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part 6.

Confidential File

Relations with South Africa.

Policy on arms sales.

Internal situation.

ECGD credits. PM's Emissary-

J. Hunt. (Seminar papers on Golder attached to file)

South Africa.

Part 1. June 1979

Part 6: Sept. 1985

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
14.9.85.							
17.9.85.							
25.9.85							
27.9.85							
30.9.85							
ENDS							
PREM 19/1643							

Seminar papers in
attached folder.

PART 6 ends:-

FCO to Holding (Barbados) 30-9-85

PART 7 begins:-

FCO to CDP 2.10.85

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
MISC 118(85) 7	09.09.85
CC(85) 27 th Conclusions, Minute 2	12.09.85

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed Wayland

Date 24 June 2014

PREM Records Team

Duty Clerk



With the compliments of

COG
3/11

THE PRIVATE SECRETARY

Copy of FCO action
taken on ^{at trap} No. 10 letter
of 13 September. (attached
for ease of reference).

R. Rowan
30/9

FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH

RESTRICTED



Foreign and Commonwealth Office
London SW1A 2AH

Telephone 01-

J T Holding Esq
BARBADOS

Your reference

Our reference

Date

30 September 1985

Dear Sir,

CARIBBEAN CONGRESS OF LABOUR: SOUTH AFRICA

1. I enclose a copy of a telegram to the Prime Minister from the General Council of the Caribbean Congress of Labour meeting in Granada, condemning our earlier reservations on the restrictive measures included in the policy statement on South Africa agreed by Ministers of the Ten, Spain and Portugal in Luxembourg on 10 September.

2. The General Council have, of course, misunderstood our position on these measures which, in fact, we have now endorsed. I think we should put the record straight. Provided, therefore, that you have no objection, I suggest that you might send the President a copy of the statement we issued on 25 September, in response to his telegram to the Prime Minister. The text was circulated in Retracts 44 and 53.

Courtsaved

Ramsey Tonkin

R H Tonkin
Southern Africa Department

cc A Smith, ILA
W V B Cornford, WIAD

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10 DOWNING STREET

From the Private Secretary

13 September 1985

Dear Peter,

I attach a telegram we have received from the President and Secretary of the General Council of the Caribbean Congress of Labour.

I should be grateful if you could arrange for this to receive a reply, if appropriate. We have not acknowledged from here.

Yours on order
Charles Powell

(CHARLES POWELL)

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

for enquires dial the number shown in your dialling instructions

GBWX CO GAGA 094
GRENADA 94/93 11 1821 PAGE1/50

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A. H
K FCO

THE HONOURABLE
MARGARET THATCHER
PRIME MINISTER
10 DOWNINGST
LONDON SW1

THE GENERAL COUNCIL OF THE CARIBBEAN COUNGRESS OF LABOUR MEETING IN
GRENADA CONDEMNS IN THE STRONGEST POSSIBLE TERMS THE ACTIONS OF YOUR
GOVERNMENT IN VETOEING THE E.E.C. COUNTRIES DECISION TO APPLY
SANCTIONS AGAINST THE RACIST REGIME IN SOUTH AFRICA. SUCH ACTION

COL 10 E.E.C. AFRICA.

GDC664 THE HONOURABLE MARGARET THATCHER PAGE2/43

PORTRAYS YOUR GOVERNMENT AS AN ACTIVE SUPPORTER AND COLLABORATOR
OF THE RACIST REGIME IN PETORIA. WE CALL ON YOUR GOVERNMENT TO
REVERSE THIS DECISION AND TO ACTIVELY SUPPORT THE SANCTIONS AGAINST
SOUTH AFRICA

L. ARCHER PRESIDENT
K. AUGUSTINE SEC/TREAS.

C.C. CARIBBEAN PRIME MINISTERS

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CHOGM: SOUTH AFRICA: YOUR TALKS WITH CLARK

SUMMARY

1. A USEFUL EXCHANGE OF VIEWS. THE CANADIANS SEE THE NEED FOR CONTINUED AND INCREASING PRESSURE UPON THE SOUTH AFRICAN GOVERNMENT. THEY ARE RELUCTANT TO IMPLEMENT FULL ECONOMIC SANCTIONS, BUT NEVERTHELESS PREPARED FOR A TOTAL BREAK WITH SOUTH AFRICA IF NO PROGRESS ON APARTHEID. ACTION BY THE PRIVATE SECTOR CAN POSSIBLY BE MORE EFFECTIVE THAN GOVERNMENT MEASURES. CANADA ANXIOUS TO AVOID A MAJOR RIFT WITHIN THE COMMONWEALTH ON SOUTH AFRICA. THEIR OBJECTIVE AT CHOGM WILL BE UNITY AND MOVEMENT. HMG'S POSITION EXPLAINED.

DETAIL

2. MR CLARK SAID THIS HAD BECOME A VERY IMPORTANT ISSUE OF PRINCIPLE FOR BOTH THE CANADIAN PEOPLE AND GOVERNMENT. IT WOULD NOT GO AWAY. THE GOVERNMENT HAD BEEN SEEKING CHANGE FOR A LONG TIME, WITH LITTLE RESULT, AND HAD BEEN STEPPING UP THE PRESSURE. THEY HAD MADE IT CLEAR THAT, IF FORCED TO DISRUPT RELATIONS THEY WERE PREPARED TO DO THAT. HE HAD BEEN ENCOURAGED AND SURPRISED BY THE EXTENT TO WHICH THE BUSINESS SECTOR WERE PREPARED TO BRING PRESSURE TO BEAR, AND WOULD LET US HAVE A NOTE OF THE MAIN IDEAS THAT HAD EMERGED FROM HIS CONTACTS WITH THEM. CANADA WAS VERY CONCERNED TO PRESERVE THE INTEGRITY AND STRENGTH OF THE COMMONWEALTH. THERE WAS A REAL POSSIBILITY THAT, IF THE RESPONSE OF THE SOUTH AFRICAN GOVERNMENT (SAG) WAS INADEQUATE, IT COULD IGNITE SERIOUS TENSIONS IN THE COMMONWEALTH. CANADA WISHED TO WORK WITH ITS FRIENDS TO KEEP UP GRADUALIST PRESSURE, AND HOPED THAT WE COULD EMERGE FROM CHOGM WITH BOTH UNITY AND SOME MOVEMENT. THE COMMONWEALTH COULD EVEN EMERGE STRENGTHENED. BUT IT WOULD BE VERY DIFFICULT.

3. YOU AGREED ON THE IMPORTANCE AND VALUE OF THE COMMONWEALTH. BRITAIN DID NOT INTEND TO PUT IT AT RISK. ON THE OTHER HAND WE BELIEVED IT WAS WRONG TO THINK IN TERMS OF GOING AS FAR AS MANDATORY SANCTIONS AND WE WERE NOT ALONE IN THIS. WE DID NOT SHARE CANADA'S WILLINGNESS, IF NECESSARY, TO BREAK ALL LINKS BECAUSE OF THE NATURE AND SCALE OF OUR ECONOMIC LINKS (WITH A QUARTER OF A MILLION WORKING ON JOBS RELATED TO SOUTH AFRICA, AND 300,000 BRITISH SUBJECTS THERE. BUT THIS HAD NOT STOPPED US MAINTAINING PRESSURE.

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SOUTH AFRICA; Reels: Feb -

4. YOU WERE IN FAVOUR OF AVOIDING AN ALL OR NOTHING SANCTIONS DEBATE AT CHOGM. ALL OF US HAD, FOR A LONG TIME, BANNED ARMS, SPORTING CONTACTS, AND IN OUR CASE, NORTH SEA OIL. YOU HOPED WE COULD KEEP THE DEBATE ON WAYS OF CONCERTING OUR SEVERAL APPROACHES, RATHER THAN PARTICULAR MEASURES THAT ALL SHOULD ADOPT, AND LOOK FOR WAYS OF CO-OPERATING EG MOBILISING COMMERCIAL OPINION, WHICH COULD BE EFFECTIVE.

5. WAS THERE ANYTHING WE COULD DO TO PERSUADE THE SAG OF THE NEED TO DO MORE:

(A) THE EUROPEAN COMMUNITY HAD SENT EMMISARIES. SHOULD THE COMMONWEALTH DO SOMETHING SIMILAR?

(B) WE SHOULD LOOK AGAIN AT THE NAMIBIA QUESTION, WHERE THE SAG WERE CLEARLY IN THE WRONG AND HAD DISAPPOINTED HOPES BY MOVING IN THE WRONG DIRECTION. IF THEY WERE NOW TO MOVE IN THE RIGHT DIRECTION ON NAMIBIA THAT COULD SEND A STRONG SIGNAL.

6. MR CLARK AGREED THAT WE SHOULD TAKE A FRESH LOOK, VERY QUICKLY, TO SEE IF THERE WAS ANYTHING WE COULD DO ON NAMIBIA. VARIOUS NOTIONS WERE BEING FLOATED ABOUT COMMONWEALTH CONVERSATIONS OR DELEGATIONS. OFFICIALS SHOULD DISCUSS QUICKLY WHAT MIGHT BE DONE ON THAT, TOO. CANADA WOULD BE READY TO PARTICIPATE OR STAND ASIDE, WHICHEVER WOULD HELP.

7. HE SAID THAT NONE OF HIS CABINET COLLEAGUES WANTED TO RUSH INTO SANCTIONS AS NORMALLY UNDERSTOOD, IE FULL ECONOMIC SANCTIONS, WHICH MIGHT INCREASE STURBORNNESS AND DECREASE CONTACT. BUT THERE WAS POLITICAL PRESSURE FOR QUOTE SANCTIONS UNQUOTE. THIS WAS WHY THEY HAD TAKEN TO DESCRIBING THEIR MEASURES AS SANCTIONS.

8. THERE WAS A NEED FOR MOVEMENT. IT NEED NOT ALL HAPPEN AT CHOGM: BUT IF WE WANTED TO MOVE INDIA OFF ITS FULL SANCTIONS TRACK WE HAD TO BE ABLE TO POINT TO AN INCREASE OF PRESSURE AFTER CHOGM COMPARED WITH BEFORE.

9. YOU SAID THAT IT WAS NOT JUST BRITAIN THAT BELIEVED A VARIABLE APPROACH WAS LEGITIMATE. THE FRONT LINE STATES TOO HAD SAID THAT THEY WOULD NOT IMPLEMENT SANCTIONS UNLESS THEY WERE BAILED OUT, WHICH THEY WOULD NOT BE. THE AIM SHOULD BE TO CONCERT, WITHOUT PRECISE CO-ORDINATION. HE COUNSELLED SOME CARE IN THE USE OF THE TERMS SANCTIONS. FOR THE MAIN IDEA THE TERM ECONOMIC BOYCOTT WAS PERHAPS MORE ACCURATE.

DAY

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MR J R J JOHNSON
CABINET OFFICE


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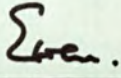
Foreign and Commonwealth Office

Charles 

You may like to see
this advance copy -
all good sense.

I'm sorry the time has
been so much blood on the
floor over attacks.

It's a silly issue what
price one should pay to
avoid isolation over an
inherently futile proposition!

27.9.85 



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SUMMARY

SOUTH AFRICA: EDGING BACKWARDS INTO REFORM

1. P W Botha a reluctant reformist; he faces a daunting task (paragraphs 1 - 2).
2. Blacks are angry and increasing the pressure; their grievances are very real and cover a range of longstanding, fundamental economic and constitutional issues (paragraphs 3 - 8).
3. External financial and political pressures are also mounting (paragraphs 9 - 10).
4. P W Botha, deeply influenced by his Afrikaner background, has so far failed to meet the challenge; domestic considerations remain of overriding concern (paragraphs 11 - 14).
5. Dialogue on an open agenda the only real prospect for making progress; an eventual political arrangement on federal lines the most hopeful outcome (paragraphs 15 - 22).
6. UK interests and the principles which should guide UK policy (paragraphs 23 - 29).

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BRITISH EMBASSY
PRETORIA

11 September 1985

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and Commonwealth Affairs
London SW1

Sir

SOUTH AFRICA: EDGING BACKWARDS INTO REFORM

1. In the House of Lords last November the Earl of Stockton observed that "once you get a doctrine, that is the end of you". President Botha has a daunting, thankless and some say impossible task: to persuade the white tribe of South Africa that the time has come for them to abandon longstanding doctrine and enter into some kind of political co-operation with the black tribes in the country whose population together already outnumber the whites by a ratio of five to one. In return, the President has little to offer but declining living standards and an uncertain future. The advent of black majority rule would offer no guarantee of stability unless complex and conflicting regional aspirations could also be accommodated.

2. P W Botha is a reluctant reformist. He and the large majority of whites would much prefer that the status quo should be maintained indefinitely. The Soweto riots of the mid-1970s and the continuing troubles of the 1980s have, however, convinced the President and indeed most whites that change must come. But determination to ensure that change takes place in a manner and at a pace of their own choosing has led the Government into declaring the present state of emergency. Like Israel which found it far easier to invade Lebanon than to disengage, President Botha is finding it remarkably hard to bring the emergency to an end.

Internal Pressures

3. There are few black people in South Africa who do not cherish deep-seated resentment based on personal experience of disparaging

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and frequently insulting treatment meted out by white South Africans to them over the years. Some of the most bitterly felt injustices have been those that affect daily life: the requirements of pass laws, what is known as "influx control" which makes it difficult to find jobs and to establish normal family life in one place, and laws like the Group Areas and Urban Consolidation Acts which limit blacks to living in specified areas, which often means that they have to commute daily long distances to their places of work. More recently, the economic recession and high inflation have produced a range of economic grievances, including greatly increased unemployment, sharp increases in municipal rent and service charges and increases in prices over a range of basic consumer goods. More general complaints relate to social deprivation, issues such as the inadequacies of the school system, and the excesses of the police.

4. In addition to these specific grievances, blacks have been pressing for meaningful political representation. Under classical apartheid, they were told that their political rights could only be exercised through homelands. The Government now accept that blacks have a permanent place within South Africa proper, and that the problem of their political rights will have to be solved on that basis. But the advent of the tri-cameral constitution only served to accentuate the fact that blacks had been excluded from the new dispensation. Black resentment at their exclusion came to a head in August last year at the time of the elections to the coloured and Indian chambers. Attempts to persuade the blacks that they could begin to experience political involvement through the election of local black authorities utterly failed to convince them. These local bodies, elected on a small minority of eligible votes, are barely functioning. Many blacks now aspire not only to share power in central government, but to eliminate white political control. Added to this is a demand for guaranteed South African citizenship, or the restitution of citizenship where this has been lost, coupled with assurances of equal treatment and opportunity.

5. Economic factors have increased pressure for change and at the same time aggravated the situation. South Africa of the 1950s and

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1960s could support with equanimity wasteful apartheid policies because the country enjoyed unprecedented growth, averaging at least 5% throughout the two decades. The 1970s saw a slowing down in growth and the first half of the present decade has seen a measure of stagnation and recession not previously experienced. Yet the abrupt loss of confidence in South Africa's future prospects by overseas bankers, despite a healthy surplus on the current account of the balance of payments and encouraging technical indicators of economic recovery, has come as a damaging blow to Government and businessmen alike.

6. Rising economic expectations among the black population were already being disappointed. Frustrations in black townships in the industrial areas of the Eastern Cape and Vaal triangle increased markedly. The younger black generation in the townships is much more militant, articulate and organised than at any previous stage of South Africa's history. Attempts to reverse the flow of blacks from rural areas into the townships have failed hopelessly. Indeed, "influx control" has, as a policy, all but been abandoned because it is unworkable. It has been surprising in the past that blacks have generally retained such philosophical composure. But all this is changing. In the townships, many young blacks see their only hope of salvation in the destruction of the present social order. Even some of their parents are beginning to accept that a measure of violence may be necessary.

7. The white population, on the other hand, is confused, uncertain and resentful. The resources available for black education and economic advancement are generated in large measure through white enterprise and skills. Government income is mainly derived from white taxpayers; whenever a school building or administration block in a black township is gutted by arsonists, white tax-payers complain that it is they who will have to provide the necessary funds for reconstruction. The white political threat to the regime is indeed likely to come not from reformist elements in white society, but from those who feel that reforms have already gone too far and too fast.

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8. The upheavals of recent months have induced a rapid polarisation in society. There is deep anger among the eight million or more blacks who live in the urban townships near the main industrial and commercial centres. Rioting, clashes with the police and looting, are daily occurrences. Church leaders and "liberal" organisations feel that their ability to influence, let alone control, the situation in the townships is rapidly weakening. Even the United Democratic Front, a loose association of radical groups brought into being in reaction against the proposed tri-cameral constitution, has found that its sway over young black trouble-makers is now marginal. In a number of townships, local government services are under severe strain, schools are constantly disrupted and the police venture in only in strength.

External Pressures

9. These internal pressures would have been serious enough for the Government but they have been compounded by unprecedented external pressures which have taken the Government by surprise. Indeed, it would have been difficult to forecast that the modest demonstrations which began some ten months ago in front of the South African Embassy in Washington could have so caught the fickle imagination of the United States public and media that they have become an almost permanent feature of an escalating anti-apartheid crusade in the United States. In his despatch of 25 July, Sir Oliver Wright has eloquently written the obituary of the US Administration's policy of "constructive engagement". Despite his personal opposition to sanctions, President Reagan has seen no alternative but to introduce his own package of measures designed to exert more political than economic pressure on the South African Government. France, Canada, Australia and the Scandinavians had already adopted similar selective measures, and now most of the European Community have followed suit.

10. It would be difficult to say that these governmental measures are likely to have any perceptible effect on South African policy. But the overseas private sector, and especially banks, influenced no doubt by the appalling news relayed almost daily by television satellite

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from South Africa, have concluded that for the immediate future South Africa is too much of a risk. There has accordingly been, on the one hand a steady withdrawal of portfolio investment from South Africa in recent months, and on the other a decision by most overseas companies to delay plans to make new or additional investments in South Africa. A few US and other corporations, possibly influenced by the political situation, have made a virtue of economic necessity and have decided to withdraw from the South African market. The decline in the value of the Rand, now worth less than half its value in Western currencies compared with two years ago, has resulted in a corresponding decline in the value of repatriated profits. Governmental sanctions, in short, have scarcely been necessary in a situation where overseas industry, commerce and the banks have made their own minds up about risks and returns in the South African market.

Afrikaner sensitivities

11. Generation after generation of Afrikaners have struggled to make their way in history alone. This is not to say that the leadership are not deeply concerned today about the need for change. By their standards they have already come a long way compared with, say, five years ago. But their political philosophy is based on the deep-seated conviction that to share power at this stage with the blacks would be a recipe for disaster and that, whatever the pressures, even greater chaos would ensue if the Government were to weaken and give way. P W Botha and almost all his Cabinet are more at home in Afrikaans than in English. They are deeply influenced by Afrikaner traditions. Instead of meeting the challenge for reform head-on, they talk about it, drop hints, test the temperature, and only slowly and reluctantly edge backwards into it. This is the way they are made.

12. Apartheid was indeed primarily conceived as a social structure in which Afrikaners could retain their separate identity. Economic and industrial realities, notably the need for black labour, have however gradually made apartheid on the factory floor, in the mines and offices impossible to sustain. But while economic integration

/among



among all communities in South Africa has been gaining momentum, the Government have stoutly resisted pressures towards political integration. Although there has been increasing talk of "joint decision taking" and "co-responsibility" between blacks and whites, it remains the Government's intention to manage and control the body politic for as long as this is humanly possible.

