrant workers. It rightly describes the system of migrant labour in South Africa as an instrument of the policy of apartheid. The text continues: 'Employers have the social responsibility to contribute towards ensuring freedom of movement for black African workers and their families'. These points are important because current legislation prevents non-white employees from seeking a job of their choice. In addition, the system of migrant labour leads to serious social and family conflicts. In addition to

¹See full text in Annex II

black South African workers, there are migrant workers from the bantustans and many migrant workers from the independent African states which border on the Republic of South Africa. Approximately 300,000 black migrant workers not of South African nationality enter South Africa daily. According to the Prime Minister of Lesotho, Dr Jonathan, over 45% of the labour force of this country alone is employed in South Africa¹.

27. Chapter 3 refers to the problem of pay. It rightly states that 'Companies should assume a special responsibility as regards the pay and conditions of employment of their black African employees'. It therefore calls upon them to formulate specific policies aimed at improving their terms of employment. The main point in chapter 3 of the Code is clearly the reference to a minimum wage. It specifically states : 'Pay based on the absolute minimum necessary for a family to survive cannot be considered as being sufficient'. And the text goes on: 'The minimum wage should initially exceed by at least 50% the minimum level required to satisfy the basic needs of an employee and his family'. This does not seem logical. 'The absolute minimum necessary for a family to survive' has clearly been wrongly calculated, since the lowest wage corresponding to it 'cannot be considered as being sufficient'.

The solution to this would therefore be simply to fix the minimum at a sufficiently high level to ensure that the 'basic needs of an employee and his family' are really satisfied, together with the corresponding minimum wage.

28. This is a very important point in the Code of Conduct since for human and social reasons it is not acceptable that black workers should earn a fifth of the white wage in almost all branches of industry and a seventh in mining. The payment of a minimum wage which barely permits people to survive is inhuman, unjustifiable and unsocial. In addition to this, there is the increasing danger represented by accelerated mechanization and automation which is contrary to the interests of black workers. In view of the present precarious situation in some areas of the economy and in order to remain competitive on the world market, companies operating in South Africa will certainly push forward with automation. In the countryside unemployment amongst the non-white population has already reached a high level. There is thus a very real socio-economic problem as spiralling labour costs cause labour-intensive production methods to be scrapped and replaced by capital-intensive methods. However this development has been recognizable for some years. The introduction of labour-saving techniques is thus not an 'endogenous type of specific racial discrimination', but a consequence of the liberalization of wage and employment structures.

¹ Minutes of the meeting of the Joint Committee in Maseru, 28 November to 1 December 1977, CA/CP/31, Annex II, p.7

Statistics are sometimes produced to show that the relative wage increases for black workers exceeded those for white workers between 1971 and 1975; in fact, however, because of their higher income levels, the absolute increases in the whites' wages are much higher than those of non-white workers. It is an undisputed fact that the poverty of the black population is still South Africa's main problem. It is therefore necessary to raise wages, but this ought to be done in stages. There must be realism here and the final effect must not be against the interests of the black workers themselves. If capital-intensive production methods, i.e. automation, are increasingly employed, the Code ought to contain the provision that the unfavourable side-effects of cost saving rationalization measures of this type must not be borne solely by non-white workers. These are a few basic ideas which will have to be taken into consideration when implementing the Code. Demands and rules which are to be applied by European companies operating in South Africa must be drawn up with an exact idea of their possible effects, bearing in mind particularly whether they will be to the advantage of that part of the population which should and must be helped.

29. Chapter 4 lays down the principle of 'equal pay for equal work'. This means that 'all jobs should be open to any worker who possesses suitable qualifications, irrespective of racial or other distinction, and that wages should be based on a qualitative job evaluation'. Although the text does not expressively demand the elimination of restricted occupations and professional closed shops, i.e. that certain occupations ought no longer to be the preserve of the whites, the text of the Code does go in the right direction: 'Employers should draw up an appropriate range of training schemes of a suitable standard to provide training for their black African employees, and should reduce their dependence on immigrant white labour'. This phrase is very important because discrimination is especially marked in training. Moreover, foreign firms operating in South Africa have often pointed out that they very frequently ask permission to set up training centres for black South Africans. Matters of this sort are however left by the government to private bargaining between employers and employees. However since training, especially training for skilled work, is the monopoly of the white trade unions, it is understandable why so far no noticeable progress has been made in the skilled training of non-white workers. The problem is less acute within the skilled workforce since several technical schools and an institutionalized and subsidized on-the-job training system provide at least rudimentary training in industrial skills for black Africans.

30. Chapter 5 emphasizes companies' social responsibility for the living conditions of their employees and families. It therefore proposes action and welfare payments over and above the question of wages.

Particular attention is given to housing assistance, a very important point since the majority of the dwellings of non-white workers and their families cannot be considered fit for human habitation. Improvements are also envisaged in the following areas: transport from the place of residence to work and back, leisure and health service facilities, assistance in problems employees encounter with the authorities over their movement from one place to another, the choice of residence and their employment, pension matters, educational matters, insurance against industrial accidents and unemployment and other social welfare measures. Most of these are measures which in any modern social state are taken care of within the framework of family, social and health policy. Since the Republic of South Africa must be counted as being one of the important industrialized countries, social improvements for workers of all races ought to be a matter of course.

31. Chapter 6 is chiefly concerned with petty apartheid. It calls upon employers to abolish any practice of segregation notably at the workplace and in canteens, sport activities, education and training. It also calls for equal working conditions for all the staff of a company.

32. In conclusion, the Code of Conduct is chiefly concerned with equal treatment for all workers at the workplace. It provides for the freedom of association of workers, the right to wage bargaining, unhindered activity by organizations representing employees and rules on a minimum wage. It also clearly calls for equal pay for equal work. To this extent the Code deals with some important issues which, if it were to be applied, would be of considerable assistance in improving the material and social position of non-white workers. Unfortunately, the authors of the Code of Conduct have committed a serious psychological mistake since in many places it is only black African employees or workers who are mentioned. This wording runs through the whole text and particularly chapters 1 (c) and (e), 2 (b), 3, 4 (b) and 5 (b). The authors of the text ought to be made aware of the fact that South African society is made up of four groups, namely whites (18%), coloureds (9%), people of Indian origin (3%) and blacks (70%). That is very important since none of the four groups seems to want to give up its identity. Since the Code of Conduct does contain some extremely important and well-chosen points and can give a decisive stimulus to a solution of the apartheid problem, it is extremely regrettable that some of its formulations have to be regarded as racist. It is simply incomprehensible that a code drawn up in order to nullify and abolish racial discrimination should itself contain racist elements. It would therefore be appropriate when the text of the Code of Conduct is reviewed in detail by the appropriate authorities for these inaccuracies and racist undertones to be removed.

3. Application, implementation and supervision of the Code of Conduct

33. The Committee on Development and Cooperation welcomes the fact that the nine Foreign Ministers of the Community have adopted a code of conduct for companies operating in South Africa. This is an important initiative since it may mark an initial starting point for a policy on South Africa and, if correctly applied, may help to solve the apartheid problem in South Africa. The criticism is often made that the code is at present only voluntary. This criticism is not fully justified since it should not be overlooked that the very adoption of the code implies a specific pattern of political behaviour. To this extent, the Foreign Ministers' decision should be regarded as a step forward.

34. It is regrettable, however, that so important a decision should be taken on the basis of a rather superficial text, drawn up far too quickly and adopted by the Foreign Ministers at a pace completely out of keeping with their normal practice. It is not that Parliament is opposed to rapid decisions but rather that in this case a little more patience would certainly have produced a better result. Particularly deplorable is the fact that the text was not drawn up in close consultation or at least discussed with the organizations responsible for the implementation and application of the code. The Nine were right not to discuss the code of conduct with the government of the Republic of South Africa, and this needs no further comment. On the other hand, it would have been appropriate to discuss the implementation and observance of the code in depth with employers' and employees' organizations in the Community before its adoption. Nor from a political point of view would it have been inappropriate to consult the ACP States directly affected by South Africa's apartheid policy.

