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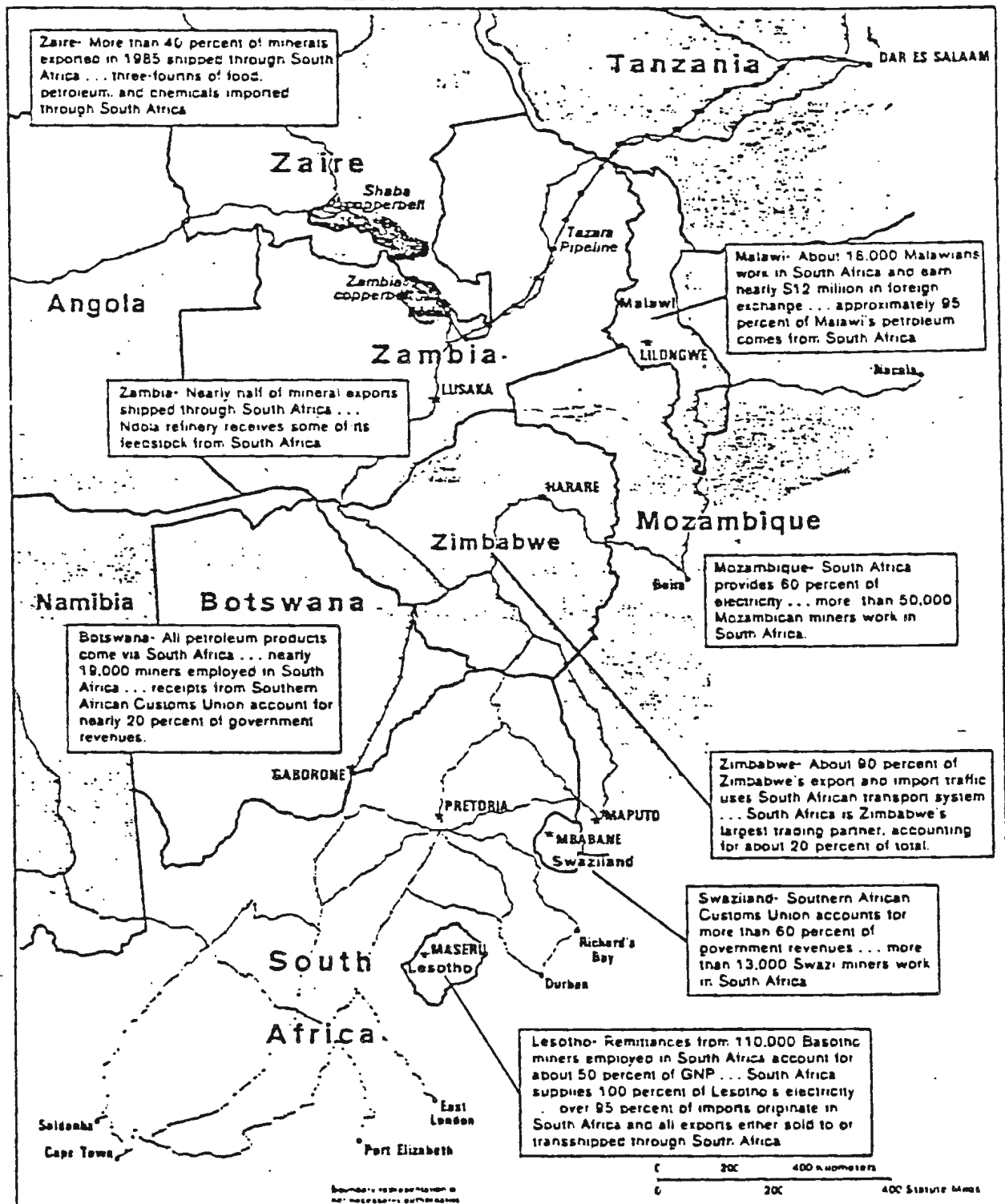
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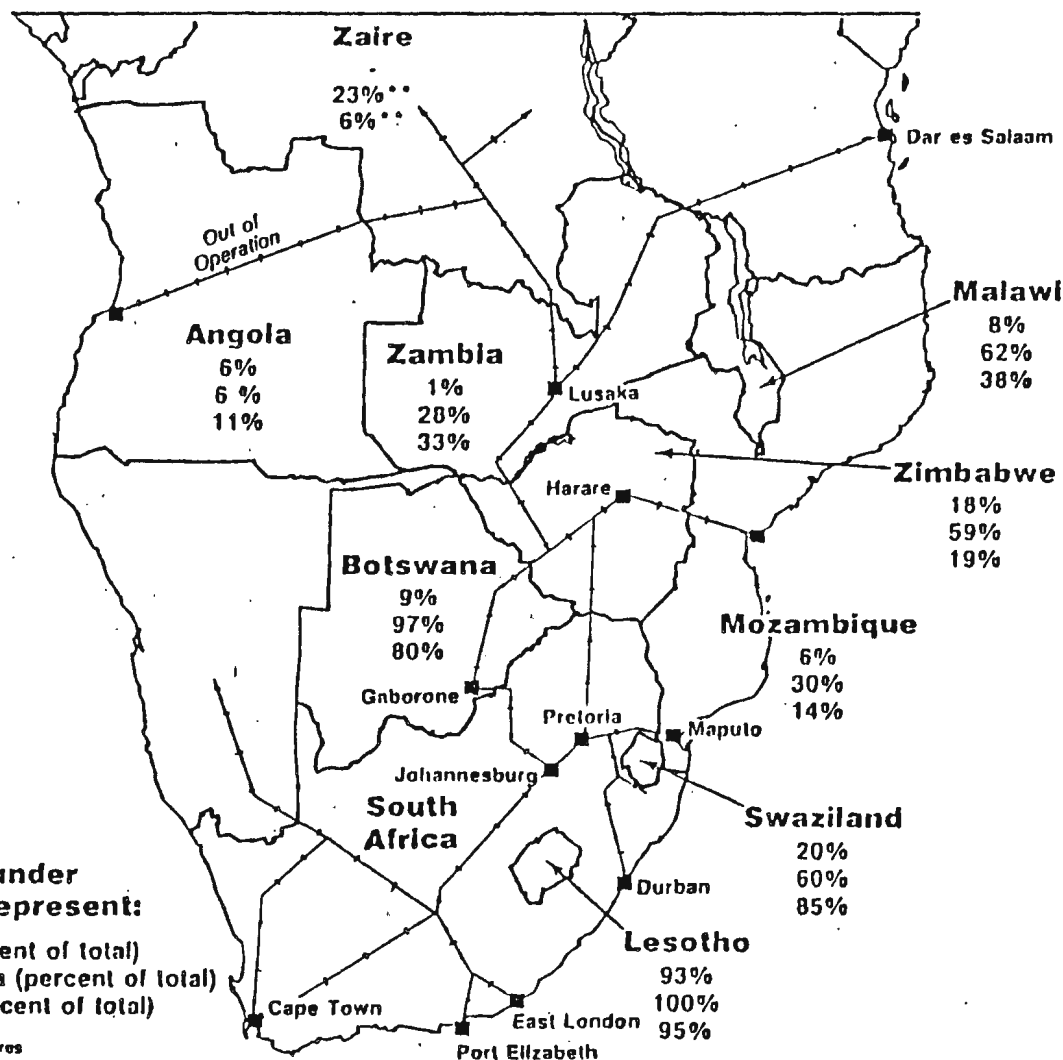
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Economic Links With South Africa



FRONT LINE STATES TRADE WITH & THROUGH SOUTH AFRICA



The three figures under each country's name represent:
Exports to South Africa (percent of total)
Exports to and through South Africa (percent of total)
Imports from South Africa (percent of total)

** Estimated minimums; actual figures are probably somewhat larger.

(Draft GIST material)

THE REGIONAL EFFECT OF PUNITIVE ECONOMIC U.S. SANCTIONS AGAINST SOUTH AFRICA

Background

In retaliation to the imposition of broad punitive economic sanctions by the United States, South Africa could with comparative ease severely damage the economies of its struggling, black-ruled neighbors. Many of these countries are totally dependent upon South Africa's transport infrastructure and have no choice but to do business with South Africa. In addition, South Africa has taken steps to insulate its domestic economy from possible external economic disruptions. It is this South African self-sufficiency and the interdependence of the countries of the region which makes South Africa's neighbors far more vulnerable to sanctions than South Africa itself.