13. There have been several explanations for the President's failure to announce significant reform measures in his much-publicised party speech last month: differences within the Cabinet; resentment at international pressures; awareness that there would be no acknowledgement from the "radical left" (some would say the urban black community in general) of any reforms offered; concern that reforms would be seen as a response to pressures and lead to more strident demands. There may be something in any or all of these plausible explanations. What is known for sure is that the President and his closest Ministers sought in the days before the speech to persuade the ten homeland governments to accept a package of principles on citizenship, but that there was such strong resistance from at least Mangope of Bophuthatswana and Matanzima of the Transkei to the granting of dual citizenship that only the most general of promises could be given. Possibly the issue of citizenship was linked with the future of the homelands themselves. At all events, there was remarkably little in the speech which had not been covered already in previous statements by the President. Even his remarks on influx control went no further than Dr Viljoen had told the House of Assembly months ago. Although there were constructive elements in the speech and here and there interesting new formulations, no new policies were in fact announced.

14. The only explanation I can offer for this sad display is the character of P W Botha himself. That he did not rise to the occasion may simply be due to the fact that he is not capable of doing so and that in any case he miscalculated the effect his speech would have. We do not know what kind of a post mortem is in progress within the upper echelons of the National Party. There is talk of serious

/divisions



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divisions, of sharp criticism of the President. There are suggestions that he may wish to step down next year. This speculation may have no real basis and indeed senior members of the party have denied that there are major divisions on policy, but the fact that people are talking in these terms is symptomatic. The private sector in particular is deeply concerned with the present situation. The President's refusal to take action because he might appear to be making concessions to pressures is a vicious circle from which there is no easy escape. He is also aware, though, that displays of Afrikaner toughness ("kragdadigheid") go down well with the electorate, especially those toying with defection to the Conservative Party. As a result of his speech, he may be the despair of "verligte" supporters, but they are unlikely to desert the Party en masse. P W Botha is the Afrikaner politician par excellence: he is not a statesman and is not really all that concerned with world opinion, least of all at the present time. The South Africans may overdo it; but they are not the only Government to make foreign policy decisions on the basis of what they see as overriding domestic considerations, in this case above all affecting their Afrikaner clientele.

Prospects

15. The current wave of violence can be contained. The whites have the guns and armoured cars, the blacks only stones and home-made petrol bombs. Blacks in townships, mostly quite separate from white residential areas, cannot push matters too far against the forces of law and order. But so long as there are those who believe that all that is needed is a final push for the whole edifice of apartheid to come tumbling down, sporadic violence in the townships seems bound to continue. Incidents will continue to be unpredictable and vicious.

16. Concessions over influx control, pass laws, and citizenship are unlikely by themselves to make all that much difference to black attitudes, unless the nettle of political rights is also grasped. A nadir would be reached if the Government concluded that no foreseeable reform they could bring themselves to offer would meet with black approval; in which case why continue to try?

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17. Although in 1980 P W Botha was daring enough to refer to "healthy power-sharing" between blacks and whites, the use of the phrase "power-sharing" even in a qualified context has been taboo since the defection of Dr Treurnicht in 1981 and the establishment of the Conservative Party. He has made it clear that the Government cannot accept a system of universal franchise in a unitary system which would leave the blacks in an unassailable majority. He has ruled out a "fourth chamber" for blacks, without giving any good reason for doing so, though we may safely assume that the notion of a black chamber would not fit in with the 4:2:1 population ratio of the tri-cameral dispensation, since the blacks would have a commanding 20:4:2:1 influence. There has been no mention yet of the need for a new or radically revised constitution to accommodate blacks.

18. Whichever way one looks at it, however, I find it hard to escape the conclusion that **an eventual political arrangement involving blacks will have to be on federal lines.** Publicly the Government deny this, but in private some of their more forward-looking advisers are beginning to concede it.

19. The Government are now offering a dialogue with blacks on an almost open agenda. Their one stated condition (in the declaration made during the recent Troika visit) is that anyone who wished to negotiate with them should first renounce violence. This, of course, is not the only reason why dialogue has not started. Some blacks are intimidated from coming forward, others feel the Government has yet to put enough cards on the table to make a dialogue worthwhile. Those leaders whom most blacks regard as their natural representatives are debarred or in prison because they belong to the ANC or UDF. There is also the question by what right any black representative is entitled to speak for his fellow blacks. Homeland leaders were elected but are discounted as being contaminated by the system. One thing the Government will not concede is to permit black popular elections to choose leaders before the process of negotiation has even started.

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20. Nevertheless the way forward must still be through dialogue and consultation. In these circumstances the most useful contribution we can make may be to try to persuade both Government and blacks to agree to talk without any pre-conditions on either side.

21. P W Botha may not have the necessary flexibility to carry through to its end the reform programme which he has started. It is not clear that any likely successor within his party would be more successful. Dr Gerrit Viljoen, for example, probably the leading "liberal" in the Cabinet though a former Chairman of the Broederbond, has style and would make a considerably better impact on the domestic and international stage. On the other hand Mr F W de Klerk has wider grass-roots support and would be less likely to take risks for the sake of reform.

22. In quoting the example of Zimbabwe South Africans seek to demonstrate the perils of handing over a country to black majority rule. Yet they have scarcely woken up to a much more significant comparison: namely Ian Smith's repeated refusal to settle for compromises which could have been conclusive at the time, only to end by having to accept much less advantageous terms later on.

UK Policy

23. Our attitude throughout has been consistent and clear. Apartheid in our view is unacceptable and unworkable. We want to see change swiftly but peaceably. Discriminatory legislation must go. The political aspirations of blacks must be met. We do not claim to prescribe solutions but would be satisfied with any arrangements acceptable to the people of South Africa as a whole. Even if the South African Government are saying some of the right things, we urge them to move much further and faster and above all to translate good intentions into specific action.

24. This line of argument gains some attention. But South Africans hear what they want to hear. For their part the Government resent being told what to do by outsiders and are determined not to be seen

/as



as making concessions under pressure from abroad. They are more concerned with pressures on their own doorstep from black protest, from liberal Afrikaners, from the white business community, from the inexorable upward graph of black population increase, from the international money-lenders.

25. Britain has a bigger stake in South Africa than has any other country, taking trade, investment, jobs and personal ties together. Incidentally it is not always remembered that our earnings from invisibles here are worth even more than our visible exports. Such links work both ways: we have more reason to take up a position on South Africa's problems, but greater understanding is expected of us. Our voice ought to count. Nevertheless for reasons of history and present day politics I cannot pretend we exert other than marginal influence. I doubt if any markedly different approach would count for more. We may get some credit from the South African Government for standing out against sanctions, but judging from past experience they are unlikely to pay much greater heed to our advice as a result of it.

26. In rejecting external pressures the South African Government advance two arguments which deserve respect. First, the situation is far more complicated than sometimes realised by outsiders, not least as regards the profusion of minorities in South Africa. It is not just a case of a minority and a majority, nor of white versus black, but of two white tribes and a dozen or more black ones having to work out how to live together. Secondly, it has been put to me that blacks may begin to count on foreign governments adopting ever more stringent measures, so that blacks no longer see any need to sit down and negotiate with the Government which is doomed by the rest of the world. This may be exaggerated but I believe there is a real point here. It would be tragic if outside pressures were to overshoot and thus contribute to the very result we dread: further polarisation and an ever deepening descent into violence.

27. Where does this leave us? We share with South Africans a tendency to defend ourselves by talking about worst-case economic

/sanctions



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sanctions (which we argue would be not only misconceived but counter-productive). Each of us may be harder-pressed to explain our opposition to symbolic measures which by definition are likely to have less practical effect. Yet even these are questionable on the ground that they will lead inexorably to sterner measures which seem bound to do more harm than good - the slippery slope argument. Let such gestures be recognised for what they are: primarily a reaction by governments to satisfy domestic requirements or to demonstrate international solidarity. In any case symbolic measures are likely to remain largely irrelevant to the key question whether the regime can bring itself to admit blacks to any real degree of power-sharing and, no less important, whether black representatives can bring themselves to work out a compromise with the whites.

28. I believe we would be right to continue broadly as now, guided by the following principles:

- (a) Aim to keep our lines open to both whites and blacks, the latter requiring as much of our attention as the former.
- (b) Call more firmly than ever for urgent moves towards reform in the area of political and civil rights.
- (c) Concentrate at any one time on a few specific issues and flagrant abuses of human rights. (Forced removals are an example where British concern may have helped to influence South African policy.)
- (d) Counsel both sides against violence, and equally urge both sides to get down to the business of dialogue, a dialogue which we consider should be started without prior conditions on either side.

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(e) Take every opportunity of putting our views across to the South African Government not only in public but in private contacts, including giving them credit for whatever steps they take in the right direction.

(f) As a positive contribution, do what we can to:

- (i) Encourage British firms to play as constructive a role as possible through the European Code and firms' own programmes for black improvement.
- (ii) Increase official aid directed through the British Council to South African blacks.
- (iii) Support the idea that minority rights should be guaranteed in any future political statement.
- (iv) Urge that all communities in South Africa should be free to engage in peaceful political activity without restriction. (If in consequence of taking this line and of advocating Mandela's release we consider relaxing our own attitude towards dealings with the ANC, I could not object.)

29. To carry this through will be far from easy, nor is it a recipe for sure success. But I believe it would put such leverage as we have to best use. Other courses look even less attractive. An approach of this kind would in my view be responsible, respectable and above all realistic.

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30. I am copying this despatch to HM Representatives at all European Community posts, to the UK Permanent Representative at the United Nations, to HM Representatives at Washington, Ottawa, Canberra, Wellington, Maseru, Mbabane, Gaborone, Maputo, Harare, Luanda, Lusaka, Dar es Salaam, Lagos, New Delhi, Berne, Moscow and Stockholm.

I am Sir

Yours faithfully

A handwritten signature in dark ink, appearing to read 'J. D. Roberts', with a long, sweeping tail extending to the right. Below the signature are two small dots.

South Africa Pets.

ADVANCE COPIES

15

SOUTHERN AFRICA

PS
PS/MR RIFKIND

PS/PUS

MR FERGUSON

SIR J FREELAND

MR JOHNSON

MR O'NEILL

ED/SAFD

ED/CAFD

ED/UND

ED/NEWS DEPT

MR CLG MALLABY, CABINET OFFICE

PS/NO 10 DOWNING STREET

IMMEDIATE

CONFIDENTIAL

FM PRETORIA

TO DESKBY 271630Z FCO

TELNO 363

OF 271500Z SEPTEMBER 85

INFO PRIORITY JOHANNESBURG, WASHINGTON, LUANDA, MOSCOW.

INFO ROUTINE PARIS, BONN, LUXEMBOURG, THE HAGUE, UKMIS NEW YORK.

INFO SAVING CAPE TOWN CONSULATE, DURBAN.

YOUR TELNO 175: SOUTH AFRICA: REPRESENTATIONS CONCERNING RECENT DEVELOPMENTS

SUMMARY

1. I TOLD THE FOREIGN MINISTER TODAY OF OUR CONCERNS ABOUT RECENT DISTURBANCES, INCLUDING THE POLICE METHODS USED AND CONTINUING DETENTIONS WITHOUT TRIAL. PIK BOTHA IN HIS TURN CRITICISED OUR DECISION TO JOIN OTHER COMMUNITY GOVERNMENTS IN MEASURES AIMED AGAINST SOUTH AFRICA. HE URGED US TO TAKE A STRONGER LINE ABOUT SOVIET INVOLVEMENT IN ANGOLA.

DETAIL

2. WHEN I HAD MY DELAYED MEETING WITH PIK BOTHA THIS MORNING I MADE THE POINTS IN PARA 3 OF YOUR TUR AS UP-DATED IN MY TELECON WITH REEVE. I BEGAN BY EXPLAINING THAT IF HE HAD BEEN ABLE TO SEE ME EARLIER I WOULD HAVE RAISED A NUMBER OF MATTERS WITH HIM AS LONG AS TWO WEEKS AGO. THEY NEVERTHELESS REMAINED VALID. MAKING IT CLEAR THAT I WAS SPEAKING ON INSTRUCTIONS I SAID THAT THERE WAS WIDESPREAD CONCERN IN BRITAIN AT DEATHS AND POLICE METHODS USED IN THE CAPE TOWN DISTURBANCES AND AT THE CONTINUED DETENTION WITHOUT TRIAL OF OPPOSITION LEADERS. WE WERE PARTICULARLY CONCERNED AT THE NEGATIVE EFFECT OF THESE DEVELOPMENTS IN MAKING DIALOGUE HARDER BETWEEN GOVERNMENT AND BLACKS. I ALSO MENTIONED THE CASE OF OSCAR MPETHA AND REPEATED OUR APPEAL FOR CLEMENCY ON HUMANITARIAN GROUNDS. I WELCOMING RECENT DECISION BY THE GOVERNMENT TO REPRIEVE THE KWA NGEMA AND DRIEFONTEIN COMMUNITIES FROM FORCED REMOVAL I EXPRESSED THE HOPE THAT OTHER BLACK COMMUNITIES WOULD BE SIMILARLY REPRIEVED. WE HAD NOTED PRESIDENT BOTHA'S RECENT STATEMENT ABOUT DUAL CITIZENSHIP WHICH IN OUR VIEW REINFORCED THE NEED TO SETTLE THE PROBLEM OF POLITICAL RIGHTS. FINALLY I SAID WE HOPED THE

DUAL CITIZENSHIP WHICH IN OUR VIEW REINFORCED THE NEED TO SETTLE THE PROBLEM OF POLITICAL RIGHTS. FINALLY HE SAID WE HOPED THE SOUTH AFRICAN GOVERNMENT WOULD ACCEPT AND SPEEDILY IMPLEMENT THE RECOMMENDATION OF THE PRESIDENT'S COUNCIL TO ABOLISH PASS LAWS.

3. IN REPLY PIK BOTHA TOOK ISSUE WITH THE BRITISH GOVERNMENT'S ANNOUNCEMENT THAT THEY WERE JOINING THE LIST OF MEASURES AGAINST SOUTH AFRICA ALREADY AGREED BY OTHER COMMUNITY GOVERNMENTS. FAR FROM HELPING, OUR DECISION WOULD HAVE THE EFFECT OF DISCOURAGING BLACKS FROM JOINING IN DIALOGUE. THERE WAS EVIDENCE THAT CERTAIN BLACKS WHO HAD BEEN ON THE POINT OF COMING FORWARD HAD DECIDED OTHERWISE AFTER THE 10 SEPTEMBER STATEMENT BY COMMUNITY GOVERNMENTS, WHICH THEY INTERPRETED AS SHOWING THAT EUROPE NO LONGER HAD CONFIDENCE IN THE SOUTH AFRICAN GOVERNMENT.

4. HE THEN DESCRIBED THE GOVERNMENT'S EFFORTS TO PROMOTE REFORM AND DIALOGUE IN BROADLY FAMILIAR TERMS. THEY WERE HAVING TO COPE WITH ELEMENTS IN THE BLACK COMMUNITY WHO DID NOT STOP AT BURNING PEOPLE ALIVE. IF IT ONCE BEGAN TO BE ACCEPTED THAT PEOPLE COULD FORCE THEIR WAY TO POWER BY SUCH METHODS THERE WAS A REAL DANGER OF WHITES RESORTING TO SIMILAR VIOLENCE IN AN EFFORT TO PREVENT IT.

5. HE ADDED THAT HE DID NOT LIKE DETENTION WITHOUT TRIAL BUT IT WAS WITHIN LINES ESTABLISHED BY THE CHIEF JUSTICE HIMSELF. THE GOVERNMENT WERE PREPARED TO TALK ABOUT PARTICIPATION IN DECISION-MAKING WITH ANYONE WHO RENOUNCED VIOLENCE. HE ASKED IF THIS WAS UNREASONABLE. THE QUESTIONS WERE HOW TO FIND COMMON GROUND AND WHO TO TALK TO. HE REPEATED THAT THE GOVERNMENT WERE SINCERELY DOING THEIR BEST.

6. HE SAID THAT WE SHARED HIS WISH TO SEE A DIALOGUE ESTABLISHED. THE PROBLEM WAS THAT IT SEEMED SO DIFFICULT ON PRESENT LINES TO GET THE PROCESS GOING. IT WAS NOT ONLY A MATTER OF THE AGENDA BUT OF ACTUALLY PERSUADING BLACKS TO COME TO THE CONFERENCE TABLE. THIS WAS WHY WE WERE CONCERNED ABOUT THE NEGATIVE EFFECT ON BLACKS OF METHODS USED TO CONTROL UNREST QUITE APART FROM THEIR IMPACT ON BRITISH OPINION.

7. AS REGARDS THE COMMUNITY MEASURES, HE SAID THAT OUR ACCEPTANCE OF THESE INDICATED THE STRONG VIEWS WE HELD ABOUT THE NEED FOR CHANGE IN SOUTH AFRICA WHILE STOPPING SHORT OF MEASURES WHICH WOULD HURT THE ECONOMY. HE REMINDED HIM OF THE PRESSURES FOR STRONGER MEASURES WHICH WE WERE LIKELY TO FACE AT THE COMMONWEALTH MEETING NEXT MONTH.

8. TURNING TO THE EXTERNAL SCENE, PIK BOTHA REFERRED TO HIS RECENT MEETINGS WITH MOZAMBICAN MINISTERS ABOUT ALLEGED BREACHES OF THE NKOMATH ACCORD AND GAVE ME A PAPER SETTING OUT THE SOUTH AFRICAN POSITION. HE SAID HE WAS WORRIED ABOUT THE LESOTHO GOVERNMENT'S LACK OF RESPONSE TO DETAILED INFORMATION HE HAD RECENTLY GIVEN THEM ON ANC ACTIVITIES IN THAT COUNTRY.

9. HE THEN READ ME A LECTURE ABOUT THE IMPLICATIONS OF GREATER SOVIET INVOLVEMENT IN THE ANGOLA WAR THROUGH STEPPED-UP SUPPLIES OF EQUIPMENT AND THE PRESENCE OF SOVIET ADVISERS IN MPLA UNITS FIGHTING AGAINST UNITA. SURELY THIS COULDN'T BE

ER SOVIET INVOLVEMENT IN THE ANGOLA WAR THROUGH STEPPED-UP SUPPLIES OF EQUIPMENT AND THE PRESENCE OF SOVIET ADVISERS IN MPLA UNITS FIGHTING AGAINST UNITA. SURELY THIS COULDN'T BE IN THE WESTERN INTEREST YET THE WEST SEEMED OBLIVIOUS TO THE DANGERS AND DETERMINED TO BLAME ONLY SOUTH AFRICA.

10. I REMINDED HIM OF THE REPRESENTATIONS I HAD BEEN INSTRUCTED TO MAKE TO THE DIRECTOR GENERAL LAST WEEK ABOUT SOUTH AFRICAN FORCES CROSSING THE ANGOLAN FRONTIER (MY TELNO 335). I BELIEVED A VERY SERIOUS VIEW WOULD BE TAKEN IN LONDON IF SOUTH AFRICAN FORCES WERE TO INTERVENE OPENLY IN ANGOLA ON BEHALF OF SAVIMBI.

11. PAK BOTHA CONCLUDED WITH A STRONG PLEA THAT THE BRITISH GOVERNMENT SHOULD REMONSTRATE WITH MOSCOW ABOUT THEIR MILITARY INVOLVEMENT IN ANGOLA, AND THAT WE SHOULD REACT PUBLICLY TO EVIDENCE OF THE INCREASING SOVIET THREAT TO THE REGION.