35. It is no secret that the initial reaction to the code of some employers' organizations in some of the Member States was unfavourable. This could have been prevented if representatives of industry had not only been informed in good time but had also had the aims of the policy explained to them. Mr Simonet, then President-in-Office of the Council, himself referred to this in a statement before Parliament on 15 November 1977: 'After an unfavourable initial reaction from employers' associations in one or two Community countries, the efforts made by the governments to impress on them the crucial importance of what is at stake have resulted in an assurance by all the associations that they will apply the code of conduct as fully as possible'¹. And Mr Simonet's successor, the Danish Foreign Minister Mr K. B. Andersen, said on 15 March 1978: 'The nine governments unanimously agreed to recommend

¹ Debates of the European Parliament, OJ No. 223, November 1977, p.47

this code of conduct to parent companies and are at present discussing its implementation with employers' and workers' organizations in the Member States'¹. Whether it is true, as Mr Simonet told Parliament, that all associations have indicated their willingness to apply the code of conduct as fully as possible, is another matter. What is important is that the Community has begun a campaign to explain the situation. It is not known how deeply the International Confederation of Free Trade Unions (ICFTU) was involved in the drafting of the code. All that is certain is that, following a meeting between Mr Kersten, General Secretary of the ICFTU, and Mr Haferkamp, Vice-President of the Commission and the Commissioner responsible for external relations, the Commission announced in mid-July 1977 that the ICFTU could make an important contribution to the drawing up of the code on the basis of its experience. The assistance of the ICFTU could indeed be valuable since it is said to have good relations with the few black trade unions in South Africa. It is at all events, important that the code should be applied in close and trusting cooperation between the Community authorities and the employers' and workers' organizations since any thought of implementing it must otherwise be regarded as utopian. In addition, the Council ought to consider mounting a campaign to give publicity to the code. The mass media in the Community, particularly television, should report in detail on its meaning and purpose. It is simply not enough for the governments of the Nine, a few ambassadors and the employers' and workers' associations to know about it. It is important for the code to be understood and appreciated by the whole of the European public, even though some may have reservations about it. Nor would it do any harm to make the purpose of the code known to the majority of the inhabitants of the Republic of South Africa. Above all it should be made clear that the Community does not intend to set itself up as an arbiter of morals. Its task is to explain that the aim of the code is to bring home to the white population of South Africa that it can no longer avoid taking a number of decisions.

36. In addition, it is not only important to ensure strict and uniform observance of the code by all the parties to whom it applies. It is equally vital that the code should be applied in the same manner to all

¹ Debates of the European Parliament, OJ No. 228, March 1978, p.81

companies registered in the various Member States, that is to say, it must be uniformly applied by all the Member States. It cannot be denied that in the past some Member States have given their agreement to the general political guidelines and then have shown little willingness to apply them. If this attitude should repeat itself with regard to implementation of the code of conduct, certain companies in some Member States would be put to a greater disadvantage than others. Furthermore, non-uniform application could even have a disintegrating effect on the Community itself.

37. Parliament considers it rather remarkable, not to say illogical, that although the initiative for the code of conduct was taken at Community level, the Member States alone are responsible for enforcement and supervision. It is therefore essential that the nine governments of the Member States should agree on common formulae for the application of the code. None of the nine member governments can have any interest in adopting measures which in practice are implemented in different ways or not at all. It would be giving direct help to the Republic of South Africa if the nine Member States were to adopt measures which subsequently were not applied. Therefore a careful check must be made on how things are done in practice.

38. After some initial hesitation, the attitude of the industrial associations in the Community has become more positive. The trade unions, particularly the German Trade Union Confederation and the British unions, have declared their readiness to support the few black trade unions in South Africa in pressing their demands. The Netherlands Association of Enterprises has already agreed to observe the code of conduct. The German industrial and business associations stated on 27 September 1977, i.e. shortly after the publication of the code, that they would respect the aim on which it was based and agreed to translate its principles into practice. Even more important, however, is what the governments of the Nine have done or will do to implement the code adopted by the nine Foreign Ministers. For example, the government of the Federal Republic of Germany stipulated in a cabinet decision taken as early as November 1977 that West German firms with branches in South Africa would not receive export guarantees if they did not undertake in writing to observe the Community's code of conduct. This was also revealed in the answer to a written question by Mr Uwe Holtz, chairman of the German Bundestag's Committee on Economic Cooperation. Exporters must consequently state that they are acting in the knowledge of and in agreement with the declaration made by the central German industrial associations.

For this reason Parliament would like to be informed by the Foreign Ministers meeting in political cooperation, the Council or the Commission exactly what measures individual governments have taken to ensure uniform application of the code in all the Community countries. This is the fundamental question which must be settled immediately if the code is not to remain a dead letter. For if the governments of some Member States have not already taken the appropriate steps, companies in those countries which have already taken measures to ensure observance of the code will suffer a substantial competitive disadvantage. Parliament therefore considers the observance and uniform application of the code of conduct by the governments of the Nine to be a matter of cardinal importance.

39. A further problem should not be overlooked. EEC firms operating in South Africa that act in accordance with the code, and in particular satisfy the demand for 'equal pay for equal work', may have great difficulty in competing with South African firms, to which the code does not apply. As European companies are mainly concentrated in the processing sector and very much orientated towards the export trade, they may be put at a serious competitive disadvantage. Has the Commission or any other body given any thought to how these firms can be helped? Or will the European parent companies raise their prices and transfer funds to their subsidiaries in South Africa to keep them competitive?

40. Apart from its implementation and uniform application, supervision of the code of conduct is the major problem. Paragraph 7 of the code is of great importance in this respect. It reads:

- '(a) Parent companies to which this code is addressed should publish each year a detailed and fully documented report on the progress made in applying this code.
- (b) The number of black Africans employed in the undertaking should be specified in the report, and progress in each of the six areas indicated above should be fully covered.
- (c) The governments of the Nine will review annually progress made in implementing this code. To this end a copy of each company's report should be submitted to the national government.'

As the text shows, companies are under an obligation but are not compelled to publish a detailed documented report once a year to be examined and assessed by the nine governments within the framework of political cooperation to determine what progress has been made.

41. From the outset Parliament has recognized the importance of paragraph 7 since it alone offers the possibility of exercising control. In practical terms Parliament's appeal to the Council is as follows : the Conference of Foreign Ministers is urged to report annually on the effectiveness of the code of conduct. The President of the Conference of Foreign Ministers should give Parliament an assurance that the parliamentary institution of the European Communities will receive an annual report on the observance of the code of conduct by those Community firms which have their legal and actual headquarters in the Community and maintain subsidiaries in the Republic of South Africa. Parliament also calls on the President-in-Office of the Council to submit to it all company reports prepared in connection with this code of conduct. To simplify matters, the rapporteur and a number of other representatives of the Committee on Development and Cooperation could be instructed to examine the company reports. It would be useful and practical to set up a subcommittee or ad hoc committee of the Committee on Development and Cooperation, as has been done in the Committee on Budgets, to take over the relevant control functions. Parliament should also be informed when companies are not prepared to report on their conduct in the face of the apartheid policy. Should the Council refuse to present an annual report to Parliament or to forward the company reports, the code of conduct adopted by the nine Foreign Ministers would lose its Community character ; the Council's code of conduct would then become the code of conduct of the nine Member States. However, since the initiative was originally taken within the framework of political cooperation, this cannot in any sense have been the aim or the purpose of the decision.

42. The code's success or failure therefore depends on how its observance is monitored at Community level and whether the Council is prepared to publish the reports prepared by companies and to report on them to the European Parliament each year. During the general debate on political cooperation which took place in Strasbourg on 15 November 1977 and during which the oral question put by the Socialist Group to the Foreign Ministers on the subject of action taken by the South African government against opponents of the apartheid policy was discussed, the President-in-Office of the Council and Belgian Foreign Minister, Mr Simonet, stated that observance of the provisions of the code would be kept under constant review and that a report would be submitted to the Foreign Ministers every year. No mention was made of Parliament being involved in this procedure. In answer to a written question to the Council¹ on action taken on the resolution of the ACP-EEC Joint Committee of 1 December 1977, the Council described application

¹ Written Question No. 942/77 by Mrs Goutmann to the Council of the European Communities, OJ No. C 72, 22.3.1978, p. 30

of the code of conduct as a major contribution to improving the living and working conditions of vast numbers of the people of South Africa, but the answer again does not contain any indication of what the Council intends to do to ensure the application and supervision of the code or to inform Parliament on its implementation and the results achieved. At the Joint Committee's meeting in Maseru (Lesotho) on 28 November - 1 December 1977, the chairman of the European Parliament's Socialist Group, Mr Fellermaier, asked the President-in-Office of the Council whether the Council was prepared to report to Parliament annually on the observance of the code. In reply, the Belgian Minister responsible for development affairs, Mr Outers referred to paragraph 7 of the code of conduct and entered into a binding commitment on behalf of the Council of Ministers that it would inform the European Parliament on the application of the code.

