

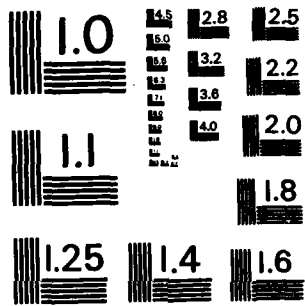
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## UNITED STATES POLICY TOWARD SOUTH AFRICA

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**COPING WITH CHANGE:  
UNITED STATES POLICY TOWARD  
SOUTH AFRICA**

by

**Scott Fisher  
Senior Research Fellow**

**National Security Affairs Monograph Series 82-7**

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1982

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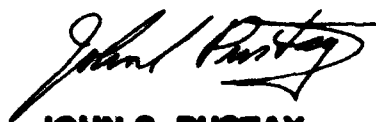
## FOREWORD

Despite initiatives such as the Strategic Petroleum Reserve, the United States continues to rely upon foreign sources for a number of important strategic resources. The Republic of South Africa is the primary producer of a large share of several minerals critical to the US defense industrial base. In forming an *overall* policy toward South Africa, however, what weight should the United States assign to the critical mineral factor?

Colonel Scott Fisher, USAF, attempts to assess the range of diplomatic, strategic, economic, and social realities that must be accommodated in a balanced US policy toward South Africa. For example, he reviews how South Africa figures in US-Soviet competition for favorable relations with the developing nations of Africa. In exploring the moral and social dimensions, he examines how US opposition to *apartheid* might affect relations with the white leadership of South Africa.

The author proposes a set of actions the United States might consider to achieve a South Africa policy that coordinates US security goals with other national objectives. To reduce US import reliance, he urges completion of the critical minerals stockpiling process. On the diplomatic front, he supports continued US pressure on human rights issues. He observes that, while the South Africans themselves must ultimately be the ones to cope with inevitable political and social change, the United States can do much to protect its interests in a changing South Africa.

By raising the issues addressed in this study, Colonel Fisher illustrates the complexity of formulating national security policy—a lesson the National Defense University seeks to teach its senior military students.



**JOHN S. PUSTAY**  
Lieutenant General, USAF  
President, NDU

## **ABOUT THE AUTHOR**

**Colonel Scott Fisher, USAF, wrote this monograph while serving as a Senior Research Fellow at the National Defense University in 1981 and 1982. He is now chief of the Middle East/Africa Division, Directorate of Plans, Headquarters US Air Force.**

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## EXECUTIVE SUMMARY

Present US policy toward the Republic of South Africa is marked by the evolution of a relatively uneasy diplomatic relationship that has developed alongside a mutually beneficial economic relationship. Since World War II, conflicting themes have served as building blocks for US diplomatic relations with South Africa. Principal among these themes have been debates regarding the merits of "rule of law" versus "domestic jurisdiction" policies growing out of domestic concern with civil and human rights, *realpolitik* relegation of South Africa to a peripheral position in a US-USSR global confrontation, and regionally oriented initiatives that have responded to US interests throughout Africa and specifically to southern Africa.

US business and investment interests, over the same postwar period, have responded to favorable economic, political, labor, and resource considerations that have made South Africa an attractive location for industrial and trade operations. The key aspect of US trade with South Africa focuses on strategic minerals produced by South Africa that are critical to US manufacture of high-technology industrial products, most particularly those of defense industries. Current US dependence upon external production of chromium, manganese, and platinum group metals ranges between 90 and 100 percent, and South Africa provides nearly 50 percent of those materials.

This import reliance upon South Africa creates one set of pressures for US policymakers. Another set, frequently opposing, is generated by the independent black African states which battle against the apartheid policies of South Africa. Although their weapons are largely rhetorical, some countries possess significant leverage by means of their own mineral or petroleum production, or their strategic location, to

create a serious policy dilemma for the United States. Finally, in response to historical and philosophical currents of political and human rights that have marked the last three decades of domestic concern, the United States has increasingly presented a moral dimension to its foreign policy.

Pursued to their extremes, these themes become mutually exclusive. But policy rarely must be carried to such an extreme, and US policy toward South Africa need not be an exception. The United States must make clear its abiding commitment to a shared political system in South Africa and its opposition to the policy of legalized discrimination known as apartheid.

While placing a degree of reliance upon normal market forces to provide a continuing supply of strategic materials, the United States must take steps to protect itself from being held hostage to foreign powers on account of these materials. The United States must also pursue broader political, economic, and strategic interests in Africa, which can themselves be held hostage by a policy tied too closely to the minority government of South Africa.

→ This monograph develops the considerations toward policy for South Africa, ~~the response to these~~ themes. This policy is proposed for the period following resolution of Namibia's independence. It is not designed to be bluntly confrontational, but does seek to articulate and serve a range of US interests, both foreign and domestic. Recommendations that can lead to insulation for the United States against strategic material denial are proposed, as are others designed to cope with the changes generated primarily within South Africa. Major proposals include the following:

- Complete the US critical minerals stockpiling process;
  - Encourage other Western nations to stockpile strategic minerals;
  - Tighten controls on US exports to South Africa;
- ix

- Stop the exchange of nuclear technology with South Africa;
- Promote nonexpansion of US business in South Africa;
- Support the South Africa Development Coordination Conference;
- Expand contacts with black South African leaders;
- Expand human rights actions;
- Support universal voluntary adoption of the Sullivan Principles by US business.

## **1. WHY SOUTH AFRICA? WHY NOW?**

Most Americans, even those who fashion and execute foreign policy, do not find South Africa at the center of their focus on world issues. Questions about US policy regarding South Africa do not share the urgency accorded to Middle East issues, the Soviet threat, problems in NATO, and balance of trade issues, not to mention a range of domestic concerns. Yet, whatever occurs in South Africa directly and quickly affects the United States. And the potential for far-reaching social change clearly exists in South Africa, change that will not only fundamentally reorder South Africa but will also affect the entire African continent.

Both the history and demography of the United States make South Africa a matter of special concern for Americans. But beyond deploring apartheid, Americans cannot bring themselves to unanimously support policy toward South Africa. Some few argue for a concerted assault on apartheid, to include broad and comprehensive economic sanctions against the South African Government along with aid for groups willing to wage armed struggle against the South African regime. Others, drawing upon a different philosophy, argue that although America can and should disapprove of apartheid, South Africans must be left alone to manage their own affairs. Still others take up middle positions supporting, variously, selective pressures, reliance upon ameliorating economic processes, or the force of moral suasion to bring about social and political change.

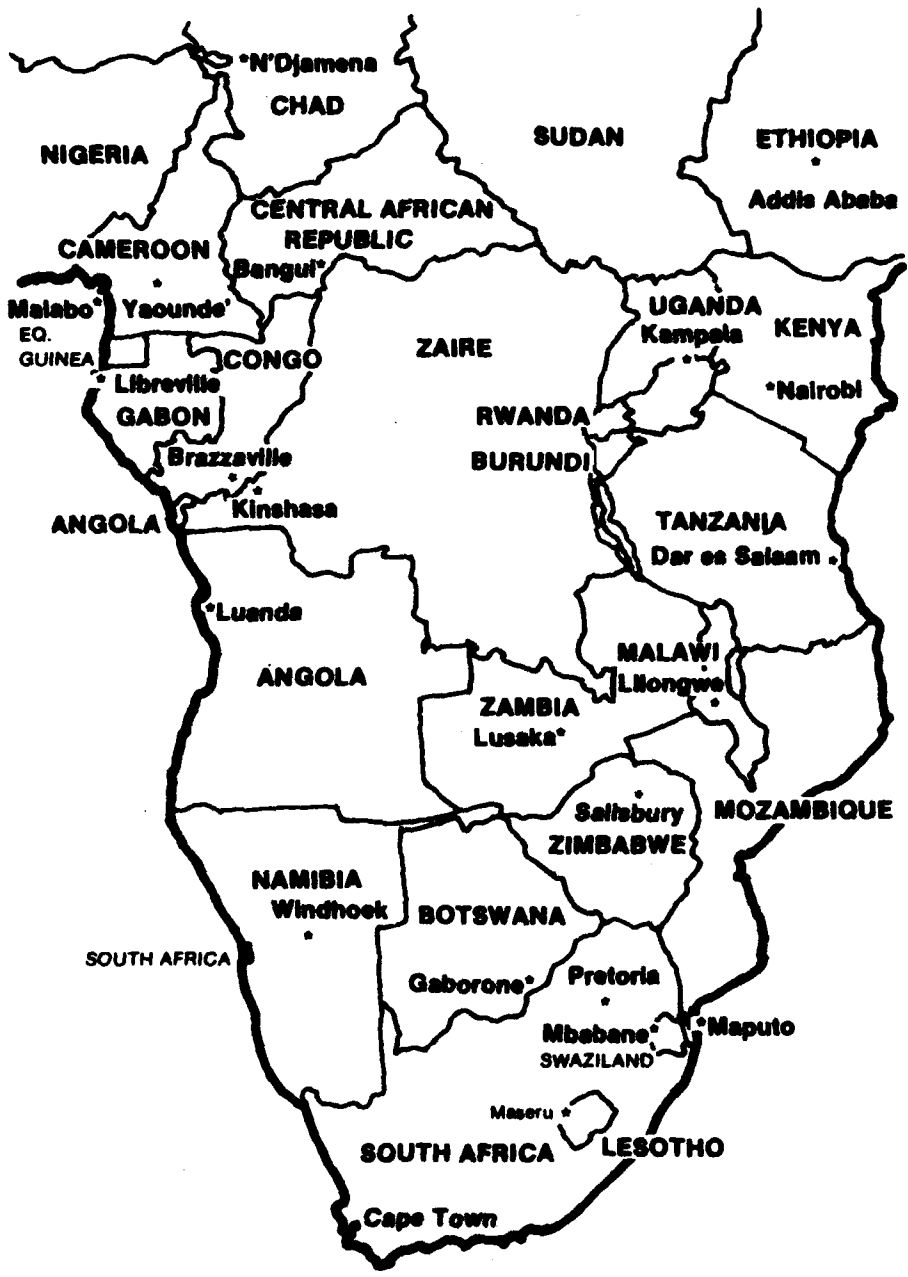
Those who promote restraint rather than vigorous action frequently reflect the hesitation to accept expanded obligations abroad that is a characteristic portion of America's post-Vietnam legacy. These critics deny our ability to influence

events overseas and disdain any proffered rationale for extending American interests.

US companies carry on a significant level of trade with and investment in South Africa. Imports to the US industrial sector from South Africa include at least five relatively scarce minerals, four of which have distinct application to key defense products. These four—chromium, manganese, vanadium, and the platinum group—combine with gold in having critical utility affecting the whole of the US economy, even beyond that limited to strategic military value. Further, some geopolitically attuned analysts contend that South Africa's location alongside the path taken by significant portions of the industrial West's oil makes active collaboration obligatory between the government of South Africa and the United States.

Proponents of all persuasions agree that South Africa's mineral wealth and geographic location are inescapable factors in fashioning a realistic policy. Equally shared is a desire to minimize communist influence in southern Africa. (See map.) Viewing the contributions communist powers made to the termination of white control in Mozambique, Angola, and Rhodesia, some analysts encourage the United States to support the South African Government in countering a threat from those same agents. This policy is avidly encouraged, if not led, by both official and unofficial voices from the white sector of South Africa.<sup>1</sup>

This view is challenged by those who posit an opposing analysis with important characteristics of both a short- and long-term nature. This faction perceives that the continuation of cooperative ties to the white government of South Africa will insure the enmity of the majority black government they foresee coming to power. To cement the wall against communist intrusion, they advocate strong support now of the forces that represent future control. Perhaps more important, American economic, political, and, in a few cases, military relations with the black states that control most of the African continent will hinge increasingly on the stand the United States takes



# **SOUTH AFRICA AND SURROUNDING COUNTRIES**



regarding a racist South Africa. Potential detriment to the United States could include unwillingness to undertake the effective Third World "honest broker" role, exemplified with surprising distinction by Algeria in the return of American hostages from Iran, as well as positions on more tangible issues such as basing rights along the Indian Ocean littoral or access to African oil production. These analysts note that Nigeria, second only to Saudi Arabia as an oil supplier to the United States, refrained from joining the 1973 OPEC oil embargo but could decide, in the words of Nigerian President Alhaji Shehu Shagari, to use "all methods" at its disposal to persuade the United States to fight aggressively against white rule in South Africa.

Whatever importance is attached to resource access and other geopolitical factors, issues inevitably return to the consideration of apartheid. This system of self-perpetuating racial discrimination is repulsive to large segments of the American public, sensitized as they are by their own history and philosophy. Individuals, political groups, corporations, churches, and schools take offense at the dehumanizing character of apartheid. All South Africans are circumscribed by apartheid's racially based laws that govern most aspects of their lives. For those failing the test of whiteness, such laws determine their political rights, residence, employment, schooling, leisure activities, and legal opportunities. Laws that deny to blacks residence qualification, freedom of movement, expression, and choice largely deny four-fifths of South Africa's population a significant voice in their own government. Whatever explanations and defenses South African whites might offer, such practices offend most Americans.

Accepting that apartheid is a repugnant practice, is it nonetheless proper for the United States to shape foreign policy on the basis of promoting political freedom and civil liberties for people who are not US citizens? Both theoretical and practical considerations argue yes. Historically, human rights have seldom been the determining factor in shaping foreign policy, either in the United States or elsewhere. However, especially over the past three decades, the issue of human

rights has become an accepted element of policy formulation with consequent entrenchment into law and society. This development finds its roots in a common belief in political freedom and civil liberties that has been carried abroad as the core of a political ideology, propelling the United States, sometimes under arms, to defend against fascism, communism, and other arbitrary and repressive forms of government. Emphasis continues to vary from situation to situation, but consideration of human rights as a pervasive element of American policy has gradually become more fixed from one war and one administration and one era to the next.

Equally cogent as an underlying argument for US policy concerned with representative government is the matter of race. While not exclusively the domain of Americans, the multiethnic composition and experience of this country is not shared by any other major trading partner of South Africa. For good or for ill, this condition has played an important part in America's international activities and continues today to exert considerable force as ethnic and racial constituencies express their interests. The opposite applies equally: Race relations in this country are not immune to events beyond our borders. Sustained racial violence in South Africa would add an especially acrimonious element to the debate over appropriate US responses as other elements compete for priority in setting policy.

If promoting political freedom in another country is a historical concern of US foreign policy, why is it now a crucial time to raise, or raise again, the issue of South Africa to the forefront of consideration? The answer is simply that the factors for fundamental change inundate the everyday world in South Africa. A generation ago, only three sub-Saharan African states, one of them South Africa, were independent from colonial domination. Today, in contrast, only one African state is under colonial rule. That state is Namibia; the colonial power is South Africa. In the interim, more than 40 sub-Saharan black states have won their independence from a white metropolitan power.