12. DETAILED RECORD BY BAG.

MOBERLY

YYYY

POHPAN 1400

NNNN

RECEIVED THIS MESSAGE FROM THE SOUTH AFRICAN GOVERNMENT
ON 11 SEPTEMBER 1975 AT 1400 HOURS. THE MESSAGE WAS
TO THE EFFECT THAT THE GOVERNMENT OF SOUTH AFRICA
WAS CONCERNED AT THE REPORTS OF THE INCREASED
ACTIVITY OF THE SWAPO MILITARY UNITS IN
THE SOUTHERN PARTS OF THE ANGOLAN FRONTIER.

THE SOUTH AFRICAN GOVERNMENT
STATED THAT THE REPORTS OF THE INCREASED
ACTIVITY OF THE SWAPO MILITARY UNITS
WAS CONCERNING AS IT COULD BE A
SIGN OF AN ATTEMPT TO CROSS THE
ANGOLAN FRONTIER. THE GOVERNMENT
STATED THAT IT WAS CONCERNED AT
THE REPORTS OF THE INCREASED
ACTIVITY OF THE SWAPO MILITARY
UNITS IN THE SOUTHERN PARTS OF
THE ANGOLAN FRONTIER.

REPRESENTATION OF THE PRESIDENT'S COUNCIL TO VISITORS
SOUTH AFRICAN GOVERNMENT WOULD NOT BE CONCERNED
THE REPORTS OF THE INCREASED ACTIVITY OF THE
SWAPO MILITARY UNITS IN THE SOUTHERN PARTS OF
THE ANGOLAN FRONTIER. THE GOVERNMENT
STATED THAT IT WAS CONCERNED AT THE REPORTS
OF THE INCREASED ACTIVITY OF THE SWAPO
MILITARY UNITS IN THE SOUTHERN PARTS OF
THE ANGOLAN FRONTIER.

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SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01 211 6402

NRPM
CDP
20/9.

C Powell Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON SW1

26 September 1985

Dear Charles,

~~POLICY TOWARDS SOUTH AFRICA~~

Your letter of 24 September to Colin Budd asked for the position on the export guidelines to be set out.

I confirm that our destination guidelines apply to the export only of North Sea crude oil. In principle the policy applies also to indirect export but Ministers here have informed Parliament (9 April 1981 and 16 February 1983) that they cannot monitor indirect trade.

The interpretation of the document published following the Ten's discussion in Luxembourg on 10 September is for the FCO. We would not dissent from the view set out in Colin Budd's letter of 24 September that it can be assumed to cover only crude oil. Certainly the Dutch in their recent parliamentary debate appear to have interpreted it that way.

Yours ever,

G S DART
Private Secretary

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SOUTH AFRICA
RELATIONS PT 6



GRS 610

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CONFIDENTIAL
FM UKMIS NEW YORK
TO IMMEDIATE FCO
TELNO 785
OF 262306Z SEPTEMBER 85
INFO IMMEDIATE WASHINGTON, PRETORIA

FOLLOWING FROM PRIVATE SECRETARY
SECRETARY OF STATE'S MEETING WITH SHULTZ
SOUTHERN AFRICA

1. THE SECRETARY OF STATE SAID HE HAD TWO POINTS WHICH HE WOULD LIKE TO MAKE. FIRST, WAS THERE MORE THAT WE COULD DO TO ENCOURAGE THE SOUTH AFRICAN GOVERNMENT TO SEIZE THE INITIATIVE IN DIRECTIONS WHICH WOULD BE HELPFUL IN THE PROMOTION OF PEACEFUL CHANGE? IT LOOKED AS THOUGH THEY KEPT CONSISTENTLY PLAYING THEIR CARDS TOO LATE. SHULTZ AGREED. IF THE SOUTH AFRICANS HAD DONE A LONG TIME AGO WHAT THEY WERE DOING NOW, THIS WOULD HAVE MADE A BIG DIFFERENCE.

2. THE SECRETARY OF STATE SAID THAT THE U S ADMINISTRATION HAD GONE FURTHER THAN WE WERE PREPARED TO DO IN THE DIRECTION OF ECONOMIC MEASURES, INCLUDING ACTION ON KRUGERRANDS AND NEW LOANS. SHULTZ SAID THAT THE PRESIDENT HAD MANAGED TO DELETE FROM THE BILL MAJOR ECONOMIC SANCTIONS. THE BILL WOULD HAVE BEEN PASSED OVER HIS VETO. SO WHAT HAD BEEN ACCEPTED BY THE PRESIDENT HAD BEEN THE MINIMUM NECESSARY TO SECURE THE AGREEMENT OF SENATOR LUGAR. THE MEASURES ON KRUGERRANDS WERE ESSENTIALLY SYMBOLIC. ALTHOUGH DOLLARS 500 MILLION KRUGERRANDS WERE BOUGHT BY THE U S, MOST OF THIS WAS GOLD, WHICH COULD BE SOLD OFF AS BULLION. THE OTHER PORTION WAS MAINLY KRUGERRANDS BOUGHT BY U S FINANCIAL HOUSES FOR SALE OVERSEAS. VERY LITTLE WAS FOR FINAL SALE IN THE U S.

3. THE SECRETARY OF STATE SAID THAT WE WERE NOW RECALLING OUR DEFENCE ATTACHES FROM PRETORIA IN LINE WITH THE REST OF THE COMMUNITY. SHULTZ COMMENTED THAT THE U S AMBASSADOR HAD NOW GONE BACK TO PRETORIA AND CREDENTIALS HAD BEEN ACCEPTED FOR A NEW SOUTH AFRICAN AMBASSADOR IN WASHINGTON. THE SECRETARY OF STATE SAID THAT WE WERE GLAD THAT THE AMERICANS HAD SENT THEIR AMBASSADOR BACK.

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4. THE SECRETARY OF STATE SAID THAT OUR MAIN CONCERN WAS THAT THE U S SHOULD CONTINUE TO VETO UN MANDATORY SANCTIONS, EVEN IN AREAS WHICH WERE COVERED BY THE U S LEGISLATION. IT WAS IMPORTANT THAT WE BOTH SHOULD STAND FIRM. WE WOULD HAVE A VERY DIFFICULT HAND AT CHOGM. OUR POSITION WOULD BE VERY SEVERELY UNDERCUT IF THE AMERICAN POSITION ON UN MANDATORY SANCTIONS CHANGED. WE THOUGHT IT ESSENTIAL TO KEEP HIM TOUCH. WE COULD NOT AFFORD TO BE TAKEN BY SURPRISE.

5. SHULTZ SAID THAT THE U S ADMINISTRATION AGREED WITH OUR POSITION ON ECONOMIC SANCTIONS AND WOULD STAND FIRM IN VETOING UN MANDATORY SANCTIONS. THE OTHER DAY THERE HAD BEEN A DRAFT RESOLUTION WHICH HAD BEEN CLOSE TO THE MEASURES ALREADY AGREED BY THE PRESIDENT, BUT THIS HAD BEEN SUCCESSFULLY CIRCUMVENTED.

THOMSON

[COPIES SENT TO NO 10 DOWNING STREET]

SOUTHERN AFRICA
STANDARD(PALACE)
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SOVIET D

ADDITIONAL DISTRIBUTION
SOUTHERN AFRICA

UND
NAD

MR J R J JOHNSON
CABINET OFFICE

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Prime Minister
C.D.P. 25/9.

Foreign and Commonwealth Office

London SW1A 2AH

25 September 1985

Dear Charles,

Call by President Machel: 27 September

Passage deleted and retained under section 3(4) (W) Dayland,
24/8/14

The Front Line States' decision to take the opportunity presented by President Machel's visit to seek to put pressure on us is not surprising. The Prime Minister will, however, wish to be aware that the Mozambicans have usually taken a very prudent line on sanctions. They have said they would have no objection to other countries deciding to impose them and have at times appeared to suggest that they would welcome wholehearted Western support for sanctions. However, they have indicated that they would expect the Front Line States whose economies would be damaged to be compensated. In general, and during the visit to Washington, President Machel has spoken of the need to increase "pressure" on South Africa, without specifically calling for mandatory sanctions.

What the Mozambicans do not like, [redacted] as their Foreign Minister explained forcefully to Sir Geoffrey Howe on 25 July, is for Western countries like the UK to argue against sanctions on the grounds that they will hurt Mozambique.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

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de v

10 DOWNING STREET

From the Private Secretary

25 September 1985

Call on the Prime Minister
by Bishop Tutu

Thank you for your letter of 23 September about Bishop Tutu's attitude to violence. The Prime Minister is content for the meeting to go ahead on the basis of these assurances about Bishop Tutu's position.

(CHARLES POWELL)

C.R. Budd, Esq.,
Foreign and Commonwealth Office

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<< Master

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File



10 DOWNING STREET

From the Private Secretary

24 September 1985

Dear Colin,

SOUTH AFRICA

The Prime Minister had a talk this evening with Mr. Harry Oppenheimer.

Mr. Oppenheimer said that he thought that the meeting between South African businessmen and the ANC had done no harm and perhaps some good even though only three businessmen had taken part. The ANC had gone to some lengths to show themselves as reasonable and in particular to stress that they were not a Marxist organisation. But on the central issues they had shown themselves entirely unrealistic. The only subject on which they were willing to negotiate was the transfer of power to them. They were not prepared to discuss the sort of South Africa which might be accepted by all groups. Mr. Oppenheimer doubted that the ANC would ever agree to attend a constitutional convention and would probably be able to prevent the UDF from taking part. He did not believe, however, that the ANC had majority support among blacks in South Africa. In his view the right course for the South African Government should be to start a dialogue with such black representatives as would agree to take part, leaving aside the ANC.

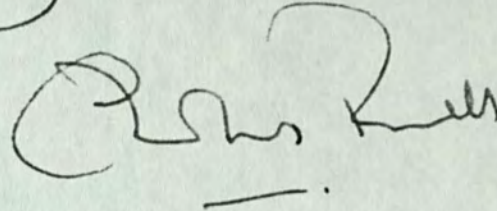
Mr. Oppenheimer believes that South Africa's future lies in a federal solution, though he sees a risk that failure to move quickly towards this will leave one man one vote in a unitary state as the accepted goal of all blacks. He thought that President Botha would be prepared to act on common citizenship, the pass laws and influx control. But he was much less certain that he was ready for any real degree of power-sharing.

Mr. Oppenheimer took a very serious view of the current financial crisis. One might regard the South African government as morally distasteful. But it was a legal government and one which had honoured its obligations. He wondered whether they would be able to do so in future. What had happened in the financial markets made economic sanctions irrelevant.

RESTRICTED

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Mr. Oppenheimer thought that Britain was one of the few countries perhaps at present the only one which was able to exercise a significant influence on the South African government. This is because we had clearly demonstrated that we had views of our own and were not just swept along with the tide of opinion.

Yours sincerely,


CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.



File

10 DOWNING STREET

24 September 1985

From the Private Secretary

Dear Colin,

POLICY TOWARDS SOUTH AFRICA

Thank you for your letter of 23 September dealing with follow-up action on a number of points emerging from the Prime Minister's recent seminar on South Africa. My reply is concerned exclusively with the question of whether we should now lift our reserve on the package of restrictive measures against South Africa agreed by the Nine on 10 September.

First on a point of fact the Prime Minister would like it to be formally confirmed that the limitations on the export of crude oil would apply only to North Sea crude oil and only to direct (not indirect) export to South Africa.

Secondly, the Prime Minister remains opposed to withdrawal of defence attaches for reasons which she has already made clear and anyway regards this as outside the ambit of political cooperation, both because it is a defence matter and because anyway only a small minority of the Ten are directly concerned.

Thirdly, the Prime Minister is concerned that any statement which we do make should not be drafted so as not to look as though we are being whipped into line. She is not therefore content with the style of the draft United Kingdom statement in political cooperation attached to your letter. She would like to see a more forthright approach. Without wishing to propose specific language you might work on the basis of something on the following lines:

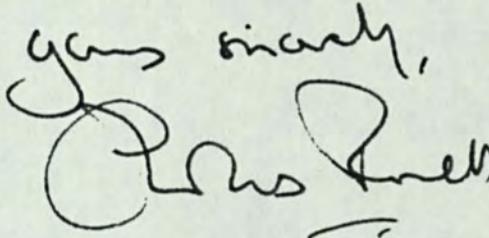
"The United Kingdom has now studied in detail the restrictive measures contained in the document published following the Ten's discussion of South Africa in Luxembourg on 10 September. The United Kingdom confirms that virtually all those measures are already in force in the United Kingdom, and in some cases have been so for a considerable period. In the particular case of restriction of direct exports of crude oil the United Kingdom is the only Member of the Ten in practice to be applying such a measures.

The United Kingdom confirms its intention to

continue to continue to apply these measures while it judges this appropriate and thus to act in conformity with the statement made in Luxembourg on 10 September. On the particular question of withdrawal of defence attaches - a matter not within the normal ambit of political cooperation and of direct concern in this case to only a very limited number of Member States - the United Kingdom is continuing to consider this position".

It would be helpful if you could obtain from the Department of Energy an assurance on the first point above; and let me see a revised draft statement for use in political cooperation which meets the other points which I have set out for the Prime Minister to consider.

I am copying this letter to Richard Mottram (Ministry of Defence), Rachel Lomax (H M Treasury), John Mogg (Department of Trade and Industry), Geoff Dart (Department of Energy) and Michael Stark (Cabinet Office).

Yours sincerely,


C D POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office



JE VC

10 DOWNING STREET

From the Private Secretary

24 September 1985

Dear Colin,

POLICY TOWARDS SOUTH AFRICA

Thank you for your letter of 24 September about the question of lifting our reserve on the package of restrictive measures against South Africa agreed by the Nine on 10 September.

I note that subscribing to the position of the Nine would not in any way affect the current position on oil exports to South Africa.

The Prime Minister continues to believe withdrawal of defence attaches a futile measure which will achieve nothing and buy us only (to quote Benjamin Franklin) "a little temporary safety". If we are to go along with this step it would be much better to speak of recall rather than withdrawal of the attaches and to make it clear that they will return to South Africa at a time and under circumstances which we and we alone shall choose. I have spoken to the Foreign Secretary on this point, and do not think any further instructions are required.

It would be better, however, if the press line could be made a good deal more forthright and give more prominence to the points being made in the statement in political cooperation, that is to the fact that we were applying the great majority of the measures already and do not regard the position of the Nine as going significantly beyond our present position. The point about defence attaches should be expressed in the terms set out above. And you should avoid the term "political pressure" in the last paragraph, substituting "political signal".

I am copying this letter to the recipients of yours.

Yours sincerely
Charles Powell

CHARLES POWELL

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

VC



Je k.

10 DOWNING STREET

From the Private Secretary

24 September 1985

POLICY TOWARDS SOUTH AFRICA

I have written separately about the question of our rallying to the position of the Nine on South Africa.

The Prime Minister has asked me to say that she regards withdrawal of defence attaches as a futile action. It will have no effect upon the situation in South Africa. Rather it will diminish such influence as we have with the South African Government and increase its sense of isolation which we have on other occasions said we think the wrong way to proceed. The arguments for doing so have been based entirely on expediency and the need to establish a common position of the Ten which is all too likely to prove ephemeral. She regards it as a sign of serious weakness in our diplomacy that we allow ourselves to be governed by herd instinct rather than by what we calculate is the right thing to do. It is also a mistake, in her view, to allow a defence matter to be settled by political cooperation. So the decision is taken against her better judgement. It is her strong conviction that under no circumstances should we go further than this in the direction of measures against South Africa.

A handwritten signature in dark ink, appearing to be 'CP' or similar initials.

CHARLES POWELL

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

CC SIR P. C



Foreign and Commonwealth Office

London SW1A 2AH

24 September 1985

Dear Charles,

Policy Towards South Africa

Thank you for your further letter of 24 September on the question of lifting our reserve on the package of restrictive measures against South Africa agreed by the Nine on 10 September.

On the first point which you mention it will be important to hold to the position that this would be a national measure. In fact, there has been no discussion in the Community about precisely what is meant by "the cessation of oil exports to the RSA". We can therefore stand on our view that this measure applies only to crude oil (it has been debated in the Dutch Parliament in these terms), and that our guidelines set out our national practice which we intend to maintain. The Department of Energy have confirmed that the existing guidelines apply only to UK North Sea crude oil. However, they have been expressed in Parliament as applying to indirect as well as direct contracts, though this is a trade which cannot be monitored. Mr Dart will be replying to your letter on these lines.

We note your second point on the withdrawal of Defence Attaches as well as your third point on the Prime Minister's concern about the style of the draft UK statement in Political Co-operation. I enclose a revised draft of this statement taking these concerns into account.

The changes to the draft statement in Political Co-operation as it relates to Defence Attaches means that there needs to be a corresponding change in the draft line for press and parliamentary use. I therefore enclose a slightly revised version of this draft line also.

I am copying this letter to Richard Mottram (MOD), Rachel Lomax (HM Treasury), John Mogg (DTI), Geoff Dart (Department of Energy) and Michael Stark (Cabinet Office).

Yours ever,

Colin Budd

C D Powell Esq
10 Downing Street

(C R Budd)
Private Secretary

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K

24 September 1985

I am writing to thank you for arranging for Mr. Harry Oppenheimer's visit here today. He saw the Prime Minister for over an hour and I know that she found the discussion most interesting.

New

TMh Lord Rothschild GBE, GM, FRS.

K

Personal

EMBASSY OF ISRAEL
2 PALACE GREEN
LONDON, W8 4QB
TEL 01-937 8050



שגרירות ישראל
לונדון

Dear Mr. Paul,
Enclosed please
find a copy of the P.M.'s
בברכות מאח

With the Compliments of
letter.

Looking forward to
seeing you on Friday.
Kind regards.

24/9/1985 Moshe Reiss

PRIME MINISTER

POLICY TOWARDS SOUTH AFRICA

I conveyed your decision on subscribing to the Community statement on South Africa to the Foreign Office this morning in the attached letter. The Foreign Secretary's Private Secretary has subsequently telephoned from New York to convey the Foreign Secretary's strong recommendation that we should take the step of agreeing to withdrawal of Defence Attaches from South Africa. His argument is that if we do not subscribe to the Community position in its entirety that position will begin to dissolve and we shall find ourselves increasingly isolated both at the United Nations and at CHOGM. There is also the risk that the Commission or some Member States will try to introduce regulations under Article 113 to provide a basis in Community law for the economic measures which we are already taking.

There are of course valid points in the Foreign Secretary's argument. It may be that if we subscribe fully to the Community statement we can hold the Community position at least up to CHOGM; and the fact of a common Community position will strengthen our hand there in resisting worse measures. Percy Cradock regards it as a "fine point" but on the whole thinks the Foreign Secretary right to be prepared to make a sacrifice for unanimity.

The arguments the other way are:-

- i) We are going to be in trouble at the United Nations and at CHOGM anyway and the existence of a common Community position will be marginal in defending us from this. In any case the common Community position will not endure for long.
- ii) Withdrawal of Military Attaches is irrelevant to the situation inside South Africa and will have no

beneficial effect there. Indeed it is a measure to increase South Africa's isolation which is something we have hitherto set our faces against.

- iii) Defence matters are not normally considered in political co-operation, at least hitherto. And anyway only three Member States even have Defence Attaches.
- iv) It is unlikely that our inability to subscribe to every single point in the Community statement at this stage will lead the others simply to abandon it.

The Foreign Secretary wanted me to make clear that his view was very strongly held. I therefore undertook to report it to you and let him know whether it led you to alter your decision.