On 10 May 1978, following the Council's answer to Oral Question No. 40 put to it by Mr Osborn¹, Mr Fellermaier reminded Mr Andersen, President-in-Office of the Council and Danish Foreign Minister, of what Mr Outers had said in Lesotho. He also asked the following precisely worded question : 'Are you willing to confirm today that the statement of the President of the Development Council is to be understood as meaning that the Council of the European Communities will deliver this report in this House at the end of the first year of application of the code?'. The answer given to this question by the President-in-Office was a definite 'yes'. As quite enough words are exchanged in politics, but in the final analysis only actions count, Parliament wishes to recall this commitment by the President-in-Office. Moreover, since the code of conduct has been applied for over a year, Parliament calls upon the responsible Community authority to submit to it the first detailed report on the effects the code has had.

43. Parliament regrets furthermore that the Foreign Ministers of the Member States, when agreeing on the code of conduct, were unable to adopt a model for the drawing up of company reports. The provision of a Community model for the drawing up of annual reports would not only considerably facilitate the work involved but also contribute to the uniform application of the code, without which it will not succeed. According to an unofficial account, foreign ministry experts discussed this question in Copenhagen, on 25 January 1978, but it is not yet known whether any joint solution was found. As Parliament regards this as an essential complement to the code of conduct, it calls on the Community experts to make standard forms available immediately to the companies for their annual reports on measures taken to comply with the code of conduct. Since the first annual reports should already have been submitted and these forms do not yet exist, it will be interesting to see how these reports are set out.

¹What discussions have the Foreign Ministers of Member States had with the South African government, and neighbouring ACP countries, about the impact of the code of practice on productivity as well as wage levels and the consequential impact on employment in South Africa?' (OJ No. 230, Debates of the European Parliament, May 1978, pp. 151f.)

44. Systematic evaluation and publication of company reports is of great importance if the Community's code of conduct is to contribute to an improvement in the lot of non-white workers. Regular contacts with European firms operating in South Africa are therefore essential. But who is to correspond with the companies concerned? The Foreign Ministers meeting in political cooperation, the Council of the European Communities, the Commission or the national governments? Parliament takes the view that treatment of so important a topic within the framework of political cooperation alone is insufficient. It is also no secret that Parliament has so far not been kept adequately informed within the framework of political cooperation¹. When the Foreign Ministers of the Nine met in Copenhagen on 14 February 1978, the code of conduct was allegedly also discussed, but Parliament was not informed. It should also be noted that the Council has not yet given a formal answer that it will forward the company reports to Parliament.

45. Parliament therefore considers that the collection and evaluation of the reports should be organized centrally and hopes that this important task will be delegated to the Commission, since it regards the division between 'Community activities' and 'political cooperation' as artificial and would like to see the Council involving the Commission fully in the process of political cooperation. The deciding factor, however, is that Parliament needs a competent body to which to address itself in order to ensure the correct implementation of the code. For this reason, the whole question of the code must be transferred to the Community level, i.e. from the Foreign Ministers meeting in political cooperation to the Council. Only if there is coordination between the Commission, the Council and Parliament is the code likely to be successfully applied and implemented. Parliament is after all the only Community body in a position to put this policy into a transparent form. It is therefore its responsibility to ensure not only that the code of conduct is applied fairly but also that it is respected by the companies concerned.

¹ See report drawn up by Mr Blumenfeld on behalf of the Political Affairs Committee on European political cooperation, Doc. 427/77.

4. Effectiveness of the code of conduct and extension of its sphere of application

46. As stated above, the code of conduct adopted by the foreign ministers meeting in political cooperation does not have the force of law. Companies are merely urged to comply with it on a voluntary basis, particularly where it concerns the equal treatment of white and black workers at the workplace. Thus how effective the code is depends primarily on the willingness of companies to abide by its provisions. The former President-in-Office of the Council, Mr K.B. Andersen, explained it in these words: 'The observance of the Nine's code of conduct will of course primarily depend upon the extent to which the individual companies feel an incentive to follow the recommendations'¹. During the general debate on political cooperation on 15 November 1977 in Strasbourg during which the apartheid question and the code of conduct were discussed in detail, the chairman of the Socialist Group, Mr Fellermaier, called for wider economic sanctions against the South African government to ensure observance of fundamental and human rights.

47. Neither the governments of the Nine nor the Community institutions have sufficient legal means to impose sanctions on companies in South Africa which are not willing to respect the code. There are in addition, wide differences of opinion amongst the nine governments on the degree of control that each individual Member State can exercise over private industry. Because of the varying legislation in the Member States, whose economic systems do not differ fundamentally, it has not been possible to back up the code of conduct with legal sanctions. To take a practical example: even if a country finds that a particular company with a branch in South Africa is not adhering to the code of conduct, it does not have any means of fining the company or imposing other legal sanctions. The only available sanction, which is not of a legal nature, would be moral censure. The situation is the same at Community level.

48. An important point must be stressed here: the code of conduct is not concerned with Europe's attitude to economic relations with South Africa; its sole aim is to frustrate the apartheid laws on labour relations. As to complementing the code of conduct with genuine economic sanctions, the majority of the Member States are not in favour of a general economic boycott. Moreover, under Chapter VII of the United Nations Charter, a general boycott may only be contemplated if peace is threatened or a breach of the peace or an act of aggression has taken place. The Committee

¹ Debates of the European Parliament, OJ No. 228, March 1978, p.81

on Development and Cooperation does not believe that the situation in South Africa, deplorable though it is, can be described in these terms.

49. It is also doubtful whether a general economic boycott against South Africa would serve to overcome and abolish the apartheid system. The aim of a boycott would be to force South Africa to change its course and eliminate apartheid, i.e. the white minority government's policy of preserving the white population as the state and of granting the blacks similar rights only in their homelands and not in white areas. Normative recommendations that aim at bringing about a change of course in the apartheid policy must be based on a clearly defined position. If the purpose is to increase the prosperity and improve the working conditions of the non-white population - and this is after all what the Community wants to achieve with its code - a general economic boycott is neither the right method nor the best strategy for it would hit the black population hardest.

50. A further question is whether the code of conduct can be supplemented with specific measures such as a ban on investments or the cancellation of export credit guarantees. Although the present text of the code places the emphasis on the demand for equal treatment of blacks and whites at the workplace, the idea of economic sanctions has not been dropped by some Member States. The Netherlands in particular seem to be pressing for specific boycott measures against South Africa. The Dutch feel that the Member States of the Community ought to refuse to grant credit facilities for a period of more than one year for exports to South Africa and that the code of conduct should include a ban on investments.

Confidence in the country's economic future would undoubtedly be particularly shaken by an investment ban. At the same time, it would produce a sharp rise in unemployment amongst people of all races. Calculations have shown that in all probability a total investment boycott in 1976 would have reduced the gross national product by hardly more than 5%. The resulting unemployment would have affected approximately 40,000 whites and 80,000 non-whites, to be laid off.

A boycott on South African exports would hit the South African economy much harder than an investment boycott. A 50% export boycott would do considerable damage to South Africa's balance of payments. However, of the 1.1 million people who would lose their jobs as a result, about 850,000 would be non-whites; of these the very poorest section of society would be hardest hit, i.e. the 500,000 employed primarily in mining and agriculture¹. An oil boycott could severely damage the South African economy, petroleum being the only raw material which South Africa does not possess. But this would take effect only in the long term since South Africa is already producing oil from coal, of which it has extensive reserves.

¹ These figures were calculated by the well-known economist Professor Arnt Spandau. See 'Internationales Afrika-Forum' No. 1, 1978, pp. 66 ff.

However, boycott measures are difficult to supervise and are seldom observed by all parties. The latest and most flagrant example is the case of the three western oil companies which have been supplying Rhodesia with oil despite the boycott. All economic sanctions against Rhodesia in the past have been unsuccessful, and none of the governments of the Nine has so far supported a proposal to put this right in the United Nations. It is, moreover, no secret that many ACP countries, including those, like Zambia, directly affected by the apartheid policy, continue to trade with South Africa¹.