The impact of sanctions on the regional neighbors depends on the degree they are individually dependent on South Africa and to what extent South Africa "shares" the burden of sanctions and possible reduced economic growth. The following assesses the neighboring countries' vulnerability to a disruption of their South African ties.

The Dependence of Neighboring Countries

Botswana depends on South African transport links for 25% of its exports. South Africa supplies 40% of Botswana's electric supply, and employs 19,000 Botswana miners (2.5% of population) who provide less than 1% of GNP. The revenues from the SACU account for about 20% of the government's total annual revenue. However, Botswana is heavily dependent upon South Africa for 150,000 metric tons of food, and all its oil (approximately 3000 barrels a day) comes from South Africa.

Lesotho is completely surrounded by and is dependent upon South Africa for transport, marketing and electricity supply. 95% of Lesotho's imports originate in South Africa, and all exports are either sold to or must be shipped through South Africa. 60% of Lesotho's total recurrent government revenue is obtained through the South African Customs Union (SACU). Remittances from 115,000 migrant workers in South Africa account for 50% of GNP. Lesotho's currency is closely tied to the South African rand.

Malawi relies on South African transport links for all its imports and exports. South Africa supplies 40% of Malawi's imports (including 95% of petroleum) and purchases 6% of her exports.

Mozambique is dependent upon South Africa for 60% of its electricity and imports \$63 million in food, oil and minerals from South Africa. Remittances from the 150,000 Mozambique migrant workers in South Africa produce over \$40 million in foreign exchange and there would be little chance of their finding alternative employment.

Swaziland is heavily reliant upon South African investment, communication links and assistance in running its own transport network. 90% of Swaziland's imports and 20% of her exports are shipped through South Africa. All of Swaziland's petroleum comes from South Africa. SACU revenue accounts for 60% of government revenues or about \$100 million a year. Remittances from 14,000 Swazi miners in South Africa account for 5% of the GDP. The Swazi currency is closely linked to the South African rand.

Zaire ships over 40% of her annual mineral exports through South Africa. Seventy-five percent of the food, fuel, and chemicals used in the southern mining region are imported from South Africa.

Zambia is heavily dependent upon South Africa for investment, trade and transport. Some 67% of Zambia's imports and about 33% of its exports are transported through South Africa. The mining sector depends on imports of spare parts, and transport sector relies on South African-leased freight cars and locomotives.

Zimbabwe depends on a South African transport links for 95% of its overseas trade, including importation of crucial raw materials for manufacturing. South Africa is Zimbabwe's biggest trading partner and retains substantial investments in Zimbabwe.

Effect of Sanctions

Sanctions could result in any or all of the following for the neighboring countries:

- A flood of migrant workers returning home, with resultant unemployment spawning social instability and loss of hard currency earned by these laborers. This will have a severe impact on Mozambique, Lesotho and Swaziland.
- Severe shortages of food, petroleum products, energy and other necessities. Countries hardest hit will be Mozambique, Botswana, Malawi, and Swaziland.
- Restrictions of South African investment and soft loan and grant facilities. South Africa has substantial investments in Zimbabwe, Lesotho, Swaziland, and Zambia.
- Constraints on access to South Africa port and rail facilities, resulting in decreased export earnings from mineral and other products. The countries most effected would be Zimbabwe, Lesotho, Swaziland, Zaire and Malawi.
- Shortages of imported industrial supplies and manufactured goods and marked increases in their prices. Zimbabwe, Zambia, Malawi and Zaire will be dramatically effected by this shortage.

It is thus clear that if South Africa wished to retaliate it is completely within its power, under present conditions, to seriously, and in some cases even fatally, beggar its poor and dependent black neighbors.

EFFECT OF PUNITIVE ECONOMIC SANCTIONS ON SOUTH AFRICA AND ON ITS NEIGHBORS

Introduction

The United States Government and the American people are totally and adamantly opposed to the heinous system of apartheid on moral grounds and seek its early demise and replacement by a free, democratic, and prospering post-apartheid society. But, there are significant reasons why punitive economic sanctions would not help, and in some respects would be harmful, in working toward that goal. It is vital, therefore, to examine the factual effect of such sanctions on South Africa and on its dependent neighbors.

South Africa

Assessments of the impact of economic sanctions on South Africa indicate that such measures would not have a general negative economic effect because:

- the South African government has taken steps to minimize the capital drain from disinvestment, such as stringent foreign exchange controls so firms can sell out but cannot move out the proceeds;
- the certainty that U.S. firms would be purchased at "fire-sale" prices--given the brief time frame within which they would have to be sold;
- the absence, and difficulty of establishing, a comprehensive and effective embargo by all of South Africa's trading partners.
- the internal economic lift in the manufacturing sector as South African products are produced to replace foreign imports.

The fact is sanctions would cause only a slight short-term drop in South Africa's Gross Domestic Product (GDP). Neither the absence of new U.S. investment nor the purchase of existing U.S. assets, which represent less than 1% of the total investment there, would have an appreciable long-term effect on the GDP level.

In addition, sanctions would not lead to any immediate loss of jobs because divested firms would continue to operate under new local ownership. Sanctions would cause, however, a negative impact on blacks and others who are already on the margins of the economy--the very ones we are attempting to help.

Assuming a two-year disinvestment period, a significant amount of the capital available for economic expansion and new job creation, would perforce be diverted to purchase U.S. (and other foreign) assets. During that time South Africa would have an estimated 285,000 new entrants into the work force. But, the South African economy would be able to create only 76,000 new jobs, leaving some 200,000 new entrants unemployed. It is a likely assumption the South African government would take steps to ensure that the bulk of the jobs created went to whites, leaving the black community to absorb the 200,000 lost new jobs.

South Africa's Neighbors

The effect of sanctions on South Africa's regional neighbors depends on the degree to which the South Africa Government "shares" the effects of economic sanctions with its dependent neighbors. Major factors are:

- more than one million Africans from neighboring countries work within South Africa. Their remittances are crucial to the fragile economies of Lesotho, Mozambique and other southern African countries;
- approximately half of Zambia's foreign trade passes through South Africa; for Zimbabwe it is close to 90%; for Zaire and Malawi it is 50%; and for Botswana, Lesotho and Swaziland, almost 100%;
- South African-collected tariffs on imported goods are distributed to Botswana, Lesotho and Swaziland, making up one-third of Botswana's and Lesotho's total government revenues and two-thirds of Swaziland's government revenues;
- South Africa is a major investor in other southern African countries particularly in mining, agro-industry and construction;
- South Africa supplies all the electricity used by Lesotho and most of that used by Botswana, Swaziland and Maputo in Mozambique. It supplies most of the petroleum products distributed in the region;
- Lesotho is completely surrounded by South Africa--all road and rail links to other countries pass through that nation. Other countries such as Zimbabwe, Botswana, Zambia and even Zaire rely extensively on South Africa's rail network and port system.

Sanctions could result in any or all of the following in neighboring countries:

- flood of migrant workers returning home, with resultant unemployment spawning social instability and loss of hard currency earned by these laborers;
- shortages of food, petroleum products, energy and other necessities;

- restrictions of South African investment and soft loan and grant facilities;
- constraints on access to South Africa port and rail facilities, resulting in decreased export earnings from mineral and other products;
- shortages of imported industrial supplies and manufactured goods and marked increases in their prices.

July 1986

EFFECT OF ECONOMIC SANCTIONS ON THE UNITED STATES

The Department of Commerce has assessed the impact on the United States of a withdrawal of U.S. investment from South Africa under best and worst case scenarios.