C.D.P.

Charles Powell
24 September 1985

CONFIDENTIAL

PRIME MINISTER

SOUTH AFRICA

The attached letter conveys (on pages 2 and 3) the Foreign Secretary's recommendation that we should now subscribe to the package of restrictive measures agreed by the Nine on 10 September. He wants to announce this at a meeting of Community Foreign Ministers in New York tomorrow night.

You were particularly concerned on two points:-

(i) Oil. The Department of Energy confirm that our obligations would be no greater than at present, i.e. would apply only to the export of crude oil. We would not have any legal means to enforce the ban (any more than we do at present). Nor would we be surrendering competence to decide our own measures to cover export of oil to third countries. The result overall would be no change in the present position;

Crude oil from the West see (not land) checked (not withdrawn) to S.A. Please confirm present policy which is to refuse

(ii) Defence Attaches. The JIC concluded (see paper in the Hot Box) that there would be no unacceptable from withdrawal of the Attaches

deleted and retained under Section 3(4). Passage (M. Wayland, 24/6/14)

I understand that the Defence Secretary is minuting in the same sense. The fact remains, however, that no-one has shown that withdrawal of Defence Attaches is justified on its own merits, or likely to have any effect at all on the South African Government's policies (except to make them more hostile to us). If you remain opposed to this step, we might explore subscribing to the other measures but not this one (which after all is no business of most of the Ten).

There is also the question of timing. If we are going to join the position of the Nine, do we do it now? Or spin it out so

that we do so only just before CHOGM? There seems to me to have been some slackening of the pressure on South Africa in the last week or so.

There is also the question of how we do it. The draft statement prepared by the FCO rather gives the impression of us crawling into the position of the Ten under pressure. We could adopt a more forthright approach.

"The United Kingdom confirms that it ~~in practice~~ is applying the restrictive measures listed in the Nine's statement of 10 September, indeed in the case of oil is in practice alone in doing so. The UK confirms its intention to continue to apply these measures while it judges this appropriate and thus to act in conformity with the statement made in Luxembourg on 10 September. On the particular question of Defence Attaches, which is a matter of concern only to a limited number of Member States, the United Kingdom is continuing to consider its position." *Defence is not within the competence of the EEC*

So points for decision are:

(i) Content to subscribe to all the measures adopted by the Ten?

Or decline to withdraw Defence Attaches?

(ii) Content to announce now that we are lifting our reserve?

Or prefer to say that we are still considering the matter, thus postponing a decision?

(iii) Agree to draft FCO statement?

Or prefer a more robust declaration?

C.D.P.

Charles Powell
23 September 1985

JD3ACC

Prefer your statement above. We must not look as if we are being whipped into line. - especially as the French seem to be applying military sanctions

CPC
CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

23 September 1985

Dear Charles,

Policy Towards South Africa

Thank

Thank you for your letter of 14 September. The following action has now been taken on the points to which you refer.

Presentation

Work has been put in hand in conjunction with the DTI on presentation of the positive aspects of British involvement in South Africa, including the possibility of a keynote statement. We are preparing a dossier of factual material. This will cover the benefits to employment both in the UK and South Africa. Contacts with business representatives at the BOTB suggest that there is a growing awareness on the part of at least some businessmen of the need for British business to play a more active role. I understand that the DTI are writing separately to you about their contacts with UKSATA and the CBI on the question of what more business can do in support of Government.

Code of Conduct

We have presented proposals to our European partners for improving the reporting and monitoring procedures on the Code and for strengthening it in regard to better training, education and career prospects for black workers. The Dutch, French and Germans have also submitted proposals and there will be a meeting of experts on 25 September to prepare common recommendations.

I understand that the DTI letter to you will cover the case of Cadbury Schweppes. We are asking our Embassy in Pretoria to report in more detail any examples of British firms letting the side down.

Constitutional Reform in South Africa

Research Department will let you have a short synopsis of the main proposals.

/CHOGM

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CHOGM

The Foreign Secretary will be minuting separately to the Prime Minister about our strategy for handling the question of South Africa at CHOGM, including what use can be made of the idea for a Commonwealth Contact Group.

European Community/Ten Aspects

We need to take a decision as soon as possible on whether to lift our reserve on the package of restrictive measures agreed by the Nine on 10 September. The position on the five points (a) - (e) which you mentioned in your letter is as follows:

(a) Community Action

We have so far succeeded in preventing the Commission from attempting to make a proposal under Article 113 of the EEC Treaty. Herr Genscher has given the Foreign Secretary an assurance that he would oppose such a proposal. The Danes would also do so. The Italians have also been helpful in dissuading the Commission from taking any hasty steps. To consolidate this position, we need to be able now to move quickly to adhere to the joint statement. Otherwise we shall be faced with fresh Article 113 gambits in conditions in which we would find them harder to contain. The question is bound to arise at the meeting of EC Foreign Ministers in New York on Tuesday evening. The Foreign Secretary would like to be able to move to the EC position by then.

(b) The Guidelines on UKCS oil provide an effective means of stopping direct exports of crude oil to South Africa, in that they are addressed to companies (UK licensees) who are anxious to remain on good terms with HMG. The Guidelines do not apply to oil products, effective control of which would require new measures involving, probably, trade licensing. But if we interpret the Luxembourg agreement as covering only crude oil exports, then the Guidelines remain a barrier for all but onshore oil. The latter, at present, cannot be exported.

(c) In the view of the Department of Energy Member States retain national competence to decide on their own measures covering exports of oil to third countries. As noted above, we have so far prevented the Commission from making a proposal to implement the Luxembourg measures including the cessation of oil exports under Article 113. So long as we now move to consolidate this position we shall have avoided the risk that concerns the Prime Minister.

(c) I understand that the Secretary of State for Defence will be minuting the Prime Minister shortly about the withdrawal of defence attaches from South Africa. The JIC have now produced their report on the matter which concludes that there would be no unacceptable loss of intelligence.

/(d) I



- 3 -

- / (d) I enclose a draft of a statement which the UK would make in announcing a decision to accept the joint position of the Nine. As you will see, it makes it clear that our decision is dependent on the measures being implemented by national action alone.
- / (e) I similarly attach a draft of the line which we could use with the press and Parliament to explain the lifting of our reserve.

We have considered with the Department of Energy the implications of the measure calling for the "prohibition of all new collaboration in the nuclear sector" for a contract which BNFL is about to sign with the South African Nuclear Fuel Corporation. This contract, worth about £30 million, is part of a continuing series of service contracts entered into since the late 1960's for the conversion of South African uranium ore to uranium hexafluoride, in which form it is passed on to NUFCOR's overseas customers. We have agreed with the Department of Energy that the contract would not represent "new" collaboration as envisaged by the Luxembourg measure and that we would therefore see no difficulty about BNFL signing the contract if we adhere to the measure.

I am copying this letter and enclosures to Richard Mottram (MOD), Rachel Lomax (Treasury), John Mogg (DTI), Geoff Dart (Department of Energy), Paul Haston (PS/Minister of State for Trade), Adrian Ellis (Economic Secretary's Office, HM Treasury), and Michael Stark (Cabinet Office).

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

DRAFT LINE FOR PRESS AND PARLIAMENTARY USE

Ministers of the Ten, Spain and Portugal meeting in political cooperation in Luxembourg on 10 September agreed on a further statement of policy towards South Africa including a list of positive and restrictive measures aimed at maintaining pressure for fundamental reform in South Africa. The United Kingdom reserved its position on the restrictive measures in order to allow more time for their detailed consideration.

Having studied the matter closely, the United Kingdom has decided to join with its partners in endorsing the complete list of measures. We believe that by so doing we shall maximise the influence of the Ten, Spain and Portugal in promoting peaceful change in South Africa and in bringing pressure to bear on the South African Government to make the urgent and fundamental reforms for which we have repeatedly called. There can be no doubt of Britain's abhorrence of apartheid and the Ten's statement and the accompanying measures give firm expression to this.

Most of the restrictive measures have already been in force in the United Kingdom in some cases for a considerable period. We believe that the sum of these measures represents a legitimate and necessary exercise of political pressure on the South African Government, but one which avoids further destabilisation of the South African economy and harming those in South Africa whom we are seeking to help. Our attitude to economic sanctions remains unchanged. The United Kingdom will shortly be taking steps to act on the measure relating to the exchange of military attaches and to bring this exchange to an end.

SOUTH AFRICA

DRAFT UK STATEMENT IN POLITICAL COOPERATION

Mr Rifkind made clear on the occasion of the discussion of South Africa in Luxembourg on 10 September that the United Kingdom government needed time to study in detail the restrictive measures contained in the document published after the meeting. That study has now been completed. Most of the measures have already been in force in the United Kingdom, in some cases for a considerable period. The United Kingdom government attaches importance to the Ten adopting a common stance in order to maximise their influence for peaceful change in South Africa. On the understanding that all partners are able to implement the measures by national action, the United Kingdom is now in a position to endorse the complete list of measures.

Relations - S. Africa. P66

CLPC



From the Minister for Trade

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215) 5144
GTN 215)
(Switchboard) 215 7877

Charles Powell Esq
Private Secretary to the Prime Minister
10 Downing Street
LONDON
SW1

23 September 1985

Dear Charles

POLICY TOWARDS SOUTH AFRICA

Thank you for sending me a copy of your letter of 14 September to Len Appleyard about points for follow-up action as a result of the Chequers Seminar.

Officials here have already discussed the division of labour with their counterparts at the FCO. Clearly we have a central role to play and we have agreed to contribute a major part of the factual material which the FCO have agreed to co-ordinate, documenting the benefits of British involvement in South Africa. We shall take the lead and have indeed already made a start in encouraging companies to be more active, both on this front and in pressing for political reform. Both the CBI and the Chairman of UKSATA have accepted the need for British business to contribute to the more effective presentation of our case and to support their South African counterparts in pressing for reform.

We shall not be aiming solely at the production of a single statement, although we shall certainly wish to explore the possibility of an early "key note" pronouncement, putting the views of British business on the record. It will be important to maintain the pressure and to mount a sustained campaign if we are to make a lasting impact on opinion in the UK, South Africa and elsewhere. I understand that the FCO will be considering the question of a major Government statement and Mr Channon is ready to assist in the work of supplying his colleagues with material which they might be urged to incorporate into speeches, articles etc, on appropriate occasions. He will also be calling in UKSATA and the CBI in the very near future to discuss the action which we would like them to take.

Despite the encouraging initial responses from UKSATA and the CBI, both organisations have indicated that they will need to convince many of their members of their interests in co-operating with our campaign. Many firms have hitherto preferred to maintain a low profile and not to draw attention to their South African operations for fear of creating difficulties in Black African markets. A major change of attitude on their part would be involved



and even where firms can be persuaded to provide us with factual information about their activities, they may still prefer that in drawing on it, we do not mention them by name.

On the Code of Conduct we have already, as you may know, tabled with our EC partners, proposals for certain changes, including some relating to the reporting and monitoring procedures. Here our first objective is to bring all Member States up to our own standards of implementation in view of the perhaps surprising fact that at present only the Dutch and the Germans make both national analyses and individual company reports fully available to their domestic and the South African public, as we do.

We are also seeking to identify "backsliders", although we should be reluctant to depart from our long standing policy of refusing to comment (publicly) on individual company performances under the Code. It would hardly encourage companies to co-operate with a voluntary Code if they found themselves taken to task in public for inadequacies revealed in their returns. However, we shall certainly consider, on a case-by-case basis, whether and how representations might be made to backsliders in private. Here again, it might not always be appropriate for Government itself to intervene and we might therefore wish to enlist the help of the trade associations or prominent British businessmen, such as those attending the Chequers Seminar, to point out the damage which the culprits' actions (or inaction) were doing to the credibility of the Code and the case for continued commercial involvement in South Africa.

Finally, two of the three companies mentioned at Chequers as backsliders, Cadbury-Schweppes and BTR, in fact have a good record of compliance with the requirements of the Code, although the latter company has a small number of workers below the recommended pay levels. They are, of course, not alone in this regard. Cadburys are said to have plans to reduce employment following a modernisation programme. More significantly, BTR have recently had serious problems involving violent scenes, with a local trade union to whose escalating demands the company was unwilling to concede. But, in both cases, the management's right to manage was to a greater or lesser extent involved, and although the latter company may have acted insensitively, I doubt whether the issues were ones on which the Government would have wished to intervene if the events had taken place in the UK. The Sun Alliance case is much simpler: they have hitherto refused to report under the Code. We shall maintain and consider ways of stepping up the pressure on the diminishing band of non-reporters who are, of course, listed in the analysis of company returns which we publish annually.

I am copying this letter to the other recipients of yours.

Yours sincerely

Matthew Cocks

MATTHEW COCKS
Private Secretary to the
Minister for Trade (Paul Channon)

Relations: S. Africa. P66



and over which they can be persuaded to provide us with factual information about their activities, they may still prefer that in drawing on it, we do not mention them by name.

On the Code of Conduct we have already, as you may know, tabled with the EC partners, proposals for certain changes, including some relating to reporting and monitoring procedures. There our first objective is to bring all member states up to our own standards of book-keeping in view of the various surprising fact that at present only the Dutch and the Germans make both national analyses and individual company reports fully available to their domestic and the South African public, as we do.



We are also seeking to identify "backwaters", i.e. companies which are not yet fully integrated into the (public) or industrial company networks in which they operate with partly-encouraged companies to co-operate with them. However, we will certainly consider, on a case-by-case basis, whether and how such companies might be able to backwaters in private. It is not our aim to give the government for government itself to intervene and we would therefore wish to enlist the aid of the local associations of prominent business men in those countries where the latter are active in order to point out the benefits which the Code and the case for (national) were able to the credibility of the Code and the case for continued continued involvement in South Africa.

Finally, two of the three companies mentioned at chapters at backwaters, Cadbury-Schweppes and B&W, in fact have a good record of compliance with the requirements of the Code, although the latter company has a small number of workers below the recommended pay levels. They are, of course, not alone in this regard. Cadburys are said to have plans to reduce employment following a modernisation programme. What is particularly disturbing is that the latter company has recently had serious problems involving violent scenes, with a local union to whose escalation demands the company was unwilling to concede. In both cases, the management's right to manage was to a certain extent infringed, and although the latter company may have acted reasonably, I doubt whether the level was one of which the government would wish to intervene. If the events had taken place in the latter case, it would be more similar: they have indeed refused to take any further steps. We shall therefore and consider ways of standing up to the pressure of the declining rate of co-operation which we discuss annually. In the analysis of company returns which we publish annually.

I am copying this letter to the other recipients of yours.

MATTHEW BUCK
Private Secretary to the
Minister for Trade (Jan Channon)

all



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister
 This suggests that you
 are on safe-ground in
 seeing Bishop Tutu.

23 September 1985

But you will want to tell him
 personally that you are only
 doing so on the basis that he
 is opposed to violence. CDP 24/9.

Call on the Prime Minister by Bishop Tutu

Thank you for your letter of 10 September on the subject of Bishop Tutu's attitude to violence. We believe that the Prime Minister can safely meet Bishop Tutu on the basis that he is a committed opponent of violence. His position has been made public on several occasions in recent months as he has used, and indeed risked, his influence in an attempt to stem the violence in the townships.

We do not have a record of the television interview to which you refer. There would, of course, be a distinction between having some sympathy for those who are tempted to violence and supporting or condoning their actions. The information which we have all suggests that while Tutu is prepared to support, or at least not disavow, "civil disobedience" he does not support violence. In a speech on 11 September to a church gathering in Pietermaritzburg he said that he would organise a week long nationwide stay away from work and schools if the Government did not agree to lift the state of emergency, withdraw the SADF from the townships, charge or release political detainees and sit down and talk to authentic representatives of the black communities. But this was not a call for violence. Indeed, as Len Appleyard mentioned in his letter of 2 September, Tutu has gone of out his way publicly to oppose violence. After a funeral in Duduza in mid-July Bishop Tutu showed great personal courage in physically intervening, together with Bishop Simeon Nkoane, to save a suspected "collaborator" from a mob set on beating him to death. This incident was filmed by newsmen and given very prominent coverage here.

(!) In a further attempt to stem the violence Bishop Tutu spoke out violently against such killings at Kwathema on 23 July, threatening that if the violence did not stop he would leave the "struggle" and even leave South Africa.

His commitment appears to stem from his belief that he is enjoined to non-violence by the Christian faith. The following is an extract from an interview he gave to the June 1985

/edition

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edition of "Leadership SA":

"There are some things that our faith demands of us which I would much rather it didn't. When God says "Love P W Botha", I say to him, "You can't be serious, God". He then says "I am". The consequence of being a member of the body of Jesus Christ is that P W is your brother."

Bishop Tutu told our Ambassador on 30 July that he feared that young people of the black community would soon shake off his leadership and that of others like him "wishing to keep the peace". He contrasted his own position with that of those who wanted violent solutions.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

South Africa, 1961s:





DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET 5422
TELEPHONE DIRECT LINE 01-215
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

23 September 1985

Sir James Cleminson, MC DL
President
CBI
Centre Point
103 New Oxford Street
LONDON
WC1A 1DU

NBM
CDP
24/9.

2 James,

file into CDP

Thank you for your note of 11 September and for letting me have copies of your letter of the same date to Malcolm Rifkind and your circular on South Africa to CBI Council Members.

I was particularly pleased to receive the latter and to note that your attitude towards apartheid, sanctions and the role of British business appears broadly in line with the positions we have taken. Our commercial interests in South Africa are considerable and I believe it is important for us to remain aware of the views of industry on the various policy issues which face us.

As regards the EC Code of Conduct, my officials have recently been in correspondence with your Employment Affairs Directorate about ideas which we might put forward when the EC Member States review the Code.

We were grateful for the care and effort which went into the CBI's comments on that occasion and we are taking these fully into account in preparing our position. Like you, we are opposed to a mandatory Code and believe that companies' attention should be increasingly focused on education, training and community development.

I was interested to see that you would like British companies to take more credit for their achievements in the social and other spheres. Traditionally many firms have preferred to maintain a low profile and have sought to deflect attention from their South African activities. But, in the face of current pressures for measures to restrict our relations there is a need for effective presentation of the benefits for the non-white communities of

JF4AET



Britain's continuing involvement in South Africa. This is a job for business as well as for government and it is good to know that we may count on the CBI's co-operation.

I am copying this letter to the Prime Minister, Geoffrey Howe and Malcolm Rifkind since you sent them copies of your letter on South Africa.