Until obtaining their recent independence, Zimbabwe, Mozambique, and Angola had, for half a generation, formed a white-controlled buffer against the attacks, largely rhetorical, on the part of black states whose independence had been won in the 1950s and 1960s. Now, South Africa faces the future as the last outpost of white supremacy on the continent. One previous definitional criterion of colonialism—namely, a “political condition external to the metropole”—has been obscured by apartheid, so that now the term colonialism is applied to South Africa within its own borders. This said, there is nothing inevitable about the end result of the change taking place in South Africa. Nor is there anything inevitable about the timetable for fundamental change. However, as Edward Roux—a black rights spokesman of the 1920s and 1930s on the struggle for freedom in South Africa—noted in the title of his 1948 study, *Time Longer Than Rope*,<sup>2</sup> both time and change move at an ever-quickening and more encompassing pace.

## **2. BUILDING BLOCKS OF US POLICY TOWARD SOUTH AFRICA**

The underlying impetus to American policy toward South Africa has been an unwillingness to become involved more than absolutely necessary, with a consequent reliance upon the progressive and ameliorating role of historical and economic development to provide in due time a permanent solution, based on social justice, to South Africa's racially determined minority role. Characteristic are the comments of an American analyst of African affairs, Raymond Leslie Buell:

The obstacles to a solution of the race problem in South Africa are formidable almost to the point of despair. While the leaders realize the necessity of a new policy, the great masses of Europeans who control the government and who own the land find it difficult to shake off century old beliefs and to support legislation involving the sacrifice of their immediate interests. Nevertheless there are many signs of a growing appreciation of the problem. . . . The present Prime Minister has shown an intelligence and courage which none of his predecessors has demonstrated. The mere fact that the leader of the Nationalist party has dared to support measures giving natives a form of representation . . . shows how long a distance South Africa opinion has traveled in the last few years.<sup>1</sup>

It is ironic that these observations, which echo the major themes held by many Americans, including some American policymakers today, were written in 1928.

## **RULE OF LAW VERSUS DOMESTIC JURISDICTION**

The United States emerged from World War II with a comrade-in-arms feeling toward wartime allied leader, Union of South Africa Prime Minister Jan Smuts, whose prestige was furthered by his cooperation in establishing the United Nations. The union Smuts represented, however, was another matter. Administratively shelved in the further reaches of the US Department of State's European desk, South Africa understandably drew little attention when the weightier concerns of rebuilding Western Europe occupied not only State, but all other agencies of the US Government willing to look beyond their own shores. Postwar South Africa did jar the lawyer's nerves of UN delegate John Foster Dulles. As Secretary of State when India sought UN support for the protection of Asians in South Africa—a matter already the subject of an international treaty—Dulles both supported a desirable relationship with India and eased the potential for foreign condemnation of US racial policies by advocating mediation and negotiation.

Less ambivalent to Dulles was the matter of South-West Africa (now called Namibia). Dulles clearly saw this issue in the terms addressed by the UN Charter, as a matter of "rule of law" and not "domestic jurisdiction." His strong criticism of South Africa for refusing to comply with a UN resolution calling for trusteeship over South-West Africa set a legal, if not a moral, precedent for further US policies. A year later, in 1948, Daniel Malan's Nationalist Party, representing Afrikaner interests, defeated Smuts; the election raised little significant concern in the US foreign policy community and none among interested US businessmen. In 1949, the United States supported a UN resolution referring the South-West Africa issue to the International Court of Justice and subsequent resolutions regretting South Africa's persistence in flouting the United Nations consensus and the World Court's opinions.

The practice of apartheid is widely perceived to be the peculiar offspring of Afrikaner *volk*, whose vehicle for political

control is the Nationalist Party. In reality the roots of apartheid go far deeper in the South African *weltlauf* than Nationalist Party political dominance. For example, the earliest opportunity the United States took to officially respond to apartheid occurred in 1952, 4 years after the Nationalists came to power and well before much of the legal machinery supporting the practice of apartheid was in place. That year, an Arab-Asian group produced a resolution in the UN condemning apartheid; in creating a response to this resolution, the US delegation engaged in a vigorous debate between those advocating the position that the practice of apartheid was strictly a matter of domestic jurisdiction and those, including Eleanor Roosevelt, who felt it more conscionable to support India and its cosponsors on a clear moral issue. The issue was resolved for the time by Secretary of State Dean Acheson, who maintained in a December, 1952, UN debate that the United States "should not intervene for what are called moral reasons in the internal affairs of another country. Moral reasons for interfering are merely a cover for self-indulgent hypocrisy." The United States abstained on the resolution, but Acheson's views dominated official Washington's policies for the next decade and continue to frame one side of a many-faceted exchange today.

Throughout the 1950s, Acheson's view reflected the course of American policy. The United States "regretted" and "deplored" South Africa's development of apartheid's legal framework as established through the Group Areas Act, the Public Safety Act, the Suppression of Communism Act, the Criminal Law Amendment Act, and the Prison Act, all South African legislation of the decade.<sup>2</sup> Nevertheless, the United States abstained from direct interference in the domestic jurisdiction of a state, particularly one that regularly declared itself staunchly allied in the fight against communism.<sup>3</sup> The United States did decline South Africa's repeated overtures to join NATO, but military cooperation proceeded routinely via the 1955 Simonstown agreement between South Africa and US ally Great Britain. Technological exchange, perhaps best

exemplified by the 1957 agreement to cooperate in nuclear energy research and eventual development of nuclear power, continued apace, as did sensitive exchanges between the Central Intelligence Agency and South African security officials. The Department of Commerce began in 1953 to refer to South Africa's "internal racial and social tensions" as a caution to an otherwise attractive investment market for US capital. South Africa protested that this was an "unfriendly act," although it proved no insurmountable barrier to American investors, as they increased their South African holdings from \$212 million in 1953 to \$350 million in 1960.

### **POLICY ABROAD REFLECTS THE CHANGING MORAL CLIMATE AT HOME**

If the Acheson position grew out of American concerns over problems at home and a desire for an orderly rule of law abroad, the foundations of his position were increasingly under attack. The landmark Supreme Court ruling expressed in the 1954 *Brown v. Board of Education* case changed the whole moral fabric of America's legal garb in its finding that separate could not be equal. Soon after, the 1956 imbroglio over Suez changed the way in which the United States viewed the colonial situation in general. In Africa, first in Ghana and then elsewhere a torrent of black independence movements exploded the neat colonial blocks installed on the sub-Saharan African map since the Berlin Conference of 1884-85.

Changes within the administrative structure in the Department of State conceptually united South Africa with the bulk of the African continent and subsequently brought even greater independence in 1958 with the creation of the Bureau of African Affairs under a career diplomat, Joseph Satterthwaite, as Assistant Secretary. Now the United States could break free of a major restriction in the "domestic jurisdiction" versus "rule of law" controversy. The United States no longer abstained from voting on UN resolutions critical of apartheid; instead it supported such resolutions with a view that South Africa's position was unique since discrimination was "sancti-

fied by statute," a determination that would have been uncomfortable to sustain prior to 1954. Doubtless, Cold War competition played a role also, as the United States sought to block Soviet propaganda and appeal to newly independent African states for friendly relations. As Ambassador Satterthwaite observed,

The African people look to the United States for assistance in achieving social, economic, and political progress. They look to us for moral leadership and for a sympathetic understanding of their aspirations. . . . They expect us to apply our historic ideals to our foreign policy.<sup>4</sup>

Even people persuaded that South Africa should exercise full domestic jurisdiction were shocked by the obvious lapse in application of any rational rule of law evident in March 1960, when South African police shot into a crowd of blacks who were protesting pass-law restrictions. Sixty-nine blacks were killed, 178 wounded, and more than 17,000 were arrested as the Government declared a state of emergency to cope with subsequent work stoppages and demonstrations. US corporations, reacting to what seemed to be dangerous instability, joined in a flight of foreign capital that drained some \$64 million from South Africa's reserves in less than 2 months. The newly reorganized US Department of State reacted even more swiftly. On the day following the shootings, without consulting either its embassy in Pretoria or the White House, State issued a blunt statement deploring the Sharpeville massacre.

Despite the notoriety Sharpeville and subsequent protests brought, few actions of lasting consequence occurred as the South African Government moved with swift and often violent force to throttle the disturbances. Other than supporting a UN resolution calling for South Africa "to initiate measures aimed at bringing about racial harmony based upon equality," the United States failed to confront South Africa with a choice between a change in the direction of its policy or the diplomatic and economic costs withdrawal of US support would bring.



Before the year 1960 was out, the United States and South Africa had signed an agreement providing the National Aeronautics and Space Administration rights to build three tracking stations; General Motors announced investment expansion plans for its South African operation; and US banks and institutional investors followed with substantial loans.

As a practical matter, South Africa's burgeoning economy had suffered only a mild hiccup in spite of the brutality displayed at Sharpeville and its aftermath. But a change had occurred. The political symbolism of more pointed rhetoric paralleled the domestic changes in America's own racial policies. But American policymakers judged that they could not (and in any event they did not) move, even haltingly, along lines parallel with action taken at Little Rock and elsewhere.

When President Kennedy came to office, he brought an awareness and interest in Africa shared by none of predecessors. From his 1954 speech denouncing French colonialism, to his appointments of members from a generation of Americans who shared his view that Africa was a place where entrenched bureaucratic precedent could be overcome, Kennedy demonstrated a fresh, questioning spirit. This spirit was specifically evident toward South Africa, where he sought to apply civil rights priorities to the practice of apartheid. Under Kennedy, the American embassy in Pretoria invited blacks to the July 4 reception, meanwhile declining a request from Prime Minister Verwoerd for an invitation to visit Washington. For the first time, the United States took a step beyond rhetoric. Stung by African criticism against assistance provided by the United States to NATO ally Portugal, which was then fighting a rear-guard colonial action in Guinea Bissau, Angola, and Mozambique, the administration announced a unilateral decision to stop selling South Africa weapons after 1 January 1964 and to vote in favor of a nonbinding UN resolution that called on all member states to do likewise.

While the Kennedy administration accelerated the change in tone of US policy toward South Africa and took an initial serious step with the arms embargo, South Africa never really moved closer than to the periphery of the main focus of US foreign policy. The United States officially neither encouraged nor discouraged investment and trade, a policy that has continued to the present. Prudent businessmen, observing an expanding economy based upon cheap and tractable labor, required no further inducement beyond exceptionally high profits to support decisions to begin or expand South African operations. Beyond the useful capital the operations brought, South African whites saw United States investment as a moral endorsement of the fundamental soundness of their system.

President Lyndon Johnson had weighty domestic and foreign preoccupations that kept South Africa far from the center of his concerns. Johnson only once referred to Africa in a major address during his tenure in office, when he spoke at the White House on the third anniversary of the Organization of African Unity, 26 May 1966. This solitary reference indicated his administration's general commitment to advancing black rights, as he observed that the "foreign policy of the United States is rooted in its life at home." This position made South Africa an ideal target for foreign policy responsive to domestic policy. Additionally, the momentum established under G. Mennen Williams in the African bureau at State continued in the hands of a confident staff; these policies involved little cost when the Nation's attention was directed toward Southeast Asia. In substantive issues, the United States followed the United Kingdom's lead in southern Africa. For example, in accordance with a British-sponsored finding that southern Rhodesia was a "threat to peace" under chapter VII of the UN charter, the United States supported mandatory sanctions against Rhodesia's unilateral declaration of independence. In the case of Namibia, the United States was surprised by the unexpected International Court of Justice determination supporting South Africa's continued control. US Ambassador to the UN, Arthur Goldberg, framed the US position: South Africa

had forfeited its right to administer South-West Africa. Self-determination for Namibians became a stated US objective.

The United States under President Johnson continued the Kennedy administration policy of neither encouraging nor discouraging commercial investment; growth continued for all the previous reasons, as did other contacts, and in 1967 the US Government renewed the nuclear energy agreement for another 10 years. However, growing US domestic pressures prevailed in 1967 to influence US-South Africa military cooperation, leading to the subsequent termination of military relations, beyond embassy representation, between the two countries.<sup>5</sup>

In February 1967, the US carrier *Franklin Delano Roosevelt* was returning from extended combat duty off the coast of Vietnam; the Navy planned to refuel and provide shore leave for the crew in South Africa. The State Department was divided on the merits of such action but bowed to the Navy's logic that, in addition to relieving the tensions of 9 months' sea duty, the visit would save \$200,000 to \$250,000 over refueling at sea. The American Leadership Council on Africa, meeting in Washington at the time, took notice of the event and persuaded a bipartisan group of senators and representatives to take action. A compromise, which eventually involved the Attorney General and the President, was hammered out, directing that shore leave would be limited to "integrated activity only." The *FDR's* captain found this order impractical, took on fuel, and departed without permitting the crew to go ashore. The policy presumably still stands; since then, US Navy vessels have called at South African ports only on an emergency basis.

### **NSSM 39 AND NEGOTIATION: FAILURE AND PROMISE**

The essence of South African policy for the early Nixon period can be found in National Security Study Memorandum (NSSM) 39; administration policy, like the memorandum, was marked by a failure of perception and practice. NSSM 39 was

only one of 85 such studies ordered by Henry Kissinger to occupy the bureaucracy with reviews of American policy throughout the world, and therefore did not connote any special focus on Africa. As reflected in NSSM 39, Kissinger preferred the view that Africa was merely an extension of Europe, and that Africans in this sense were black Europeans. In fact, Kissinger's central and abiding concern in Metternichean manipulations of the worldwide confrontation between the Soviet Union and the United States reduced southern Africa, for him, to an area in which a regionally oriented African bureau in State had produced muddled policy. Tidied up, with more realistic policy goals, South Africa would fade into obscurity, so that top decisionmakers could devote their attention to more critical issues. In this assessment he echoed President Nixon's belief, stated to the UN General Assembly on 18 September 1969, that "our most fundamental national interest is in maintaining that structure of international stability on which peace depends and which makes orderly progress possible." In the manner of such reviews, NSSM 39 evaluated a range of options, but by mid-1969 Kissinger's clear choice as the vehicle for stability and orderly progress in southern Africa proceeded from the premise that:

The whites are here to stay and the only way that constructive change can come about is through them. There is no hope for the blacks to win the political rights they seek through violence. . . . We can, through selective relaxation of our stance toward the white regimes, encourage some modification of their current racial and colonial policies. . . . Our tangible interests form a basis for our contacts in the region, and these can be maintained at an acceptable political cost.<sup>6</sup>

Reliance upon South African whites and the flow of economic processes appealed to the general direction of the Nixon administration. In subordinating the political and social interests of black African states and nationalist movements to what was perceived as more tangible economic and strategic interests, the executive branch could tilt away from liberal and

human rights interests and State Department bureaucratic primacy to business and investment interests and Commerce and Defense Department primacy. The appointment of conservative businessman John Hurd to be the US ambassador to South Africa was in complete consonance with the "constructive change" and "communication with the white regimes" the administration favored.<sup>7</sup>

In any event, the underpinnings of NSSM 39 crumbled in the tremors of the 1974 Portuguese coup. The coup commanded attention—at least that portion of southern Africa's whites who spoke Portuguese were not staying in control very long—but the policy prism was still the USSR-US confrontation. Meanwhile, the focus shifted to competing independence movements in Angola. Missing an opportunity to reach an agreement with the Soviet Union during the malleable period of transitional coalition government, and eager to block the Soviet-backed Popular Movement for the Liberation of Angola from gaining power, the United States provided arms to both the National Liberation Front for the Liberation of Angola and the Union for Total Independence of Angola. In this effort, the United States was initially backed by Nigeria, Zaire, and Zambia, but South Africa's military intervention, although not likely specifically requested by the United States, was closely associated by black African states as a US-South African act of partnership and proved a fiasco.