Under the least damaging circumstances, the United States will lose:

- Some \$120 million in foreign exchange annually from repatriated profits of U.S. subsidiaries;
- At least \$400 million will be lost annually in foregone export sales; another \$600 million in "associated" exports will be in jeopardy;
- Some 14,000 U.S. jobs will be lost as a result of the lost export sales; another 21,000 jobs will be at risk if associated sales were lost as well;
- Loss of \$1.4 billion in proceeds from the sale of U.S. direct investment in South Africa (valued at \$1.8 billion); assuming that the South African Government maintains the current foreign exchange control system which provides a lower exchange rate for financial monies, limiting the foreign exchange export to 20% of each dollar earned in South Africa.

Under the worst case scenario, to the above will be added:

- Loss of entire U.S. direct investment of \$1.8 billion (in terms of replacement cost, an asset of \$7.2 billion) if total foreign exchange transfer restrictions were imposed;
- Loss of all U.S. business assets (replacement cost) totalling \$7.2 billion.
- U.S. firms will be prohibited from collecting the amounts still outstanding on the intercompany loan account, due to likely foreign exchange controls.

ADL BULLETIN

Published by the Anti-Defamation League of B'nai B'rith

So
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The African National Congress A Closer Look



Oliver Tambo, African National Congress president

by Nathan Perlmutter
and David Evanier

Discussion of the political scene in South Africa properly begins with the self-evident stipulation that apartheid is racist and dehumanizing.

If you are a black citizen of South Africa, you cannot vote in national elections; you must generally use separate public facilities; you are not allowed to own real estate in 87 percent of your own country; you are told with whom you may socialize, and where you can look for a job. If the government wants to resettle you, it can do so at any time for any reason.

The "homelands" resettlement drive has forced half of South Africa's blacks into overcrowded, unproductive segregated *Bantustans*, areas with no industrial base that are so overpopulated hardly any viable agricultural land remains. Drinking water is unsafe and sanitation deplorable. Since the *Bantustans*

Nathan Perlmutter is national director of the Anti-Defamation League and David Evanier is a member of the League's Civil Rights Division Research Department.

are little more than detention camps, many Africans migrate to urban centers as "illegals" subject to arrest. Forty percent of black children are estimated to be malnourished and ten percent suffer from *kwashiorkor* (extreme protein deficiency).

In 1984, Pretoria's Constitution granted Parliament chambers to Asian and "colored" communities but not to blacks.

On the positive side, black, colored and Asian trade union membership has grown from 150,000 after legalization in 1979 to 750,000 today and blacks' real income has risen substantially in the last 25 years, higher than in any other African country. The U.S. State Department says that more positive changes have taken place in South Africa in the last five years than in the previous 300.

Hotels, parks and theaters are being integrated, and the pass laws controlling where blacks can live and work were recently revoked. Other reform commitments that are going to be translated into legislation include guaranteeing blacks freehold property rights.

Paul Johnson, British historian and former editor of the *New Statesman*, recently wrote

Continued on page 12

A Closer Look *continued from page 1*

in *Commentary*: "There is... overwhelming evidence that South Africa has been moving away from apartheid... It is quite clear that P. W. Botha... is convinced that apartheid has to go and has been dismantling it almost by stealth to avoid panicking the regime's followers."

Nevertheless, apartheid remains in force today. We, as Jews, with a collective memory of centuries in European ghettos and who have experienced the singular evil of racism, feel a special personal responsibility to insist on its dismantling.

But this is not to suggest closing our eyes to what may emerge once apartheid is gone. Political morality demands that the values that see us abhor apartheid also measure the society that will follow. We must distinguish between those who will work for a humane, democratic, pro-Western South Africa and those who are totalitarian, anti-humane, anti-democratic, anti-Israeli and anti-American.

It is in this context that the African National Congress (ANC), so frequently discussed as an alternative to the Botha Government, merits a close, unsentimental look.

The question can be fairly asked, what has all this to do with Jews?

As a revolutionary national liberation movement oriented toward Moscow, the ANC has long echoed Soviet attempts to undermine the legitimacy of Israel. Moreover, the ANC is a strident supporter of the Palestine Liberation Organization.

—In 1970, the ANC denounced "Israel's aggressive expansionism" as "supported to the hilt by the ruling circles of the U.S. and their allies" and urged "all peace-loving non-aligned states... (to) immediately sever state relations with Israel..."

—An article in the September, 1971, issue of *Sechaba*, the monthly ANC magazine headlined, "Zionism, South Africa and Apartheid—a Paradoxical Triangle," was adapted from a pamphlet with the same title published by the Palestine Research Center, an affiliate of the P.L.O.

—In September, 1980, ANC president Oliver Tambo spoke in Paris at an International Conference on Solidarity with the Struggle of the Namibian People, spon-

sored by the World Peace Council, a Soviet front. He said:

"... I would like to assure our comrades in the liberation struggles... and the P.L.O... that their struggle is ours... our fight is carried on in the knowledge of the degree of intimacy and political, military and economic alliance that has been developed between racism and Zionism."

—At the 60th anniversary meeting of the South African Communist Party (SACP) in 1981, Tambo stated: "Today, in the anti-imperialist struggle, we have won new allies like the struggling people of Palestine. We have thrown up new enemies of peoples, like those who murder civilians in Beirut."

—In July, 1982, during the Israeli military action against Lebanon-based P.L.O. terrorism, ANC chief United Nations observer Johnstone M. Makatini denounced Israel for its "flagrant and unprovoked aggression against Lebanon" and its "attempted extermination" of the Palestinian people. He referred to Prime Minister Begin's policies as "Zionist Nazism."

—Witnesses who had been associated with the ANC testified before the U.S. Senate Judiciary Committee Subcommittee on Security and Terrorism in March, 1982, that the ANC cooperated with the P.L.O. and that some members trained in the U.S.S.R. with P.L.O. cadres.

—In 1983, a controversy erupted at the State University of New York at Stony Brook involving Professor Ernest (Fred) Dube, who taught a course on "The Politics of Race." Dube, an ANC representative at the United Nations serving on the ANC's National Educational Council, taught that Zionism is a form of racism and suggested as a term paper theme "Zionism is as much racism as Nazism is racism." Dube spoke at

Johnstone A. Makatini Yasir Arafat



a "Teach-in on Palestine" in New York in December, 1983, sponsored by the November 29 Coalition, a pro-P.L.O. organization of radical leftist and Arab-American groups. In an interview published in the July-August 1985 issue of *Palestine Focus*, a publication of the now renamed November 29 Committee for Palestine, Dube said that "what the Zionists did to the Arabs in Palestine was exactly the same that the whites did to us" in South Africa.

—At the ANC National Consultative Conference in June, 1985, Oliver Tambo stated: "In 1973, the Arab armies succeeded to inflict a major defeat on Zionist Israel for the first time in a quarter of a century, forcing U.S. imperialism to seek new measures to protect its client state in the Middle East."

—The ANC, the P.L.O. and the South West Africa People's Organization (SWAPO) were observers at the second annual United Nations North American Regional Non-Governmental Organizations (NGO) Symposium on the Question of Palestine, in July, 1985, under U.N. auspices in New York. The symposium, held to plan an anti-Israel propaganda campaign in the U.S. and Canada, was replete with anti-Israel and pro-P.L.O. declarations that often straddled the fine line between criticism of Israel and its supporters and outright anti-Semitism.

—The ANC and the November 29 Committee for Palestine cosponsored a meeting in New York in April, 1986, on the subject, "Israel-South Africa: The Apartheid Connection?" Similar meetings have since been held in many other American cities.

The ANC, which seeks to overthrow the South African government, is a "national liberation movement" that, plainly said, is under heavy Communist influence.

—The ANC has been allied with the South

African Communist Party (SACP) for 30 years.

—The ANC is oriented toward the Soviet Union and its East Bloc allies, who have furnished it with arms, funding, military training and other logistic support.

—Oliver Tambo, who has headed the ANC since 1964 when former president Nelson Mandela was sentenced to life imprisonment for acts of sabotage, is a member of the Presidential Committee of the World Peace Council (WPC), a leading Soviet-controlled front organization based in Helsinki. Tambo has been a speaker or guest at various forums sponsored by the U.S. Communist Party.