51. In view of these circumstances very careful consideration should be given in the Community to whether or not the code should be backed up with economic sanctions. First of all a detailed examination must be made of the extent to which companies have respected the code's objectives and whether and to what extent social improvements for the non-white labour force have already been achieved. Racial discrimination at the workplace was, for example, officially abolished in the South African iron and steel industry, one of the most important sectors of the economy, in May 1978. An agreement reached in Johannesburg between the trade unions and employers makes no distinction between races in the allocation of jobs. The sole criterion is to be the aptitude for the work concerned. This arrangement is significant since approximately half a million workers are employed in the South African steel industry, and 80% of these are black. A similar agreement had previously been reached in the metalworking industry. Apartheid has likewise been abolished in a number of large theatres and opera houses. The government in Pretoria leaves it to these places of entertainment to decide whether performances should be given before audiences of all races. Through the correct application of the code sufficient pressure can thus be brought to bear on South Africa's white government. The fact that the Community did not immediately adopt a threatening tone or consider taking extreme measures, basically shows merely that it is well aware of the negative consequences of boycott measures on the black population. Furthermore, it gives the other side a chance to change its policy. In future the Community may well resort to more drastic methods if South Africa does not modify the principles of its policies; however, care must then be taken to ensure that such sanctions do not first harm the very people whose legitimate rights we wish to defend. The legal experts of the Political Affairs Committee meeting in European political cooperation must in any case continue their deliberations on the sanctions that can be imposed at Community level on companies which do not observe

¹ See the very interesting debate in the European Parliament, OJ No. 225, Debates, January 1978, pp. 135 ff.

the provisions of the code. They should also examine in detail all the technical and material aspects of the problem to determine how the economic power of the European Community can be used to force Pretoria to make its institutions more democratic if application of the code in its present form proves unsuccessful.

52. A number of other conclusions must also be drawn in this context. For example, Parliament feels that all cultural agreements between Community countries and South Africa should be terminated, there being no greater contradiction than the concept of culture on one hand and the concept of apartheid on the other. The moral condemnation expressed with the adoption of the code of conduct must give rise to other measures that logically follow from it.

53. Of equal importance is that the principles underlying the Community code should also be applied by the leading economic nations outside the European Economic Community. Parliament therefore welcomes the fact that the nine governments, immediately after the adoption of the code, encouraged their OECD partners to abide by its provisions. It would, of course, be better if there were a Community initiative to convince the other economic partners, particularly the USA and Japan, of the code's importance.

IV. Apartheid policy and the Lomé Convention

54. Measures to eliminate apartheid can be taken both by the Member States and by the European Community. Particular pressure can also emanate from the institutions set up under the Lomé Convention - the ACP/EEC Consultative Assembly and the body which prepares its work, the Joint Committee. Over the past two years both these bodies have made generous use of their right to debate political problems directly affecting the countries that have signed the Lomé Convention and have referred to the political and practical questions concerned.

It is only logical that the Committee on Development and Cooperation should be the committee responsible for considering topical questions relating to South Africa, such as the code of conduct and the apartheid problem. Since this committee bears full responsibility for preparing and organizing the work of the Joint Committee, there is no reason why these should not be considered by the same committee in the European Parliament. Development policy today is a complicated amalgam of moral, political, commercial and domestic economic considerations. Consequently, the terms of reference of the Committee on Development and Cooperation have changed considerably, especially as development policy touches on many areas of foreign policy and external economic policy.

55. On 10 June 1977 the ACP-EEC Consultative Assembly adopted a resolution in Luxembourg which made detailed reference to the southern African problem. In paragraph 17 of this resolution the Assembly stressed that 'the economic situation of the member countries of the Convention of Lomé engaged in southern Africa in the joint struggle of the African peoples for independence and against racialism is part of a political crisis in which the EEC must concern itself, necessitating the use of special measures within the framework of the Convention; the Assembly welcomes, in this connection, the use made of the provisions of the Convention relating to exceptional aid, and recognizes that in view of the worsening of the crisis, further and more urgent help will be needed'. Paragraph 19 reads: 'Requests all signatory States of the Convention to observe with the utmost strictness the resolutions adopted by the United Nations, the OAU and the recent Maputo Conference in support of the peoples of Zimbabwe, Namibia and the Republic of South Africa for independence, the unequivocal affirmation of the principle of majority rule and the equality of all peoples in this area'¹.

My Cheysson, the Commissioner responsible for development policy, welcomed these paragraphs of the resolution as they made the Commission's task easier. He also pointed to the many economic and political difficulties which have arisen in southern Africa because of the maintenance of the apartheid policy. The Community, he said, therefore had a moral duty to help the governments and peoples of this region.

56. At the Joint Committee's meeting in Maseru, Lesotho, (28 November - 1 December 1977), a country particularly hard hit by South Africa's apartheid policy, the political discussions centred on this question. To underline the importance of this question, the Joint Committee even decided to adopt a special resolution on the political situation in southern Africa². In paragraph 3 of the resolution the Joint Committee expresses the opinion that the situation in South Africa constitutes an immediate threat to international peace and security and unequivocally condemns the efforts of the South African government to maintain apartheid.

At its meeting in Grenada (29 May - 1 June 1978) the Joint Committee again adopted a special resolution on the political situation in southern Africa³. This not only condemns racist policies but also welcomes at some length the code of conduct adopted by the European Economic Community. It also calls for further measures to end economic cooperation with the South African government.

¹ See OJ No. C 272, 11.11.1977, p.10

² For complete text see Annex III

³ For complete text see Annex IV

On 29 September 1978 the ACP-EEC Consultative Assembly adopted a further resolution, Part C of which was concerned exclusively with the political situation in southern Africa. The resolution contained a strong condemnation of the non-compliance by three major European oil companies for the boycott against Rhodesia¹ and stressed the Community's efforts to influence multinational companies with the aid of the code of conduct.

57. Whilst the Republic of South Africa, Rhodesia, Angola, Mozambique and Namibia have assumed a special place in international politics, little attention is paid to the 'front-line' states in southern Africa: Botswana, Lesotho, Swaziland and Zambia. Only the European Economic Community has taken any real interest in these states and granted them special aid under the Lomé Convention.

Even when the Lomé Convention was being drawn up, Botswana, Swaziland and Lesotho assumed a special status within the group of States eligible for association since at that time they formed, with the Republic of South Africa, the South African Customs Union. This customs union with a state which cannot be regarded as a developing country and for which there was no prospect of association with the EEC for both economic and above all political reasons, could, in the Community's view, have resulted in specific problems requiring special clarification (Protocol No. 22, Part I(3)). The three countries therefore undertook, in a joint declaration (Annex XII to the Lomé Convention), to apply the same customs tariff treatment to imports originating in the Community as they applied to those originating in the Republic of South Africa (most-favoured-nation clause pursuant to Article 7(2) and to ensure through their customs arrangements and through the application of the agreed rules on origin (Article 2 of the Lomé Convention in conjunction with Protocol No. 1) that there would be no trade deflection to the detriment of the Community.

58. The front-line states attach particular importance to the provisions of Article 59 of the Lomé Convention, under which a total of 150 million u.a. has been made available for exceptional aid to the ACP states until the expiry of the 4th European Development Fund. Aid has been granted not only to the front-line states but also to Zaire and Malawi, whose economies were particularly hard hit by the hostilities in Angola². The provisions of Article 59 have proved very beneficial to the front-line states, and particularly Lesotho, especially as they have suffered considerable

¹ For complete text see Annex V

² See a report on Community aid to these states in 'Information', Commission of the European Communities, 'The European Community and southern Africa', No. 166/77

economic losses through the continuing political confrontation in southern Africa. This exceptional aid, coupled with the Community's normal payments, has strengthened the economic and political resistance of the countries directly affected by apartheid and helped to loosen South Africa's tight grip on them.

59. The exceptional aid the Community grants to the countries particularly hard hit by apartheid should not be seen merely as an administrative act on the part of the Commission. It also quite clearly has a political aspect. This was brought out in the European Parliament's debate on South Africa on 12 January 1977, when, following an oral question tabled on behalf of the Socialist Group to the Community's Foreign Ministers on the Member States' common policy towards southern Africa, both Commissioner Cheysson and the then President-in-Office of the Council, the British Foreign Minister Mr Crosland emphasized the Community's solidarity with the people and nations affected by South Africa's apartheid policy, and particularly Lesotho¹. Similarly, at its first working meeting in December 1976 in Lomé, the EEC-ACP Committee of Ambassadors called for active support to be given to Lesotho. The second meeting of the EEC-ACP Council of Ministers in Suva has also given a detailed report on the special situation in Lesotho.