Law,
Len

LEON BRITTAN

JF4AET

South Africa; Rels



DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1643</i> (one piece/item number)	Date and sign
Extract/Item details: <i>Folio 5</i> <i>Letter from Powell to Budd</i> <i>dated 23 September 1985.</i>	
CLOSED FOR YEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>24 June 2014</i> <i>AWayland</i>
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DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1643</i> (one piece/item number)	Date and sign
Extract/Item details: <u><i>Folio 4</i></u> <i>Minute (MO 6/1M) from Sec. State</i> <i>Defence to PM dated 23 Sept. 1985</i>	
CLOSED FOR YEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>24 June 2014</i> <i>(W)ayland</i>
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
MISSING	
NUMBER NOT USED	

SOUTHERN AFRICA

PS
 PS/MR RIFKIND
 PS/PS
 MR FERGUSON
 SIR J FREELAND
 MR JOHNSON
 MR O'NEILL
 HD/SAYD
 HD/CAFD
 HD/UND
 HD/NEWS DEPT
 RESIDENT CLERK

MR CLG MALLABY, CABINET OFFICE
 PS/NO 10 DOWNING STREET



15.11.84

GRS 800

CONFIDENTIAL
 FROM PRETORIA
 TO IMMEDIATE FCO
 TELNO 349

OF 23 SEPTEMBER 85

INFO IMMEDIATE WASHINGTON, MAPUTO, UKMIS NEW YORK
 INFO PRIORITY LISBON, BON, PARIS, OTTAWA, DAR ES SALAAM,
 HARARE, LUANDA, LUSAKA, MASERU, MBABANE,
 GABORONE, LILONGWE, MODUK (FOR DI ROW 2)

YOUR TEL NO 196: SOUTH AFRICA/MOZAMBIQUE

SUMMARY

1. A SENIOR DFA OFFICIAL ACKNOWLEDGES THAT THE REVELATIONS ABOUT BREACHES OF THE NKOMATI ACCORD ARE EMBARRASSING TO SOUTH AFRICA AND CLAIMS THAT A DETAILED EXPLANATION HAS BEEN GIVEN TO THE MOZAMBICANS. HE REPORTS PRESIDENT MACHEL AS ASSURING THE SA FOREIGN MINISTER THAT MOZAMBIQUE ATTACHES VALUE TO THE ACCORD AND WISHES IT TO CONTINUE AND SAYS THAT SOUTH AFRICA CONTINUES TO STAND FULL SQUARE BY ITS NKOMATI OBLIGATIONS.

DETAIL

2. MINISTER SPOKE TO DEPUTY DIRECTOR-GENERAL AT DFA AS INSTRUCTED IN YOUR TUR. VAN HEERDEN SAID THAT THE REVELATIONS HAD BEEN MOST EMBARRASSING TO SOUTH AFRICA, IN PARTICULAR TO HIS MINISTER, PIK BOTHA, WHO HAD BEEN QUITE UNAWARE OF MOST OF WHAT WAS IN THE VAZ DIARIES. VAN HEERDEN RECALLED THAT ON MONDAY 16 SEPTEMBER PIK BOTHA HAD BEEN SUMMONED TO MAPUTO. HIS MINISTER HAD HAD A PRIVATE MEETING WITH PRESIDENT MACHEL PRIOR TO THE LATTER'S DEPARTURE TO THE UNITED STATES. AT THE END OF THE MEETING, WHICH HAD LASTED HALF AN HOUR, PIK HAD ASKED WHETHER THIS MEANT THE END OF THE NKOMATI ACCORD. MACHEL HAD ASSURED HIM THAT MOZAMBIQUE ATTACHED VALUE TO THE AGREEMENT AND WISHED IT TO CONTINUE.

3. PIK BOTHA AND HIS TEAM HAD THEN MET THE MOZAMBICANS FOR A 2 - 3 HOUR WORK SESSION. THE MOZAMBICANS TOLD THEM THAT THEY HAD CAPTURED A SET OF DIARIES KEPT BY VAZ, PRIVATE SECRETARY TO DHALAKAMA. THESE CONTAINED DETAILED ENTRIES OVER 18 MONTHS OF SOUTH AFRICAN-MOZAMBICAN CONTACTS. THEY HAD REQD OUT SELECTED ENTRIES. PIK BOTHA HAD BEEN DISTRESSED AND HAD PROMISED TO INVESTIGATE THE ALLEGATIONS AS A MATTER

18 MONTHS OF SOUTH AFRICAN-MOZAMBIKAN CONTACTS. THEY HAD REQD OUT SELECTED ENTRIES. PIK BOTHA HAD BEEN DISTRESSED AND HAD PROMISED TO INVESTIGATE THE ALLEGATIONS AS A MATTER OF URGENCY. ON HIS RETURN TO PRETORIA, HE HAD CONSULTED THE STATE PRESIDENT WHO HAD INSTRUCTED GENERAL ROGERS, FORMER CHIEF OF THE AIR FORCE, AND DR GILLILAND, A SENIOR CIVIL SERVANT WITH CIVIL AVIATION EXPERIENCE, TO INVESTIGATE. WHEN THEY MET AGAIN AT KOMATIPOOR ON 19 SEPTEMBER, PIK BOTHA HAD HANDED OVER A DETAILED ACCOUNT CLARIFYING ALL THE SPECIFIC ALLEGATIONS WHICH HAD SO FAR BEEN MADE TO THEM.

4. VAN HEERDEN SAID THAT THE VARIOUS ACTIONS HAD BEEN TAKEN BY THE MILITARY INTELLIGENCE WING OF SADF IN THE BEST FAITH. THE LIAISON VISITS TO GORONGOSA HAD ALL BEEN ESSENTIAL FOR THE PURPOSE OF PROMOTING NEGOTIATIONS. DC3S HAD MOSTLY BEEN USED TOGETHER WITH A FEW C130 FLIGHTS. THE SADF HAD SENT IN ONLY INCIDENTAL QUANTITIES OF SEED, MEDICINES AND SIMILAR HUMANITARIAN SUPPLIES. VAN HEERDEN REITERATED THAT WHAT SOUTH AFRICA HAD SUPPLIED WAS ONLY TOKEN AND COULD NOT COMPARE WITH FAR GREATER SUPPLIES REACHING RENAMO FROM OTHER SUPPLIE

5. VAN HEERDEN CONCEDED THAT SADF HAD BEEN MOST UNWISE TO INTERPRET THEIR INSTRUCTIONS IN SUCH BROAD TERMS. HIS DEPARTMENT HAD NOT PREVIOUSLY BEEN AWARE OF THE DETAILS AND HE COULD GIVE AN ASSURANCE THAT THE MILITARY WOULD NOT BE GIVEN SUCH LATITUDE IN THE FUTURE.

6. ASKED WHAT EFFECT THESE REVELATIONS WERE LIKELY TO HAVE ON THE NKOMATI ACCORD, VAN HEERDEN SAID IT WAS TOO SOON TO SAY. THE MEETING AT KOMATIPOORT HAD BEEN FRIENDLY ENOUGH, BUT THE MOZAMBIKANS HAD NOT RESPONDED AT THE TIME, NOR GIVEN ANY INDICATION OF WHETHER OR WHEN THEY WOULD RESPOND. VAN HEERDEN SAID THAT SOME DAMAGE HAD BEEN DONE, BUT HE THOUGH THE EXTENT OF SOUTH AFRICAN SUPPORT IN THE AGRICULTURAL, INDUSTRIAL, TRANSPORT AND FINANCIAL FIELDS WAS SUCH AN OBVIOUS REALITY THAT IT WOULD ACT AS A SAFETY NET TO PREVENT NKOMATI CRASHING TO THE GROUND. THE SOUTH AFRICAN COMMITMENT HAD BEEN CONFIRMED THROUGH THESE VARIOUS UNDERSTANDINGS. THE JOINT SECURITY COMMISSION CONTINUED TO EXIST AS DID THE VARIOUS TECHNICAL LIAISON COMMITTEES.

7. AT ALL EVENTS, VAN HEERDEN WISHED TO ASSURE US THAT SOUTH AFRICA FULLY STOOD BY ITS NKOMATI COMMITMENTS AND WOULD CONTINUE TO DO SO.

8. VAN HEERDEN DISPLAYED SOME ANXIETY ABOUT FURTHER REVELATIONS WHICH MIGHT FOLLOW. HE SAID THAT MACHEL WOULD BE ADDRESSING THE UN GENERAL ASSEMBLY ON 25 SEPTEMBER AND MIGHT USE THE OCCASION TO MAKE NEW ALLEGATIONS. MINISTER REMINDED VAN HEERDEN OF PRESIDENT'S MEETING WITH THE PRIME MINISTER ON 27 SEPTEMBER.

9. TONKIN ALSO GAVE VAN HEERDEN THE ASSURANCE IN FCO TELNO 172 THAT WE HAVE FULLY NOTED S. AFRICAN CONCERN ABOUT THE FOOD SITUATION IN SOUTHERN MOZAMBIQUE AND DREW ON APPROPRIATE STATISTICS OF CONTINUING BRITISH AID.

COMMENT

10. THE SOUTH AFRICANS HAVE CLEARLY BEEN SHAKEN BY THESE REVELATIONS. THEY SEEM TO HAVE GIVEN THE MILITARY FAR TOO MUCH SCOPE (PROBABLY DELIBERATELY SO) AND THIS HAS NOW REBOUNDED ON THEM. BUT THEY CONTINUE TO SUGGEST THAT PRESIDENT MACHEL MUST HAVE KNOWN GENERALLY WHAT WAS HAPPENING. THE BEST WE CAN HOPE IS THAT THESE REVELATIONS HAVE HELPED TO CLEAR THE AIR; VAN HEERDEN THOUGH IT MIGHT HAVE THIS POSITIVE EFFECT.

MOBERLY

CONFIDENTIAL

CONFIDENTIAL

FM NAPUTO

TO IMMEDIATE DESKBY 230900Z FCO

TELNO 439

OF 211400Z SEPTEMBER 85

INFO IMMEDIATE PRETORIA, WASHINGTON

INFO PRIORITY UKMIS NEW YORK, LISBON, BONN, PARIS, MODUK, OTTAWA

INFO PRIORITY DAR ES SALAAN, HARARE, LUANDA, LUSAKA, MASERU

INFO PRIORITY MBABANE, GABORONE, LILONGWE.

YOUR TELNO 196 TO PRETORIA

SOUTH AFRICA/MOZAMBIQUE: CONTINUING SOUTH AFRICAN HELP TO RENAMO.

1. VIEIRA MINISTER OF SECURITY SAYS THAT CAPTURED DOCUMENTS REVEAL CONTINUING AND SERIOUS BREACHES OF NKOMATI ACCORD BY SOUTH AFRICA.

NOT CONVINCED BY PIK BOTHA'S EXPLANATIONS. ANALYSIS OF DOCUMENTS NOT COMPLETED. BUT SOUTH AFRICAN INTERFERENCE IN ZIMBABWE ALSO REVEALED. STRONGLY CRITICAL OF MALAWIAN SUPPORT FOR RENAMO BUT DOES NOT BASE THIS ON CAPTURED DOCUMENTATION. NO FURTHER MEETINGS PLANNED BUT MONTEIRO, INTERIOR MINISTER, SEES DAY TO DAY COOPERATION WITH RSA CONTINUING. NKOMATI STILL HAS VALUE FOR MOZAMBICANS WHO ARE UNLIKELY TO DENOUNCE IT OUT OF HURT PRIDE.

DETAIL

2. I SPOKE THIS MORNING WITH VIEIRA, MINISTER OF SECURITY, WHO ATTENDED THE KOMATIPOORT MEETING ON 19 SEPTEMBER WITH PIK BOTHA, AND WHO HEADED UNTIL RECENTLY THE JOINT SECURITY COMMISSION. VIEIRA CONFIRMED THAT THE EVIDENCE OBTAINED FROM THE GORONGOSA OPERATIONS REVEALED SERIOUS AND REGULAR BREACHES OF THE NKOMATI ACCORD WHICH IMPLICATED THE SOUTH AFRICAN GOVERNMENT. IN A LENGTHY HISTORICAL ANALYSIS WHERE HE RECALLED SOUTH AFRICAN TALK IN NEGOTIATIONS LEADING UP TO NKOMATI OF GENTLEMEN'S AGREEMENTS HE SAID THEY NOW HAD EVIDENCE OF THE CONSIDERABLE SUPPLY OF RENAMO IN WEEKS PRECEDING THE AGREEMENT WHICH HAD EARLIER BEEN DENIED. DESPITE SIX MONTHS SUPPLIES PROVIDED RENAMO WERE SHOWN BY THE MATERIAL TO BE CALLING BY MID 1984 FOR RESUPPLY. THEY SOON HAD THEM. WHERE FROM?

3. VIEIRA SAID THAT WHENEVER THEY HAD RAISED THESE QUESTIONS BEFORE WITH THE SOUTH AFRICANS, THEY HAD BEEN ASKED FOR PROOF AND ASSURED THAT IF ANYTHING HAD BEEN HAPPENING IT WAS WITHOUT THE CONSENT OF THE SOUTH AFRICAN GOVERNMENT AND THAT OFFENDERS WOULD BE PUNISHED. THE RADAR SURVEILLANCE AT THE BORDER WAS SUPPOSED TO CHECK UNAUTHORISED FLIGHTS. WHY WERE FLIGHTS NOW ADMITTED NEVER REPORTED? THE DOCUMENTS SHOWED SOUTH AFRICAN GOVERNMENT KNOWLEDGE OF WHAT WAS HAPPENING. IN REPLY TO A QUESTION HE SAID THAT THEY SHOWED ALSO THAT PIK BOTHA KNEW OF NEL'S VISIT TO GORONGOSA.

4. THERE WAS A MOUNTAIN OF DOCUMENTS STILL TO BE WORKED THROUGH. THEY HAD NOT RELEASED ALL THE INFORMATION THEY CONTAINED. THEY ALSO SHOWED SOUTH AFRICAN INVOLVEMENT IN ZIMBABWE. THEY EVEN RECORDED RENAMO LEADERS DISCUSSING WITH SENIOR SOUTH AFRICAN OFFICERS IN GORONGOSA BRITISH SUPPORT FOR FRELINO AND OUR MILITARY TRAINING PROGRAMME.

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5. THE MOZAMBICAN SIDE HAD TAKEN NOTE AT KOMATIPOORT OF PIK BOTHAS ACKNOWLEDGEMENT OF BREACHES. THE EXPLANATIONS DID NOT CONVINCE. IT DID NOT NEED TO BUILD AN AIRSTRIP, TO USE C.130S AND OTHER CARGO AIRCRAFT, MAKE LANDINGS BY SUBMARINE JUST TO CONVEY ONE OR TWO PEOPLE TO A MEETING. THE DOCUMENTS SHOWED MUCH MORE CONTINUING HELP. THEY CONFIRMED WHAT THEY HAD BELIEVED EVEN MORE. THE SOUTH AFRICANS HAD NOT KEPT THEIR WORD BEFORE ABOUT PUNISHING THOSE RESPONSIBLE. HOW COULD THEY PUNISH NOW WHEN THE GOVERNMENT ITSELF WAS KNOWN TO BE INVOLVED.

6. NO FURTHER MEETINGS WITH PIK BOTHA WERE PLANNED. THERE WAS NOTHING EITHER FOR THE JOINT SECURITY COMMISSION TO DISCUSS.

7. VIEIRA WOULD NOT REPLY DIRECTLY TO A QUESTION ABOUT WHAT THE DOCUMENTS REVEALED ABOUT OTHER COUNTRIES INVOLVEMENT WITH RENAMO, BUT IT DREW FROM HIM A STRONG DENUNCIATION OF MALAWI FROM WHERE RENAMO OPERATED FREELY. THEY EVEN HAD THE REGISTRATION NUMBER OF VEHICLES INVOLVED. MALAWI WAS STORING UP A SERIOUS INTERNAL PROBLEM FOR ITSELF IN LETTING RENAMO RUN AT WILL.

8. I SAID WE HAD HAD ASSURANCES FROM THE SOUTH AFRICANS IN THE PAST THAT THEIR CONTACTS WITH RENAMO, INTENDED TO PROMOTE NEGOTIATION AND PEACE HAD BEEN WITH THE KNOWLEDGE OF THE MOZAMBICANS. VIEIRA SAID THAT ALTHOUGH THEY HAD KNOWN THAT THE SOUTH AFRICANS WOULD MAKE CONTACT THEY HAD NOT BEEN TOLD THAT IT WOULD INVOLVE MINISTERIAL VISITS TO GORONGOSA, BUILDING AN AIRSTRIP, FURTHER SUPPLIES ETC. THE CAPTURED DOCUMENTS ALSO SHOWED THAT PEACE HAD NOT BEEN THE MAIN SUBJECT ON THAT AGENDA.

9. THE U.S. CHARGE WHO SPOKE TO THE INTERIOR MINISTER THIS MORNING SAYS MONTEIRO REPORTED PIK BOTHA AS BEING PERSONALLY DEEPLY UPSET. VIEIRA SHOWED LESS TRUST IN PIK BOTHAS POSITION. MONTEIRO ALSO SPOKE ABOUT THE SOUTH AFRICAN GOVERNMENTS CONTINUING INVOLVEMENT WITH RENAMO AS BEING MORE SERIOUS THAN MOZAMBIQUE HAD EXPECTED. VIEIRAS LINE WITH ME WAS THAT THEY NOW HAD PROOF OF WHAT THEY ALWAYS KNEW. HE WOULD SAY NOTHING IN RESPONSE TO PROBING ABOUT SOUTH AFRICAN COUNTER ALLEGATIONS OF MOZAMBIQUE SUPPORTING ANC.

COMMENT

10. VIEIRA WAS AS ALWAYS HARD BUT CLEAR. HE SPOKE WITHOUT EMOTION. THE FACTS WERE THERE; THEY WERE NO SURPRISE. FOR THE FUTURE, OPTIMISTIC SCENARIO WAS THE SOUTH AFRICANS AT LAST LIVING UP TO THEIR

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/ WORDS,

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WORDS, THE PESSIMISTIC THEIR CONTINUING TO PLAY FALSE. HE LEFT IT TO ME TO DECIDE WHICH WAS MORE LIKELY ON PAST FORM, BUT HE STOPPED SHORT OF SAYING THAT THE JOINT COMMISSION WAS DEAD AND MONTEIRO SPECIFICALLY FORESAW DAY TO DAY COOPERATION CONTINUING EG WITH ESCOM ON POWER SECURITY, AND PROVISION OF UNIFORMS.

11. GUIDANCE TO THE PRESS IS NKOMATI HAVING PROTECTED MOZAMBIQUE FROM OVERT SOUTH AFRICAN INVASION IN CONTRAST TO ANGOLA AND TO SOUTH AFRICA HAVING TO DO HER DIRTY TRICKS HERE BY SUBTERFUGE, ONLY MOZAMBIQUE IS NOT GOING TO DENOUNCE NKOMATI. MACHEL WILL NOT ACT RASHLY OUT OF HURT PRIDE. THE SEARCH FOR A SENSIBLE DAY TO DAY RELATIONSHIP WILL CONTINUE. BUT MACHELS MESSAGE TO THE PRIME MINISTER WILL BE THAT MOZAMBIQUE CAN NOT MANAGE ITS AFFAIRS WHILE IT IS BEING BADLY MAULED BY THE ROGUE ELEPHANT. SOMETHING MUST BE DONE BY THE BIG POWERS TO RESTRAIN HER IN WHICH BRITAIN MUST TAKE A DECISIVE LEAD, AS IN THE RHODESIAN SETTLEMENT, TO SAVE SOUTH AFRICA FROM HERSELF.

12. BOTH VIEIRA AND MONTEIRO ARE CLOSE TO MACHEL. BUT THE DEVELOPMENT OF POLICY WILL BE DEFERRED UNTIL MACHEL RETURNS WITH CHISSANO AND VELOSO AND LAYS DOWN THE LINE TO TAKE.

VINES

[COPIES SENT TO NO 10 DOWNING STREET]

SOUTHERN AFRICA

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SOVIET D

MR J R J JOHNSON

CABINET OFFICE

ADDITIONAL DISTRIBUTION

SOUTHERN AFRICA

3

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JAMES BARBER

3/10 GA



10 DOWNING STREET

From the Private Secretary

Ad-20 September 1985

I attach a copy of a letter the Prime Minister has received from Mr. James Barber of Hatfield College.

I should be grateful if you could provide a draft reply for Private Secretary signature, to reach me by 3 October.