—The ANC is a member of the Afro-Asian People's Solidarity Organization (AAPSO), described in 1983 by the U.S. State Department as a Soviet-controlled front.

—*Sechaba*, the ANC magazine, is printed in Communist East Germany.

—Moses Mabhida, General Secretary of the South African Communist Party, speaking at the SACP 60th anniversary meeting in 1981, said: "Our Party... fully supports the same program of liberation as the African National Congress for the seizure of power and black majority rule."

—In 1982, seven members of the ANC national executive committee were identified in sworn testimony before the U.S. Senate Subcommittee on Security and Terrorism as SACP members. The 30-member national executive committee now has 12 to 15 members said to be affiliated with SACP.

—The ANC supports the Soviet Union on foreign policy issues. Tambo told the June, 1985, ANC National Consultative Conference: "... the democratic, anti-feudal and anti-imperialist revolution in Afghanistan had been saved, with the support of the Soviet Union."

—In a message to the same conference, the SACP Central Committee stated:

"... The SACP... pledges to do its utmost to ensure that your decisions are carried into the field of struggle and implemented."

—ANC spokesmen were featured speakers at banquets sponsored by the Communist Party newspaper, *People's World*, held this spring in California.

The fall of South Africa to such a Soviet-oriented and Communist-influenced force

Fidel Castro Daniel Ortega



would be a severe setback to the United States, whose defense industry relies heavily on South Africa's wealth of strategic minerals. If America's defense industry were handicapped, our allies' security would also be at peril. A recent Commerce Department report noted that South Africa possesses 83.6 percent of the world's chromium; 80.8 percent, platinum; 70.8 percent, manganese; and 47.7 percent, vanadium.

In the event of a Communist-influenced or controlled revolution, South Africa's dependence on income from the export of strategic metals would perhaps result in continued sales to the West. However, if South Africa's strategic metals were controlled by a regime favoring the Soviet Union, American vulnerability to making political concessions to Moscow would increase substantially.

Moreover, should South Africa be controlled by a regime supportive of the Soviet Union, sea lanes and "choke points" around the Cape of Good Hope through the Red Sea, trade routes to the South Atlantic and Indian Oceans, and from the Persian Gulf would be at risk.

During the last three decades, it has been made painfully clear to the American Jewish community and to all supporters of human rights, that while tyrannies can be overthrown, at times the regimes replacing them may be even worse.

Some examples: In Cuba, the authoritarian Batista was replaced by Castro's Communism; in Iran, the undemocratic Shah's fall brought to power the tyrannical Ayatollah Khomeini; in Nicaragua, the corrupt Somoza's ouster saw the Communist Sandinista regime rise to power. And in Vietnam, the boat people are our times' searing reminder of the spawn of Communism.

As Freedom House has stated, "... South Africa bears the major onus for the bloodshed. Oppressed by the system of apartheid imposed on them by the white minority, the Africans are fighting back in whatever ways possible."

The ANC and the South African Communist Party are not root causes of the upheaval in South Africa. Communists exploit and manipulate economic and political desperation and oppression for



Corazon Aquino

their own purposes. South Africa is a tinder box; the Communists are poised to strike the match.

Yet there is still time for other agents of change to take hold and a number of them exist today in South Africa. Those partisans of democratic alternatives can take heart at the recent outcome in the Philippines, in which a democratic force, Corazon Aquino, emerged triumphant.

One example of assistance to a democratic alternative is the two-month training program in political, economic and social self-sufficiency for leaders from the black township of Soweto taking place at the Afro-Asian Institute in Tel Aviv, Israel.

Israel's labor federation, the Histadrut, a staunch opponent of apartheid, runs the Afro-Asian Institute. The training program focuses on unionizing South Africa's black workers, developing black civil infrastructures, organizing black women and teaching social work.

Israel has repeatedly condemned apartheid and has expressed its willingness to join other countries in economic sanctions against South Africa.

The writer Thomas Mann wrote at the conclusion of his epic novel, "The Magic Mountain":

"Out of this universal feast of death, out of this extremity of fever, kindling the rain-washed evening sky to a fiery glow, may it be that Love one day shall mount?"

The same question applies to violence-ridden South Africa. The survival of freedom in South Africa will be possible only if the forces of violence on the far left and of racial violence on the far right are defeated by the democratic forces of moderation. □

NEWS BRIEFS

HISTORIC VISIT—Dr. Eugene Fisher, director of the Secretariat for Catholic-Jewish Relations of the National Council of Catholic Bishops, and Dr. Ronald B. Sobel, chairman of ADL's Intergroup Relations Committee and senior rabbi of New York's Temple Emanu-El, gave their views of Pope John Paul II's historic visit to Rome's central synagogue on a coast-to-coast teleconference.

The two also responded to questions phoned in by Catholics and Jews watching the telecast and satellite-fed video tapes of the Pope's visit from 61 diocesan centers participating. The program was produced by the Catholic Telecommunications Network of America in cooperation with ADL.

ADL AROUND THE WORLD—Prompted by recent outbreaks of anti-Semitism in West Germany, the Anti-Defamation League has commissioned a six-month definitive survey of the extent of anti-Jewish attitudes in that country. The survey will be carried out by the Institute for Demoscopy, a leading West German polling organization with the assistance of the Center for the Study of Anti-Semitism of the *Technische Universität Berlin*. ADL's annual audit of anti-Semitic incidents in the U.S. served as the model for a similar report published in the Netherlands. The 1985 Netherlands report indicates a rise in anti-Semitic incidents there, from 41 in 1984 to 61 last year, contrasting with ADL's American report, which showed a decrease. Acting on a complaint by the Anti-Defamation Commission of B'nai B'rith District 21 of Australia and New Zealand, the Australian Press Council censured a Croatian weekly newspaper, *Hrvatski Tjednik*, for publishing "wild and unsubstantiated" anti-Semitic statements. A Chicago company corrected the Middle East area on its 12-inch globe in response to a complaint from ADL. Replogle Globes, Inc., was informed by ADL that the globe mistakenly showed the West Bank as part of Jordan. ADL called Spain's announcement that it will grant full diplomatic status to the Palestine Liberation Organization "a great disappointment." In a cable to Spain's

Foreign Minister, ADL lauded Spain's recent establishment of diplomatic relations with Israel, but said the P.L.O. action is "a setback in furthering Middle East peace efforts."

HONORS—ADL's highly acclaimed "A World of Difference" prejudice reduction project won the Jack R. Howard Award for Public Service Broadcasting in a large television market, given by the Scripps Howard Foundation. The League shared the honor with WCVB-TV of Boston, which pioneered the project with ADL in Boston. More than 1,100 entries from all over the country competed for the prize which was accepted by Leonard Zakim, director of ADL's New England Regional Office, at a dinner in Cincinnati.

NOT WHAT IT SEEMED TO BE—An investigation by ADL's Civil Rights Department revealed that Florida real estate advertisements of offerings "not for New York or New Jersey residents" were not intended to exclude Jews from condominium and co-operative housing units. Far from discriminatory, the disclaimer is included by many advertisers to avoid violation of New York and New Jersey laws regulating public offerings, which require prior state approval. In another case, Michael Lieberman, the League's Midwest Civil Rights director, resolved a controversy resulting from a derogatory term being published in the 1986 official regulatory code book issued by the Building Officials and Code Administrators International (BOCA) in Illinois. After receiving many complaints about the wording "dago bomb" in a section about fire prevention, ADL suggested that the term "Molotov Cocktail" might be more appropriate. The organization assured ADL that the offensive term will not appear in the next edition.

