II

(Acts whose publication is not obligatory)

COUNCIL

DECISION OF THE REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES, MEETING WITHIN THE COUNCIL

of 27 October 1986

concerning the suspension of new direct investment in the Republic of South Africa

(86/517/EEC)

THE REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES, MEETING WITHIN THE COUNCIL,

Whereas the refusal of the Government of the Republic of South Africa to take concrete measures leading to the abolition of apartheid and the deterioration of the situation in that country have given rise to discussions in the context of European political cooperation ;

Whereas such discussions have led in particular to a consensus to provide for the suspension of new direct investments in the Republic of South Africa ;

Whereas it is necessary that Member States take harmonized measures with a view to such a suspension ;

Whereas certain Member States have already suspended direct investment with respect to the Republic of South Africa,

HAVE DECIDED AS FOLLOWS :

Sole Article

1. Member States shall take the necessary measures to ensure that new direct investments in the Republic of South Africa by natural or legal persons resident within the Community are suspended. This provision may be complied with by the issue of guidance to natural and legal persons.

2. Direct investment shall have the following meaning :

— establishment and extension of branches or new undertakings belonging solely to the person providing the capital, and the acquisition in full of existing undertakings,

— new or increased participation in new or existing undertakings,

— long-term loans of a participative nature, defined as loans for a period of more than five years which are made for the purpose of establishing lasting economic links.

3. Direct investment made with a view to maintaining the level of an existing economic activity as well as in execution of contracts concluded before the date of publication of this Decision in the *Official Journal of the European Communities* shall not be covered.

4. Derogations may be made in the case of investments in training, health and the social sector in conformity with the positive measures currently being implemented by the Community or its Member States following the Decisions taken in Luxembourg on 10 September 1985 and in Brussels on 16 September 1986.

Done at Luxembourg, 27 October 1986.

The President

G. HOWE