U.S. Corporate withdrawal: sham or substance?

The recent announcements by many U.S. corporations that they are pulling out of South Africa is "welcomed" by the African National Congress says Solly Melane, a member of the ANC Observer Mission to the United Nations. "These developments are in response to the ANC's call for sanctions and the international campaign to isolate South Africa. However, we do not want to be cheated...The umbilical cord between transnational corporations and the fascist regime must be severed...We rely on the people of the U.S. to monitor these gains."

A close examination of the pull-outs does show the need for such monitoring. The divestments actually fall into two categories:

1. Genuine corporate withdrawal: As in the case of Kodak which will sell its assets and halt all sales of its products in South Africa.
2. Corporate shell games: As in the cases of IBM, GM, and Coca Cola. These corporations will show formal ownership changes but will continue to provide products and technology in South Africa.

An example of how the "shell game" works:

GM announced the following arrangements as part of its "pull-out:"

1. GM's South African assets will be sold to a local management group.
2. The same American Chief Executive, W. Robert Price, will continue to run GM's South African subsidiary after transfer to locals.
3. The new South African company will still build GM cars and trucks under a licensing agreement.
4. THE NEW OWNERSHIP WILL NO LONGER BE PRECLUDED FROM SALES TO THE POLICE AND MILITARY, AS ARE U.S. CORPORATIONS BY U.S. LAW.
5. GM will apparently assume its subsidiaries' $90 million debt.
6. GM reserved the right to re-purchase the South African operation at an undisclosed future date.

Another example of the "shell game:"

IBM will set up a new company headed by the current manager of IBM/South Africa. This "new" company will have the exclusive franchise to sell IBM products in South Africa. In full page advertisements in the South African Financial Mail and Business Day, IBM/South Africa gave "unequivocal assurance" to its customers (which include the South African government) that: "A full range of products and services will continue to be available in South Africa through the current sole supplier." Moreover, IBM in New York made a five-year loan to the South African Company to buy IBM/South Africa.

GM AND IBM WILL STILL BE "DOING BUSINESS WITH SOUTH AFRICA"

"Divestment is a total shutdown that's airtight," says Randall Robinson, Executive Director of TransAfrica. "When you pull your money out but continue to sell your assets to local buyers and continue to supply these buyers with your product, that's not...what was intended..."

The strategy of divestment is to isolate South Africa and cut all links between corporations and the racist South African regime. In the face of these corporate moves, anti-apartheid groups have explicitly stated that COMPANIES WHICH HAVE LICENSES AND FRANCHISES IN SOUTH AFRICA WILL REMAIN DIVESTMENT TARGETS.

(The above examination of corporate withdrawals from South Africa has been compiled from two sources: an article by Josh Nessen for the Student Anti-Apartheid Newsletter (associated with the American Committee on Africa) and Anita Thayer (of the Capital District Coalition Against Apartheid and Racism) for the National Lawyers Guild)
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