Kissinger swung from a position of protecting South Africa, in which he cast the United States' first veto in the UN Security Council, to a new approach inaugurated in his Lusaka speech of April 1976. Still conceptually ambivalent, his new policy committed the United States to majority rule in Rhodesia by means of "a rapid negotiated settlement," along with a general commitment to "majority rule . . . for all peoples of southern Africa." Pointedly, he made no reference to majority rule and rapid change regarding South Africa.

To give his new policy some teeth, Kissinger met publicly with South African Prime Minister John Vorster on three sepa-

rate occasions. Conferring unprecedented recognition to Vorster and his government, the South Africa linkage continued, remarkably, notwithstanding a South African domestic explosion of rioting and demonstrations in the black township of Soweto, in which more than 600 protesters lost their lives. Beyond the international recognition they coveted, South Africans received significant international credit to offset tumbling prices of gold in return for providing leverage to US policy. Vorster understood his obligations; he and Kissinger applied separate but forceful representations upon Rhodesia's Ian Smith. Smith consequently ceded his agreement to negotiate a transition to majority rule. This action convincingly nailed down, in a dramatic and productive fashion, the negotiating plank in the platform of US policymaking.

#### **HUMAN RIGHTS AND HUMAN FRAILTIES**

President Jimmy Carter took office in January 1977 and openly supported the correction of racial injustice in southern Africa. In this, he shared views (most specifically addressed in his Notre Dame speech) with some of his closest advisers, particularly Secretary of State Cyrus Vance and UN Ambassador Andrew Young, that US-USSR confrontation should be subordinated to what came to be characterized as the North-South relationship. These senior officials, whom Carter recruited for his administration, brought deep personal attitudes and developed an exceptionally symbiotic cooperation with the African bureau at State. There, the prevailing view perceived black African nationalism as the dominant force on the continent, as opposed to Soviet or other communist imperialism. Further, over time this black nationalism would be a force most in consonance with American interests. Mature nationalism could produce beneficial economic development and provide the most determined and cheapest defense against Soviet penetration on the African continent. As applied to South Africa, black nationalism was seen to be a force whose eventual control over political direction could only be delayed, at considerable cost, and not permanently thwarted. Dialog with nationalist forces and assistance in channeling their ef-

forts, rather than shoring up a losing and racist minority, was seen as the only sensible policy for the United States. Carefully implemented, it was also the policy most likely to permit whites to continue to live in southern Africa.

Looking more broadly, the African bureau was aware that the United States had developed increasingly important interests elsewhere in Africa, especially in oil-rich Nigeria, which in 1973 surpassed South Africa in both total trade and the rate of new investment with the United States. Both Carter and Young emphasized with great consistency the positive side of economic relations and enlightened capitalism as a force for positive change in South Africa. But the predominant view was that seeking fundamental change through closer relationships with the white minority in South Africa could permanently jeopardize even more important relationships elsewhere in Africa, as well as longer term relationships in South Africa once the wave of black nationalism had run to full tide. Thus Young characterized the South African Government as "illegitimate" and Vice President Walter Mondale registered a "basic and fundamental disagreement" with Prime Minister Vorster's argument that separate development was not inherently discriminatory. "Any progress would be helpful," said Mondale, but his major proposal was that the South African Government "should meet early with a broad range of legitimate non-white leaders" to bring about "full political participation." Vorster was shocked that South Africa's strategic importance "wasn't mentioned for a moment." Instead, Mondale clearly stated a position that white South Africans never believed and possibly still find indigestible: "We hope that South Africans will not rely on any illusions that the United States will in the end intervene to save South Africa from the policies it is pursuing, for we will not do so."<sup>8</sup> Young visited Pretoria and Johannesburg, irritating the South African Government by the warm reception he received from blacks in the black township of Soweto and by his espousal of the US civil rights movement's economic boycott tactics as the variety of persuasive but nonviolent actions that South African blacks could employ.

From one jarring confrontation to the next, South Africa's rocky relationships with the United States continued to grow worse throughout 1977. On 6 August, the Soviet Union informed the United States that Soviet intelligence had located installations for detonating an atomic explosion in the Kalahari Desert. Redirecting its national technical means, the United States verified the information and then undertook a joint warning, coordinated with the Soviet Union, to South Africa not to proceed with tests. The South African Government replied with a series of categorical denials, coupled with an indignant demonstration against the cavalier fashion with which the United States had treated the issue. Evidently more disturbing was the clear demonstration that the United States and its allies were willing to collaborate with the Soviet Union against South Africa. Requesting the electorate to provide a strong mandate against "outside interference," the following month Vorster called for an election to be held in November, almost a year early.

In the meantime, the peculiar death of black rights activist Steve Biko in September and the October crackdown on dissident black leadership collected stinging responses. Donald F. McHenry, Deputy UN Ambassador, walked out of negotiations over Namibia in Pretoria to attend Biko's funeral. Ambassador William Bowdler was the only ambassador accredited to Pretoria to attend the funerals of both Biko and Robert Sobukwe, the banned president of the Pan-Africanist Congress. The United States withdrew its naval attaché, traditionally the senior Defense Department representative; Bowdler and the commercial attaché returned to Washington for consultations.

In Washington, the Assistant Secretary of State for African Affairs, Richard Moose, strongly supported a resolution of concern over the October bannings and arrests; sponsored by the Congressional Black Caucus, the resolution passed overwhelmingly in the House. Internationally, the United States joined the majority position of the United Nations in voting for mandatory sanctions against the provision of arms to South



Africa, after once again vetoing a resolution that would have held that "the policies and actions of the South African regime" were a "threat to international peace and security" under chapter VII of the UN charter. The mandatory sanctions were the first voted in the history of the UN against a member but were largely symbolic since many nations, including the United States, had already imposed unilateral embargoes. Furthermore, the sanctions imposed avoided a drive by African and Asian states for a complete economic embargo, which the industrialized West wished to avoid for both business and diplomatic reasons. The United States terminated sales of dual purpose equipment\* to the South African Government but continued to approve export of items such as light aircraft to civilian purchasers, with a proviso that the items not be resold for use by the police, military, or commandos without US approval.

The October crackdown generated recommendations from virtually every quarter on appropriate steps to express US disapproval. Senator Dick Clark, in a January 1978 report to the Senate Committee on Foreign Relations, entitled *US Corporate Interests in South Africa*, proposed active discouragement of American investment and granting of tax credits only under the conditions of prescribed guidelines. The January 1978 issue of *Foreign Affairs* listed no fewer than 41 graduated steps designed to generate change and minimize violence. The House Banking Committee voted in May 1978 to discontinue permitting the US Export-Import Bank to make low-interest loans to commercial banks engaged in transactions with exporters to South Africa, to insure against political risk, or to guarantee payment.

Notwithstanding this abundance of advice, the administration remained exceedingly tentative on further substantive steps. As in previous administrations, Carter's actions were

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\* Dual purpose equipment includes items neither clearly exclusive to military use nor to civilian applications, such as VHF radios, cargo vehicles, and computerware.

marked by excessive caution, ambiguity, ambivalence, and wishful thinking. Zbigniew Brzezinski, the President's national security adviser, in explaining why imposition of sanctions was premature, announced his discovery that "political change may be beginning to occur within South Africa." Secretary Vance expressed hope that "the beginning of basic progress will soon be seen." Although more personally committed to the stated US goals for South Africa than previous US presidents, Carter failed to take the ultimate necessary steps that would have given substance to the pressure of rhetoric. Neither did he translate his personal and administration goals through informing the American public about the realities of South Africa and the dangers of supporting an intransigent, racist, minority regime. Therefore, while the tone and urgency of the Carter administration differed from that of its predecessors, in substance its policy was essentially an extension of that followed by earlier administrations.

From the beginning, the Carter administration strongly supported the principles of nonsegregation and fair employment practices developed by Leon Sullivan specifically for US firms operating in South Africa (see appendix A). Assistant Secretary Moose noted that the Sullivan initiative "springs from the private corporate world and that it brings together American companies voluntarily to pursue a common objective" and thus may be expected to be a continuing aspect of American policy without regard to given administration predictions. Other investigations, several very sharply focused by university committees charged with maintaining fiscal prudence while formulating ethical policy, developed rationales that produced decisions ranging from persuasion to disinvestment. But as comprehensive analyses of short- and long-term national interests, these studies could not substitute for official US policy and Presidential leadership during Carter's tenure.

## **CONSTRUCTIVE ENGAGEMENT**

President Reagan has limited expression of an articulated, comprehensive policy for South Africa to surrogate statements, most particularly those of Chester A. Crocker, currently Assistant Secretary of State for African Affairs.<sup>9</sup> His advisers on foreign policy are known to feel that the Carter administration's policy on South Africa was wrongly focused and did not work. Furthermore, in keeping with Reagan's paramount concern over the Soviet global threat, many of the formulations produced in his administration have a decidedly anti-Soviet theme. From what can be adduced, this view that Africa is properly the scene of US-USSR competition is similar in its geopolitical dimension to that of the Soviet Union, which has reason to mistrust strongly held black nationalism.

Not unlike the policy of the early Nixon-Kissinger period, the Reagan administration's tactical approach takes the form of reliance upon stability and constructive change generated by the white political leadership in South Africa to create a more harmonious polity, one that will protect important US interests in the region. The underlying premise of the Reagan administration's tilt toward South Africa, characterized as "constructive engagement," is that the government and policies represented by the leadership of Prime Minister P.W. Botha present a unique opportunity for change. "We can cooperate with a society undergoing constructive change," wrote Chester Crocker to Secretary of State Alexander Haig. Crocker found an "explicit commitment in this direction" on the part of the South African Government.<sup>10</sup> Moreover, Crocker, in testifying to the Congress, noted that the US Government has "observed and remains convinced that there is a process under way [in South Africa] which at the very least we can describe as open-minded . . . toward a society that is not based on racist principles."<sup>11</sup>

Once past the hurdle of Namibia, an obstacle of no small dimensions, the United States and South Africa could embark

on a mutually productive relationship—a relationship based upon common strategic concerns in the region. Rewards for South Africa could be positive and beyond rhetoric. In fact, during its first year, the Reagan administration has granted South Africa's request to train coast guard personnel in the United States, has authorized new South African honorary consuls in several American cities, and has discussed plans to bring the number of military attachés in each country back to pre-1979 levels. Two underlying premises and a particular style undergird Reagan's South African policy. The style's direction emerges from an observation by William Clark, the national security adviser to the President. He points to imminent Namibian independence as an example of the administration's success in breaking an impasse. Critical to this process, he concludes, was a new approach toward South Africa that reflects "our California upbringing not to criticize friends and relatives in public, but to work it out in private."<sup>12</sup> In relations between nations, style cannot easily or neatly be separated from substance. This problem is especially true when the substance rests upon the two questionable premises: (1) that US policy for both stability and change may best be pursued through the agency of the white minority in South Africa; and (2), that this minority is set upon a course designed to bring about fundamental change in racial and political ideology. The evidence better supports a contrary analysis.

### **3. KEY FACTORS SHAPING US POLICY TODAY**

Beyond moral and material underpinnings for American policy toward South Africa, at least three other issues are crucial to a comprehensive assessment of the underlying basis for policymaking. These issues are not easily divisible but may be subsumed under the general headings of the interrelationship between American foreign policy, generally, with independent black African states, vis-à-vis a particular policy toward South Africa; the role of American business and investment in South Africa; and geostrategic considerations.

#### **ELSEWHERE IN AFRICA: THE NIGERIA EXAMPLE**

Of all the independent black states in Africa, only Nigeria currently holds leverage to make its economic relations with the United States conditional on policy, and changes to that policy, toward South Africa. Nigeria's 90 million people and more than \$24 billion in oil revenues (1980) make Nigeria both the most populous and wealthiest nation in black Africa. Nigeria is the second largest oil exporter to the United States, supplying 16 percent of total US imports. Because Nigeria purchases little from the United States, the US trade deficit with Nigeria in 1980 was approximately \$12 billion. Thus Nigeria briefly surpassed Japan as the principal source of the overall US visible trade deficit, and a markedly unbalanced trade relationship continues to exist.

The United States sees Nigeria, in company with Mexico and Venezuela, as a critical source of oil for US consumption that is largely immune to Middle East instability. Although a

member of OPEC, Nigeria produces a grade of low-sulfur oil and enjoys a relatively competitive geographic position permitting pricing flexibility beyond that of most OPEC members. The United States has quietly favored Nigeria in the role of an OPEC dissident, meeting Nigeria's 1981 decision to lower prices to \$36 per barrel with undisguised pleasure as Nigeria defied Algeria and Libya, both OPEC hardliners.

Over the longer term, however, Nigerian and US goals vary markedly. The Nigerian goal is for higher prices and low production of a nonrenewable substance. Since the United States consumes about 50 percent of all Nigerian oil production, US preference for higher production and lower prices runs counter to Nigerian objectives. Moreover, doubts exist as to the actual size of Nigerian oil and gas reserves. Nigeria presently remains unprepared for the day when oil and gas run out. Oil revenues have brought about both private and public spending splurges, massive inflation, acceleration of the urbanization process, rapid economic growth, and retardation of indigenous agriculture. The elected civilian government has maneuvered to selectively slow the oil-fueled economic boom, but like its military predecessor, the current government has been subject to enormous public expectations and demands. In husbanding its reserves and disciplining its economy, Nigeria may well produce less oil than the United States would like. Other buyers for Nigerian "sweet" crude exist, even if—for whatever reason—the United States does not remain a major client. Furthermore, Nigeria continually seeks to further diversify its customers. This situation sets the scene for one of the primary issues in Nigerian foreign policy.

As one of South Africa's most vehement critics, Nigeria has consistently used such forums as the Organization of African Unity (OAU), OPEC, and the Commonwealth to focus attention on South Africa. In various roles at the United Nations, including actions as the head of the UN's Anti-Apartheid Committee—a position it has held since that body's inception in 1963—Nigeria has actively prosecuted its case for sanctions against South Africa and for withdrawal of investment by

Western multinationals. Along with the five Western members of the UN Security Council and the black frontline states, Nigeria has also been involved in the negotiations for free elections in Namibia. Further, Nigeria has provided moral and material support to antiapartheid movements. Reportedly, it is the largest contributor to the OAU's liberation committee fund.