(MARK ADDISON)

C. R. Budd, Esq.,
Foreign and Commonwealth Office.

v6

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1643</i> (one piece/item number)	Date and sign
Extract/Item details: <i>Folio 3</i> <i>Letter from Secretary Shultz</i> <i>to Foreign Ministers (undated)</i>	
CLOSED FOR YEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
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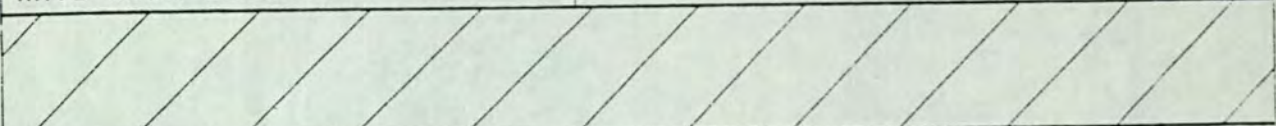
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1 ZCZC
2 CONFIDENTIAL
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4 FM FCO
5 TO FLASH LUXEMBOURG ~~(FOR SECRETARY OF STATES PARTY)~~
6 TELNO
7 091200Z SEPTEMBER 1985
8 ~~INFO TO IMMEDIATE WASHINGTON, UKMIS NEW YORK, OTHER EC POSTS,~~
9 ~~PRETORIA~~
10 ~~INFO PRIORITY LAGOS, HARARE, LUSAKA, LUANDA, DAR ES SALAAM,~~
11 ~~MAPUTO, GABORONE, MASERU, MBADANE~~
12
13 **FOLLOWING PERSONAL FOR PRIVATE SECRETARY**
14 **US/SOUTH AFRICA**
15 WASHINGTON TELNO 2535 REPEATED TO LUXEMBOURG REPORTS THAT
16 PRESIDENT REAGAN IS TO SIGN AN EXECUTIVE ORDER LATER TODAY
17 IMPOSING MANY OF THE MEASURES AGAINST SOUTH AFRICA ALREADY
18 CONTAINED IN THE LEGISLATION NOW BEFORE CONGRESS.
19 2. OUR INITIAL ASSESSMENT OF THE IMPLICATIONS FOR US, WERE
20 THE UK TO TAKE THE MEASURES PRESIDENT REAGAN IS PROPOSING, IS
21 AS FOLLOWS. A MORE DETAILED ASSESSMENT IS BEING PREPARED
22 URGENTLY AS PART OF THE MISC EXERCISE.
23 1) BAN ON BANK LOANS TO THE SOUTH AFRICAN GOVERNMENT (AND
24 WE ASSUME PARASTATALS): THE BANK OF ENGLAND HAVE COMMENTED
25 TO US THAT IN PRACTICE NOBODY IS NOW LENDING MONEY TO THE
26 SOUTH AFRICAN GOVERNMENT AND PARASTATALS FOLLOWING THE
27 MORATORIUM. ASSUMING THAT THE BAN APPLIES ONLY TO NEW LOANS
28 AND NOT TO ROLLING OVER EXISTING ONES, IT WOULD NOT THEREFORE
29 HAVE MUCH IMMEDIATE PRACTICAL EFFECT. THERE COULD HOWEVER BE

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Catchword: PROBLEMS	
File number	Dept SAFD
Drafted by (Block capitals) C T W HUMFREY	Telephone no 233 4954
Authorised for despatch by: <i>L. Appleford</i>	Initials Date/time
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PROBLEMS IF THE EVENTUAL RESCHEDULING OF SOUTH AFRICAN DEBTS REQUIRED THE USE OF NEW MONEY AND THIS WAS CAUGHT BY THE TERMS OF THE BAN OR IF IT LED US BANKS TO CREATE DIFFICULTIES ABOUT RESCHEDULING. IT IS NOT POSSIBLE TO JUDGE AT THIS STAGE HOW IMPORTANT THIS WOULD BE.

7

II) BAN ON NUCLEAR EXPORTS: THE UK HAS HAD FOR SOME YEARS A POLICY OF NO COLLABORATION WITH SOUTH AFRICA IN THE DEVELOPMENT OF NUCLEAR WEAPONS CAPABILITY. WE DO NOT SUPPLY ANY NUCLEAR MATERIALS, NUCLEAR FACILITIES, EQUIPMENT OR RELATED ECONOMIC ASSISTANCE DIRECTED TOWARD THE OBJECTIVE; AND WE DO NOT COLLABORATE WITH SOUTH AFRICAN DEVELOPMENT OF ITS CIVIL NUCLEAR POWER PROGRAMME. *UK SALES OF NUCLEAR GOODS AND TECHNOLOGY TO SOUTH AFRICA ARE THEREFORE ALREADY MINIMAL.*

14

III) BAN ON EXPORT OF COMPUTERS TO THE SOUTH AFRICAN SECURITY FORCES AND AGENCIES INVOLVED IN ENFORCING APARTHEID: THE EXPORT OF COMPUTERS TO SOUTH AFRICA IS ALREADY SUBJECT TO LICENSING UNDER THE TERMS OF THE EXPORT OF GOODS CONTROL ORDER. THE FCO WOULD NORMALLY OPPOSE THE EXPORT OF COMPUTERS TO THE SECURITY FORCES OR "AGENCIES INVOLVED IN ENFORCING APARTHEID".

20

IV) BAN ON THE IMPORT OF KRUGERRANDS: ACCORDING TO THE BANK OF ENGLAND, TRADING IN KRUGERRANDS AND OTHER COINS ON THE LONDON MARKET HAS BEEN AT A VERY LOW EBB SINCE THE IMPOSITION OF VAT ON THEM. INTERNATIONALLY THE SALE OF KRUGERRANDS HAS FALLEN OFF RECENTLY AND THE TRADE GONE UNDERGROUND TO SOME EXTENT. THE SOUTH AFRICANS APPEAR TO BE SWITCHING TO SELLING GOLD IN BULLION *(U.S. gold coins, if minted, might well use S.A. gold)*

27

V) BAN ON IMPORT OF ARMS AND MILITARY MATERIAL: THE UK DOES NOT OBTAIN ARMS SUPPLIES FROM SOUTH AFRICA AND WENT ALONG WITH SCR 558 CALLING ON STATES TO REFRAIN FROM *importing arms, ammunition and military vehicles.* ~~THEIR IMPORT~~. IN PRACTICAL TERMS THE IMPOSITION OF A MANDATORY BAN ON SUCH IMPORTS WOULD APPEAR TO INVOLVE NO COST TO THE UK.

///

32

VI) INCREASED FUNDING FOR BLACK ADVANCEMENT PROGRAMMES: *NO (1985 we allocated) £800,000 in 1985 and propose to increase this to £1m. in 1986* DIFFICULTY IN PRINCIPLE FOR US *(BUT THERE WOULD BE THE PROBLEM OF FINDING THE MONEY for further increases.*

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2 3. The US move is bound to increase the pressure from our
 3 partners at Luxembourg to accept some or all of the US measures
 4 (cf the German reactions - Bonn telno 869). President Reagan's
 5 decision, whatever the domestic pressures which prompted him to
 6 preempt Congressional action, means that he has now parted
 7 company from us in endorsing economic sanctions. It seems hard
 8 to believe that the US can now easily oppose moves in the UN
 9 Security Council to make such measures mandatory. We need to
 10 give further thought to the implications for tomorrow's meeting
 11 in Luxembourg and for our policy generally as well as to the
 12 response which we should send to the US Administration. The last
 13 can await the promised message from Shultz. The Americans have
 14 given us very little advance warning and in practice we have been
 15 informed not consulted. At present the line for the meeting
 16 tomorrow in Luxembourg must remain the instructions agreed with
 17 No 10 (Powell's letter of 4 September). However, the Secretary of
 18 State may wish to ~~advise~~ ^{consider} further on the line which Mr Rifkind
 19 will need to take in the light of his meetings with Genscher and
 20 van den Broek and this evening's Ministerial dinner in
 21 Luxembourg. (Grateful for reporting telegram overnight.)
 22 Arrangements can then be made for Mr Rifkind to speak directly
 23 to No 10 as necessary in the course of the Ministerial discussions
 24 tomorrow.

25 4. MIFT gives line taken by News Dept today.

26
 27 HOWE

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/// 31 MAIN

// 32 SOUTH AFRICA STANDARD

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2 CONFIDENTIAL
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4 FM FCO
5 TO FLASH LUXEMBOURG
6 TELNO
7 OF 091400Z SEPTEMBER 1985
8 ~~IMMEDIATE WASHINGTON, UKMIS NEW YORK, PRETORIA, LAGOS~~
9
10 PERSONAL FOR PRIVATE SECRETARY FROM ~~RICKETTS~~ *PRIVATE OFFICE.*
11 US MEASURES AGAINST SOUTH AFRICA: MEDIA
12
13 1. At today's press conference the FCO Spokesman said in
14 reply to a question that the British Government was waiting to
15 see what President Reagan announced, adding that we would want
16 to discuss his announcement at the Political Cooperation
17 Meeting in Luxembourg tomorrow. In reply to a further question,
18 the Spokesman said that the British Government had taken such
19 steps as we thought sensible and necessary to bring to bear
20 our influence already. Quote We have no hesitation in
21 *WE HAVE NO HESITATION IN UPHOLDING THE GENEAGLES AGREEMENT.*
22 upholding the arms embargo. We have no hesitation in speaking
23 bluntly if necessary to the South African Government. We do
24 not think it necessary to add compulsory trade sanctions to
25 that unquote.
26 2. If the US statement is made before the Secretary of State
27 leaves Luxembourg, there will be pressure from the media for ~~HIM~~
28 ~~the Secretary of State or Mr. Riffkind~~ to comment before
29 departure. ITN's Diplomatic Correspondent is ~~already~~ on his

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YYYY	Catchword: way		
MAIN	File number	Dept NEWS	Drafted by (Block capitals) C J R MEYER
ADDITIONAL	Telephone no 233 6190		
NNNN	Authorised for despatch by:	Initials <i>Lv Applegard</i>	Date/time
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2	way to Luxembourg on the off-chance that he will get an
3	interview. The BBC's Diplomatic Correspondent is already
4	there. The choice seems to lie between deferring any comment
5	to the media until after tomorrow's POCO meeting semi colon
6	or being less defensive by taking the opportunity this
7	evening to get over important points about the sanctions
8	debate. Christopher Meyer has recommended that the Secretary
9	of State or Mr Rifkind should take a more forward line with
10	the media as soon as the US statement becomes public and this
11	has been agreed by all those ^{Fw Officials} . MIFT contains draft points to
12	make.
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14	HOWE
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17	LIMITED
18	NEWS D
19	MR EWEN FERGUSSON
20	MR JOHNSON
21	MR JENKINS
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5 TO FLASH LUXEMBOURG
6 TELNO
7 OF 091400Z SEPTEMBER 1985
8 ~~IMMEDIATE WASHINGTON, UKMIS NEW YORK, PRETORIA, LAGOS~~
9
10 PERSONAL FOR PRIVATE SECRETARY FROM ~~RICKETTS~~ PRIVATE OFFICE
11 MIPT: US MEASURES AGAINST SOUTH AFRICA: MEDIA
12 1. Following are draft points to make:
13 - We shall study the American statement carefully
14 including with our Community partners at tomorrow's
15 Ministerial meeting in Luxembourg.
16 - Britain of course remains opposed to mandatory economic
17 sanctions because we do not believe that they will
18 achieve what we all want: namely early fundamental
19 change in South Africa.
20 - But the debate should not be seen as one between those who
21 are for and against sanctions. Britain, together with
22 many of its allies and partners, has for long taken steps
23 to bring pressure on the South African government to
24 dismantle apartheid. For instance, we have banned the
25 sale of arms and nuclear goods semi colon we discourage
26 sporting contacts in accordance with the Gleneagles
27 Agreement semi colon and a voluntary code of conduct for
28 British companies in South Africa has been in place for
29

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Catchword: many	
File number	Dept NEWS
Drafted by (Block capitals) C J R MEYER	Telephone no 233 6190
Authorised for despatch by: <i>LV Ameyna</i>	Initials Date/time
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many years. Not all of these steps have been taken either by the US or by all our Community partners. - Tomorrow's meeting in Luxembourg will be the first between the Ten since the Troika's visit to South Africa. It will be an important opportunity to discuss the Community's approach to South Africa in the light of recent events.

HOWE

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LIMITED

NEWS D

MR EWEN FERGUSSON

MR JOHNSON

MR JENKINS

PS

SAFD

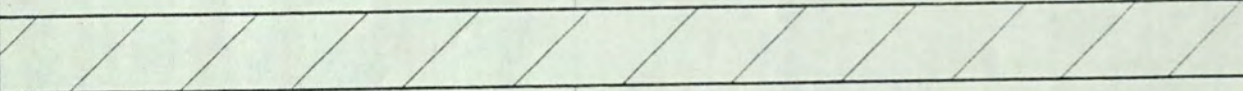
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US MEASURES AGAINST SOUTH AFRICA: MEDIA

We have noted President Reagan's measures. We understand that their purpose is to dissociate the United States from the policy of apartheid while avoiding damage to the South African economy.

There can be no room for doubt about the Government's revulsion towards the policy of apartheid. This has been made clear repeatedly and we see no need for further measures to underline it.

But the debate should not be seen as one between those who are for and against sanctions. Britain, together with many of its allies and partners, has for long taken steps to bring pressure on the South African Government to dismantle apartheid. For instance, we have banned the sale of arms and nuclear goods; we discourage sporting contacts in accordance with the Gleneagles Agreement; and a voluntary code of conduct for British companies in South Africa has been in place for many years. Not all of these steps have been taken either by the US or by all our Community partners.

We wish to see fundamental changes in South Africa and have consistently urged these upon the South African Government both bilaterally and in conjunction with the other member states of the European Community. But we share the US Administration's aim of avoiding measures which are destructive of the South African economy, since these will bear most heavily on the

.../weaker

weaker section of the population and on neighbouring countries. We therefore remain opposed to mandatory economic sanctions, which we judge likely to be counter-productive.

We welcome the US Administration's decision to send their Ambassador back to Pretoria. We have consistently taken the view that it is important for the views of Western governments to be represented as authoritatively as possible at this difficult time.

Foreign Ministers of the Ten will be meeting in Luxembourg tomorrow and will be discussing the situation in South Africa and the responses which individual member states judge appropriate. Their discussion will no doubt cover the implications of the US measures.

C/f to keep

29 September 1985

I have reported to the Prime Minister
our talk last Wednesday, and she has noted
that it was very helpful to have your views
in this way.

CJP

nb

Sire Jeffrey Sterling, CBE.

88

Mr Powell. (C) (F)

2

PRIME MINISTER

cc: Mr. Powell

SOUTH AFRICA

Sir Jeffrey Sterling called on me today, at his own request, to talk about South Africa. Sir Jeffrey said little new, but you may wish to glance through the record below.

*Very help full
to have their
view.
ms*

As Chairman of P & O, he had wide business contacts with South Africa. Southampton dockers had threatened to black goods imported from South Africa by OCL, P & O's container line. In the event the dockers had undertaken to work normally, but had indicated that if there was a formal call from the TUC for them to black South African goods, they might find difficulty in not complying. Sir Jeffrey felt that if there was a general move towards sanctions, the TUC would jump on the bandwagon by calling for a complete boycott of South African goods so triggering an unhelpful response from the Southampton dockworkers.

His contacts with South African business indicated that the sectors affected by the plunging Rand (mining, banking and overseas trade) were placing heavy pressure on the Government. These sectors generally were controlled by English-speaking South Africans. The part of the economy (eg farming) not much affected by the Rand's fall was not putting pressure on the Government. Interestingly, those sectors were often Boer dominated.

He was in no doubt that the South African Government was prepared to make significant improvement in the blacks' lot. Paradoxically, the current international pressure on South Africa might make it harder to sell that change to the Boers.

Archbishop Tutu did not enjoy wide support among blacks, whatever impression European television screens might convey. Tutu wanted a one man one vote in a unitary state which was not practicable in the foreseeable future.

The United Kingdom's historical and trading links could provide a special role for us in persuading the South African Government to move forward. We might take the line at CHOGM that we did not rule out sanctions, but it was only reasonable to see what the South African Government was prepared to do, in order to carry forward their recently announced programme of reform. The United Kingdom might act as a sort of "spokesman" [I think he really meant "interlocutor"] between South Africa and the rest of the world. This course carried the risk that if there was no real move forward in South Africa, we would have to introduce sanctions. But such sanctions would have to be of our own choice, not those foisted on us by the international community.

Sir Jeffrey emphasised that the laager instinct of the Afrikaner should not be under-estimated. Nor should the sympathy of some of the ordinary British voters for the predicament of white South Africans.

Sir Jeffrey concluded by saying that if HMG wanted any soundings taken of South African business, he stood ready to help.

I was non-committal throughout.

N.L.W.

18 September, 1985

Also

23 ST. JAMES'S PLACE
LONDON SW1A 1NH
01-493 4795

off
to
ch.

18th September 1985

Mrs. Byde,

*I hope you feel
v. ashamed!*

Dear Mr. Wicks,

The enclosed letter is self-explanatory.

*NLU
18-9*

Although it is unnecessary for me to say so, I shall, of course, not be present. There would be no point.

*Yours
Kotarschuld*

Lord Rothschild

23 ST. JAMES'S PLACE
LONDON SW1A 1NH
01-493 4795

18th September 1985

Private & Confidential

Dear Harry,

This is to confirm our telephone conversation, 6.30 pm on Tuesday 24th September at No.10 Downing Street.

Yours
Victor



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[P.S.]

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No 10. (Prime Minister)

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CONFIDENTIAL
FM FCO
TO DESKBY 171300Z CAIRO
TELNO 351
OF 171115Z SEPTEMBER 85

FOLLOWING FOR POWELL, PM'S PARTY, FROM WICKS, NO 10

1. VICTOR ROTHSCHILD HAS WRITTEN TO ME TO SUGGEST THAT THE PRIME MINISTER MIGHT SEE H F OPPENHEIMER, CHAIRMAN OF THE ANGLO-AMERICAN, WHO IS IN LONDON FOR THE NEXT TEN DAYS. I RECOMMEND THAT SHE SHOULD DO SO. POSSIBLE TIMES IN THE PRIME MINISTER'S DIARY ARE EVENING DRINKS ON SUNDAY 22 SEPTEMBER, TUESDAY 24 SEPTEMBER OR WEDNESDAY 25 SEPTEMBER (IF PRINCE SULTAN'S DINNER DOES NOT MATERIALISE). ROTHSCHILD WARNS THAT OPPENHEIMER'S DIARY IS VERY CROWDED SO WE MIGHT HAVE TO ARRANGE ANOTHER TIME.
2. GRATEFUL FOR ADVICE.

HOWE

OCMIAN 9426

LORD ROTHSCHILD

Telephone: 01-280 5000

Telex: 888031

N.M. Rothschild & Sons Ltd.
New Court
St. Swithin's Lane
London EC4P 4DU

17th September 1985

Dear Mr Wicks,

attached to
meeting record 14/9

Prime Minister
You don't need an
agenda for this. But I
attach a note which I
did of the seminar.

H.F. Oppenheimer (Who's Who 1985, p.1451, left), probably the most important non-Government White in South Africa, is in London for a little while. He is highly intelligent, modest but formidable - and a close friend of mine. He has for a long while been opposed to the apartheid policies of the present Government but is much more conscious than almost everyone in this country of the problems - Blacks, Indians, Coloureds, Whites and the extreme right neo-Nazis - which confront Botha.