A GOOD PURPOSE—They used to get thrown out, all the extra hors d'oeuvres and hot meals ordered—to be sure there was enough—but not served at ADL fund raising dinners and luncheons in New York. Now they're feeding the hungry. The gourmet kosher food is sealed in containers and delivered to the poor—Jewish and non-Jewish—through City Harvest, Inc., a non-profit agency established to help feed New York's needy. "We hope other Jewish agencies pick up on



**NATIONAL
JEWISH
COALITION**

September 30, 1986

Max M. Fisher
Honorary Chairman

Richard J. Fox
National Chairman

George Klein
Gordon Zacks
Co-chairmen

Ivan Boesky
Finance Chairman

Chris Gersten
Executive Director
Howard Kohr
Deputy Director

**The Honorable Robert Dole
U.S. Senate
Washington, D.C. 20510**

Dear Senator Dole:

On behalf of the National Jewish Coalition, we are writing to urge that you support the President's decision to veto the South African sanctions bill.

We at the National Jewish Coalition regard apartheid with utter repugnance, and condemn it in the strongest possible terms. While we support any action that might help to end apartheid, we feel that the bill now before you will not do so. Instead, it will serve to damage U.S. interests in South Africa by retarding, rather than advancing, the prospects for a peaceful end to apartheid.

By making South Africa less dependent on the Western democracies, this bill will strengthen the government in Pretoria, making it less sensitive to efforts to adopt changes in the apartheid system. In addition, this bill will cause the further polarization of the black and white populations in South Africa, reducing the possibility of peaceful and constructive dialogue.

If this bill is allowed to pass over President Reagan's veto, its effects will be to endanger the interests of all South Africa's peoples, and of the United States. For polarization would increase the militancy of the country's blacks, strengthen the forces of the African National Congress and similar groups, and increase the likelihood that an undemocratic, anti-Western government will replace the current regime.

This fact is accepted, not only by the President, but also by many prominent blacks within South Africa. Chief Gatshu Buthelezi, the anti-apartheid activist who is the leader of the Zulus, South Africa's largest single ethnic group, has repeatedly expressed his opposition to sanctions. He stated this view in a recent interview saying that "it is madness that, in order to kill a snake in the house, one should burn down the house."

Far from being "the moral thing to do", this sanctions bill, passed as it was without adequate consideration of its

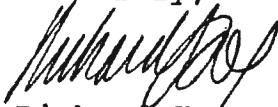
affects on the process of change in South Africa, is in fact devoid of morality. For it places at risk the future freedom of 30 million people of all races in order that the American people may feel innocent of any association with apartheid and its supporters.

As Jews, our concern that the resolution of South Africa's problems be peaceful is particularly acute. The country is home to 118,000 Jews whose future under a government controlled or dominated by the ANC would be bleak. For while South Africa's Jews, like those in America, identify strongly with Israel, the ANC maintains close and friendly ties to the PLO. Many radical blacks in South Africa have already exhibited hostility towards South Africa's Jews, even though the Jewish community has been in the vanguard of efforts to end apartheid and to bring about majority rule in the country.

In order that South Africans may look forward to a future of peace and security, the United States' policy towards South Africa must be to encourage a transition to democracy. The sanctions bill now before you would severely hamper the chances that such a policy would succeed.

We, therefore, ask that you vote to uphold the President's veto of this legislation. By doing so, you will allow efforts to achieve democracy in South Africa to proceed.

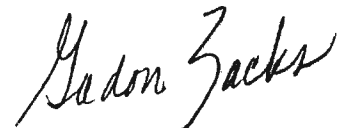
Sincerely,



Richard J. Fox
National Chairman



Max M. Fisher
Honorary Chairman



Gordon Zacks
Co-Chairman

WHITE HOUSE ISSUE BRIEF

THE PRESIDENT'S STAND AGAINST APARTHEID

The President remains steadfast in his rejection of the apartheid system in South Africa as morally repugnant.

- o The goal of U.S. policy is to assist the creation of a multiracial and free political state in South Africa by allowing South Africa's diverse populations -- Black groups, Asians, Coloreds and Whites -- to work for peaceful change away from apartheid.
- o Together with the commitment of ending the system of apartheid, ending the bloodshed and guaranteeing a free democratic South Africa oriented toward the West should be the primary concerns of all Americans.
- o Although the system of apartheid has not been dismantled, the current government has made progress away from South Africa's historic and entrenched policy of separation of the races. The past four years have seen more progress toward the abolition of apartheid than did the previous 40 years.
- o There can be no turning back. We have called on the South African Government to lift the state of emergency so that the march toward further reforms can be resumed.
- o Despite the existence of apartheid, black Africans continue to migrate into South Africa by the tens of thousands annually because of the availability of better employment opportunities. This indicates the pivotal importance of the South African economy to the region.

Further Economic Sanctions Work Against Peaceful Change

The imposition of further economic sanctions will do nothing to end the cycle of violence in South Africa and will likely precipitate greater violence and loss of life.

- o Civil Chaos -- Serious economic disruption, brought about by additional sanctions, will end jobs for untold numbers of blacks, (three out of four workers who would lose their jobs after a Western pullout would be black) and cause greater ferment and social instability -- precisely what Soviet-backed radicals would welcome. Violence and bloodshed would increase.
- o Repression -- Additional sanctions would isolate South Africa and end the last bit of leverage that the U.S. and Western democracies would have to work for change. Isolating South Africa will remove all reason for the South African Government to be accountable for its actions to the democracies of the West.
- o Retrenchment -- South Africa's vast natural resources and economic resilience challenge the ability of economic sanctions to force change. South Africa produces 75% of Sub-Saharan Africa's wealth and may be quite capable of "going it alone" -- in which case, U.S. influence to work for peaceful change is lost.

WHITE HOUSE ISSUE BRIEF

U.S. Diplomacy in South Africa

The U.S. is using every possible positive action to encourage a peaceful end to apartheid. Examples:

- o Communicating to black and white South Africans that the U.S. stands firmly for equal rights for all races;
- o Strengthening democratic institutions and impulses within South Africa through contact with U.S. trade union workshops, educational exchange programs, and an annual \$25 million aid program exclusively targeted to aid the South African black community. This year an additional \$45 million is programmed to help black South Africans.
- o Nearly 170 American companies operating in South Africa, of their own accord, have demonstrated their support for change by adopting the Sullivan Principles -- which establish an equal rights code for corporations doing business in South Africa (equal pay for equal work, access to management positions, training for technical positions and provisions for trade unions).

In September 1985, the U.S. imposed targeted sanctions to disassociate the U.S. from those American products and activities which support the infrastructure of apartheid, while not undermining the economy. Examples:

- o a ban on bank loans to the South African Government, exempting those which improve intra-racial facilities or economic opportunities for all races;
- o a ban on computer sales to South African agencies which support apartheid;
- o a denial of export assistance to American companies operating in South Africa which do not adhere to principles of non-discrimination. (The Sullivan Principles)

The East-West conflict in South Africa

The U.S. advocates a peaceful end to apartheid for strategic as well as humanitarian reasons. The Soviet Union is poised to be beneficiary of a violent and radical end to apartheid that could deliver South Africa's vital resources to the Soviets:

- o Priceless mineral deposits -- including militarily valuable uranium, chromium, vanadium, industrial diamonds, platinum, and manganese -- for which the West has few other reliable sources.
- o Sea lanes around the Cape of Good Hope where 75% of the oil for Western Europe passes; Strategic ports at Simonstown and Walvis Bay.

WHITE HOUSE ISSUE BRIEF

QUOTES ON APARTHEID IN SOUTH AFRICA

An End to Apartheid

There is also overwhelming evidence that South Africa has been moving away from apartheid...P.W. Botha, who became President (in the U.S. sense) under the new constitution, is convinced that apartheid has to go and has been dismantling it almost by stealth to avoid panicking the bulk of the regime's followers.

-- British historian Paul Johnson, Commentary; 1985

I have a respect for Botha...I respect him for his courage...The most revolutionary step he has taken is to declare once and for all that the future of South Africa will not be determined by whites alone.

-- South African Bishop Desmond Tutu; 1986

The Case Against Western Sanctions on South Africa

If someone is going in the right direction, I think it is best to encourage them to go further in that direction...What is moral about sitting in this room, in a good conference center, with good jobs, returning to an expensive hotel, deciding who shall be put out of work [in South Africa] because we say so?