Nigeria has indicated a willingness to use its oil leverage to achieve its objectives in South Africa. On his first official visit to the United States in October 1980, President Shagu Shagari warned that Nigeria would use "any means" at its disposal, "including oil," to persuade the United States to use its "powerful economic position to discourage and eventually destroy apartheid in South Africa." He expressed to the UN General Assembly that his country would "assist, encourage, and support armed insurrection in South Africa" and called for a mandatory oil embargo against South Africa. Before making a state visit to the White House, the Nigerian leader commented that the United States would generate a "disaster" if it chose to veto a sanctions resolution against South Africa at the UN.

A year later, addressing the Commonwealth Heads of Government Conference in Melbourne, Shagari found that

regrettably, South Africa has felt encouraged by the new United States administration, intent on linking the so-called issue of Cuban troops in Angola with the question of the independence of Namibia. Needless to say, this American position is as unjust as it is incomprehensible.<sup>1</sup>

Citing the possibility of an East-West power struggle if the Namibian independence process continues indefinitely, Shagari called for a definite timetable leading to Namibia's freedom no later than the middle of 1982. Shagari's public statements clearly present Nigeria's manifest position; privately, Nigerian leaders—and most black leaders throughout Africa—are somewhat less unambiguous.

Nigerian application of oil and other economic leverage has already occurred, although the evidence does not clearly point to unyielding resolve, as each situation has exemplified different policy. The Nigerian Government nationalized British Petroleum (BP) oil holdings in 1979, ostensibly for an illegal sale of Nigerian oil to South Africa, and then allowed British-owned BP to reenter Nigeria in 1981. Three US-owned companies—Caltex, Standard Oil, and Mobil—maintain refineries in South Africa while they continue drilling and pumping operations in Nigeria. Nationalizing the Nigerian operations of Barclay's Bank, the Nigerian Government cited Barclay's extensive involvement in South Africa; Standard Chartered Bank, also a British bank and the second largest bank in South Africa, curiously remains privately held. Thus, although Nigeria is clearly willing to go beyond rhetorical pronouncement, application of leverage against South Africa is uneven and may have as much to do with internal issues as it does with Nigeria's undeniably strong position against apartheid.

#### **US INVESTMENT: AGENT FOR CHANGE OR AGENT FOR OPPRESSION?**

To evaluate the capability of business and investment to bring about fundamental change in South Africa is a difficult task. Equally difficult to assess is the role that business and investment play in shaping US policy toward South Africa. US corporations doing business in South Africa argue that they can serve as the progressive force for fundamental change. In 1978, Henry Ford II told the South African press, after meeting with Prime Minister Vorster, that his company's policy would "do more for the people of South Africa by staying" than by withdrawing. Herman Nickel, arguing "The Case for Doing Business in South Africa" in the June 1978 issue of Fortune magazine, added another, calming dimension as he found that foreign companies can be "catalysts of peaceful social change." Goodyear's vice president for Asia and Africa, John Purcell, contends that American companies "can end apartheid in the workplace throughout South Africa" by following fair employment practices.



Advocates of investment maintain that by liberalizing employment practices in their South African operations, US corporations set a positive example for other employers there and contribute to the well-being of all racial groups. They point to the Sullivan Principles and their European and even South African counterparts. (See appendix A for the Sullivan Principles.) They believe that by increasing economic opportunities for blacks, and thus elevating their standard of living and security in the labor market, companies are contributing to a process that will eventually lead to the full integration of blacks into society at all levels. On this point they are supported by the analysis of Harry Oppenheimer, South Africa's leading financial magnate. As mentor of the Progressive Federal Party and chairman of the Anglo-American Corporation, he visualizes that economic growth leads to political change and endorses the calling of a national convention and nonracial franchise based on educational qualifications. In a 1977 New York address, Oppenheimer told the Foreign Policy Associates that American pressure could speed up the process by which South African whites would "eventually" experience "a difficult change of heart" if the pressure were patient and sympathetic, and provided these whites "can be persuaded that the end of white domination would not likely lead to a black dictatorship ... or to the destruction of the private enterprise system."

A slightly different argument maintains that blacks drawn into worthwhile participation in the economy will see that stability is to be preferred. Their own investments would be placed at risk in any sort of violent change to the system. Therefore, greater black participation not only serves a salutary equality of opportunity, but can lead to long-term economic and political stability.

Others remain unconvinced. Senator Dick Clark concluded in a 1978 report to the Senate Foreign Relations Committee that "the net effect of American investment has been to strengthen the economic and military self-sufficiency of South Africa's apartheid regime, undermining the fundamental goals

and objectives of US foreign policy." In exerting influence toward the erosion of apartheid, he said, the record of US corporations was "abysmal."

The United Presbyterian Church and the American Friends Service Committee head a campaign calling for an end to Fluor Corporation's \$6.5 billion synthetic fuels project. The 100,000 barrels of oil per day that the Fluor project will bring after 1986 to the South African Coal, Oil, and Gas Corporation (SASOL) will reduce South Africa's dependence on imported oil, thereby lessening its vulnerability to outside economic pressures. Similar shareholder resolutions relating to South Africa are regularly raised at annual meetings of such Fortune 500 companies as IBM, General Motors, US Steel, and Eastman Kodak. Major banks, including Bank of America, Citibank, Morgan Guaranty Trust Co., and Manufacturers Hanover Trust Co., have also come under attack for their investment policies.

Such proposals are sponsored primarily by religious groups opposed to South Africa's apartheid policies. They call for a variety of changes in American business operations in South Africa: US Steel and Phillips Petroleum have been asked to follow equal employment opportunity principles; Bank of America and American Express, to make no new loans to the South African Government; Standard Oil of California, Texaco, and Mobil, to shut down sales to South Africa's military and police; and Kodak and Citibank, to close down their South Africa operations altogether. None of the resolutions has received or is likely to receive a majority of shareholder votes. In 1979, 8.4 percent of Bank of America shareholders voted to support a cutoff of loans to South Africa, the greatest support provided for such resolutions to date.

This debate at corporate annual meetings, however, serves as an awareness tool for antiapartheid groups, even if their resolutions are not subscribed to. Other vehicles to use US investment policy to pressure the South African Govern-

ment can be seen in the votes cast in the cities of Davis and Berkeley, California, which resulted in more than \$11 million of public funds being withdrawn from banks making loans to South Africa. The National Association for the Advancement of Colored People (NAACP) has called for companies doing business in South Africa to withdraw their investments. The AFL-CIO declared itself for a "binding code of conduct with severe penalties for non-compliance." Universities and church groups have divested more than \$30 million worth of stocks in banks and companies doing business in South Africa. At least 80 academic institutions in the United States and Canada have adopted special investment guidelines tying the activities of American subsidiaries in South Africa to their purchase and retention of stock in the parent corporations.

These American activists, labor unions, black organizations, church groups, and university committees argue that, on balance, the withdrawal of investment and a moratorium on loans would deal a severe psychological blow to the morale of the white regime in South Africa and would constrict the economic growth critical to the country's domestic tranquility. They develop the case that these pressures, coupled with increased international isolation long sought by the OAU and UN Third World contingents, would force the white government to work out a system for sharing power with other ethnic groups. Proponents of this course admit that in the short term these types of sanctions would likely hurt blacks more than whites and recognize the possibilities for destabilization these actions could bring to independent black states dependent on the South African economy. They insist, however, that temporary hardships would be offset by eventual economic and political gains.

Viewed analytically, the South Africa economy is vulnerable in varying degrees to a specific investment focus, notwithstanding that foreign investment has always been a relatively small portion of total investment in the South African economy. US direct investment in South Africa, for example,

was estimated in 1979 to be nearly \$2 billion, or about 17 percent of all foreign investment and about 4 percent of total investment. Over the short term, the US stake in South Africa's economy has grown markedly. The United States was South Africa's number one trading partner in 1980 for the third year in a row. But for the first time ever, the United States led in both exports and imports, a two-way trade worth about \$4.2 billion, compared with \$3.4 billion in 1979, a 24 percent increase. American companies sold South Africa \$2.28 billion worth of goods, a 42 percent increase over 1979, and imported \$1.92 billion worth. In fact, all of South Africa's foreign market demonstrated substantial gains in 1980, with Japan registering the largest increase in exports, up 61 percent to \$1.56 billion.

But the importance of foreign investment comes less from its magnitude than from the sectors in which it is located and the technology it represents. Described by the Prime Minister's economic adviser, Simon Brand, as the "engine of growth" in South Africa, foreign investment has been responsible in the past for one-third of the country's annual growth rate, which was approximately 4.5 percent in 1981. This growth rate is expected to stagnate near zero for 1982 and 1983, however, largely due to a declining price for gold. Multinational companies dominate several of the most important sectors of South Africa's economy: Shell, British Petroleum, Mobil, Caltex, and Total control more than 95 percent of the petroleum market; Volkswagen, Ford, General Motors, Datsun, and Toyota produce most of South Africa's motor vehicles; and IBM and British-owned International Computers, Ltd., each control one-third of the market for large computers, with Burroughs, Control Data, Sperry, Univac, and Siemens accounting for the balance. Notably, these industrial sectors tend to be capital intensive. US companies in South Africa employ 60,000 to 70,000 black workers, who represent less than 1 percent of the black work force, a relatively minuscule portion.

Beyond the issue of direct employment of South Africa's black population by US companies loom larger and more conceptual questions. Both those who argue for withdrawal and those who see business as a progressive force tend to exaggerate the ability of foreign business to produce major changes in the political aspect of South Africa's apartheid policies. To temper such optimistic notions, the following pragmatic considerations regarding business operations should be kept in mind:

- Foreign companies are not about to withdraw from South Africa voluntarily.
- There are no sufficient domestic or international sanctions at present that force them to consider withdrawal seriously, nor are such sanctions likely to be imposed in the near term.
- The willingness and ability of companies to act as a progressive force in South Africa have been limited in the past. Improved labor practices, while important to employees and their families, do not change political rights.
- South African laws impose a variety of constraints on the ability of foreign companies to generate change.
- To bring about political change, companies must accept a political role. They have been willing to speak out publicly in the past only when they had political or economic incentives.

The prospect of firms closing down operations or withdrawing investment in South Africa of their own accord is virtually nil.<sup>2</sup> Despite a recession in 1977 and 1978, the return on investment for American companies was 10 percent in 1979, according to US Commerce Department figures. Although some companies, particularly in automobile production, have registered declines, others—particularly in mining, computers,

and electronics—are growing at a rate of more than 20 percent a year.

The mechanics of withdrawal action and consequent economic penalties make even less likely any self-initiated disinvestment by companies. Under South Africa's foreign exchange regulations, repatriation of income from the sale of assets can be both difficult and expensive. Unless the assets are bought by another foreign investor, the proceeds from the sale must be invested in South African securities or government bonds for up to 5 years before they can be redeemed in dollars at the then-current rate of exchange. Alternatively, a company leaving South Africa can exchange rands for dollars immediately, but only at a discounted rate, which may run as high as 40 percent.

Little evidence suggests that companies will be forced out any time soon. Resolutions calling for economic sanctions against South Africa have been introduced repeatedly in the UN General Assembly; just as often they have received short shrift from the United States and Western European countries. Although US trade with South Africa ranks only about 20th among US trading partners, well behind Nigeria, the potential costs of sanctions to the United States and its allies make Western policymakers hesitant.<sup>3</sup> These constraints combine with a well-publicized inability to predict conclusively the domestic political result of outside pressure. The obvious result has been to markedly dilute international support for sanctions against South Africa.

That pressure can be applied and gain results is evident. Recommendations adopted by the Botha Government legalizing black labor unions grew out of the Commission of Inquiry into Labour Legislation, headed by Nic Wiehahn, professor of labor law and industrial relations at the University of South Africa. The commission summarized in 1979,

It would be naive to deny the fact or ignore the effect of international attempts to influence labor and other poli-

cies in South Africa. The presence of subsidiaries of multinational enterprises within a country's borders creates a conduit through which strong influences and pressure can be exerted on that country's policies and practices.

Specifically referring to desegregation, the Wiehahn committee concluded that because

desegregation of facilities is one of the principles in the many labor codes subscribed to by the 300 plus multinational companies, . . . current practice is no longer in line with legislation, and the commission is of the opinion that the situation can only create an embarrassing situation for South Africa.<sup>4</sup>

Yet one should not confuse change in the work place with change in the political structure of South Africa. Advances in opportunity for blacks in the business sector do not fundamentally alter the reality of political apartheid. Events in offices and on the factory floor have had little impact on South Africa's commitment to separate housing areas, separate schools, and separate political rights for each racial group. Changes that do not directly affect these racist policies are seen by black activists as skirting the basic issue of black citizenship and political participation, or merely, in the words of one member of the Soweto Committee of Ten, "gilding the prison."

Thus the hope that business can be a force for change in South Africa ingenuously relies upon several dubious and somewhat wishful assumptions: that despite the rather natural capacity of businessmen to accommodate themselves to the political status quo, they would press for changes that would displease their host government or would risk confrontation with it; that the influence of business in contributing to radical political change would outweigh the importance of its economic underpinning of the political status quo; that whites would not grasp at continued economic involvement as a basic endorsement of their system; that politically conscious blacks

would perceive business efforts as proliberation and not progovernment; that an indefinite period is available for business to contribute to fundamental and peaceful change; and that economic advances will produce a political breakthrough.

### **THERE LIES SOUTH AFRICA, POINTED LIKE A DAGGER AT THE HEART OF ANTARCTICA**

The belief that South Africa's unique geographic location renders it a vital bulwark in the Western confrontation with the Soviet Union has long been an article of faith for whites in South Africa. This perception may have been true for the first half of the 20th century, but with the phasing out of the troop ship in the early 1900s went the military necessity of holding the Cape of Good Hope in time of war to guarantee the uninterrupted passage of military forces throughout the world. At present, the importance of the Cape of Good Hope must be measured more in terms of South Africa's vulnerabilities than in terms of critical geographic location.

Some 2,300 vessels pass the Cape every month. Many contain oil critical to the functioning of Western industrial nations. These vessels may be vulnerable to Soviet interception at the Cape, but the Soviets would be much better advised to undertake such an operation closer to a ship's voyage in the Gulf of Hormuz, through which tankers pass every 13 minutes, or at the voyage's end in the Western approaches rather than in the southern Indian Ocean or the South Atlantic, where Soviet Navy ships are only sparsely deployed.