COP
23/9.

I believe that if she had time, the Prime Minister would find it very interesting to meet him; and I am sure he would come and have a drink or whatever is convenient.

Alternatively, I could arrange a meeting in my flat, which has happened before in similar circumstances.

If the Prime Minister wished to see him at Chequers, I am equally sure that that could be arranged.

Please let me know.*

Yours
Rothschild

* on 280 5320



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2
Prime Minister
See X and Y!!

N.L.W.
It is as well he
is still there.
mf

SOUTH AFRICAN INCURSION INTO ANGOLA
SUMMARY

1. SA AND SWA FORCES CROSSED THE ANGOLAN BORDER YESTERDAY (16
SEPTEMBER) IN AN OPERATION AGAINST SWAPO.

DETAIL

2. IN A STATEMENT ISSUED LAST NIGHT (FULL TEXT TO LONDON IN A
SEPARATE TELEGRAM) THE CHIEF OF THE SADF, GENERAL VILJOEN,
CONFIRMED THAT AN OPERATION HAD BEEN LAUNCHED INTO SOUTHERN
ANGOLA AGAINST SWAPO. HE CLAIMED THAT THE SADF HAD BEEN LEFT
WITH NO OTHER ALTERNATIVE THAN TO CONDUCT A FOLLOW-UP OPERATION
IN THE LIGHT OF "IRREFUTABLE EVIDENCE OF SWAPO'S PLANS". THE
OPERATION FOLLOWED INTENSIVE INTELLIGENCE GATHERING IN RECENT
MONTHS WHICH SHOWED THAT SWAPO'S 8TH BATTALION AND OTHER SPECIAL
FORCES WERE PLANNING ATTACKS ON MILITARY AND CIVILIAN TARGETS
IN NAMIBIA.

3. GENERAL GLEESON, THE CHIEF OF STAFF SADF LAST NIGHT CONFIRMED
IN A TV INTERVIEW THAT TROOPS HAD CROSSED THE BORDER. THEY WERE
BEING SUPPORTED BY THE SOUTH AFRICAN AIR FORCE. THE ANGOLAN
FORCES HAD BEEN INFORMED OF THE OPERATION THROUGH THE HEADQUARTERS
OF THEIR FIFTH MILITARY REGION. THE OPERATION COULD BE OVER BY
THE END OF THE WEEK. GLEESON CLAIMED THAT SWAPO HAD PLANNED NEW
ACTIONS AGAINST LARGER RESIDENTIAL CONCENTRATIONS AND TOWNS.
TWO TERRORISTS CAPTURED RECENTLY HAD ADMITTED TO A RECONNAISSANCE
TASK WHICH WOULD HAVE INVOLVED STEALING SUPPLIES AND BURNING
SHOPS. A NUMBER OF PREPOSITIONED WEAPON CACHES HAD BEEN DISCO-
VERED. THE STRENGTH OF THE TARGET WAS BETWEEN 400 AND 800 MEN
"WELL DISPERSED IN SOUTHERN ANGOLA".

X 4. WE HAVE BEEN GIVEN DIFFERING ACCOUNTS OF THE SADF ACTION.
IN WINDHOEK YESTERDAY, THE AMBASSADOR AND DEFENCE ATTACHE WERE
TOLD THAT THE OPERATION WAS DIRECTED AT A SWAPO BASE CAMP SOME
60 KMS INSIDE ANGOLA. THE ANGOLAN FORCES HAD BEEN INFORMED ONLY
ONE HOUR AFTER THE INITIAL INCURSION, SO THAT SWAPO COULD NOT BE
TIPPED OFF. THE SADF HOPED TO COMPLETE THE OPERATION TODAY OR
TOMORROW. THE SECURITY FORCES WERE SEARCHING A SQUARE 12 KMS
WIDE, BUT HAD SO FAR FAILED TO MAKE CONTACT. HOWEVER THE SADF
LINE IN RESTRICTED BRIEFING IN PRETORIA WAS THAT THE ATTACKS
WERE ON A WIDE-SPREAD FRONT AGAINST SWAPO UNITS PREPARING TO
PUSH INDIVIDUAL TERRORISTS ACROSS THE BORDER AT VARIOUS POINTS
TO ATTACK SOFT TARGETS.

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5. OUR DEFENCE STAFF HAVE BEEN PROMISED A DETAILED BRIEFING BY THE SADF.

COMMENT

6. THIS DOES NOT APPEAR TO BE ANOTHER CASE OF HOT PURSUIT, EVEN THOUGH GENERAL VILJOEN DESCRIBED IT AS A "FOLLOW-UP OPERATION". IT HAS BEEN CAREFULLY PLANNED AND PREPARED. THE SOUTH AFRICANS MAY HOPE TO JUSTIFY IT, IF CHALLENGED, AS A PRE-EMPTIVE RAID TO FORESTALL ATTACKS ON CIVILIAN TARGETS IN NAMIBIA. BUT THE DISCREPANCIES IN PRELIMINARY BRIEFING ARE PUZZLING. WE ARE ENDEAVOURING TO OBTAIN CLARIFICATION.

MOBERLY

BT

[COPIES SENT TO NO 10 DOWNING STREET]

SOUTHERN AFRICA

STANDARD(PALACE)

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MR J R J JOHNSON
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INFO PRIORITY UKDEL VIENNA

MY TELNOS 489 AND 490

1. GENSCHER HAVING ATTEMPTED TO TELEPHONE ME YESTERDAY EVENING,
I TELEPHONED HIM BACK EARLY THIS MORNING.

(A) SOUTH AFRICA

2. I EXPLAINED OUR WISH TO AVOID ANY EC LEGISLATION FOLLOWING
THE RECENT DISCUSSION IN POLITICAL COOPERATION. WE UNDERSTOOD
THAT THE COMMISSION WERE NONETHELESS LIKELY TO MAKE PROPOSALS
BEFORE LONG. IT WOULD BE A GREAT HELP IF THE FRG COULD UNDERTAKE
TO OPPOSE ANY SUCH PROPOSALS. GENSCHER REPLIED THAT HE HAD
ALREADY GIVEN INSTRUCTIONS TO EXACTLY THAT EFFECT. HE SAW NO
NEED FOR COMMUNITY ACTION. FOLLOW UP SHOULD BE LEFT TO THE
MEMBER STATES. THERE HAD BEEN NO MENTION DURING THE POCO
DISCUSSION OF ANY SUGGESTION THAT ACTION WAS ALSO NECESSARY IN
THE COMMUNITY CONTEXT. ANY SUCH ACTION WOULD LEAD ONLY TO
COMPLICATIONS, IN THE FRG AS WELL AS THE UK. HE ADDED THAT IT
WOULD OF COURSE HELP IF THE UK COULD FALL IN LINE WITH ITS
PARTNERS, AND ASKED TO BE KEPT CLOSELY INFORMED OF ANY CHANGE
IN OUR POSITION. I SAID WE HOPED THAT IT WOULD INDEED BE

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POSSIBLE

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POSSIBLE FOR US TO JOIN THE CONSENSUS, BUT EXPLAINED THAT WE DID NOT YET SEE OUR WAY CLEAR TO DOING SO.

(B) MBFR

3. I STRESSED THAT FOR POLITICAL REASONS WE STILL FELT IT IMPORTANT FOR THE WEST TO TAKE AN INITIATIVE, AND URGED THAT THE UK AND FRG SHOULD TOGETHER PRESS THE US HARD TO AGREE. GENSCHER SAID HE NEEDED NO CONVINCING. HIS IMPRESSION WAS THAT THOSE CONCERNED AT SENIOR LEVELS IN WASHINGTON WERE COMPLETELY PREOCCUPIED WITH GENEVA AND SDI MATTERS. IF NO PROGRESS WAS MADE IN THE TRILATERAL, THEN THE MATTER SHOULD BE RAISED A QUATRE NEXT WEEK. I AGREED.

(C) WEU

4. GENSCHER SAID HE HAD READ THE PAPER PRODUCED BY THE SPECIAL WORKING GROUP AND WAS CONTENT WITH IT. CONTRARY TO OUR VIEW, HE THOUGHT THERE WAS STILL SOME SCOPE FOR FURTHER WORK BY THE SWG. HE WANTED A DISCUSSION ON THE PROS AND CONS OF PARTICIPATION IN THE SDI RESEARCH PROGRAMME TO GO ON UNTIL A COMMON POSITION HAD BEEN REACHED. I SAID THAT WHILE I SAW SOME FORCE IN THAT VIEW I WAS EQUALLY CONSCIOUS OF THE DANGER THAT FURTHER DISCUSSION WOULD (AS BEFORE) RANGE BEYOND THE QUESTION OF PARTICIPATION AND TOUCH ALSO ON MATTERS OF STRATEGY. ANY FURTHER WORK SHOULD BE STRICTLY LIMITED TO THE QUESTION OF PARTICIPATION. GENSCHER AGREED. HIS UNDERSTANDING WAS THAT ITALY AND THE BENELUX WERE INTERESTED IN ACHIEVING A COMMON POSITION ON PARTICIPATION, NOT IN MATTERS OF STRATEGY. HE FULLY UNDERSTOOD THE UK POSITION.

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Carolee.
The PM has
agreed. As we
had to see her
- preferably sat
the Friday - pl?

Copies to:-

[TEXT]

FOLLOWING FOR POWELL, PRIME MINISTER'S PARTY, FROM WICKS, NO. 10.

Victor Rothschild has written to me to suggest that the Prime Minister might see H.F. Oppenheimer, Chairman of Anglo-American, who is in London for the next ten days. I recommend she should do so. Possible times in the Prime Minister's diary are evening drinks on Sunday 22 September, Tuesday 24 September or Wednesday 25 September (if Prince Sultan's dinner does not materialise). Rothschild warns that Oppenheimer's diary is very crowded so ^{we} ~~he~~ might have to arrange another time.

2. Grateful for advice.

MESSAGE ENDS

N.L.W

18.30 TUE 24
18.30 Wed 25

Master
J. P. BARBER
J.P., M.A., Ph.D.



HATFIELD COLLEGE
DURHAM DH1 3RQ
Telephone 64261-2

JPB/cac

16th September 1985

Mrs M. Thatcher,
The Prime Minister,
10 Downing Street,
London. W1.

R20

Dear Prime Minister,

Thank you for inviting me to Chequers for the discussions on South Africa.

On my journey back to Durham I tried to think of ways in which I might be able to make a definite contribution, as well as express opinions. The proposal I outline below is obviously only intended as one element in the British approach, but I hope that along with other steps it will enable you to say to fellow Commonwealth leaders: "This is what we are doing to help South Africa's blacks. What are you doing?" If we take positive steps in areas like education and labour we are more likely to be able to exercise political influence.

My proposal is linked to the teaching of English in the black schools of South Africa. I enclose the copy of a report which indicates the problem.

At this stage I can only sketch out a broad proposal, but my thinking is on the following lines:

1. Durham University offers a one year course specifically designed for teachers of English in South Africa's black schools (or alternatively a course for "the teachers of teachers").
2. The course would be seen as an extension of our existing Schoolteacher Fellowship programme at Durham.
3. We should aim to take twenty teachers each year, and they could be drawn from Coloured and Indian as well as African teachers.
4. Although they would be studying a separate course the South African Fellows would be integrated into the university by distributing them among the colleges. Each would therefore be a full member of a collegiate community which would provide a social and cultural base in a British setting.
5. Initially the programme would be for five years with the possibility of extension depending on its success.

Cont'd..

6. The programme would be funded jointly by the government and the business community with South African links - say five Fellows funded by the government and fifteen by business. My back of envelope calculations are that each student would cost about £6,500 for a year, and so, if that is reasonably accurate, the sums involved are not large.

7. The recruitment of the Fellows in South Africa would be organised by the British Council and the Embassy.

I have discussed the idea with the Vice-Chancellor - although not the details of the proposal - and it has his strong support.

I hope that you will find this a helpful suggestion and that it will gain your support.

Yours sincerely,
James Barber.

Enc.

James Barber

African Secondary School Leavers 1983

Updated trends in senior certificate/ matriculation results

By Dr Ken Hartshorne, a former Director of Educational Planning
at the Department of Education and Training and
member of the De Lange Commission

On the basis of figures now available from the Department of Education and Training, Dr Hartshorne updates the analysis of trends indicated by black matric results he presented a year ago in Indicator SA Vol 1 No 3.

EDUCATION

The downward trend in African matric results has not yet been halted, in fact the failure rate is even higher than in 1982

Table 1 illustrates that the downward trend in African matric results has not yet been halted and that the percentage of failures is even greater than in 1982. The Transkei statistics for 1982 have become available since the last article was written and show that of the 9 616 candidates, 8 percent gained matriculation, 28,8 percent Senior Certificate and 63,2 percent failed altogether. In contrast, in 1983 Bophuthatswana did considerably better than the overall picture above: of 8 304 candidates, 13,5 percent gained matriculation, 47,2 percent Senior Certificate and 39,2 percent failed.

Comparative Results

In order to provide a context and basis of comparison, the 1983 results (as provided by Hansard) for the other groups are given in table 2. It should be noted that Hansard did not provide the total number of white candidates; however, there were 56 000 white pupils in standard 10 in 1983. If some did not write the examinations, the percentages would be even higher, as the number of passes is accurate.

It should be noted that the hierarchy of results reflects an identical hierarchy of financing, pupil-teacher ratios, size of class, qualifications of teachers, drop-out and access to secondary and tertiary education in the segregated systems. A further point worthy of note is that while one out of every

two white and Indian pupils who pass gain matriculation exemption, this applies to only approximately one out of five coloured and African pupils.

Subject Scores

In the previous article it was possible to indicate the median mark in key subjects, but the 1983 report of the DET (Department of Education and Training) no longer provides this information for standard 10. However, it still provides information on the number and percentage of candidates passing these subjects at higher grade level. These figures are shown in table 3.

The figures in table 3 speak for themselves, and attention needs to be drawn to the further deterioration in the pass rates for English, biology and history. The position of English in comparison with Afrikaans, in an English-medium system, is hard to explain. Either the teaching of Afrikaans is more effective and English is being neglected, or grave questions must arise as to the comparative examination standards. The implications of either explanation are equally disquieting!

Matric Exemptions

Finally, the 1983 DET report provides some revealing information about the level at which successful matriculation exemption

The hierarchy of results reflects an identical hierarchy of, among others, financing, pupil-teacher ratios, size of class and teacher qualifications

candidates passed. The statistics are for the 1982 examination (excluding the 'independent' homelands). Of the 4 407 successful candidates, the average aggregate symbol of:

2 624 or 59,5 percent was E
 1 558 or 35,4 percent was D
 203 or 4,6 percent was C
 21 or 0,5 percent was B

and one candidate (from Gazankulu) had an A aggregate symbol.

In general the 1983 results and further detailed information on the 1982 results provide no evidence for changing the conclusions reached a year ago and indicate further deterioration in standards, with quality at even greater risk. UPPA

While 50 percent of white and Indian pupils who pass gain matriculation exemption, this applies to only 20 percent of coloured and African pupils

Table 1

● 1983 SENIOR CERTIFICATE MATRICULATION RESULTS ●

*Full-time African candidates
 (excluding Transkei only)*

Total No of Candidates	Passes with Matric Exemption	Passes with Senior Certificate	Total Passes
72 168*	7 108 (9,8%)	27 768 (38,5%)	34 876 (48,3%)

*76 617 candidates registered for the examination but only 72 168 actually wrote it, representing a drop-out of 5.8 percent in the six months prior to the examination.

Pass rates for English, biology and history have shown a further deterioration

Table 2

● 1983 SENIOR CERTIFICATE/MATRICULATION RESULTS ●

Whites, Indians and coloureds

	Total No of Candidates	Passes with Matric Exemption	Passes with Senior Certificate	Total Passes
White	56 000	26 094 (46,6%)	25 332 (45,2%)	51 426 (91,8%)
Indian	7 307	3 096 (42,4%)	3 237 (44,3%)	6 333 (86,7%)
Coloured	11 076	1 679 (15,2%)	6 215 (56,1%)	7 894 (71,3%)

Either English is being neglected in comparison with Afrikaans, or questions must arise as to the comparative examination standards

Table 3

● ANALYSIS OF PASSES AT HIGHER GRADE LEVEL 1982 ●

(Out of a total of 60 108 candidates, excluding Transkei only)

	No of Cands Entered for Higher Grade	Percentage of Total Entry	No of Cands Passing Higher Grade	As % of Subject Entry	As % of Total Entry
English	59 485	99,0	21 670	36,4	36,0
Second Lang Afrikaans	59 648	99,2	27 433	46,0	45,6
Second Lang Mathematics	15 508	25,8	2 192	14,1	3,6
Physical Science	10 885	18,1	1 627	14,9	2,7
Biology	51 113	85,0	13 625	26,6	22,7
History	28 741	47,8	4 232	14,7	7,0
Geography	13 545	22,5	3 178	28,5	5,3

Add to "Public Opinion" Prime Minister.

Daily Telegraph 16 Sept. 85

The liberal S. African view

In case you have not seen. N.L.W. 187

4
Duties of
Com

MRS HELEN SUZMAN, South Africa's best-known Opposition Parliamentarian, has served liberal interests in Parliament in Cape Town for 33 years. For 13 of them she was a lone voice, the sole MP for the Progressive party, which prompted a biographer to call her the "cricket in a thorn tree." Today the Progressive Federal party has 27 MPs, including Mrs Suzman, and is the official Opposition party. In an interview with our correspondent in Johannesburg, Christopher Munnion, she conceded that South Africa was facing its worst crisis since the Boer War and spoke of her hopes and fears about the future of her country.

Question: South Africa is under unprecedented international pressure. In the unlikely event of President Botha asking you what he should do immediately to cope with this crisis, what would you tell him?

The first thing we would say is change the constitution. Bring blacks into the political structures of this country immediately. Never mind all this talk about consultative forums. It doesn't wash any more with the blacks. They want an actual say in the laws that govern their lives.

Then there are other things he can do as a sort of crash remedy. There are certain things that stick out like a sore thumb as far as black discontent is concerned—the Pass laws and influx control which last year were responsible for the arrest of over 200,000 blacks for the crime of looking for work in their own country.

Then of course there's the provision of work for people and housing because of the policy that has been followed for all those years by the Government, believing that blacks were "temporary sojourners" in the urban areas.

Having been given credit for his courage in launching reformist policies, Mr Botha is now being pilloried for the lack of substance and the lack of pace of that reform. Do you not see any irony or even unfairness in that reaction?

It's one thing to talk of reform and it's another to actually implement it. For instance, if he had gone ahead and done what he said he was going to do in January when he opened the tricameral Parliament in Cape Town, gone ahead with these plans for restoring citizenship, gone ahead with doing something about influx control, which even he has admitted is outdated and costly, if he had gone ahead and done some of these things I think

he would have already defused the situation.

Mr Botha has rejected calls on him to make a clear statement of intent about reforms but he and some of his Ministers have repeatedly said they will get rid of hurtful discrimination and provide meaningful political rights for blacks. Do you think they are being genuine?

Well, he's taking a very dangerous course if he doesn't intend to follow through.

I know what inhibits him and that is, of course, a small but active Right wing, Righter wing than the Government. But I think they exaggerate the importance of the Right wing. The State President ought to take his courage in his hands and go ahead with these much-needed and much-delayed reforms.

Do you subscribe to the mounting clamour in liberal and business circles for the resignation of P. W. Botha? Is there a replacement in the ruling ranks which, in your opinion, could secure greater internal and international confidence in the reform process?