-- British Prime Minister Margaret Thatcher; 7/9/86

...the business community in South Africa is widely regarded as one of the more progressive elements there; more generally yet, the very process of economic development may prove, over time, to be among the most powerful enemies of apartheid.

-- Princeton Univ. President William Bowen; 5/22/85

By that action, [further U.S. economic sanctions] we will probably immediately double our normal death rate of 50,000 children under the age of 5, a year, and that they [those who would impose sanctions] could be placing at least another 400,000 under the age of 15 at risk...They [those who would impose sanctions] have an absolute moral obligation to make sure that they know what the price will be and to decide whether they are prepared to live with that price.

-- Ina Pearlman, Operation Hunger; on the impact that economic sanctions would have upon emergency feeding programs for starving South African children, as reported on NBC Evening News; 7/20/86

WHITE HOUSE ISSUE BRIEF

Peaceful and Violent Means to Achieve Change in South Africa

We can change things by acting like civilized human beings. We can change things by black unity. We can change things by negotiation and national reconciliation and by creating a just society in which blacks and whites have a future together....

History has taught me that people who use terror as a means to power usually rule by terror once they are in power. I don't want this to happen and I don't believe the people of the U.S. want it to happen either.

-- Zulu Chief Buthelezi; 7/16/86

Why am I totally opposed to disinvestment? It is primarily for moral reasons. It is my firm belief that those who will pay most grievously for disinvestment will be the black workers of South Africa...

I have no doubt that some supporters of disinvestment hope that it will not only cause such severe damage to the economy, but will also increase endemic unrest to such an extent that armed revolution will take place, and that the present government will be overthrown by force of arms.

-- South African Journalist Alan Paton; 6/85

I have never thought a blood bath was not inevitable. I fear that it is not only coming but already here. We will fight, and we will expect a blood bath....

We get [our weapons] from the socialist countries, principally the Soviet Union....

-- African National Congress (ANC) President
Oliver Tambo; 9/85

WHITE HOUSE ISSUE BRIEF

1985

December Secretary Shultz names U.S. business, labor and religious leaders to a new Advisory Committee on South Africa.

October President Reagan issues an Executive Order that bans the importation of South African gold Krugerrands.

September The President signs an Executive Order imposing targeted sanctions on South Africa and other measures:

- a ban on bank loans to the South African Government exempting those which benefit all races;
- a formal ban on computer sales to South African agencies that enforce apartheid;
- a denial of export assistance to U.S. companies in South Africa that do not adhere to principles of non-discrimination;
- an increase in scholarships for South Africa and funding for human rights programs.

April Ban on interracial sex and marriage is repealed.

Amnesty, contingent on a renunciation of violence, is offered to Nelson Mandela and others imprisoned for politically motivated crimes.

January Botha announces an informal, non-statutory political forum for blacks.

1984

August Mixed race (colored) and Asian (Indian) voters go to the polls for the first time and elect representatives to two chambers of the new, tricameral legislature.

March The government abolishes separate income tax rates for blacks; all races will be assessed under one system.

1983

November The white South African electorate approves a referendum for a new Constitution that extends a legislative role to mixed race and Asian South Africans; blacks still are excluded.

April University segregation laws are first eased.

May/1979 Black trade unions are legalized.

WHITE HOUSE ISSUE BRIEF

SOUTH AFRICA CHRONOLOGY

1986

- June 18 The U.S. House of Representatives adopts a bill that would impose sanctions on South Africa, requiring an embargo on South African trade and a pullout of all U.S. businesses from South Africa.
- June 13 U.S. Ambassador Herman Nickel meets with South African State President Botha and delivers President Reagan's appeal for restraint during the expected June 16 Soweto anniversary protests.
- June 12 South Africa declares a nationwide state of emergency. The White House and State Department denounce the clamp down, saying "Such repressive measures are a serious mistake."
- June 7 The Commonwealth Eminent Persons initiative, appointed at last year's Commonwealth meeting to promote dialogue between the South African Government and the black opposition, reported that progress on the establishment of a non-racial government is being thwarted principally by the South African Government.
- June 2 Secretary of State Shultz, in a speech to religious leaders, strongly condemns apartheid, saying "Apartheid is wrong...It must go soon."
- May 23 To protest the May 19 raid, the U.S. expels South Africa's senior military attache from Washington.
- May 19 South African ground and air forces strike at African National Congress (ANC) facilities in Zimbabwe, Botswana, and Zambia. U.S. expresses "sense of outrage at these events."
- May 13 Botha government introduces a bill to allow black citizens to own property in townships.
- April State President Botha announces that the restrictive pass laws will be abolished. Black South Africans have greater freedom to move between cities and tribal homelands.
- The South African government will no longer enforce an order restricting Winnie Mandela from living in Soweto.
- February Downtown commercial districts are opened to all races.
- January South African President Botha promises an end to racial pass laws; the restoration of South African citizenship for residents of the nominally independent tribal homelands; and the creation of a national statutory council, providing a governmental voice for blacks pending new, multiracial constitutional structures.

February 8, 1987

Mr. Max Green
Office of Public Liason
The White House
Washington, D.C. 20500

Dear Mr. Green:

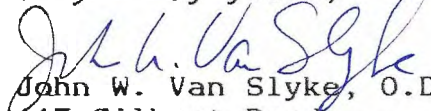
I spoke with you on the telephone a couple of weeks ago about the situation in South Africa. At that time you informed me that there is still disagreement among administration officials about U.S. policy towards that country. I would like to share some thoughts with you that I believe to be relevant to the formulation of a sound South Africa policy.

In my opinion our first priority should be the prevention of circumstances that may lead to the takeover of a regime even less democratic than the one that now exists in South Africa. Indeed the U.S. has a rather dismal record in this regard in other countries. U.S. efforts to replace unsavory regimes in such nations as Cuba, Nicaragua, Angola and Iran have succeeded in substituting them with rulers, not only more oppressive than their predecessors, but openly hostile to U.S. interests.

The African National Congress has been shown to be getting material and logistic support from the Soviet Union and is deeply committed to the violent overthrow of the current regime. Moreover the installation of a friendly government in South Africa has long been a dream of the Soviet Union. Considering the strategic importance of the sea lanes around the Cape of Good Hope and South Africa's nearly irreplaceable mineral supplies, Soviet control (whether direct or indirect) of that country would be disastrous with respect to U.S. national security interests.

Because of the potentially explosive situation in South Africa, the demonstrable interest that the Soviet Union has shown in the region and the fact that U.S. policy seems to be mimicking the policies that failed so miserably in other parts of the world, I urge you to read the enclosed monograph by Jeane Kirkpatrick. If her warnings are heeded we may be able to avert a very unpleasant outcome in this region.

Very truly yours,


John W. Van Slyke, O.D.
115 Gilbert Road

New Hartford, New York 13413

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HLC

DISCUSSION DRAFT: 4/18/88

100TH CONGRESS
2D SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Mr. _____ introduced the following bill; which was
referred to the Committee on _____

A BILL

To amend the Comprehensive Anti-Apartheid Act of 1986, and for
other purposes.

1 *Be it enacted by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled,*

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the ``Comprehensive Anti-
3 Apartheid and Black Empowerment in South Africa Act of
4 1988``.

5 SEC. 2. HOUSING ASSISTANCE TO UNDERMINE THE GROUP AREAS ACT.

6 (a) HOUSING ASSISTANCE.--Title II of the Comprehensive
7 Anti-Apartheid Act of 1986 (hereafter in this Act referred to
8 as ``the Act``) is amended by adding at the end thereof the
9 following new section:

10 ``HOUSING ASSISTANCE TO UNDERMINE THE GROUP AREAS ACT

11 ``Sec. 213. (a) The Congress makes the following
12 findings:

13 `` (1) There is a serious and growing housing shortage
14 for blacks in South Africa.

15 `` (2) The shortage has been exacerbated by
16 discriminatory laws such as the Group Areas Act and other
17 regulations which carry out the official policies of
18 apartheid through housing and residence restrictions
19 based on race or ethnic origin.