Even if Soviet submarines could operate without harassment south of the equator, the narrowest point between the continental land masses of Latin America and Africa is 1,250 miles, while the shipping lanes pass through a radius almost as wide at the Cape. Should Soviet aircraft operate interception missions from Launda or Maputo, they would be vulnerable to immediate air strikes in the absence of significant air defense capability in either Angola or Mozambique. Nor does it seem convincing to expect that the Soviets would adopt a



strategy that was vulnerable after the outbreak of war to the unpredictable and arbitrary treatment its military has suffered at Vloene, Alexandria, and Berbera. On all three occasions, Soviet expulsion followed their failure to resolve the regional crisis that explained their presence in the first place. The most effective guarantee against a Soviet base in southern Africa is resolution of the South Africa problem.

More specifically, despite South Africa's strategic capability to secure sea lanes up to 1,000 miles from shore—the maximum range of its Shackleton MK 3s—the focus of the West is on access to the Republic's mineral reserves. Defense of the latter ranks higher in importance than defense of the oil route, but preoccupation by the West with oil route security may complicate protection of mineral resource security. South Africa's mineral exports can be intercepted at sea, but interception can be undertaken more effectively, without putting the Soviet Union at risk, by guerrilla action in the interior, by disrupting the region's transportation infrastructure, or by engineering internal disorder.<sup>5</sup> Only an unimaginative policy would concern itself with the West's vulnerability to external interception of oil at the Cape to the exclusion of concern over internal disruption of South Africa's mineral production.

## **4. HOW CRITICAL ARE STRATEGIC MATERIALS?**

Although it has not received the same degree of attention as dependence on petroleum supplies from the Middle East, US reliance upon South African mineral resources has been the subject of an ongoing domestic debate.<sup>1</sup> Not surprisingly, South Africans have regularly underscored the importance of their role as suppliers of minerals to the United States and other members of the Organization for Economic Cooperation and Development (OECD).<sup>2</sup> South African Prime Minister P.W. Botha observed in 1980 that

naturally we are disappointed that Western nations who are dependent on our mineral resources, who have an interest in our stability and are fully informed on our strategic importance, are apparently not prepared to stand up and be counted in defense of what is of decisive importance to the free world in southern Africa.<sup>3</sup>

His statement typifies both the current perception and the preferred direction of the South African Government, along with that of the overwhelming majority of white South Africans. To what degree can views of one side or the other be substantiated?

Some popular and incompletely informed notions hold that wealth in gold and gem-grade diamonds is central to South Africa's importance. Notwithstanding their importance in world markets, gold and diamonds assume little importance as strategic materials, although gold plays a role in the global economy as a residuum of value. Of the 27 minerals classified by the US Geological Survey as critical to the functioning of an

industrialized nation, South Africa produces four that are of particular importance to the United States and other OECD countries. (See appendix B for detailed critical mineral data.) These four—chromium, manganese, vanadium, the platinum group metals—and certain of their alloy counterparts are imported in significant amounts from South Africa by Western industrial nations and Japan.\* In combination, South Africa and the Soviet Union dominate current world production and possess the majority of the world's reserve of these minerals: Considering that the Soviet Union fails on several counts to be an acceptable alternative long-term supplier of any critical materials, South African production takes on additional importance.

## **CHROMIUM**

Chromium plays a vital role in industrial processes. Its principal use is in the manufacture of stainless steel, a high-strength, corrosion-resistant material essential in the defense, aerospace, power-generation, and transportation industries. Additionally, chromium is used to increase the hardness of wrought and cast steel in the steel industry. Furthermore, its application in the chemical industry is evidence of its utility across a broad range of US industrial operations.

To supply its chromium requirements, the United States has only small, primarily low-grade chromium resources, referred to in Federal Emergency Management Administration (FEMA) terms as "subeconomic." The United States therefore imports virtually all the chromium it consumes. Chromium imports include both chromite ore, which requires processing before further use, and ferrochromium, which has been proc-

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\*Where not specifically noted otherwise, technical data in this chapter has been derived from *Sub-Sahara Africa: Its Role in Critical Mineral Needs of the Western World*, Report prepared by the Subcommittee of Mines and Mining of the Committee on Interior and Insular Affairs, US House of Representatives, 96th Cong., 2d sess. (Washington, DC: GPO, 1980).

essed and is ready for immediate use. The United States has turned to South Africa as its principal supplier of chromium. For example, during the period 1974 to 1977, South Africa provided 35 percent of US chromite ore imports and 38 percent of ferrochromium imports.<sup>4</sup> Imports of chromium in 1978 from South Africa increased substantially, to 48 percent of both chromite and ferrochromium imports. In part, this increase reflected the perturbations caused by termination of the Byrd Amendment, which had permitted American imports of Rhodesian chrome between 1971 and 1977, in violation of the 1965 UN-mandated economic sanctions. The 1978 increase was not completely an anomaly, however, despite Zimbabwe's independence. South Africa has vigorously encouraged local processing of raw materials. Union Carbide, taking advantage of these incentives, and realizing lower labor costs and shipping benefits of processed ferrochromium over chromite ore, invested \$50 million in a South African processing plant which has, in turn, provided a significant boost to South Africa's attractiveness as an alloy exporter.<sup>5</sup> Not only are direct US chromium imports tied into South African sources, so too are the original sources for Japan, the second largest exporter of ferrochromium to the US market. Further, other US consumers and/or suppliers, such as France and the United Kingdom, are closely tied to South African sources.

Although the Soviet Union holds enough chromium reserves to make it the third largest source of the mineral, and lesser amounts are held by nations aligned to some degree with the OECD, the vast majority of chromium reserves are found in South Africa and Zimbabwe. Together, these two southern African countries hold more than 95 percent of known resources, amounts that would meet global demand well into the next century.<sup>6</sup> If neither South Africa nor Zimbabwe made their resources available, chromium resources in the rest of the world would be exhausted in 21 years at 1975 rates of consumption. This stark possibility has led a committee of the US National Materials Advisory Board (NMAB) to conclude that the United States is strategically

more vulnerable to a long-term chromium embargo than to an embargo of any other natural resource, including petroleum.<sup>7</sup>

Despite this long-term dependence on southern African sources, an interruption in supply from South Africa need not be disastrous. Politically, Zimbabwe increasingly moves on paths opposite to those of South Africa and can therefore be regarded as a continuing source, provided transport is available, even if South Africa cannot or will not provide chromium to the West. Further, numerous mechanical and technical means are available for achieving major reductions in chromium consumption, despite the improbability that such consumption could be completely eliminated.

According to the NMAB report cited earlier, an immediate reduction of 31 percent in chromium consumption is possible using functionally acceptable substitutes currently available. The board recommends a well-supported, vigorous program of research and conservation, which would further reduce chromium consumption by 35 percent from current levels within 5 years and by 64 percent within the 5- to ten-year period. Beyond this reduction, the United States can expect little further decrease in consumption within the bounds of current technology. Certain applications for stainless steel and all use of chromium in tool steels and in the chemical industry would remain, creating a continuing requirement for about 400 million pounds of chromium each year, or approximately 35 percent of current consumption. Zimbabwean production, if available, would meet most of this requirement. Alternative sources currently being worked in Turkey and the Philippines would augment supplies, while market conditions would stimulate production of known resources in Brazil, India, and the Malagasy Republic.

Therefore, the present condition of US dependence on relatively fragile foreign sources of chromium argues persuasively for immediate implementation of the NMAB recommendations on chromium. More efficient industrial processes that consume less chromium, incentives for design changes, and

focused recycling all offer significant conservation possibilities. Such action taken in these relatively quiescent times could avoid abrupt changes and consequent industrial damage in the event of import cessation.

## **MANGANESE**

Manganese in alloy form as ferromanganese or silicomanganese is an essential ingredient in steelmaking. Beyond its principal application in the steel industry, manganese is used in the manufacture of dry-cell batteries and in various other chemical industry applications.

Although the United States has no manganese deposits that can be exploited economically and is almost totally dependent on foreign sources, it is not as dependent upon South Africa for manganese as it is for chromium supplies. Only about 10 percent of US requirements for manganese ore is imported from South Africa. Brazil and Gabon together furnish the United States with almost 70 percent of its manganese ore needs. The trade situation in manganese alloys, however, is more reminiscent of that in chromium alloys. This condition may be expected to worsen as the US electric furnace capability to reduce manganese ore to its alloy state continues to decline. South Africa supplies about one-third of US imports of the intermediate product, ferromanganese. France supplies the greatest amount of ferromanganese to the United States, but France is partially reliant, in turn, upon South African manganese ore for its alloy production.

Despite the importance that South Africa assumes as a supplier of manganese, the United States and the OECD nations would not face severe dislocations if South African supplies were interrupted. Gabon, Brazil, and Australia are major suppliers, and India has considerable reserves. Potentially, all of these resources are dwarfed by the manganese assets contained in the form of seabed nodules. The very richness of the seabed nodules has been an obstacle in the long-enduring negotiations on the Law of the Sea Treaty. Therefore, both politi-

cal and technological hurdles remain before the manganese-rich nodules can be exploited,<sup>8</sup> but both obstacles may be expected to recede before a disciplined program to obtain new supplies. In addition, as is the case with chromium, significant savings will result from changes in industrial design and processing as well as more focused recycling programs, all of which can be more efficiently undertaken now rather than in a crisis atmosphere.

## **VANADIUM**

Vanadium is used in its alloy form to produce high-strength, lightweight steels and specialty metals, most particularly in titanium-based alloys. In these forms, vanadium is a significant ingredient in such applications as aircraft airframes and powerplants and in several other applications in defense, transportation, pipeline, and construction industries.

The United States produces 73 percent of the vanadium it consumes and imports the remainder. South Africa supplies the United States with more than 55 percent of its imported vanadium, with Chile and the Soviet Union supplying most of the remaining US requirements. South Africa and the Soviet Union together hold approximately 95 percent of world vanadium reserves, with South Africa possessing more than 70 percent of reserves outside the communist bloc. Worldwide, South Africa is the single largest producer of Vanadium, annually accounting for almost 40 percent of global production.<sup>9</sup>

As in the case for manganese, US reliance upon South Africa for vanadium imports is only partial. An interruption of supply from South Africa need not create a critical problem. In addition to Chile, the current supplier, Australia, Canada, Japan, Norway, and Finland have large reserves, as does the United States. US reserves now being worked will provide an additional 20 years' supply at current rates of consumption.<sup>10</sup> Furthermore, current technology allows replacement of vanadium in many of its applications with such substitutes as titanium, tungsten, columbium, and molybdenum.

## **PLATINUM GROUP**

The platinum group consists of six closely related precious metals—platinum, palladium, rhodium, ruthenium, iridium, and osmium—of which the first two are the most important. These metals commonly occur in the same deposits and thus are mined together by the same supplier. Their principal industrial use is as a catalyst in the automotive, chemical, and petroleum-refining industries. They also find numerous, although less consumptive applications, in the electrical and electronics industries, in dentistry, and in ceramic and jewelry manufacture.

The United States imports virtually all of the platinum group metals it consumes. Average imports directly from South Africa have amounted to 42 percent of total imports. The Soviet Union has been the second largest source at about 25 percent, a percentage that has decreased slightly over the last decade. The United Kingdom, itself not an original source, is the third largest source. The United Kingdom, however, obtains about one-third of its supply directly from South Africa.<sup>11</sup> If the United Kingdom reexports to the United States in the same proportion, and allowance is made for South African material reexported to the United States by other sources, then US dependence on South Africa for platinum group metals approaches one-half its total imports.

US resources of platinum may be considerable, but they are currently classified only as potential, meaning that they are not definitively located and that economic exploitation is uncertain. Almost three-fourths of proven global reserves are in South Africa, while 25 percent are in the Soviet Union. Taken together, Canada, Colombia, and the United States possess only 1.3 percent.

The United States and other OECD countries can cope with an interruption in platinum shipments from South Africa by redirecting consumption and recycling. An example of the



potential for redirecting consumption can be seen in the situation of Japan, which consumes an average of 40 percent of world demand. Typically, more than 70 percent of Japanese consumption goes to jewelry production, which means that, in current consumption patterns, roughly 28 percent of annual global production goes for nonessential purposes in Japan alone. Given an embargo situation, continuation of Japanese production of luxury goods cannot be expected to receive the concurrence of other OECD consumers.

Environmental concerns account for a significant portion of U.S. platinum group consumption. The United States, which consumes nearly one-third of world platinum group production, directs 37 percent of its consumption to the automotive industry for emission control devices.<sup>12</sup> Other OECD automotive producers who must meet environmental standards on exports to the US market use about the same amount. To offset this requirement, alternative technologies exist today—and are in fact being produced by some automobile manufacturers—that control emissions without platinumcentric catalytic converters. Another environmentally stimulated application of platinum is in the petroleum-refining process, in which the process known as reforming increases gasoline octane ratings by using a platinum catalyst instead of lead-based antiknock compounds. Further development of lean-burn engines capable of burning low-octane gasoline effeciently and possible substitution by less technically desirable catalysts such as nickel, vanadium, or titanium for most catalytic uses could eliminate this application of platinum.

In most of their catalytic applications, in which platinum group metals provide chemical reactions without themselves being altered, secondary recovery offers significant conservation possibilities. Nearly three-fourths of US platinum consumption is directed to a catalytic application. Of this amount, between 70 and 80 percent can be recovered by a well-directed program of recycling.

## **WHAT ARE US OPTIONS?**

In summary, current dependence on South African materials is a major strategic consideration. Imports account for more than 90 percent of US consumption of the platinum-group metals, chromium, and manganese, approaching total import dependence for the latter, and lesser amounts of vanadium. South Africa mines 43 percent of the free world's chromite, 37 percent of its manganese, 52 percent of its vanadium, and 87 percent of its platinum group metals. Over the longer term, South Africa possesses most of the known reserves of these minerals outside the communist bloc. The reserve position is especially acute for the platinum group and for chromite.

The reverse of this resource coin is the fact that the communist bloc and especially the Soviet Union possess substantial reserves of three of these minerals: an estimated 75 percent of the world's total reserves of vanadium, 50 percent of manganese, and 27 percent of the platinum group metals, particularly palladium. Evidence also suggests that the Soviet Union has abundant reserves of chromite of unknown grade.

In analysis, however, dependence of the United States on South Africa as the source of these four critical materials is not inevitable, nor is the Soviet Union the only alternative supplier. In each case, strategic flexibility exists; immediate action will only enhance this flexibility. In particular, research and development of technologically satisfactory substitutes and different or more efficient production designs and processes will decrease crisis dependence and subsequent dislocations. Alternative sources are especially available in the case of vanadium and manganese, while significant lessening of import dependence can be realized by redirecting consumption and by recycling, especially in the case of the platinum group metals. The US can meet the thorniest long-term problem, that of chromium, by stockpiling, an option that will be discussed later.

## **5. COPING WITH CHANGE: POLICY RECOMMENDATIONS**

No thoughtful scenario for the process of fundamental change in South Africa assumes that external pressures will provide the dominant impetus leading to that change. Equally, no thoughtful scenario projection envisions such change taking place without, to one degree or another, violent action by the participants. Given these basic tenets and given US interests as developed earlier, certain recommendations for shaping US policy toward South Africa follow. These recommendations do not subscribe to the notion that reinforcement of the status quo, with minor modifications, provides positive direction for US policy in the changing circumstances of South Africa. Neither do these recommendations rely exclusively upon the white minority in South Africa to be the principal agents of change and keepers of the timetable for change.

