



The American Committee on Africa

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TESTIMONY OF THE AMERICAN COMMITTEE ON AFRICA

before the

BUSINESS AND COMMERCE COMMITTEE
DALLAS CITY COUNCIL
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Mr. Chairman, members of the Committee, my name is Jim Cason and I am Associate Director of the American Committee on Africa, a national anti-apartheid organization formed in 1953.

The American Committee on Africa has worked with many of the 25 states and 19 counties and 82 cities that have passed binding measures to distance themselves from apartheid. In 1980, we organized the first conference of state and city legislators at which local government officials began to consider acting against apartheid. We have worked with city and state officials as they have drafted, passed and implemented this legislation. I certainly hope that we will be able to work with the City of Dallas in the future.

I am here today to urge you to strengthen your local anti-apartheid legislation so as to ensure that the City of Dallas does not do business with any corporation that profits from the system of apartheid. In addition, I would like to discuss with you the experiences of other cities in implementation of their legislation that may be relevant to the City of Dallas. Finally, I have some specific background information about a number of corporations that may be in violation of the city's current South Africa policy.

Importance of Sanctions

There are important events sweeping through southern Africa. Nelson Mandela has been released, the government has lifted the bans on many opposition organizations and there is much talk of reform. These reforms and concessions made by South Africa's rulers are the result of the hard fought struggles involving much pain and sacrifice on the part of many millions of South Africa's people. But we should also remember that life for most black South Africans hasn't changed at all in the last few months -- they are still denied the right to vote, to own their own homes to live where they want.

As Americans we can also take pride in having contributed to the pressures driving change first through the actions of state and local governments around the country and then at the federal level. But it is vital to recognize now that any relaxation of pressure now will allow the reluctant process of change to grind to a halt.

Nelson Mandela himself has appealed to the world to continue to press South Africa through sanctions and, just ten days ago in an interview on the Donahue show, he reiterated the need for further state and local divestment actions.

The reluctant changes now taking place in South Africa are a result of pressures, both internal and external, and only additional pressure will force the government to finally accept the South African people's demand for full democracy based on one person one vote. Here in the United States we must continue our divestment efforts until there is a new, democratic constitution in South Africa.

State and Municipal Action

State and Municipal actions against companies doing business in South Africa are among the most effective actions taken to this day to pressure South Africa. In the early 1980s these actions focused primarily on divesting public pension funds of stock in companies doing business in South Africa. More recently cities and states have begun to adopt legislation that gives preference in the bidding process for the purchase of goods and services to those companies that do not do business in South Africa.

Many cities have chosen to targeted all companies that do business in South Africa, as opposed to just those companies that do business with the repressive departments of the government. These policies put powerful pressure on the South African economy and are forcing change in South Africa.

In the area of purchasing legislation, cities such as Los Angeles, New York and Dade County Florida are forcing American companies to chose between profiting from apartheid in South Africa and doing business in their cities. And these policies are having an impact:

* Motorola is ending its licensing and distribution agreements in South Africa when they expire later this year. This is the direct result of pressure from local governments, particularly Dade County, Florida. Just a few years ago Motorola not only had a subsidiary in South Africa but was a supplier to the police and military.

* Merrill Lynch, also as a result of pressure from state and municipal governments, recently announced it would no longer trade in South African securities.

Through this legislation cities are sending a clear message to corporations that continue to do business in South Africa. That messages -- that these company's major customers, the American people, want them to end all ties to apartheid -- is backed up by the ability of cities to direct their dollars.

The Dallas Legislation

I have three major points that I would like to make about the provisions of the Dallas City Ordinance:

- * These provisions could be strengthened to include all companies that do business in South Africa;

- * Given the experience of other cities that have already passed this legislation, strengthening the City of Dallas' ordinance could be done in a fiscally prudent manner, using the experience of other cities as a guide and without placing an undue burden on the city managers; and

- * The City of Dallas should use the experiences and information data bases of other cities and of The American Committee on Africa's associate organization The Africa Fund to assist in enforcement of its legislation.

A. Strengthening The Law

The legislation that Dallas passed in 1989 prevents the city from investing funds in any company that does business in or with the Republic of South Africa. Yet the city is restricted in purchasing goods from corporations only if those companies do business with an entity that sells to the government of South Africa.

The American Committee on Africa believes that Dallas could adopt stronger provisions such as those included in Austin, Texas and Dade County, Florida legislation that restricts city purchase of good or services from all firms conducting business activities in South Africa. We have attached the guidelines for divestment that the American Committee on Africa and four other national anti-apartheid organizations endorsed in 1987.

Strengthening the Dallas ordinance in this manner would significantly increase the pressure on U.S. corporations to withdraw from South Africa. In turn, this would help to further pressure the South African government to end the system of apartheid.

Strong Legislation is Fiscally Prudent

The experience of Dade County, Los Angeles, New York City the State of Massachusetts all suggest that it is possible to pass strong and effective selective purchasing legislation that can restrict the city's purchases from corporations that do business in South Africa.

In 1989 the Austin City Council passed a measure strengthening their purchasing legislation to restrict purchases from all companies that do business in South Africa. We are told that, under this new legislation, corporation such as IBM and Amdahl would be restricted in their business dealings with the city.

Enforcement: Using the Experience of Other Cities

We believe that the City of Dallas could also benefit from the experience of other cities in enforcing its legislation. Dade County, Oakland, California, the State of Massachusetts and many other local governments have all done a great deal of the ground work to identify corporations that have ties with South Africa. Officials in many of these areas have also issued lists of corporations that do business in South Africa.

Dallas could use the information already available from these cities to help in enforcement of its own legislation. Further, the American Committee on Africa's associate The Africa Fund has developed a list of corporations doing business in South Africa. We can certainly help to identify personnel in these different cities that Dallas should be in touch with. In addition, our corporate researcher, Richard Knight, would I am sure be able to provide additional background information that may be of use to the city.

At this point I will mention three corporations that I believe the city currently has contracts with or is considering contracts with:

IBM continues to do business in South Africa. Although the corporation has sold its subsidiary there, IBM computers are still sold in South Africa through licensed distributors. In 1988 IBM had more than \$100 million in sales in South Africa. We believe that IBM computers are still being sold to the South African military and police. I have attached a more detailed background information piece on IBM that was prepared by our Research Department last year. I believe that under your current legislation the city should not do business with IBM.

Caltex, a joint venture of Chevron Corp and Texaco, is the largest U.S. investor in South Africa, with more than \$334 million in assets. Caltex supplies about 20 percent of the petroleum market in South Africa and provides oil to the police and military. The Corporation claims they are not in conflict with federal legislation that bans supplying the police or the military because the oil Caltex provides does not originate in the United States. Nonetheless, Caltex, Chevron, Texaco and their subsidiaries should certainly be banned from doing business with the City of Dallas under current regulations.

Mr. Chairman, members of the Committee, I would be glad to discuss other specific corporations with this committee or with your staff. Please be assured that the American Committee on Africa stands ready to work with the City of Dallas to further isolate the apartheid government of South Africa.

Thank you.