20 `` (3) South African blacks and other nonwhite South
21 Africans are challenging the Group Areas Act by moving
22 into areas designated for residence by white South
23 Africans.

24 `` (4) There is an increasing need for access to
25 affordable land for the purpose of establishing rights to

1 property ownership.

2 `` (b) It is the policy of the United States to provide
3 financial and advisory assistance to those who are
4 challenging the Group Areas Act through financing guarantees
5 of housing for disadvantaged South Africans in all areas,
6 without regard to discriminatory race classifications.

7 `` (c) Not later than February 1, 1989, the Secretary of
8 State shall report to the Congress on the implementation of
9 section 222(e) of the Foreign Assistance Act of 1961.``.

10 (b) HOUSING GUARANTY PROGRAM (HIG).--(1) Section 222 of
11 the Foreign Assistance Act of 1961 is amended by adding at
12 the end the following new subsection:

13 `` (e) To carry out the policy of section 221, the
14 President is authorized to issue guaranties under this
15 section for programs in South Africa for South African blacks
16 and other nonwhite South Africans. Such programs shall be
17 carried out in all geographic areas of South Africa, without
18 regard to discriminatory race classifications. No such
19 guaranty may be issued for an entity controlled by the
20 Government of South Africa. Guaranties may be issued pursuant
21 to this subsection without regard to any requirement that the
22 Government of South Africa also be a guarantor.``.

23 (2) The amendment made by paragraph (1) shall take effect
24 October 1, 1988.

25 SEC. 3. ASSISTANCE TO BLACK PRIVATE ENTERPRISE.

1 (a) ASSISTANCE TO BLACK PRIVATE ENTERPRISE.--Title II of
2 the Act is amended by adding at the end the following new
3 section:

4 ``ASSISTANCE TO BLACK PRIVATE ENTERPRISE.

5 `` (a) Sec. 214. The Congress makes the following
6 findings:

7 `` (1) The Pass Laws and other discriminatory
8 restrictions in South Africa have been rendered
9 inoperative through the force of black economic and labor
10 power.

11 `` (2) Black trade unions have been permitted as a
12 result of a rapidly expanding South African economy.

13 `` (3) Many central business districts and other areas
14 have been exempted from discriminatory legislation.

15 `` (4) Blacks have demonstrated their economic power
16 through a vastly increased percentage of total
17 consumption in South Africa and have gained political
18 leverage through work stoppages and consumer boycotts.

19 `` (5) Black business groups have successfully crafted
20 nondiscriminatory legislation in a wide range of sectors
21 and continue to press for other relief.

22 `` (b) It is the policy of the United States to support
23 the expansion of economic opportunity for disadvantaged South
24 Africans and to assist in strengthening their ability to
25 petition the South African government for removal of

1 apartheid laws by--

2 ``(1) supporting and establishing business trusts to
3 finance education, training, and small business
4 development;

5 ``(2) supporting and establishing business, trade,
6 and other voluntary associations representing various
7 economic sectors;

8 ``(3) advising and training black entrepreneurs in
9 all aspects of business creation and management;

10 ``(4) providing legal assistance to black business
11 groups and association; and

12 ``(5) identifying all organizations in South Africa
13 that have as their primary function the provision of
14 financial or advisory services to the black and nonwhite
15 community.

16 ``(c) REPORT.--(1) The Secretary of State shall compile,
17 and periodically revise, a list of such organizations
18 described in subsection (b)(5) not later than 60 days after
19 the date of the enactment of this Act.

20 ``(2) Not later than 180 days after the date of enactment
21 of this Act, the Secretary of State shall submit a report to
22 the Congress concerning implementation of section 535 of the
23 Foreign Assistance Act of 1961.''.
24

25 (b) ASSISTANCE FOR DISADVANTAGED SOUTH AFRICANS.--Section
26 535(a) of the Foreign Assistance Act of 1961 is amended by

1 adding after paragraph (2) the following new paragraph:

2 ``(3)(A) Not less than \$8,000,000 of the funds made
3 available for the purposes of this section shall be available
4 for--

5 ``(i) the support and establishment of business
6 trusts to finance education, training, and small business
7 development;

8 ``(ii) the support and establishment of business
9 associations and associated institutions such as trade
10 associations and voluntary associations representing
11 business in various economic sectors;

12 ``(iii) advising and training black entrepreneurs in
13 all aspects of business creation and management; and

14 ``(iv) providing legal assistance to black business
15 groups and associations.

16 ``(B)(i) In order to qualify for assistance under this
17 paragraph a South African entity shall ascribe to the
18 statement of principles in clause (ii).

19 ``(ii) STATEMENT OF PRINCIPLES.--

20 ``(I) Does not discriminate on the basis of race.

21 ``(II) Embraces and promotes democratic principles.

22 ``(III) Opposes the use of and does not engage in
23 violence in its efforts to dismantle apartheid.

24 ``(IV) Is independent of and does not receive funds
25 from the South African Government.

1 `` (C) In addition to the criteria under section 117 for
2 priority consideration, such consideration in providing
3 assistance under this paragraph shall be given to the Urban
4 Foundation, Rural Foundation, Operation Hunger, NAFCOC, Law
5 Review Project, SABTA Development Trust, Small Business
6 Advisory Services, Job Creation, PROTEC, Foundation for
7 Entrepreneurship Development, Leadership Education and
8 Advancement Foundation School, Rotunda/Rotary, and Junior
9 Achievement.''.
10

11 **SEC. 4. EXEMPTION TO DENIAL OF FOREIGN TAX CREDIT FOR TAXES**
12 **PAID OR ACCRUED TO SOUTH AFRICA.**

13 (a) EXEMPTION.--Paragraph (2)(C) of section 901(i) of
14 title 26, United States Code, is amended by adding at the end
15 thereof the following new clause:

16 ``(iii) The provisions of this subparagraph shall not
17 apply with respect to any national of the United States for
18 any taxable year for which the South African entity of such
19 national--

20 ``(I) adheres to the Code of Conduct under section
21 208 of the Comprehensive Anti-Apartheid Act of 1986; and

22 ``(II) in accordance with section 535(a)(3)(B) of the
23 Foreign Assistance Act of 1961, contributes a sum which
24 is not less than 15 percent of total payroll costs of
25 such entity for activities under subsections (a)(6) and
 (b) of section 208 of the Comprehensive Anti-Apartheid

1 Act of 1986 and assistance to black private enterprise as
2 provided under section 214 of the Comprehensive Anti-
3 Apartheid Act of 1986.''.

4 (b) APPLICATION.--The amendments made by this section
5 shall apply to taxable years beginning after December 31,
6 1987.

7 SEC. 5. PRESIDENT'S ADVISORY GROUP FOR THE COORDINATION OF
8 ASSISTANCE TO DISADVANTAGED SOUTH AFRICANS FROM
9 THE UNITED STATES PRIVATE AND PUBLIC SECTORS.

10 Title V of the Act is amended by adding at the end the
11 following new section:

12 ``SEC. 513. PRESIDENT'S ADVISORY GROUP FOR THE COORDINATION
13 OF ASSISTANCE TO DISADVANTAGED SOUTH AFRICANS
14 FROM THE UNITED STATES PRIVATE AND PUBLIC
15 SECTORS.

16 `` (a) The President shall establish an advisory group
17 comprised of United States officials and private persons who
18 are experienced in the establishment and management of
19 programs, services, and institutions which have proven
20 effective, in the American experience, in empowering
21 disadvantaged and disenfranchised individuals and groups to
22 participate fully and freely in the economic and political
23 life of the country.