Whatever the Government of South Africa does to perpetuate the status quo, in the long term black forces inside the country will alter it. The demographic figures alone are portentous. As we begin the decade of the 1980s, about 25 million blacks and other racially segregated groups vastly outnumber the country's 4.3 million whites. By the end of the century, an estimated 5.2 million whites will have to contend with more than 40 million blacks. Cities, now inhabited by twice as many Africans as whites, despite numerous obstacles to black residence in urban areas, will by the year 2000 have four times as many blacks as whites.

Unfortunately, painless alternatives do not exist in the South Africa case. The choice—given some credence by the

morally indignant but analytically vague—between a slow process of peaceful change and a quick process of violent change does not really exist. Instead, the situation is one in which one alternative incorporates a slow, uneven, sporadically violent pattern of events, including bargaining, compromise, and negotiated agreement. Participation in this first alternative could preempt the other alternative, which is an equally slow but much more violent descent into civil war. The clear preference for the United States is the first alternative. Such a course would minimize the opportunities for Soviet involvement and superpower confrontation, pose less of a threat to the flow of strategic materials, place less strain on our relations with other African and Third World countries, permit a continuation of general commerce with the succeeding government, and reduce any inflammatory transplant of South Africa's race relations to the United States.

#### **COMPLETE THE STOCKPILING PROCESS**

The one clear area of US vulnerability to South African pressure is in the area of strategic materials, as discussed in chapter 4. The extent of US reliance on South African exports, if not effectively countered, could oblige the United States to undergo sizable economic dislocation in strategic industries or to support a beleaguered South Africa, contrary to moral rectitude.

The Strategic and Critical Materials Stockpiling Act of 1979 requires a national stockpile able to "sustain the United States for a period of not less than three years in the event of a national emergency" to preclude "a dangerous and costly dependence by the United States upon foreign sources for supplies of such materials in times of national emergency." Because of substantial US domestic production of vanadium and the relative feasibility of recycling in the case of platinum group metals, an argument can be advanced to stockpile somewhat less of these materials than the 3-year supply mandated. Such an argument cannot be sustained, however, in the case of chromium and manganese. The United States

presently holds industrially compatible chromium and manganese ferroalloys in levels markedly below the 3-year standard. Inventories of chromium ferroalloy in 1981 contained only an 18-month supply, and manganese ferroalloy reserves, 7 months' worth, were less than one-quarter of that desired.

Total stockpile holdings of chromium and manganese are not nearly so deficient, but since the majority is in the form of unprocessed ore, potential exists for two undesirable occurrences. First, conversion of any ore to the form most commonly used in an industrial process—as a ferroalloy—takes time and large amounts of energy, neither one of which may be expected to be abundant during a national emergency. Second, because South Africa and other suppliers have undertaken smelting operations to reduce ore to alloy before shipment, US smelting capacity, in the face of an unprofitable situation, is expected to disappear over the next several years. Therefore, the United States should increase its chromium and manganese ferroalloy goals to meet the 3-year standard, while at the same time using existing US electric furnace capability to convert stockpiled ore into stockpile alloy. This course of action also permits a timely buildup of alloy at a much faster rate than would ordinary market purchases, which must be spread out over time to avoid disruption of world trade.

Fleshing out the stockpile would not mean an end to the flow of critical mineral resources from South Africa. The volume of trade and restriction of alternative sources make this impractical. In concert, however, with the long-term actions—alternative sources, substitution, conservation, new technical processes—proposed in chapter 4, a full stockpile will serve to deny any foreign country leverage over US policy occasioned by resource denial of these key materials.

#### **ENCOURAGE OECD STOCKPILING**

Currently, only the United States among the major Western industrial powers is stockpiling critical materials in

consonance with official government policy. Some French industries maintain stockpiles as a matter of company initiative, and the Federal Republic of Germany has announced its intention to stockpile critical materials. This relative absence of stockpiled materials in the hands of industrialized allies promotes their vulnerability to interruption of materials supply from South Africa. Allied vulnerability, in turn, can present the United States with some unpleasant choices in the event of an interruption, even if the United States were able, through its own stockpiling, to protect its own industries. Its economy could suffer indirectly by the impact of disruption on the industries of major trading partners in the OECD. As a consequence, policymakers would then face economic pressure to make political decisions in response to allied demands.

The stockpiling issue could be resolved if the OECD countries were willing to take responsible action. According to a 1977 British study, estimates for the European Economic Community to stockpile a 1-year strategic mineral supply of chromium, manganese, vanadium, and platinum group metals range in the neighborhood of less than one-tenth of 1 percent of gross national product (GNP).<sup>1</sup> The United States should actively promote a competent stockpiling policy for its OECD trading partners and military allies.

#### **SUPPORT SADCC STATES**

Of the four critical materials routinely supplied by South Africa, the United States is most vulnerable, both for industrial and alternative source reasons, to a cutoff of chromium ore and ferrochrome. The principal alternative source for chromium is Zimbabwe, which has the potential to produce up to 28 percent of world demand for chromium plus the smelting capability to produce ferrochrome. This alternative is markedly restricted, however, by the limited capacity and poor state of repair of road, rail, and port facilities in both landlocked Zimbabwe and Mozambique, the country through which Zimbabwe's exports would travel on the shortest course for eventual transshipment by sea. Presently, most of

Zimbabwe's chromium production must be exported through South Africa because Zimbabwe's domestic rail service depends on South African equipment and trained specialists. In the event of a cutoff of South Africa's mineral exports, South Africa could also make transport facilities unavailable or find itself unable to guarantee transportation security. Weighing the contending forces, little likelihood exists for a US-South African confrontation that would not see the United States supplied by the nine black states bordering South Africa.

These nine states—landlocked Botswana, Lesotho, Malawi, Swaziland, Zambia, and Zimbabwe, along with Angola, Mozambique, and Tanzania—have formed the South Africa Development Coordination Conference (SADCC) to seek foreign aid in support of an ambitious \$1.9 billion regional development program. Western nations and institutions have already subscribed more than \$750 million, much of which consists of reaffirmation of earlier pledges. In addition to remedying their transportation problems, SADCC countries aim to reduce their reliance on South Africa for food exports. Although the US Agency for International Development (AID) has concluded that these southern African countries require both general aid and aid specifically aimed at upgrading their transportation systems, AID budget submissions have been only selectively endorsed, with proposed projects in Mozambique and Tanzania drawing criticism for the Marxist inclination of their governments. The United States should support these programs, especially those directed at improvements in transportation and communications.

In addition, US Government insurance and financing programs, such as those developed by the Overseas Private Investment Corporation (OPIC) and the Export-Import Bank, should be made available in greater measure in a US Government effort to encourage trade and industrial development in the region. US Trade and Development Program expenditures, currently in the range of \$100,000 per year, should be expanded. These initiatives have good prospects to encourage stabilized growth in the countries that border South Africa.

**Additional investment cannot only protect alternate sources for critical materials, but may also stimulate exploration and exploitation of additional materials.**

**Implementation of these recommendations will help insulate the United States from short-term dislocation caused by excessive reliance on South African exports. At this point, then, the United States can embark on a policy drawing upon the moral and historical forces argued earlier. To make undeniably clear the fundamental and continuing opposition of the US Government and the American people to the system of apartheid serves US interests. Implicit in this opposition is the determination that the United States does not accept the popular white South African view that its minority government serves as a bulwark against communism; rather, the United States sees apartheid as an opportunity for the growth of communist influence in the area. US disapproval of apartheid can also serve as a source of hope to black South Africans and an influence on white Africans, who appear to care a great deal that they are excluded from total membership in the community of nations.**

**Any form of future South African government in which blacks hold or at least share power can be expected to more readily entertain mutually rewarding ties with a US government known to have been supportive of legitimate black aspirations. Denied any form of moral support by the United States during its period of transition, a future government would not have to look very far to perceive at least some benefits deriving from Soviet and other communist support.**

**Equally likely, a majority or shared-power successor government receiving moral support from the United States during its formative period would not entertain designs to manipulate the flow of mineral exports to achieve political ends. Even an antagonistic South African government, regarding hard income essential to its economy, will in all likelihood respond to the natural markets in the industrial West. However, political agitation and subsequent serious disruptions flow more readi-**



ly from a government politically hostile by reason of precise lack of support at a timely point.

### **TIGHTEN CONTROLS ON US EXPORTS**

Recommendations to make specific this moral and political goal encompass both government and corporate actions. The US Government should move to close the foreign subsidiary loophole in the current arms embargo. Although US regulations implementing the embargo prohibit US-manufactured goods or US components in foreign-manufactured goods for weapons-related sales to South Africa, US subsidiaries incorporated abroad may sell to the South African military and police commodities and even arms. That this remains the case is largely due to the sensitivity any government retains to attempts by another nation to regulate the conduct of corporations established under their laws and operating under their jurisdiction. Certain other domestic laws take on an extraterritorial UN character, however, and the mandatory arms embargo upon all its members provides a legal umbrella under which such a ban could more readily be extended.

### **TERMINATE EXCHANGE OF NUCLEAR TECHNOLOGY**

In another arena, the US Government should terminate all exchange of nuclear technology with South Africa. Nuclear cooperation with South Africa, originally undertaken in 1957 and continued a decade later for an additional 10 years, occupied considerable attention of the Carter administration, which finally determined to continue the relationship in hopes of leveraging South African acquiescence to the Nuclear Non-Proliferation Treaty. Now that South Africa has obtained enriched uranium to start up the first of its two Koeberg reactors, leverage is virtually nil. Lacking a competent entree into the South African nuclear arena, the United States should now completely embargo any transfer of nuclear-related technology, equipment, and expertise provided by US companies.

## **EXPAND CONTACTS WITH BLACK LEADERS**

The US Government should expand its contacts with black South African leaders. Whatever form the Government of South Africa assumes, black leadership will only increase in importance. The United States should expand informal contact presently maintained with black South Africans in labor, business, and religious institutions to include those who are already serving in a political capacity, whether in Soweto or Kwazulu. The United States should also upgrade contacts with representatives of the exiled African National Congress (ANC) and Pan-Africanist Congress (PAC).

Location, history, economic ties, and ethnic composition provide strong impetus for leaders of independent black African states to hold forceful, generally antagonistic positions relative to South Africa. The rhetorical level supporting these positions tends to remain high. Notwithstanding certain trade and labor exchange accommodations that provide signals contrary to political denouncements, US policymakers must not allow rhetorical claims by African leaders to obscure a rich source of innovative proposals for interim and long-term actions. Preoccupation with demonstrating US policy leadership must not preclude incorporating initiatives that conceive effective policies, especially those that can be pursued in a collegial process with black African states. Action following from policies generated or stimulated by African leaders can serve US interests through a process of shared responsibility and multilateral coordination.

Even if suggestions proposed by black African leaders are not followed by the United States, the process of diplomatic exchange can serve to lessen pressures, sure to be exerted by independent black nations, for the United States to directly intervene in South Africa. Reduced for the interval of expectation regarding Namibian initiatives, this pressure will almost inevitably be focused on the United States, no matter what course Namibia takes, unless independent black states see

themselves as important parts of the process of coping with change in South Africa.

### **EXPAND HUMAN RIGHTS ACTIONS**

The US Government should focus the scrutiny of human rights on the detention and incarceration practices of the South African regime. The death of labor organizer Neil Aggett while in police detention was the 46th such death of an admitted political detainee; scores of other deaths are never revealed; still other detainees are sent to Robben Island and total exclusion from society before their 16th birthday. Individual US officials have publicly deplored these events, but rarely has the power of the US Government been exercised to condemn these actions in the manner that human rights violations elsewhere have been condemned.

### **PROMOTE NONEXPANSION OF US BUSINESS**

Policy recommendations for US corporations are based on the premise that these companies can remain in South Africa, performing economic and social functions in ways fully consistent with the objectives of US policy. The key ingredient to such performance, however, relies on a spirit of commitment, one that aligns corporate economic interest with the basic tenets of American society. With this as a central theme, then, the first recommendation for US business is that it commit itself to a policy of nonexpansion; companies not presently operating in South Africa should not enter the market there. A nonexpansion policy will provide for continuation of the more salubrious operations providing employment, training, and social benefits for black workers and their dependents. But nonexpansion will deny white South Africans an occasion to interpret and publicize new American investment and increased loans as signaling support for the status quo. Further, a nonexpansion policy would create an economic incentive for American businesses to reach for a more just social order in

South Africa. Several major companies already factor into expansion decisions the degree of progress that the South African Government is making toward reform, notably General Motors, Eastman Kodak, Burroughs, and Gulf and Western.

European governments, representing economies much more deeply invested in South Africa than that of the United States, may even consider joining such a moratorium on growth because it would obligate little or no immediate cost. European nations, respecting their relatively more fragile economies, would never disinvest. However, a policy of nonexpansion, especially one implemented on a multilateral basis, would have significant economic impact on South Africa.

#### **SUPPORT UNIVERSAL ADOPTION OF THE SULLIVAN PRINCIPLES**

A second recommendation for US business calls for universal adoption of the Sullivan Principles (appendix A) for companies doing business in South Africa. Roughly half the companies there still do not subscribe to this voluntary fair employment practices code. Some businesses argue that putting the code into practice is a violation of South African law, which, on the face of the matter, is true and morally convenient.

A bill has been proposed in the US Congress calling for mandatory adoption of the Sullivan code, but passage is unlikely and is not recommended. Incorporating the Sullivan Principles into US law would create practical problems of on-scene enforcement that could be more productively resolved by a tightly monitored system of self-evaluation overseen by interested stockholders and corporate officials. The Sullivan code is not designed to directly bring about political change, but it has already produced tangible practical as well as indirect benefits for black employees of some US companies, as alluded to in the Wiehahn report.

## **TIME LONGER THAN ROPE?**

These recommendations fit predominantly in the economic sphere. The US relationship with South Africa is such that leverage for change can most accurately and effectively be employed by economic policies. A political dimension to change exists in South Africa, but tools to operate in this dimension remain largely in the hands of South Africans. Theirs are the initiatives that will precipitate or impede change, theirs are the bodies that will exert force within limits of harmony or by violent actions, and theirs are the lives that will be led in any succeeding political arrangement.

Whites and blacks in South Africa must agree on a workable alternative to a status quo that will not remain static if they are to avoid a more dismal fate. But pragmatic, flexible approaches to sharing power will not come effortlessly or painlessly, if they come at all. Thus US policymakers, looking at South Africa from the outside, sensing frustration and moral uncertainty, must keep ultimate US goals in focus and generate a foreign policy that is true to US interests. The policies recommended here respond to moral currents that run deeply throughout American society, while at the same time respond to economic and political realities.