60. The Community has also helped some countries in southern Africa which have not acceded to the Lomé Convention, e.g. Angola and Mozambique. Although these two countries have not yet given a positive answer to the Community's suggestion that they accede to the Convention, there are three types of cooperation already in existence between them and the Community. Firstly, the system of general preferences is applied to imports from these countries. Secondly, Mozambique and Angola have received food aid and medical supplies. Thirdly, there are certain indirect advantages arising for Mozambique out of its inclusion in three regional projects. Angola and Mozambique do, of course, still have the opportunity of signing the Lomé Convention.

¹ See Debates of the European Parliament, OJ Annex No. 211, January 1977, pp.96 ff.

61. In the light of experience with Lomé I and the negotiations that have already begun on a new agreement with the ACP, the Community must define clearly what importance it attaches to Africa in its political calculations. In the past the Community made the very bad political mistake of hesitating too long, despite numerous admonitions from the ACP, before using the means at its disposal to help solve the conflict in southern Africa. Since then, however, the Community has realized that toleration of a white-minority government in South Africa and maintenance of good relations with the ACP are incompatible. This became very clear at the end of 1977 at the meeting of the ACP Council of Ministers in Lusaka and above all at the Joint Committee's meeting in Maseru. The conflict in and around South Africa is not only a subject of increasing concern to the institutions of the Lomé Convention; it is also threatening to become a real burden on its work. This was clearly revealed in Lesotho. If aid to Zaire could not even be coordinated within the framework of the Lomé Convention, when and where can political problems be discussed and resolved? The Community must therefore make every attempt to give a new dimension to political cooperation with the ACP in the Convention still to be negotiated. In addition, every effort must be made to increase the special aid granted to the ACP States in southern Africa affected by the apartheid policy. Thought might be given to the creation of a special action programme and the extension of the possibilities for which provision is made in Article 59 of the Lomé Convention, particularly by increasing the funds at present limited to 150 million u.a.

v. The European Community must develop its own strategy for resolving the South Africa problem

62. The aggravation of old conflicts and the emergence of new ones in Africa, particularly its southern part, should really have made it clear to the European Community that it is no longer possible to react to each new development in Africa with ad hoc measures. The virtual absence of a considered and coherent Africa policy on the part of the Community and of the West as a whole became apparent as early as 1975/76 at the time of the Angola crisis.

63. Why, it may be asked here, should the Community pay particular attention to the problem of South Africa? There are, after all, many other countries in the world where the most fundamental of basic rights are similarly violated. The seeds of conflict in the Republic of South Africa now lie so thick on the ground that, unless there is fundamental change,

the danger of an explosion and a tragic confrontation cannot be discounted. However, this threat hangs not only over South Africa - and this is the decisive point - but over the entire African continent and, in all likelihood, over Europe's economic, political and strategic relations with that continent. The Community must therefore try, using a variety of means, to put pressure on South Africa to improve the human rights situation. In this, there should be no attempt to promote specific political interests or impose moral judgments. On the contrary, the main thrust of any action should be aimed at preventing a situation from arising in which a further consolidation of the attitudes at present determining the form of South African society and relations between the individual races might lead to an explosion, the consequences of which would be unforeseeable not only for the country itself but for international relations as a whole. Pressure must be brought to bear on the policy of apartheid in this region while there is still time, so as to safeguard the basic right of all ethnic groups, including the white population, to exist.

64. The Republic of South Africa is particularly dependent on foreign trade. Just how dependent, however, is very hard to assess from outside, since details on a number of the largest international trade items, such as oil and arms imports, are kept secret. Various statistical data have been used to show that South Africa is of little importance to the Community as regards trade and is not irreplaceable as a supplier of raw materials. This is not so, South Africa being - whether we like it or not - the economic giant of the African continent. South Africa may be geographically remote from Europe, but it is nevertheless of the greatest strategic and economic importance for us. One has only to consider the shipping routes around the Cape of Good Hope and the country's wealth of raw materials. Over one million tonnes of oil are shipped to Europe and America around the southern tip of Africa each day. Although it has only 6% of the total population of Africa, South Africa produces and consumes more than 50% of the continent's electricity and accounts for about one third of its total GNP, more than one fifth of its agricultural output, about 30% of its exports and 25% of its imports¹. The country possesses over 70% of world gold reserves and is, with 76% of world reserves, the world's largest supplier of chrome ores, coming before Rhodesia and the USSR. It also has the world's largest reserves of

¹ See Annex VI

platinum, vanadium and manganese, as well as considerable deposits of iron ore, fluorite, diamonds, uranium, hard coal, silver, nickel, titanium, lead, tin, zinc, copper, magnesite and phosphates. Blue asbestos, a high-grade insulating material, is found exclusively in South Africa. It is therefore not surprising that 70% of South Africa's exports consist of raw materials. Since the European continent is poor in raw materials, it is in the Community's interests that its various trade relations with South Africa should not be severed. The Community should therefore be extremely interested in a peaceful solution being found to the internal conflicts in the Republic of South Africa. What is false, however, is the belief of many Europeans that this is possible only if the status quo, including apartheid, is preserved. The preservation of prosperity and order in South Africa and the Community's trade relations with this country is not a question of military strength but of political wisdom.

65. A few comments on the subject of uranium should be made at this juncture. South Africa appears to be assuming the position of one of the world's most important producers of natural uranium. It is expected that production of uranium oxide, which amounted to 3,265 tonnes in 1976 and has increased to 5,300 tonnes in 1978, will reach 8,500 tonnes by 1981. In view of the tough position adopted by the USA on uranium and of the situation on the world market, where competing countries such as Australia and Canada have imposed extremely harsh conditions of supply and also cut back their production of uranium, South Africa is becoming the most important supplier. The question thus arises as to how far Europe is, or will become, dependent on South African uranium. Can the European Community put any political pressure or impose economic sanctions on South Africa if it is dependent on the latter for its uranium supplies? These are extremely delicate political questions, but they have to be taken into consideration if economic sanctions are to be introduced as a means of putting an end to apartheid. Since the Community has no way in either the short or the long term of bringing political influence to bear on the five uranium-producing countries (USA, Canada, Australia, South Africa, USSR), it would be well advised to diversify its sources of uranium supply as widely as possible.

66. A general economic boycott of South Africa could undoubtedly lead to a number of difficulties for the European Community because of its dependence on various raw materials. The Federal Republic of Germany, for example, imports one third of its uranium requirements from South Africa, and the same applies to chrome ore; half of Germany's unrefined copper, too, comes from South Africa. Economic relations with South Africa are very extensive in other fields, too. Foreign trade between the Community

and South Africa, amounts to about \$ 10,000 million annually, Community firms have some 1,000 subsidiaries or affiliates in the Republic of South Africa, 60% of all foreign investment is from European countries. In view of the increasing number of unemployed in the Community - the figure rose to 5.9 million in July 1978 - many undertakings, and also several governments, would certainly do all they could to circumvent any such economic boycott. The deliveries of oil to Rhodesia, which came to light in 1978, are a pertinent example in this connection.

Of interest in this connection is a document published by the UN at the end of August 1978 listing all undertakings which have evaded the sanctions imposed by the UN Security Council on trade with South Africa and Rhodesia. The Security Council has prohibited all trade with Rhodesia since 1968 and all sales of arms to South Africa since 1977. The list, which was drawn up by the UN subcommittee on the abolition of racial discrimination and the protection of minorities, shows that, despite the trade boycott, 593 firms continue to trade with Rhodesia (444 British, 92 American, 20 Swiss, 17 Dutch, 8 South African, 6 West German, 2 Japanese, 1 Austrian, 1 Belgian, 1 French and 1 Canadian), whilst 43 other firms have sold arms to South Africa. The document does not specify, however, whether these sales took place before or after the 1977 embargo. (The firms involved include 20 French, 9 British, 5 American, 3 Italian, 3 Israeli, 1 West German, 1 Spanish and 1 Swiss.)

The Community is right to pursue a policy - including the exertion of some pressure - aimed at persuading South Africa to change its apartheid policy. This at the moment would be a better approach than the imposition of economic sanctions, especially as there are a number of factors restricting the Community's room for manoeuvre, or at least that area in which it can act without major difficulties. Strict application of the code of conduct could be a step in the right direction here, particularly if it were to prove possible to secure acceptance of the demand for equal treatment of blacks and whites at the place of work. Far more important than economic sanctions against South Africa at the moment is consideration of possible measures to be taken against Community-registered firms which violate the code.

