

# COMMISSION OF THE EUROPEAN COMMUNITIES

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**Communication from the Commission to the Council**

**Proposal for measures to be presented to the new Government of South Africa**  
(initial measures and interim agreement)

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**A. Introduction**

The Commission foresees the establishment of the Union's future relationship with South Africa falling into two phases.

- i) a package of initial measures to be presented to the incoming South African Government following the election at the end of April 1994, which should also include an offer to conclude an Interim Agreement quickly;
- ii) an offer to begin negotiations on a more comprehensive and longer term agreement with South Africa in order to secure the future relationship between EU and South Africa.

The reasoning behind this timetable is that while the nature of South African society and the complexity of the situation does not allow long term solutions being put in place immediately, the problems which South Africa is facing calls for a strong signal of support for the new government and therefore the European Union should announce an early package of measures.

In view of the above, the initial measures to be proposed will aim at addressing the immediate needs and aspirations of South Africa without prejudice to what future global arrangement should be put in place. The measures proposed could be limited in time and reviewed, if necessary, to take into account the transitional nature of South African society.

In this respect the description of South Africa as a developed or a developing country or a country in transition should be left aside at this juncture. Any bilateral agreement or elements of measures to be included in the initial package, however, should be compatible both with the EU - and South Africa's obligations under GATT and with their respective commitments undertaken in the Uruguay Round.

The regional dimension of Southern Africa within Southern Africa is another essential strategy element which could be factored in when proposals are being drawn up. Such provisions could help the harmonious development of the economies of South Africa and the other countries of the Southern African Region and contribute to confidence building for all the countries concerned.

The main features of these initial measures will be trade and market access, development assistance and elements for a future political dialogue.

**B. Proposals for Initial measures**

For the immediate future, the following elements may be included in the initial package of measures.

**1. Trade and economic cooperation**

**a) Trade: Market Access**

Being a Contracting Party of GATT, South Africa already has MFN-status. The Commission believes that on top of this it would be both politically opportune and economically feasible to grant South Africa the benefits of GSP. The EU offer should be qualified, taking into account the specific characteristics of South Africa and the interests of the other countries in the region without prejudice to the new GSP scheme which soon will be presented to the Council.

**b) External Economic Cooperation:**

**- Regional Economic Co-operation**

In order to encourage intra regional trade in Southern Africa it could be useful to explore the possibilities and conditions for origin cumulation within the region (its precise country coverage to be defined in consultation with the regional partners concerned). In general, cumulation is attractive because it stimulates the use of inputs from neighbouring countries allowing them to collectively benefit from preferential tariff rates.

The Community could provide technical assistance for the process of regional economic cooperation. Proper administrative procedures and a regional secretariat linked to SADC (Southern African Development Community) or SACU (Southern African Customs Union) could be put in place in order to monitor any cumulation arrangement.

**- Investment promotion**

To encourage EU investments in South Africa, it would be useful to offer the ECIP benefits to this country. ECIP (European Community Investment Partners) is a financial instrument that opens the possibility to provide grants and loans to small and medium size companies and to public organisations in both the EU and the eligible countries, that want to explore, launch or expand joint ventures in those countries. The objectives of this instrument are particularly suited to the priorities announced for the industrial development policy of the new South Africa.

It would also be advisable to extend the BC-Net to South-Africa, since the information channelled through the BC-net system will be useful for the identification of parties with specific interests in industrial co-operation, thereby generating positive synergies with ECIP.

Finally, the EIB will be consulted whether and under what conditions it could consider expanding its activities to South Africa, in accordance with its regulations. The EIB would have to be fully associated, at an early stage, with the preparation of any initiative concerning South Africa within the Bank's area of authority.

**- Preparation for other areas of co-operation**

In a number of areas, including - inter alia - education and training, industry, telecommunications, and science and technology, closer co-operation between the EU and South Africa is both feasible and desirable.

The EU could announce that the Commission will immediately send exploratory missions to South Africa, in order to define the most effective approach to future policy action in these areas. The formal and timely announcement of such an intention would also send a positive political message to the new government.

**2. Development Cooperation (Special Programme)**

In line with the Resolution of the Council (Development) of 25.5.1993, the European Union's development cooperation - in both content and implementation - takes account of the changing circumstances in South Africa, in particular the pace of democratisation of South African society and the future government's expected priorities in favour of the poorest sectors of society. In this respect the election of the new South African Government will for the first time enable a dialogue on development assistance to be undertaken. This dialogue, which should aim at a structured development approach, will include both the areas of assistance as well as the channels for implementation.

The EU should maintain its efforts through actions which will continue to support the peaceful and democratic transition of South Africa. The scale of resources necessary to support the Special Programme should be maintained at a substantial level in view of the magnitude of the social needs the incoming government will be faced with. The Special Programme should certainly not be decreased during the whole of the transitional period.

In view of the annual provisions of the Special Programme a development policy dialogue with the incoming government should be included in the initial measures to be offered.

### C. Interim agreement

In order to enhance the immediate impact of the above measures, the Commission considers it necessary that an Interim Agreement, be negotiated without delay with the incoming South African government. This Interim Agreement should have a simplified structure and contain measures that can be quickly put into effect. The practical purpose of this Interim Agreement would be to provide the legal basis for the development of future co-operation with the new South African government and the allocation, as appropriate, of the corresponding funds from the Community budget. It should have only a few articles, including:

- a strong human rights clause, making the respect of democracy and human rights an essential element of the new relationship between the EU and South Africa.
- a comprehensive co-operation clause, which could be drafted flexibly to include future development, covering all areas of co-operation which are within the limits of the respective powers of the Parties.
- provisions wherever necessary to enable the European Union (or South Africa as may be the case) to engage in specific co-operation activities or the further development of certain policies.

Provisions should be laid down, in parallel, in order to provide access to the appropriate budget lines for the funding of activities under this Interim Agreement.

### D. Political dialogue

The new relationship between EU and South Africa should be tied in with the development of a political dialogue to be further strengthened in the longer term. At this initial stage, the political dialogue should focus on support for democracy, the rule of law, respect of human rights and the promotion of social justice as well as working together to combat poverty and all forms of racial, political, religious and cultural discrimination. The dialogue should also include the regional dimension.

The structure of the political dialogue will depend on the scope and nature of the overall relationship between the Union and South Africa.

Finally, the lifting of the remaining sanctions (in alignment with the UN where needed) should be included as part of the initial package of measures.

### Conclusions

The Commission requests the Council to adopt the above elements as the basis for the European Union's relationship with the new South Africa for the immediate future.

In the light of the developments in South Africa, the Commission will present, at a later stage, its proposals for the European Union's long term relations with South Africa.



# DOCUMENTS

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