24 (b) The advisory group shall--

25 `` (1) advise the President concerning the

1 coordination of public and private assistance to
2 disadvantaged South Africans, including--

3 `` (A) assistance from departments of the United
4 States Government;

5 `` (B) assistance from United States private
6 sector groups, such as the United States Chambers of
7 Commerce, trade associations, and SCORE (Service
8 Corps of Retired Executives);

9 `` (2) annually report to the President on the needs
10 of the Black business sector in South Africa and the
11 progress of United States initiatives under this Act.''.
12

13 **SEC. 6. EXPORT-IMPORT BANK AND OVERSEAS PRIVATE INVESTMENT
14 CORPORATION.**

15 (a) EXPORT-IMPORT BANK.--Section 204 of the Act is
16 amended--

17 (1) inserting `` (a) '' after `` 204. '' ; and

18 (2) by adding at the end the following new
19 subsections:

20 `` (b) (1) The Congress finds that there is a crucial need
21 among the black business sector for access to credit and
22 credit guarantees, bridge finance, and access to foreign
23 capital.

24 `` (2) POLICY.--It is the policy of the United States to
25 provide a full range of normal and specialized services to
support the groups listed in the report submitted pursuant to

1 section 214 of the Comprehensive Anti-Apartheid Act of 1986
2 and the organizations listed in section 535(a)(3)(C) of the
3 Foreign Assistance Act of 1961 through the Export-Import Bank
4 and OPIC (Overseas Private Investment Corporation).

5 `` (c) REPORT.--Not later than 90 days after the date of
6 the enactment of this Act, the Chairman of the Board of
7 Directors of the Export-Import Bank shall submit a report to
8 the Congress concerning implementation of section 204 of the
9 Comprehensive Anti-Apartheid Act of 1986.'`.

10 (b) OVERSEAS PRIVATE INVESTMENT CORPORATION.--

11 (1) ELIGIBILITY OF CERTAIN PROJECTS IN SOUTH
12 AFRICA.--Section 237(a) of the Foreign Assistance Act of
13 1961 (22 U.S.C. 2197(a)) is amended--

14 (A) by striking out `` (a) Insurance`` and
15 inserting in lieu thereof `` (a)(1) Except as provided
16 in paragraph (2), insurance``; and

17 (B) by adding at the end thereof the following:

18 `` (2) Insurance, reinsurance, and guaranties of loans may
19 be issued to cover an investment made in connection with a
20 project in South Africa, notwithstanding the absence of an
21 agreement with the Government of South Africa, except that--

22 `` (A) the issuance of any such insurance,
23 reinsurance, or guaranty shall only be made to promote
24 joint ventures between business enterprises controlled or
25 owned by south African blacks or other nonwhite South

1 Africans and business enterprises controlled or owned by
2 United States nationals; and

3 `` (B) with respect to such a joint venture, the
4 national or nationals of the United States hold a
5 minority interest or agree to relinquish its majority
6 interest during the course of the joint venture.``.

7 (2) NATIONAL OF THE UNITED STATES DEFINED.--Section 238
8 of the Foreign Assistance Act of 1961 (22 U.S.C. 2198) is
9 amended--

10 (A) in subsection (c) by striking out ``and`` at
11 the end thereof;

12 (B) in subsection (d) by striking out the period
13 at the end thereof and inserting in lieu thereof ``;
14 and``; and

15 (C) by adding at the end thereof the following:

16 `` (e) the term ``national of the United States``
17 means--

18 `` (1) a natural person who is a citizen of the
19 United States or who owes permanent allegiance to the
20 United States; or

21 `` (2) a corporation, partnership, or other
22 enterprise if--

23 `` (A) natural persons who are nationals of
24 the United States own or control, directly or
25 indirectly, more than 50 percent of the

1 outstanding voting securities;

2 ``(B) natural persons who are nationals of
3 the United States own or control, directly or
4 indirectly, 25 percent or more of the voting
5 securities, and natural persons of another
6 nationality do not own or control an equal or
7 larger percentage;

8 ``(C) any natural person who is a national of
9 the United States operates the corporation,
10 partnership, or enterprise pursuant to the
11 provisions of an exclusive management contract;

12 ``(C) a majority of the members of the board
13 of directors are also members of the comparable
14 governing body of a corporation or legal entity
15 organized under the laws of the United States,
16 any State or territory thereof, or the District
17 of Columbia; or

18 ``(E) natural persons who are nationals of
19 the United States have authority to appoint the
20 chief operating officer.''.

21 **SEC. 7. EXEMPTION FROM PROHIBITION ON SUGAR IMPORTS.**

22 Section 323 of the Act is amended by adding at the end
23 thereof the following:

24 ``(c)(1) Notwithstanding subsections (a) and (b), the
25 prohibitions and limitations of this section shall not apply

1 to imports into the United States which are the export of
2 business enterprises that are owned by South African blacks
3 or other nonwhite South Africans.

4 `` (2) Notwithstanding subsections (a) and (b), the United
5 States Trade Representative may adjust the percentage
6 allocation to the Philippines and may make an allocation to
7 the Republic of South Africa in carrying out the provisions
8 of paragraph (1). ``.

9 **SEC. 8. EXEMPTION FROM PROHIBITION ON IMPORTS OF SOUTH**
10 **AFRICAN AGRICULTURAL PRODUCTS AND FOOD.**

11 Section 319 of the Act is amended--

12 (1) by adding `` (a) `` after `` 319. ``; and

13 (2) by adding at the end the following new
14 subsection:

15 `` (b) The prohibition under subsection (a), shall not
16 apply to imports into the United States which are the export
17 of business enterprises that are majority-owned by South
18 African blacks or other nonwhite South Africans. ``.

19 **SEC. 9. EXEMPTION FROM PROHIBITION ON IMPORTATION OF URANIUM,**
20 **COAL, AND TEXTILES FROM SOUTH AFRICA.**

21 Section 309 of the Act is amended by adding at the end
22 the following new subsection:

23 `` (d) The prohibition under subsection (a), shall not
24 apply to imports into the United States which are the export
25 of business enterprises that are majority-owned by South

1 African blacks or other nonwhite South Africans.''.
2

3 SEC. 10. CLARIFICATION OF PROHIBITION ON UNITED STATES

4 GOVERNMENT ASSISTANCE TO SOUTH AFRICA.

5 Section 316 of the Comprehensive Anti-Apartheid Act of
6 1986 is amended--

7 (1) by inserting `` (a) '' after `` 316. '' ; and

8 (2) by adding at the end the following new
9 subsection:

10 `` (b) The prohibition under subsection (a) shall not
11 apply to assistance authorized under this Act or any other
12 Act for South African blacks and other nonwhite South
13 Africans, victims of apartheid in South Africa, or
14 disadvantaged South Africans.''.
15

16 SEC. 11. CLARIFICATION OF PROHIBITION ON NEW INVESTMENT IN
17 SOUTH AFRICA.

18 Section 310(c) of the Act is amended by striking `` owned
19 by black South Africans '' and inserting `` majority-owned by
20 black South Africans or other nonwhite South Africans '' .

21 SEC. 12. ADHERENCE TO STATEMENT OF PRINCIPLES.

22 (a) LIMITATION.--Notwithstanding any other provision of
23 law, agencies and departments of the United States may not
24 provide financial or other assistance to South African
25 entities which do not adhere to the statement of principles
under subsection (b).

(b) STATEMENT OF PRINCIPLES.

1 (I) Does not discriminate on the basis of race.

2 (II) Embraces and promotes democratic principles.

3 (III) Opposes the use of and does not engage in
4 violence in its efforts to dismantle apartheid.

5 (IV) Is independent of and does not receive funds
6 from the Government of South Africa.

7 (c) PRESIDENTIAL CERTIFICATION.--Not more than 90 days
8 after the date of the enactment of this Act, and annually
9 thereafter, the President shall submit a certification to the
10 Congress that each South African entity receiving assistance
11 from the United States Government adheres to the statement of
12 principles under subsection (b).

SAfrica
Testimony by
John Silber

THE WHITE HOUSE

WASHINGTON

September 3, 1986

Dear Dr. Silber,

I have been asked to respond to your letter to the President. I am making copies of your most appreciated testimony available to members of the Administration who are involved in the formulation of our South Africa policy. I am certain that they will find it as insightful and enlightening as I did.

Thank you for your concern and support.

Sincerely,

Max Green

Max Green
Associate Director
Office of Public Liaison

Mr. John R. Silber
Office of the President
Boston University
147 Bay State Road
Boston, Massachusetts 02215