Time has not run out for South Africa; however, neither is the end of the rope anywhere in sight.<sup>2</sup> Thus, the ingredients of a major crisis are clearly present. The United States can shape a policy to cope with change, to assist in a constructive process that can eventually lead to fundamental change in South Africa. Today, the rope is tightly knotted. The United States must act on policies that provide positive means to untie the knot, before the knife becomes the only recourse.

# ENDNOTES

## CHAPTER 1

1. See, for example, the references to "Moscow's hegemonic ambitions" referred to by the South African ambassador to the United States, Donald B. Sole, in *African Report*, September-October 1981, pp. 14-19, and Prime Minister P.W. Botha's denunciation of the "Soviet anti-South African onslaught" that links up with "misguided western liberals" to produce "western temporizing, . . . weak will and vacillation" against the Soviet threat (*New York Times*, 7 February 1982, p. 2E). On the other hand, much as South Africans attempt to encourage US and Western support against a "communist" threat, they are hardly sanguine about the results, as reflected in the late P.M. Vorster's New Year's Day 1977 message, which concluded:

It is my firm conclusion that if a Communist onslaught should be made on South Africa . . . South Africa will have to face it alone, and certain countries who profess to be anti-communist will even refuse to sell arms to South Africa to beat off the attack.

2. See Edward Roux, *Time Longer Than Rope*, 2d ed. (University of Wisconsin Press, 1964).

## CHAPTER 2

1. Raymond Leslie Buell, *The Native Problem in Africa* (New York: Macmillan and Company, 1928), pp. 150-151.

2. The literature describing discriminatory legislation is extensive. The best concise treatment for this period is Leonard Thompson, *Politics in the Republic of South Africa* (Boston: Little, Brown & Co., 1966). See also Muriel Horrell, *Legislation and Race Relations: A Summary of the Main South African Laws Which Affect Race Rela-*

*tionships* (Johannesburg: South African Institute of Race Relations, 1968).

3. The term *communism* is susceptible to many definitions, not all of which are fully appreciated in their expanded South African versions by residents of the United States. According to the Suppression of Communism Act, 1950, and Suppression of Communism Amendment Act, 1951, communism includes "any doctrine or scheme . . . which aims at bringing about any political, industrial, social or economic change within the [Republic] by means which include the promotion of disturbance or disorder." A communist is "a person who . . . is deemed by the [President] to be a Communist" on the ground that "he . . . has at any time . . . advocated, advised, defended or encouraged the achievement of any of the objects of Communism or any act or omission which is calculated to further the advancement of any such object." Persons so convicted may be banned, that is, prohibited from being a member of any specified organization and from being in any defined area.

4. Study Commission on U.S. Policy Toward Southern Africa, *South Africa: Time Running Out* (Berkeley: University of California Press, 1981), p. 346.

5. Not all of the sporadic joint exercises were effectively coordinated events. During a courtesy visit to Durban in 1961, the US Navy staged a firepower demonstration and sent helicopters over black residential areas on the eve of an opposition strike. See Thomas Karis, "United States Policy toward South Africa," in *Southern Africa: The Continuing Crisis*, ed. Gwendolen Carter and Patrick O'Meara (Bloomington: Indiana University Press, 1979), p. 326.

6. The new direction of US policy implicit in NSSM 39 was never publicized nor made the topic of public debate. The State Department has maintained that option two, quoted above, was never adopted as such. The full text of the review was finally leaked to the American press (Jack Anderson and Tad Szulc) in the fall of 1974, although the Johannesburg *Star* publicized the main points of the new policy as early as 1971. See Mohamed A. El-Khawas and Barry Cohen, eds, *The Kissinger Study of Southern Africa: National Security Study Memorandum 39 (Secret)* (Westport, Conn.: Lawrence Hill, 1976).

7. Hurd's tour as ambassador was not notable for its diplomatic distinction. Beyond avoiding communication with black leaders in South African opposition groups, Hurd was the only major diplomat to attend the segregated state opening of the Nico Malan Theatre in Cape Town. His acceptance of a South African cabinet minister's invitation to hunt small game on Robben Island provided a distasteful limited contact with black leaders; political prisoners served as beaters for the hunt.

8. US Mission to the United Nations, Press Release USUN-32(78), 1 May 1978.

9. The clearest expression of policy is that produced in a series of articles by Chester A. Crocker, presently Assistant Secretary of State for African Affairs, before he entered the Reagan administration. See *Foreign Policy*, 1979, pp. 142-61; *Washington Quarterly*, Summer 1980, pp. 72-84; and *Foreign Affairs*, Winter 1980-81, pp. 323-51.

10. Chester A. Crocker, Scope Paper directed to Secretary of State Alexander N. Haig on the subject of the Secretary's then forthcoming meeting with South African Foreign Minister Roelof F. Botha on 14 May 1981. The paper was leaked to the black lobby Trans-Africa, which made it available to the press.

11. Testimony to the Subcommittee on Africa of the Foreign Affairs Committee of the House of Representatives, 12 June 1981.

12. "William Clark: Reagan's Man in the Middle," *Washington Post*, 14 January 1982, p. C3.

### CHAPTER 3

1. The degree to which Cuban withdrawal has been linked to a successful resolution of the Namibian independence process has been notably downplayed by the Reagan administration since Shagari's commonwealth speech. Nevertheless, a senior US official characterized the Cuban presence in Angola as of late January 1982 as a "clearly recognized impediment to resolving the Namibia problem," further implying that "there is general western agreement that the current negotiations offer an opportunity, unlikely to come again, to cut back Soviet and Cuban influence in the region."



2. Polaroid's withdrawal in November 1977 was unique and basically a reaction to its distributor's underhanded dealing with the Government.

3. In particular, the British direct about 10 percent of all their overseas direct investment toward South Africa, but four times the amount of American investments. Some estimates show that an embargo on South African trade would affect 70,000 jobs in the United Kingdom. British companies account for almost half of the 2,000 foreign companies in South Africa and are prominent among the top 100.

4. Republic of South Africa, *Report of the Wiehahn Commission of Inquiry into Labour Legislation* (Pretoria: Government Printer, 1979), RP 4f/1979, pt. 1. The Wiehahn Commission investigated the relationship between employer and employee, job training, social security, and job advancement in more than 20 South African statutes. Several recommendations were incorporated into the Labour Relations Amendment Act, which became effective on 1 November 1981. See also *Report of the Riekert Commission of Inquiry into Manpower Utilization* (Pretoria: Government Printer, 1979), RP 32/1979.

5. Notwithstanding the direction of this analysis, some senior US Navy officers foresee the South Atlantic as the next area of major power confrontation. I am indebted to Captain Domingos P.C.B. Ferreira, Brazilian Navy, for bringing to my attention "Remarks by Admiral Harry D. Train, II, US Navy, Supreme Allied Commander Atlantic" given at the Sixth International Seapower Symposium, July 1981, at Newport, R.I.

#### CHAPTER 4

1. See, for example, Senator Strom Thurmond's reference to South Africa as the "Saudi Arabia of minerals" (*Congressional Record*, 5 September 1979) and Representative David Marriott's warning that a teaming up of the Soviet Union and southern Africa could "well have the entire Western world shut down in approximately six months" (*Congressional Record*, 10 October 1979). Such cataclysmic viewpoints are not limited to Congress, however. For example, E.F. Andrews, Vice President of Allegheny Ludlum Industries, observed that "we would have to revert 40-50 years in our standard of living and

technology if deprived of the minerals and metals of South and Southern Africa" (*ACSA Foundation Newsletter*, December 1979–January 1980).

2. The Organization for Economic Cooperation and Development includes the countries of Australia, Austria, Belgium, Canada, Denmark, the Federal Republic of Germany, Finland, France, Greece, Iceland, the Irish Republic, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

3. *Foreign Broadcasting Information Service*, 2 January 1980.

4. US Department of the Interior, Bureau of Mines, *Mineral Commodity Summaries*, 1979, p. 35.

5. "The Ferro-chromium Caper," *Forbes*, 18 September 1978; p. 116.

6. *Mineral Commodity Summaries*, 1979; p. 35.

7. US National Academy of Sciences, National Materials Advisory Board, *Contingency Plans for Chromium Utilization* (Washington, D.C.: National Academy of Sciences, 1978), p. 37. This conclusion and the suggested remedies that follow are addressed here in greater detail, especially on pp. 9–16.

8. For an expansion of this possibility, see *Ocean Manganese Nodules*, 2nd ed., prepared by the Congressional Research Service for the Committee on Interior and Insular Affairs, US Senate, February 1976.

9. *Mineral Commodity Summaries*, 1979, p. 177.

10. National Academy of Sciences, National Materials Advisory Board, *Vanadium Supply and Demand Outlook* (Washington, D.C.: National Academy of Sciences, 1978), p. 14.

11. *Mineral Commodity Summaries*, 1979, p. 116.

12. *Ibid.*

## **CHAPTER 5**

1. Phillip Crowson, *British Foreign Policy to 1985. Non-Fuel Minerals and Foreign Policy* (London: Royal Institute of International Affairs, 1977), annex B.

2. Edward Roux, *Time Longer Than Rope*, 2d ed. (University of Wisconsin Press, 1964).

## **APPENDIX A. SULLIVAN PRINCIPLES FOR US FIRMS OPERATING IN SOUTH AFRICA**

The Sullivan Principles, first drawn up by the Reverend Leon Sullivan in March 1977, have been amplified twice—in July 1978 and in May 1979. The text of the principles as amplified in May 1979 follows.

### **PRINCIPLE I**

**Nonsegregation of the races in all eating, comfort, and work facilities.**

Each signator of the Statement of Principles will proceed immediately to:

- Eliminate all vestiges of racial discrimination.
- Remove all race designation signs.
- Desegregate all eating, comfort, and work facilities.

### **PRINCIPLE II**

**Equal and fair employment practices for all employees.**

Each signator of the Statement of Principles will proceed immediately to:

- Implement equal and fair terms and conditions of employment.

- Provide nondiscriminatory eligibility for benefit plans.
- Establish an appropriate comprehensive procedure for handling and resolving individual employee complaints.
- Support the elimination of all industrial racial discriminatory laws which impede the implementation of equal and fair terms and conditions of employment, such as abolition of job reservations, job fragmentation, and apprenticeship restrictions for blacks and other nonwhites.
- Support the elimination of discrimination against the rights of blacks to form or belong to government-registered unions, and acknowledge generally the right of black workers to form their own union or be represented by trade unions where unions already exist.

### **PRINCIPLE III**

**Equal pay for all employees doing equal or comparable work for the same period of time.**

Each signator of the Statement of Principles will proceed immediately to:

- Design and implement a wage and salary administration plan which is applied equally to all employees regardless of race who are performing equal or comparable work.
- Ensure an equitable system of job classifications, including a review of the distinction between hourly and salaried classifications.
- Determine whether upgrading of personnel and/or jobs in the lower echelons is needed, and if so, implement programs to accomplish this objective expeditiously.
- Assign equitable wage and salary ranges, the minimum of

these to be well above the appropriate local minimum economic living level.

#### **PRINCIPLE IV**

Initiation of and development of training programs that will prepare, in substantial numbers, blacks and other nonwhites for supervisory, administrative, clerical, and technical jobs.

Each signator of the Statement of Principles will proceed immediately to:

- Determine employee training needs and capabilities, and identify employees with potential for further advancement.
- Take advantage of existing outside training resources and activities, such as exchange programs, technical colleges, vocational schools, continuation classes, supervisory courses, and similar institutions or programs.
- Support the development of outside training facilities, individually or collectively, including technical centers, professional training exposure, correspondence and extension courses, as appropriate, for extensive training outreach.
- Initiate and expand inside training programs and facilities.

#### **PRINCIPLE V**

Increasing the number of blacks and other nonwhites in management and supervisory positions.

Each signator of the Statement of Principles will proceed immediately to:

- Identify, actively recruit, train, and develop a significant number of blacks and other nonwhites to ensure that as quickly as possible there will be appropriate representa-

tion of blacks and other nonwhites in the management group of each company.

- Establish management development programs for blacks and other nonwhites, as appropriate, and improve existing programs and facilities for developing management skills of blacks and other nonwhites.
- Identify and channel high management potential blacks and other nonwhite employees into management development programs.

#### **PRINCIPLE VI**

Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation, and health facilities.

Each signator of the Statement of Principles will proceed immediately to:

- Evaluate existing and/or develop programs, as appropriate, to address the specific needs of black and other nonwhite employees in the areas of housing, health care, transportation, and recreation.
- Evaluate methods for utilizing existing, expanded, or newly established in-house medical facilities or other medical programs to improve medical care for all nonwhites and their dependents.
- Participate in the development of programs that address the educational needs of employees, their dependents, and the local community. Both individual and collective programs should be considered, including such activities as literary education, business training, direct assistance to local schools, contributions, and scholarships.

- **With all the foregoing in mind, it is the objective of the companies to involve and assist in the education and training of large and telling numbers of blacks and other nonwhites as quickly as possible. The ultimate impact of this effort is intended to be of massive proportion, reaching millions.**



## **APPENDIX B. CRITICAL MINERAL DATA**

- Table 1. Critical Mineral Commodities Consumed in the United States**
- Table 2. Critical Minerals Imported in Excess of 74 Percent of Consumption**
- Table 3. South Africa and the Soviet Union: 1978 Production and Reserves of Five Critical Minerals as a Proportion of Global Production and Reserves**
- Table 4. South African Exports of Major Industrial Mineral Commodities to the United States in 1978**
- Table 5. Critical Mineral Imports From South Africa and US Import Dependence**
- Table 6. European Community Critical Minerals Imports**
- Table 7. US Government Stockpiles and Private Inventories**
- Glossary of Terms**

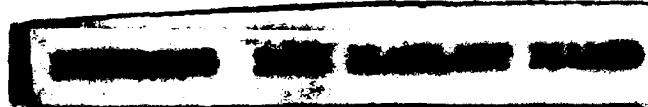


Table 1. Critical Mineral Commodities Consumed in the United States<sup>1</sup>

Mineral commodity	Domestic apparent consumption <sup>2</sup> during 1978 (In short tons unless other- wise noted)	Net import reliance <sup>3</sup> as a percent of apparent consumption in 1978 <sup>4</sup>	Major foreign sources (1974-77)
<b>Ferrous metals:</b>			
Chromium .....	560,000	92	South Africa, U.S.S.R., Phil- ippines, Turkey. <sup>4</sup>
Cobalt .....	9,433	97	Zaire, Belgium-Luxembourg, Finland, Zambia.
Columbium .....	2,850	100	Brazil, Thailand, Canada.
Iron ore .....	126,400,000	29	Canada, Venezuela, Brazil, Liberia.
Manganese .....	1,415,000	96	Brazil, Gabon, Australia, South Africa.
Molybdenum .....	33,000	Net exporter	Canada, Chile.
Nickel .....	232,600	77	Canada, Norway, New Cale- donia, Dominican Repub- lic.
Silicon .....	647,000	18	Norway, Canada, France, Yugoslavia.
Tantalum .....	630	97	Thailand, Canada, Malaysia, Brazil.
Tungsten .....	10,250	50	Canada, Bolivia, Peru, Thailand.
Vanadium .....	7,213	27	South Africa, Chile, U.S.S.R.
<b>Nonferrous and precious metals:</b>			
Aluminum (bauxite) .....	5,973,000	10	Canada.
Copper .....	2,460,000	93	Jamaica, Guinea, Surinam.
Gold .....	*5,400,000	19	Canada, Peru, Chile, Zambia.
Lead .....	1,460,000	54	Canada, Switzerland (mostly South African in origin), U.S.S.R.
Magnesium .....	71,001,000	11	Canada, Mexico, Peru, Australia.
Platinum group <sup>5</sup> .....	*2,318,000	Net exporter	Canada, Italy, Netherlands, Norway, Greece, Ireland.
Silver .....	*135,000,000	91	South Africa, U.S.S.R., United Kingdom.
Tin .....	65,700	41	Canada, Mexico, Peru, United Kingdom.
Titanium <sup>6</sup> .....	1,017,000	61	Malaysia, Bolivia, Thailand, Indonesia.
		W	Japan, U.S.S.R., United Kingdom.