67. Mr Kissinger, former US Secretary of State, revealed the United States' new policy on Africa in Lusaka in April 1976. This unambiguously committed the United States to supporting the interests of black Africa - the creation of black majority governments together while safeguarding white minority rights.

However, the United States has not yet succeeded in living up to its responsibilities as a world power in the South African question, despite Mr Kissinger's statements in Lusaka. In particular, Vice-President Walter Mondale's remark to the South African Prime Minister at the May 1977 Vienna Conference to the effect that South Africa should introduce the 'one man - one vote' system, democratic though that system is, will not help to resolve the conflict in South Africa. Such a policy would, if anything, exacerbate the situation. Both the American Vice-President's remarks and the comments of the US Ambassador to the UN, Andrew Young, give rise to the fear that realistic factors involved in the settlement of the apartheid question have hitherto been overlooked in the USA. The Community, whose security and economic interests in South Africa are greater than those of the United States, therefore has a special role to play in bringing about a shift in policy through peaceful change.

68. Whilst American policy on Africa is based on wishful thinking, the Community's policy is characterised by a lack of imagination. 'The main characteristics of European cooperation with regard to Africa are our helplessness and our inability to act, combined with the fact that on the question of taking specific action the opportunities for exchanging views or information and discussing policies between Parliament and Council are non-existent or thoroughly inadequate. The fact is that every time anything noteworthy has happened in Africa, the European Community has been unable to act as a Community'¹. It is also incomprehensible that the Community should merely reaffirm the views already expressed in various UN resolutions. How two-faced the UN and many of its member states are, has become abundantly clear during discussions of the problems connected with southern Africa. Many states that condemn the internal policies of Rhodesia and South Africa are extremely lenient in their assessment of violations of human rights within their own frontiers. It is simply unacceptable that the Community should regard as sacrosanct UN resolutions which have seldom led to the protection of minorities and democratic freedoms in Africa (Angola, Mozambique). The European Community should itself think about the southern African problem and form its own opinions. It is intolerable that it should permit its thinking to be dictated by others.

¹ Speech by Mr Blumenfeld, Debates of the EP, OJ Annex No. 231, June 1978, p.123

69. The Community has frequently, and in particular in the declaration of 23 February 1976, voiced its clear condemnation of the system of apartheid in South Africa. It has discussed the major African issues on repeated occasions in the framework of European political cooperation. However, with the exception of the code of conduct, the Community has developed no specific formula for resolving the South Africa question. Although it discusses the matter regularly, it contents itself with statements calling for majority government in Namibia and Rhodesia and strongly condemning South Africa's apartheid policy. The Community has unfortunately yet to realize that statements of this kind are no substitute for a policy and might well have exactly the opposite effect to what is intended. Despite a few tentative steps in the right direction, the statements made so far do not suffice to permit a constructive or consistent policy towards the Republic of South Africa. A realpolitik towards South Africa simply does not exist. But just what should such a policy entail?

70. The goal of a realpolitik must in all events, be to get South Africa to adopt certain attitudes towards changing its racist domestic policy. If this goal is to be achieved, it will first be necessary to clear up a misunderstanding: the Republic of South Africa is not a colony and white South Africans are not Europeans living in Africa. Unlike Namibia or Rhodesia at the present time, or Algeria or Angola in the past, indeed, unlike most African states, the issue in South Africa is not to find a solution to a colonial conflict. The South African 'Afrikanerdom' is a white African nation which has evolved over more than three centuries; it does not consist of white colonists. The Dutch arrived in South Africa in 1652, only 32 years after the Pilgrim Fathers landed at Plymouth Rock. That was long before the black tribes which today inhabit South Africa had moved in from the North. The 14th generation of Boers thus have a justifiable claim to the territory of South Africa. They are not simply settlers who could return to somewhere in Europe, because they no longer have a mother country there. South Africa is their mother country.

To this extent, then, South Africa differs fundamentally from the remainder of the continent. There is no African state which has fought for or received its independence alone. All of them became independent with the endorsement of a colonial power for whom it had become too expensive to maintain possessions on this distant continent. The Boers, however, will never hand over their power to non-whites because the cost-benefit analysis is no longer favourable. The determination of the white Africans to maintain their identity as an African nation can only be compared with the grim struggle of the Israelis for their own Jewish state.

71. Only when this has been clearly understood by the politicians concerned in the Community will it become possible to develop a strategy likely to be in any way effective in putting an end to South Africa's disastrous racial policy. The Community cannot be regarded as making a constructive contribution towards ending racial discrimination until condemnation of apartheid is accompanied by a concept which unambiguously lays down the basis for the rights of co-existence, properly enforced, of white and brown South Africans. Adequate guarantees for all ethnic groups are essential if a peaceful solution to the racial conflict is to be found whether in a divided South Africa or in some new type of federation. The Community would thus do well to treat the South African question in the same way as the Israel-Palestine problem. One-sided declarations will only lead to a further hardening of the white South Africans' position whilst doing nothing to change present racial policy. If the Community wants to prevent a catastrophe in South Africa, it has no choice but to put forward, in the near future, constructive alternative proposals. This will, however, require a great deal of skill and care.

72. Although most African states have been associated with the European Community for years under the Yaoundé and Lomé Conventions, Africa has remained one of the great areas of misunderstanding for Europe. This is principally due to the fact that the Community does not have the institutional structure to make an effective contribution towards the solution of major crises in Africa. It should not be a matter of working out an effective concept in an ad hoc manner for each individual crisis; what we need above all is a long-term Community strategy for the whole of Africa. Africa today is a continent in which the fate of Europe rests. It is therefore in Europe's interest to play an active part in working for peace in Africa. Those who help the Africans to overcome their internal conflicts will, at the end of the day, have a closer relationship with them than those who exploit existing divisions for their own political ends. The European Community must become more conscious of its responsibility as a power for peace not only in Europe in relations between East and West, but also, and to an increasing extent, in relations between the industrial world and the developing countries.

73. It is quite simply a fact that the Community's approach to African problems, particularly in southern Africa, will have a decisive effect on Europe's relations with the countries of the Lomé Convention. The Lomé agreement is primarily economic in character, it is true, but there can be no denying the political effects of the cooperation between Europe and Africa taking place under this agreement. This became very clear during

the most recent meetings of the ACP-EEC Joint Committee and Consultative Assembly. Just as the ACP states have every right to ask the Community what position it is adopting towards apartheid in South Africa, so should the question of the right of white Africans to live in the Republic of South Africa be discussed in the Lomé institutions. This would not only contribute to a solution of the conflict but also make cooperation between the ACP and the EEC easier. It would be no more than logical if the new Convention which is to follow the Lomé agreement were to form the basis for a more active European policy in Africa.

The negotiations for the renewal of the Convention, or its renegotiation, thus take on a particular significance. Economic aid, however, will only achieve its goal if the Community resolves to make this aid more substantial and to begin a long overdue reappraisal of Africa. We must take this continent seriously, because it is worth taking seriously.

ANNEX I

Text of the Declaration adopted by the Foreign Ministers of the Member States and published at the end of the political cooperation meeting held in Luxembourg on 23 February 1976.

1. The Ministers for Foreign Affairs of the Nine countries of the Community meeting in Luxembourg and recalling the decisions which they have adopted with regard to the People's Republic of Angola, examined the problems arising in that area of Africa.
2. It is with great attention and considerable concern that the Ministers have followed events in Angola which have resulted in great suffering, loss of many human lives and serious damage to the economy. They call for the re-establishment of the peaceful situation necessary for the reconstruction and development of Angola.
3. The Ministers for Foreign Affairs consider that it is for the Angolan people to settle its own destiny. In this connection, they expressed great regard for the efforts made by the OAU to find an African solution to the difficulties, and eschewed anything which might interfere with a successful outcome. They condemned all external military intervention and expressed the firm hope that this would soon be brought to an end. In the interests of the prosperity of the region they hoped that peaceful and constructive co-operation would be established, presupposing friendly relations between the African States involved.
4. The Ministers confirmed the basic position of the Nine Member States of the Community:
 - readiness on the part of the Nine to develop co-operation to the extent that such relations are desired by African States, and the rejection of any form of action by any State aimed at the creation of a sphere of influence in Africa,
 - respect for the independence of all African States and the sovereign right of these States to define their national policy without foreign interference,
 - support for OAU measures to promote African co-operation,
 - the right of the Rhodesian and Namibian peoples to self-determination and independence,
 - condemnation of the apartheid policy of South Africa.