Table 1. Critical Mineral Commodities Consumed in the United States—Continued<sup>1</sup>

Mineral commodity	Domestic apparent consumption <sup>2</sup> during 1978 (in short tons unless otherwise noted)	Net import reliance <sup>3</sup> as a percent of apparent consumption in 1978 <sup>4</sup>	Major foreign sources (1974-77)
Zinc .....	1,260,000	62	Canada, Mexico, Honduras, Australia, Peru, Belgium-Luxembourg.
<b>Fuels: <sup>10</sup></b>			
Coal (bituminous and lignite) .....	618,089,000	<1	South Africa, Poland, Canada.
Natural gas (including liquefied natural gas). . .	119,390	5	Canada, Venezuela, Algeria.
Petroleum (including crude oil and refined petroleum products). . . . .	1318,822	43	Saudi Arabia, Nigeria, Libya, Venezuela, Algeria.
Thorium .....	4130	NA	Malaysia, Thailand.
Uranium .....	413,000	45	Canada
<b>Processed mineral commodity:<sup>12</sup></b>			
Ferrocromium .....	14480,000	NA	South Africa, Zimbabwe, Japan.
Ferrovandium .....	NA	Net exporter	Norway, West Germany.
Ferromanganese .....	14900,000	NA	France, South Africa, Japan.

<sup>1</sup> Source: Adapted from U.S. Bureau of Mines, Mineral Commodity Summaries, 1979; Welden P. Pratt and Donald A. Brobet, Mineral Resources: Potentials and Problems, U.S. Geological Survey, Circular 686, Washington, U.S. Government Printing Office, 1974, p. 3; and others.

<sup>2</sup> Apparent consumption—U.S. primary plus secondary production, plus net import reliance. Petroleum and natural gas include industry stock changes.

<sup>3</sup> Net import reliance—Imports minus exports, plus adjustment for government and industry stock changes (except for petroleum and natural gas).

<sup>4</sup> Estimated. Speech by John H. Patterson, Director, Division of Resource Assessment Operations, U.S. Department of Energy, March 12, 1979.

<sup>5</sup> Major foreign sources are for chromite ore.

<sup>6</sup> Data in troy ounces.

<sup>7</sup> Reported consumption for magnesium plus apparent consumption for magnesium compounds.

<sup>8</sup> Platinum group includes platinum, palladium, iridium, osmium, rhodium, and ruthenium.

<sup>9</sup> Includes ilmenite and rutile consumption.

<sup>10</sup> U.S. Department of Energy Monthly Energy Review, June 1979.

<sup>11</sup> Data in billion cubic feet.

<sup>12</sup> Data in thousands of barrels per day. Data for refined petroleum products and crude oil.

<sup>13</sup> These processed mineral commodities are a significant part of U.S. consumption and are, therefore, included.

<sup>14</sup> Reported consumption.

**Table 2. Critical Minerals Imported in Excess of 74 Percent of Consumption  
(In short tons unless otherwise noted)**

<b>Mineral commodity: Major sources (percent of total imports) 1974-77</b>	<b>Total U.S. reported consumption during 1978</b>	<b>U.S. stockpile<sup>2</sup></b>	<b>Possible alternative import sources<sup>3</sup></b>
<b>Chromite ore:</b> South Africa (35), U.S.S.R. (18), Philippines (16), Turkey (13), other (18).	1,000,000	2,591,000	Zimbabwe, India, Madagascar, Brazil, Iran.
<b>Cobalt:</b> Zaire (42), Belgium-Luxembourg (23), Zambia (7), Finland (6), other (22).	9,000	20,402	Australia, New Caledonia, Philippines, Cuba, Canada, Botswana, Morocco.
<b>Colombium:</b> Brazil (73), Thailand (8), Canada (8), other (11).	1,600	489	Zaire, Malaysia, U.S.S.R., Nigeria.
<b>Manganese:</b> Gabon (36), Brazil (33), Australia (13), South Africa (9), other (9).	1,350,000	2,815,000	U.S.S.R., Bulgaria, Rumania, Hungary, Zaire, Morocco, Ghana, Chile, People's Republic of China, Mexico, Thailand.
<b>Tantalum:</b> Thailand (36), Canada (16), Malaysia (9), Brazil (4), other (35).	950	815	Zaire, Nigeria, Mozambique, U.S.S.R.
<b>Platinum group:<sup>4</sup></b> South Africa (42), U.S.S.R. (26), United Kingdom (17), other (15).	2,100,000	1,725,000	Zimbabwe, Colombia.
<b>Tin:<sup>5</sup></b> Malaysia (49), Bolivia (16), Thailand (14), Indonesia (9), other (12).	70,231	225,282	Brazil, Argentina, Nigeria, Zaire, U.S.S.R., People's Republic of China, Burma, Mexico.
<b>Nickel:</b> Canada (58), Norway (7), New Caledonia (7), Dominican Republic (7), other (21).	183,500	.....	Cuba, U.S.S.R., Australia, Indonesia.

<sup>1</sup> Adapted from: U.S. Bureau of Mines, Mineral Commodity Summaries, 1979, and other sources.

<sup>2</sup> Includes ore, metal, concentrate, powder, etc., of stockpile grade as of Nov. 30, 1978, unless otherwise specified. Figures do not include ferro-products.

<sup>3</sup> Mineral Facts and Problems, U.S. Bureau of Mines Bulletin 667, 1975 Bicentennial ed., 1259 p.

<sup>4</sup> Data in troy ounces.

<sup>5</sup> Primary and secondary.

**Table 3. South Africa and the Soviet Union: 1978 Production and Reserves of Five Critical Minerals as a Proportion of Global Production and Reserves<sup>1</sup> (In percent)**

	South Africa	Soviet Union	Total
<b>Reserves:</b>			
Chromium .....	68	<1	369
Manganese .....	37	350	87
Vanadium .....	19	74	93
Platinum-group metals .....	73	25	98
Gold .....	48	422	70
<b>Production:</b>			
Chromium .....	34	432	66
Manganese .....	23	343	66
Vanadium .....	39	31	70
Platinum-group metals .....	46	47	93
Gold .....	58	421	79

<sup>1</sup> Source: U.S. Bureau of Mines, Mineral Commodity Summaries, 1979 [Washington, 1979.]

<sup>2</sup> An additional 30 percent of global chromium reserves are held in Zimbabwe.

<sup>3</sup> The manganese data are for the "Central Market Economies" as a group, reflecting the Bureau of Mines reporting procedure. According to the Bureau, "the U.S.S.R. and the Republic of South Africa account for more than 80 percent of the world identified resources."

<sup>4</sup> Data are for the Central Market Economies as a group, again reflecting the Bureau of Mines reporting procedure.

**Table 4. South African Exports of Major Industrial Mineral Commodities to the United States in 1978<sup>1</sup>**

(In short tons, unless otherwise noted)

Mineral commodity	U.S. reported consumption during 1978	U.S. mine production during 1978	U. S. imports	
			Total during 1978	Sources (percent of total, 1974-77)
<b>Ferrous metals:</b>				
Chromite .....	1,000,000	( <sup>1</sup> )	1,000,000	South Africa (35), U.S.S.R. (18), Philippines (16), Turkey (13), other (18).
Manganese ore ..	1,350,000	( <sup>1</sup> )	600,000	Gabon (36), Brazil (33), Australia (13), South Africa (9), other (9).
Vanadium <sup>3</sup> .....	46,300	5,250	2,300	South Africa (56), Chile (25), U.S.S.R. (9), other (10).
<b>Nonferrous metals:</b>				
Copper .....	2,350,000	1,485,000	4620,000	Canada (28), Chile (21), Peru (13), Zambia (10), South Africa (3), other (25).
Gold <sup>7</sup> .....	4.84	0.97	4.68	Canada (44), U.S.S.R. (17), Switzerland (mostly South African origin) (16), other (23).
Platinum group <sup>8,9</sup> .....	2,100,000	5,000	2,700,000	South Africa (42), U.S.S.R. (26), United Kingdom (42), other (15).
Fuels: Coal, bituminous and Lignite <sup>10</sup>	618,089,000	653,800,000	113,403,105	Poland (34), South Africa (32), Australia (30), Canada (2), <sup>11</sup> other (2).
<b>Processed mineral commodities:<sup>12</sup></b>				
Ferrochromium <sup>12</sup> .....	480,000	.....	300,000	South Africa (38), Zimbabwe (23), Japan (15), other (24).
Ferromanganese <sup>14</sup> .....	900,000	.....	675,000	France (32), South Africa (30), Japan (14) other (24).

- <sup>1</sup> Estimated.
- <sup>2</sup> None.
- <sup>3</sup> Data in short tons of contained vanadium.
- <sup>4</sup> Consumption of intermediate vanadium products.
- <sup>5</sup> Consumption of refined copper.
- <sup>6</sup> Total imports of refined and unmanufactured copper.
- <sup>7</sup> Data in million troy ounces.
- <sup>8</sup> Platinum group includes platinum, palladium, iridium, osmium, rhodium, and ruthenium.
- <sup>9</sup> Data in troy ounces.
- <sup>10</sup> Source: U.S. Department of Energy, Monthly Energy Review, June 1979, p. 56.
- <sup>11</sup> Bureau of the Census, personal communication, Aug. 27, 1979.
- <sup>12</sup> These processed mineral commodities are a significant part of total consumption and are, therefore, included in the table, even though they are not mined.
- <sup>13</sup> Ferrochromium is typically from 36 to 70 percent chromium content while chromite ore typically ranges from 22 to 38 percent manganese content.
- <sup>14</sup> Ferromanganese typically ranges from 74 to 95 percent manganese content while manganese ore typically ranges from 35 to 54 percent manganese content.
- Adapted from: U.S. Bureau of Mines, Commodity Data Summaries, 1979, p. 190, and other sources.

**Table 5. Critical Mineral Imports From South Africa and US Import Dependence**

Mineral	1974-77 average	
	Total imports as percent of apparent consumption	Imports from South Africa as percent of total imports
Chromium .....	90	
Chromite .....		35
Ferrochromium .....		38
Manganese .....	98	
Ore .....		9
Ferromanganese .....		30
Vanadium (contained vanadium) .....	36	56
Platinum-group metals .....	88	42
Gold .....	59	116

<sup>1</sup> Refers to imports from Switzerland, which are reported to be mostly of South African origin.

Adapted from U.S. Bureau of Mines, Mineral Commodity Summaries, 1979.

Table 6. European Community<sup>1</sup> Critical Minerals Imports<sup>2</sup>

Mineral or alloy	Net imports, 1977 <sup>3</sup> (1,000 metric tons)	Import dependence <sup>4</sup> (percent)	South African share of imports (percent)	Soviet share of imports (percent)
Chromite ore .....	1,111	100	49	11
Ferrocchrome .....	274	( <sup>5</sup> )	44	4
Manganese .....	2,268	100	41	<1
Ferromanganese .....	508	( <sup>5</sup> )	8	1
Platinum-group metal and alloys, unworked .....	0,051	100	*18	24
Gold:				
Unworked .....	1,034	( <sup>5</sup> )	57	1
Coin .....	0,075	( <sup>5</sup> )	44	17

<sup>1</sup>The members of the European Community are Belgium, Denmark, Federal Republic of Germany, France, Irish Republic, Italy, Luxembourg, the Netherlands, and the United Kingdom.

<sup>2</sup>Vanadium data are not available. Over 90 percent of European imports of vanadium, however, are believed to come from Australia and Norway.

<sup>3</sup>European Communities, statistical office, analytical tables of Foreign Trade, 1977, Luxembourg, European Communities (1978).

<sup>4</sup>Crowson, Phillip, British Foreign Policy to 1985: Nonfuel Minerals and Foreign Policy, London, Royal Institute of International Affairs (1977).

<sup>5</sup>Not available.

\*This figure represents direct imports from South Africa. Additional platinum that originated in South Africa is reexported from the United Kingdom and other countries.

Table 7. US Government Stockpiles and Private Inventories

Mineral/alloy	U.S. stockpile (thousand short tons)	Private inventories (thousand short tons)	Equal to years of U.S. consumption
Chromite ore .....	2,591	1,300	6 yr, 5 mo.
Chromium ferroalloys .....	759	130	2 yr.
Manganese <sup>2</sup> .....	2,856	1,200	3 yr.
Ferromanganese .....	629	1283	1 yr.
Vanadium .....	0,540	4.35	6 mo.
Ferrovandium .....	0	1,3,41.70	2 mo.
Platinum-group metals (thousand troy ounces) .....	1,725	900	1 yr, 4 mo.

<sup>1</sup> Personal comment, Bureau of Mines, Sept. 24, 1979. Preliminary data subject to revision.

<sup>2</sup> Includes all types of manganese with the exception of ferromanganese.

<sup>3</sup> In short tons.

<sup>4</sup> Contained vanadium.

Adapted from Mineral Commodity Summaries, 1979, and other sources.



## **GLOSSARY OF TERMS**

*Alloy*—A substance having metallic properties and being composed of two or more chemical elements of which at least once is an elemental metal.

*Carbides*—A cemented or compacted mixture of powdered carbon and heavy metals forming a hard material used in metal-cutting tools.

*Catalyst*—A substance capable of changing the rate of a reaction without itself undergoing any net change.

*Coal carbonization*—The process of decomposing coal into solid, liquid, and gaseous products by heating in a reducing atmosphere.

*Ferroalloy*—Any alloy containing iron, usually in major amounts.

*Ferrous*—Iron-bearing or iron-related.

*Nonferrous*—Containing no iron and not used in iron alloys.

*Refractory*—A material of high melting point.

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