ANNEX II

Code of Conduct for companies with subsidiaries,
branches or representation in South Africa¹

1. Relations within the undertaking

- (a) Companies should ensure that all their employees irrespective of racial or other distinction are allowed to choose freely and without any hindrance the type of organization to represent them.
- (b) Employers should regularly and unequivocally inform their employees that consultations and collective bargaining with organizations which are freely elected and representative of employees are part of company policy.
- (c) Should black African employees decide that their representative body should be in the form of a trade union, the company should accept this decision. Trade unions for black Africans are not illegal, and companies are free to recognize them, and to negotiate and conclude agreements with them.
- (d) Consequently, the companies should allow collective bargaining with organizations freely chosen by the workers to develop in accordance with internationally accepted principles.
- (e) Employers should do everything possible to ensure that black African employees are free to form or to join a trade union. Steps should be taken in particular to permit trade union officials to explain to employees the aims of trade unions and the advantages of membership, to distribute trade union documentation and display trade union notices on the company's premises, to have reasonable time off to carry out their union duties without loss of pay and to organize meetings.
- (f) Where works or liaison committees already operate, trade union officials should have representative status on these bodies if employees so wish. However, the existence of these types of committee should not prejudice the development or status of trade unions or of their representatives.

2. Migrant labour

- (a) The system of migrant labour is, in South Africa, an instrument of the policy of apartheid which has the effect of preventing the individual from seeking and obtaining a job of his choice: it also causes grave social and family problems.
- (b) Employers have the social responsibility to contribute towards ensuring freedom of movement for black African workers and their families.
- (c) In the meantime employers should make it their concern to alleviate as much as possible the effects of the existing system.

¹Bulletin EC No. 9/77, page 46 et seq.

3. Pay

Companies should assume a special responsibility as regards the pay and conditions of employment of their black African employees. They should formulate specific policies aimed at improving their terms of employment. Pay based on the absolute minimum necessary for a family to survive cannot be considered as being sufficient. The minimum wage should initially exceed by at least 50% the minimum level required to satisfy the basic needs of an employee and his family.

4. Wage structure and black African advancement

- (a) The principle of 'equal pay for equal work' means that all jobs should be open to any worker who possesses suitable qualifications, irrespective of racial or other distinction, and that wages should be based on a qualitative job evaluation.
- (b) The same pay scales should be applied to the same work. The adoption of the principle of equal pay would, however, be meaningless if black African employees were kept in inferior jobs. Employers should therefore draw up an appropriate range of training schemes of a suitable standard to provide training for their black African employees, and should reduce their dependence on immigrant white labour.

5. Fringe benefits

- (a) In view of their social responsibilities, undertakings should concern themselves with the living conditions of their employees and families.
- (b) For this purpose company funds could be set aside for use:
 - in the housing of black African personnel and their families,
 - in transport from place of residence to place of work and back,
 - in providing leisure and health service facilities,
 - in providing their employees with assistance in problems they encounter with the authorities over their movement from one place to another, their choice of residence and their employment,
 - in pension matters,
 - in educational matters,
 - in improving medical services, in adopting programmes of insurance against industrial accidents and unemployment, and in other measures of social welfare.

6. Desegregation at places of work

In so far as it lies within their own competence, employers should do everything possible to abolish any practice of segregation, notably at the workplace and in canteens, sports activities, education and training. They should also ensure equal working conditions for all their staff.

7. Reports on the implementation of the code of conduct

- (a) Parent companies to which this code is addressed should publish each year a detailed and fully documented report on the progress made in applying this code.
- (b) The number of black Africans employed in the undertaking should be specified in the report, and progress in each of the six areas indicated above should be fully covered.
- (c) The governments of the Nine will review annually progress made in implementing this code. To this end a copy of each company's report should be submitted to the national government.

ANNEX III

RESOLUTION

of the Joint Committee of the Consultative Assembly of the ACP-EEC
Convention of Lomé on the political situation in southern Africa (adopted
at Maseru (Lesotho) on 1 December 1977)

The Joint Committee of the Consultative Assembly of the ACP-EEC
Convention of Lomé:

1. Pays tribute to the courage of the peoples and governments of Botswana, Lesotho and Swaziland, which have established multiracial societies in which people of all races can live together in harmony, and re-affirms its solidarity with them;
2. Recalls the special measures already taken for the benefit of these countries and requests that they be stepped up, where necessary, within the framework of a special programme;
3. Considers that the situation in South Africa constitutes an immediate threat to international peace and security and condemns unequivocally the efforts of the South African government and the illegal Rhodesian regime to maintain and reinforce the oppression in these countries through their policies of apartheid, continuous and increasingly blatant violations of human rights and fundamental freedoms and acts of aggression against neighbouring countries;
4. Pays solemn tribute to the thousands of men, women and children who are paying with their lives or suffering torture and imprisonment for their right to live a free and independent life.

ANNEX IV

JOINT COMMITTEE

RESOLUTION OF THE JOINT COMMITTEE OF THE CONSULTATIVE ASSEMBLY OF
THE ACP-EEC LOME CONVENTION ON THE POLITICAL SITUATION IN
SOUTHERN AFRICA

(adopted at St George's, Grenada, on 1 June 1978)

The Joint Committee of the ACP-EEC Consultative Assembly

- Reaffirming its resolution on the political situation in Southern Africa adopted in Maseru (Lesotho) on 1 December 1977,
 - Noting with concern the continuing harassment and suffering of the peoples and Governments of Botswana, Lesotho, Swaziland and Zambia,
1. Condemns without question all regimes that practice racialist policies and apartheid;
 2. Pays tribute to the courage of the non-racialist peoples and Governments of Botswana, Lesotho, Swaziland and Zambia and reaffirms its solidarity with them;
 3. Urges that the special measures already taken for their benefit be stepped up and in particular that a special action programme be instituted urgently for them;
 4. Notes with satisfaction the efforts being made by the Community to influence the conduct of multinational companies operating in South Africa, in particular through the establishment of a code of conduct for companies operating in that country, and urges further speedy action to end the collaboration of these companies with the apartheid Government in its oppression of the non-white people of South Africa.

Part of the Resolution of the ACP-EEC Consultative Assembly meeting on 29 September 1978, covering the political situation in southern Africa

26. Recalls the resolution on the situation in southern Africa adopted by its Joint Committee in Maseru (Lesotho) on 1 December 1977 and paragraph 17 of the resolution of the ACP-EEC Consultative Assembly in Luxembourg in June 1977;
27. Condemns the racialist policy of apartheid pursued by South Africa, pays tribute to the courage of the peoples and governments of Botswana, Lesotho, Swaziland and Zambia and reaffirms its solidarity with them;
28. Urges that the special measures already taken for their benefit be stepped up and in particular that a special action programme be instituted urgently for them;
29. Strongly condemns the violation of the embargo on Rhodesia by three major European oil companies and requests that vigorous action be taken by the Community with a view to putting an end to the collaboration of these companies with the racialist regimes in PRETORIA and SALISBURY, and that effective sanctions be rapidly applied in the event of violations;
30. Strongly condemns the decision by South Africa to organize elections in Namibia unilaterally and calls for the immediate holding of free elections under UN supervision, to be prepared in close collaboration with all the representative forces of the Namibian people;
31. Welcomes the Community's efforts to influence the conduct of multinational companies in South Africa, in particular through the establishment of a code of conduct for companies operating in that country;
32. Urges further speedy action to end the collaboration of these companies with the Government of South Africa;
33. Instructs its President to forward this resolution and the report by Mr Guillabert¹ to the ACP-EEC Council of Ministers and the Commission of the European Communities.

¹ Doc. ACP-EEC 10/78

General notes on trade relations
between the EEC and South Africa
and foreign investment in that country

1. Trade relations

South Africa has a chronic trade deficit. In 1976 it amounted to 1,300 million US dollars, including 700 million US dollars with the Community.

South Africa also has a chronic balance-of-payments deficit in goods and services but this is normally offset by non-monetary sales of gold and net capital inflows (in 1976, 3,000 million US dollars on the one side and 2,700 million US dollars on the other side of the balance sheet).

South Africa is a vital source of raw materials for the West's industrial and defence requirements. These include:

<u>Products</u>	<u>Producer countries</u>	<u>South Africa's percentage of total Western production</u>
Industrial diamonds	Zaire and South Africa	85%
Platinum	South Africa and Rhodesia	75%
Vanadium	South Africa	60%
Chrome	South Africa and Rhodesia	90%
Manganese	South Africa	30%

The Community depends on South Africa to a large extent for supplies of the above raw materials. Community imports from South Africa in 1975 expressed as a percentage of total imports were as follows:

Industrial diamonds	(approximately 85%)
Manganese	40%
Uranium	33%
Chromium	20%
Platinum	16%

The following tables indicate trading patterns between South Africa and its major economic partners and EEC/South African trade.

DEVELOPMENT OF TRADE BETWEEN SOUTH AFRICA, THE EEC, THE USA AND JAPAN

MILLION EUA¹

	1971	1972	1973	1974	1975	1976	76/71 percentage development
TOTAL IMPORTS from	4,042	3,296	4,040	6,038	6,099	5,200	- 29
The EEC Nine	(1,955)	1,525	1,914	2,968	3,131	2,550	+ 30
United Kingdom	940	688	740	1,012	1,200	950	+ 1
Other Member States	1,013	837	1,174	1,956	1,826	1,600	+ 58
USA	659	539	622	998	1,077	1,150	+ 75
Japan	410	311	447	738	669	550	+ 34
TOTAL EXPORTS to:	1,973	2,228	2,704	4,114	4,273	4,000	+103
The EEC Nine	1,003	1,125	1,468	1,909	1,937	1,900	+ 88
United Kingdom	588	621	819	976	988	950	+ 62
Other Member States	415	504	649	932	948	950	-129
USA	170	173	191	292	470	400	+135
Japan	257	306	288	528	533	450	+ 75
TRADE BALANCE							
World	-2,069	-1,068	-1,336	-1,924	-1,826	-1,200	
The EEC Nine	(- 952)	- 400	- 446	-1,059	-1,194	- 650	
United Kingdom	- 352	- 67	+ 79	- 36	- 212	+ 0	
Other Member States	- 598	- 333	- 525	-1,024	- 878	- 650	
USA	- 489	- 366	- 431	- 706	- 607	- 750	
Japan	- 153	- 5	- 159	- 210	- 136	- 100	
¹ 1 u.a. = \$:	1.04776	1.12178	1.23173	1.19270	1.24077	1.11805	

Source: Republic of South Africa - Department of Customs and Excise

TRADE BETWEEN THE EEC AND THE REPUBLIC OF SOUTH AFRICA - 1976

in thousand EUA

EEC EXPORTS

	<u>TOTAL</u>	FRG	France	Italy	Nether- lands	Belgium Luxembourg	United Kingdom	Ireland	Denmark
0. Food products	30,492	3,188	3,789	2,025	7,110	1,941	9,791	1,167	1,481
1. Drinks and tobacco	20,225	368	1,446	523	1,995	28	15,443	256	166
2. Raw materials, excepting fuels	63,932	7,864	3,748	1,452	2,731	2,394	44,882	121	740
3. Energy products	25,117	6,551	480	6,423	1,638	637	9,360	3	25
4. Fats	2,687	820	139	23	654	8	972	32	39
5. Chemical products	323,285	108,496	24,405	18,371	30,679	15,729	119,893	2,425	3,287
6. Manufactured goods	417,417	143,232	45,783	47,481	18,466	24,118	134,697	1,556	2,084
7. Machines and transport equipment	1,954,707	785,212	338,558	140,502	53,221	39,113	581,523	2,054	14,524
8. Miscellaneous manufactured goods	191,204	51,443	20,825	24,139	14,196	5,783	72,058	941	1,819
9. Miscellaneous	67,836	11,296	1,306	581	40,656	12,315	1,228	408	46
	TOTAL: 3,096,902	1,118,470	440,479	241,520	171,346	102,066	989,847	8,963	24,211

TRADE BETWEEN THE EEC AND THE REPUBLIC OF SOUTH AFRICA - 1976

in million EUA

EEC IMPORTS

	<u>TOTAL</u>	FRG	France	Italy	Nether-lands	Belgium Luxembourg	United Kingdom	Ireland	Denmark
0. Food products	466,908	130,459	33,171	21,789	29,374	35,536	197,356	7,030	12,193
1. Drinks and tobacco	23,567	1,301	13	3	3,039	4,195	14,015	999	2
2. Raw materials, excepting fuels	642,332	231,746	109,227	83,614	25,681	27,420	160,576	1,741	2,127
3. Energy products	113,298	20,559	62,882	11,915	1,898	13,956	1,486	-	602
4. Fats	2,949	344	151	263	1,547	453	191	-	-
5. Chemical products	38,783	7,301	9,280	6,053	2,989	1,427	11,271	153	309
6. Manufactured goods	573,206	198,992	36,909	62,323	19,357	137,886	113,518	2,515	1,706
7. Machines and transport equipment	15,881	2,598	1,791	655	1,599	981	7,947	290	20
8. Miscellaneous manufactured goods	13,507	2,556	474	375	1,759	458	7,147	663	75
9. Miscellaneous ¹	1,145,884	204,858	33,779	428,931	863	334	474,672	388	59
TOTAL:	3,036,315	800,714	287,677	616,121	88,106	222,646	988,179	13,779	17,093

¹ This item consists essentially of non-monetary, unworked or semi-finished gold, gold sweepings or goldsmith's waste and gold coins.

II. Investment

According to certain banking information, foreign investments in South Africa total 12,000 million US dollars. Although it is difficult to be sure of their precise origin, it would seem that Europe accounts for 74% and America (North and South) 18% of these investments.

Loans to the central government and loans and investment in the banking sector are estimated at 1,400 million US dollars, more than half of which comes from the EEC. Within the private sector (including certain quasi-public undertakings and local authorities), foreign investment is mainly concentrated in 4 areas:

Manufacture	\$4,100 million
Finance	\$2,600 million
Mining	\$1,500 million
Commerce and the hotel trade	\$1,180 million

Investment in the manufacturing sector almost always involves effective control of management, whereas in the mining industry the general rule is portfolio investment. In the latter sector private foreign investment, chiefly in the form of shares, accounts for more than 60% of total foreign investment.

OPINION OF THE POLITICAL AFFAIRS COMMITTEE

Letter from the committee chairman to Miss Colette FLESCHE, chairman of the Committee on Development and Cooperation

3 January 1979

Dear Miss Flesch,

At its meeting of 19 December 1978 the Political Affairs Committee discussed the application of the code of conduct for companies with subsidiaries, branches or agencies in South Africa, on which your committee had asked it to deliver an opinion.

It approved¹ the following points which I wish to draw to your attention.

The Political Affairs Committee welcomes the fact that on 20 September 1977 the Foreign Ministers meeting in political cooperation approved a code of conduct for Community companies in South Africa, particularly insofar as this affects the working conditions of coloured employees of Community subsidiaries in South Africa.

It considers these measures to be useful in that they are designed to persuade the South African Government to abandon its policy of racial segregation of coloured citizens and to ensure that their human rights are also recognized and respected.

However, the Political Affairs Committee is aware that the code of conduct is not wholly or uniformly applied by the companies concerned and it considers therefore that, as a priority, the Governments of the Community Member States should use the powers available to them to ensure strict observance of the code.

It considers that, through the President-in-Office, the Foreign Ministers meeting in political cooperation should report annually to the European Parliament on the observance and application of the code so that Parliament will be in a better situation to assess the precise situation.

It also hopes that in future the Commission will be given the task of synthesizing and evaluating the reports from the Community companies concerning the code of conduct.

¹ Present: Mr Bertrand, chairman; Mr Radoux, Mr Brugha, vice-chairmen; Mr Adams (deputizing for Mr Patijn), Mr Eberhard (deputizing for Mr Ansart), Mr Fletcher-Cooke, Mr Granelli, Mr Mitchell, Mr Santer (deputizing for Mr Blumenfeld), Mr Scott-Hopkins (deputizing for Lord Reay), Mr Seefeld and Mr Sieglerschmidt.

Lastly, the Political Affairs Committee is of the opinion that, in pursuing a coherent policy on South Africa, the Community and the Governments of its Member States should not reject the most appropriate means of exerting pressure on the Government of that country to abandon its policy of racial segregation and adopt practical measures aimed at ensuring that the coloured majority in South Africa is granted full human rights; the committee intends to take a very strong line on this issue in its report on the political situation in South Africa.

Yours faithfully,

(sgd) Alfred BERTRAND