I have, in fact, called for his resignation. I think he has lost his way. He is in a state of confusion and honestly does not know what to do. His natural instincts are to put all the unrest down by force if necessary and by very tough measures. Indeed, that's what he's trying to do. Not very successfully.

Who would succeed him is in the lap of the gods. There are two or three strong contenders.

This latest announcement—the restoration of South African citizenship to Homeland blacks—is this not a major departure from the old Verwoerdian concept of apartheid?

I think it is. I think it is quite an important move because there is no doubt that the deprivation of South African citizenship from something like eight million blacks when the four states took their independence was a very sore point indeed. It is not that they don't have South African passports as after all a very small percentage do travel abroad. It is really the idea that they have been deprived of what I call a claim on the future, that is on future participation in political rights and also, one might add, a claim on a fair share of the wealth of the country, wealth which they have helped to produce.

Do you see this move, the restoration of citizenship, as a direct result of the international pressure on South Africa?

Everything plays its part. All these factors have an influence on events—international pressure on the one side, pressure by blacks inside the country and, very important, economic factors inside

South Africa. This is the main reason I have been against the whole question of disinvestment and economic sanctions on South Africa. I believe anything which inhibits the economic expansion of the country is going to be counter productive in the long run to the acquisition of economic muscle by black people and that is a very important factor in pressing for the redress of the imbalances that exist in this country.

You personally and your party have come out against sanctions on the grounds that the measures would cause more harm than benefit to the black community. Yet a recent survey established that 73 per cent. of urban blacks favour disinvestment. Do you have any doubts about your stand on sanctions and disinvestment?

Not because of that. People can say they don't care whether there's unemployment and so on. My experience is that they care very much when they lose their jobs. And the people who say it doesn't matter because the blacks are suffering anyway are either the sort of people in employment where they are not going to lose their jobs or those who have not got jobs to lose.

Also, surrounding black states are certainly going to be penalised. They are very largely dependent on South Africa for aid, for jobs and some, like Botswana, Lesotho and Swaziland, on the customs union and the Rand Monetary Area and all these have a sort of wave effect. People forgive that.

Just because blacks have said, possibly out of bravado or some of them out of genuine political conviction, that to bring down the Government by economic pressure will mean an immediate transfer of power to the black majority—I don't believe that for a minute. I think this government will go into a laager mentality for years and years and years, rather than face what they would consider to be the suicide of a transfer of power to the black majority.

With South Africa's experience with Sasol—locally produced oil from coal—and Armscor—manufacturing most armaments needs in South Africa—and with the Rhodesian experience in mind, do you think sanctions stimulate self-sufficiency and thereby the ultimate strength of the régime?

They might, but in the long run sanctions don't really help the expansion of a country. There is no doubt that South Africa needs foreign capital in order to reach once again a reasonable growth rate of say five per cent. per annum in order to provide jobs for all the young people coming onto the job market—about 500,000 a year.

Continued on facing page

SIR—My attention to a leading Indemnity, you commented the Labour party councillors in a pool who are district auditor incurred as a result of sending out rate

It would be to comment on the substance of decisions which subject of appeal

But I should apparent misconduct your leader claim to "implement Their duty, and the Audit Commission is to see that they individually act

The law and government the same thing ceeding against Liverpool and London consider that the have knowingly the same law red to make good a resulted.

Government policy relevant factor; an improper for government Commission to set their decisions in attempts have been

To set the record Commission and they are required by law responsibilities come of central and local

The Commission people drawn from political spectrum staff and auditors are not civil servants is not financed by but by audit fees authorities; and they not hesitate to policies politically these to be incompetent management of local

JO
Controller

In praise of

SIR—Mr Geoffrey informs us that his mitted aero-engine Office in 1912, recently can see no military plane whatsoever, those brass hats had not two years later

This is a family founded, since it was that the Royal Flying tuted by Royal we cally absorbed the (Royal Engineers) formed a year earlier that aeroplanes plan in Army manoeuvring generals were commanders ("brass British Expeditionary

One of them was Grierson, who obtained by his use of and was so impressed in the following fare will be impossible mastery of the air, ber, Sir Douglas He less satisfactory use the lesson to be a robust supporter th

As early as September, both British provided the information the "brass hats"

It's rough living

LONDON DAILY TELEGRAPH

AFRICAN VIEW

By HELEN SUZMAN

(Continued from facing page)

That same survey we mentioned earlier reflected a large percentage of black opinion which clearly equated a capitalist system with apartheid. Is this your impression?

I think to a large extent that idea is gaining credence among young black people—rapidly. And you can understand why. They have been denied real participation in the system of free enterprise in South Africa. They have not had the education and basic training that white children get and which enables them to participate in the free-enterprise system when they leave school. A lot of them leave school at an early age and are not even functionally literate. The fact that young blacks today believe that apartheid and capitalism go hand in hand is, of course, a misconception which has been fed, first of all, by the Government, and secondly the fact that the States around us which have been "liberated" have been assisted by Marxist régimes or the Chinese.

The cry has gone out from community leaders and others to get the troops out of the townships but do you think the police have the manpower to control the widespread criminal activity that accompanies the unrest?

If the police would concentrate on that, and stop going to the funerals of people they themselves have killed and thereby cause terribly provocative action, I think they would do better. I personally would like the troops out of the townships. It gives such an impression of civil war. I have got reports from responsible people like school teachers and padres that the police are bursting into classrooms and beating up the kids in the school grounds. They are interpreting the emergency regulations very strictly indeed.

The PFP's principles seem to stop short of universal franchise in a unitary society. What precisely is the position of your party?

Our party does have a policy of adult universal franchise. When we talk about a federal system of Government, this does not mean that we want South Africa split up into Bantustans, or Homelands and Coloured or Indian areas. We want a federal state, divided into different provinces if you like, like the American or Canadian system.

We propose constitutional devices to protect minority groups . . . So we have what is known as the minority veto whereby if something like 15 per cent. of MPs consider a

Bill is destructive of their interests they can exercise a veto against it. Some blacks are suspicious of the minority veto but I think minorities are entitled to protection and I think it is very unrealistic to think that the whites, who are in a minority but are in power, are going to surrender that power without any guarantees for their own security. It's just not on.

Why has Western liberal opinion about South Africa got so far out of line with people like yourself?

First of all, there is tremendous moral indignation sweeping the world on the question of racism, which of course, we share. We represent a minority of say 20 per cent. of the white electorate in this country and I don't think we are given sufficient credit overseas for the work we do here.

People think it is radical black on the one side demanding their just share of the franchise and wealth and a hostile Right-wing minority on the other side which is blocking these aspirations. They forget that in between there is a very large section of truly outraged white opinion which is against the apartheid system.

It is easy to sit 6,000 or 9,000 miles away and just talk about handing power over to the majority. I don't think people sit down and work out what that is going to mean in practice, that is why our policy is for multi-racial government: not simply for a transfer of power from a rotten white minority government to a rotten black majority government.

How do you feel about the future? Are you optimistic or pessimistic?

We may be going through a pretty bad immediate period and I think that immediate period is going to be a little more extended than people believed. It is possible that we are going to have the unrest spilling over from the townships into the so-called white areas, that we are going to have more sabotage and terrorism. I think that's probably inevitable.

There is a large number of concerned and dedicated people in this country, black and white, who are prepared to work for a peaceful solution. This country is too great, really, to be thrown to the wolves.

It's got wonderful resources, marvellous physical qualities (that's one thing the Government has not been able to ruin—our terrific climate) and it's got extremely good people who are determined not to let what has been built up lightly be abandoned.

Hanc

By JAMES O

THE police ha
the Handsw
was warmly pr
the chairman of
Midlands Poli
mittee yesterday

Councillor Ed
Labour chairman
mittee, said he
been a critic of

However, after
television coverage
and having lengthy
with officials, he
vinced that our p
in the West Midlan
other forces of
gratitude and pro
courage and dedica
they displayed ov
week."

Smoked car

Mr Shore, a senior
ker with Birmin
Council, admitted
last year to THE
GRAPH that he had
nabis when he w

He said it had
giggle and had a
affect than alcohol

Unlike some Lab
of polie committe
has generally ma

Asians

in W

TEN influent
have resigned
Birmingham
Relations Coun
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Caribbean men

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10 DOWNING STREET

THE PRIME MINISTER

15 September 1985

Dear Julian,

Thank you for your letter of 14 September and for your kind words about the seminar on South Africa. I found it very useful and agreed with much of what you said.

It is very helpful also to have your views on the Middle East ahead of my visit. And thank you so much for the volume of your Memoirs which I shall most certainly read and look forward to the further instalment.

Yours ever

Rogant

The Rt. Hon. Julian Amery, M.P.

010

CCPC

FROM: THE RT. HON. JULIAN AMERY, M.P.



112, EATON SQUARE,
SWIW 9AA
TEL: 01-235 1543
01-235 7409

Personal & Confidential

14th September 1985

In the argument,

I am very grateful to you for asking me to the talks yesterday morning about South Africa and for the chance to express my views on this controversial subject.

There seemed to be a fairly clear consensus that economic sanctions were not on. Such difference of opinion, as this was, turned on presentation. Should we join in the general condemnation of South Africa while finding good reasons for not adopting more than cosmetic measures against it? Or should we adopt a positive line and say that we believed the South African Government was now firmly set on the path of reform and that we did not propose to do anything which might make their task more difficult?

I have little doubt myself, that the second course would carry more weight at home and might well be more impressive in the Commonwealth, the United Nations and the European Community once the arguments for it had sunk in.

For the record, I have put the gist of what I said yesterday into the attached memorandum. Having heard it yourself I don't suppose you will want to read it again but it may be as well to have it on the file.

I also enclose a hurried note written for me by John Killick. He was as you may remember our Minister in Washington, then Ambassador to Moscow and finally Ambassador to NATO. His first wife was South African, so he has rather more knowledge of the country than most people.

On South Africa I would add that if ever you wanted me to go and talk informally to P.W. Botha I should be happy to do so. I can always go over on company business: *no expense & no publicity.*

Thank you too for a very pleasant lunch and the chance to exchange a few ideas about the Middle East. I think Arafat is very weak today but whether he is weak enough to make the kind of public statement that would satisfy the Americans, let alone the Israelis, I'm not sure. King Hussein and Mubarak might put enough pressure on him to do so if there was a sufficient quid pro quo for them in financial or military equipment terms. They will be hoping that you will plead their case with President Reagan before they go to Washington.

../. .

Quite interesting

14.9.85

What I enjoyed most of all yesterday was seeing you in action in the Chair. We've had many talks but I've never seen you handling a Committee before and was delighted by the speed and humour with which you pounced on some of the 'wetter' comments that fell from some of our colleagues e.g. the man who wanted to bring in the Churches! It was a joy to watch and hear.

Love,

Julian.

Julian Amery

PS I think I mentioned to you that I had started another volume of memoirs. I don't believe I ever sent you the first one, published many years ago. I am taking the liberty of sending it to you now, under separate cover. I doubt if you have much time for reading books but some of it might amuse you on one of your journeys.

Rt. Hon. Mrs. Margaret Thatcher, MP

NOTE ON SOUTH AFRICA

Britain's main interests in South Africa are:

1. Our trade and investments and the jobs they provide at home.
2. Access to certain strategic raw materials.
3. The security of the Cape route and the containment of Soviet influence in Southern Africa.
4. The welfare, in particular, of the English speaking population.

The promotion of these interests requires a stable, free enterprise and pro-Western South Africa. For most of this century South Africa provided this to our great advantage.

More recently, however, the economic and cultural advance of the non-White communities, the decolonization of black Africa, and the growth of anti-apartheid groups abroad have aroused agitation against the present South African republic on a scale that threatens to endanger the country's stability and therefore our interests.

Everyone is agreed that change is necessary.

There has already been much change in the last few years following the emergence of independent black states on South Africa's northern borders. Petty apartheid has been largely eliminated by the need to do business with leaders of the 'homelands' and the independent black states.

In 1984 Prime Minister Botha produced his new constitution which brought Coloureds and Indians into the political process at both legislative and executive level.

These changes in favour of the Coloureds and Indians naturally aroused black resentment at being excluded from the reforms. But this resentment was further aggravated as it became known that Botha was planning to involve the blacks in other ways, starting with municipal local government and the acceptance of urban blacks as permanent South African citizens with the implication that they might soon obtain some political rights.

As we often saw in our own colonies, the extremists feared that a Government deal with the moderates was in the wind. Helped by the recession, encouraged by American agitation and threatened by the South African crackdown on ANC bases in Mozambique and elsewhere, the ANC and their allies launched a campaign of violent protest aimed at intimidating moderate leaders and preventing them from cooperating with the Government.

SOUTH AFRICA

P.W. Botha's immediate problems are:

To restore law and order in the disturbed areas.

To restore confidence in the rand.

To secure some significant black cooperation.

How to solve these problems is essentially a South African problem to be solved by South Africans. But the extent of Britain's stake in the country entitles us to take a view and to use our influence to help bring about a return to the stability our interests require. This will involve further changes.

But first, what don't we want to see happen?

1. A regime so repressive that human and other resources are diverted away from economic development, trade interrupted and investment endangered.
2. A radical black regime hostile to private enterprise and non-aligned or even pro-Soviet.

What then do we want? There has been much talk of dismantling apartheid. What do we mean by apartheid?

The homelands? These result from the total or partial decolonization of the old native reservations. The four independent ones are virtually as independent as Lesotho or Swaziland. Bophutetswana is richer than Botswana. They certainly qualify better than say Angola for the traditional British criteria for recognition, namely control of the territory and obedience of the population. They and the former Protectorates are now linked in a customs union. All together could eventually form some kind of confederation with a two-tier citizenship as used to exist under the old Commonwealth. P.W. Botha's speech in Bloemfontein seems to foreshadow something like this.

The group areas act? Plainly there is room for relaxation over the control of residence. Indeed this is already being accepted for business purposes. But we can hardly want to encourage the growth of vast shanty towns such as have arisen around Cairo, Algiers or Calcutta. They are a security nightmare and so would constitute a threat to our interests. Good town planning and building regulations as well as financial considerations should achieve the main purposes of the group areas act without its affront to black sentiment.

SOUTH AFRICA

The pass laws? Given the extent of South Africa's frontiers with her northern neighbours, with the former Protectorates and with the independent homelands, some immigration control is plainly necessary. Most countries have identity card systems. In many, changes of residence or even vacation journeys require official permission, e.g. the Soviet Union. The indignity which the present pass laws represent to the black population could be overcome by a more generous application of the rules and by extending the identity card system to white South Africans as well. P.W. Botha seems to be moving towards this.

Apartheid is not something new, it is the codification of the system which existed pre-Verwoed. It has to be de-coded rather than dismantled. Even a black government would have to retain many of its provisions.

What then should we want?

A capitalist, pro-Western regime, necessarily white controlled for the foreseeable future, but admitting the black community to a degree of power sharing and its social and economic fruits on a scale sufficient to defuse the present threat to stability.

Is this obtainable? Maybe the blacks will prove intractable and refuse for a time to settle for anything less than a total transfer of power. Permanent polarisation, however, is not inevitable. Rhodesia under Ian Smith was totally polarised between 1965 and 1977. Then fear of extremism and the experience of the Communist regimes in Angola and Mozambique led Muzorewa and Sithole to join forces with Smith and produce a multi-racial regime which proved reasonably effective while it lasted.

Certainly, anti South African rhetoric, external demand for the release of political leaders who still advocate violence, demands to lift a state of emergency when houses are being burnt down and blacks who cooperate with the Government are being lynched, will work in favour of polarisation. The present foreign agitation can only encourage the ANC to raise their terms. The more we can help to damp down their expectations the better the chance of achieving a settlement conforming to our interests.

But there maybe another way in which we could help. The South African business community, English and Afrikaner, has almost identical interests with us in restoring stability, maintaining the free enterprise system, containing Soviet influence and, if possible, recovering lost ground in Central and Southern Africa. It has close links with London. Could we encourage Prime Minister Botha to concert policy more closely with them? Our stand against sanctions would entitle us to try. Should we even go further and suggest that some of the business leaders or their representatives should be brought into the Government, especially in the key financial and economic Ministry's?

SOUTH AFRICA

This would strengthen the City and Wall Street's confidence in South Africa. It might also help politically since these business leaders have a more liberal reputation and might be better qualified to help work out a settlement with the blacks. They would probably command the confidence of men like Buthelesi whose representatives might also be persuaded to join. We tend to forget that, under the new Constitution, there are already Asian and Coloured Ministers and Ministers do not have to be Members of Parliament. P.W. Botha could appoint a black Minister tomorrow if he could find the right man.

There remains the question of the the stance we should adopt at the Commonwealth Conference, at the United Nations, in the European Community and at home. Assuming that they are firmly opposed to economic sanctions, we have a fairly simple choice:

1. We could go along with the prevailing opinion, condemn South Africa in general terms but find good reasons for not taking anything but cosmetic action against her. The trouble with this approach is that it is either exposed as humbug or leads to our being pressed into doing what we don't want to do.
2. The alternative course is to say bluntly: "We know more about South Africa historically, politically, economically and indeed humanely than any of you. We have done more than any foreign power to foster the economic and cultural development of the country and it is this development which is now leading to a major reform of the previous system. We are convinced that the process of reform will go forward and, indeed, as it does we shall seriously consider lifting those sanctions we have already applied for some time".

mantle I doubt whether our trade or investments in the rest of the world will suffer much in consequence. If at all, the loss could well be offset by the gains British enterprise could pick up in South Africa if we were to pick up the ~~mother~~ mantle of 'constructive engagement'.

JULIAN AMERY

14th September, 1985

Notes by Sir John Killick for J.A.

In a recent thinkpiece, the 'Economist' suggested two possible scenarios for South Africa. The first - 'collapse into chaos' - it rejected. The second - 'state of siege' - it considered likely. I believe this judgement is about right. For as far ahead as one can see, the slow and painful process of change under P.W. Botha and his successors will be accompanied by fluctuating levels of urban and other violence. That violence will be aimed less at the whites as such, than at destabilisation and sabotage of the evolutionary process and in particular at those non-whites who have the guts to participate in it.

On a realistic assessment of the internal factors in South Africa the situation will remain containable. The process still offers the only sensible and realistic hope for the future for all South Africans of whatever colour. But it is vital that Western countries should avoid changing the external factors in such a way as to prejudice or sabotage the internal process. This is what the Soviet Union would like to do. So would much of the Third World, in favour of overnight black majority rule in a unitary state - or so they profess. Soviet aims are of course radically different, but this difference in objective is camouflaged by spurious unity at the UN and elsewhere. One hopes that in their hearts, African leaders like Kenneth Kaunda still see the danger that 'getting rid of the tiger at the front door should not open the way to letting her cubs in through the back door' (as was his misgiving when the OAU was confronted with the MPLA seizure of power in Angola).

Here lies the fundamental reason for opposition to sanctions. Not in the preservation of British investments or jobs; not in the need to preserve Western supplies of vital minerals; not in their ineffectiveness as a means of pressure on the South African Government to move in the right direction. But in the fact that they would sabotage a process which we have ~~have~~ no sensible alternative to supporting and encouraging.

I have for years been preoccupied with a ~~kind of~~ nightmare that South Africa could become a kind of Iran. I now wonder if we have not reached a crucial point. Of course the analogy is not close, but I believe it has a certain validity. Henry Kissinger, writing some years ago in the Economist and looking at the fall of the Shah in retrospect, argued that any process of evolutionary reform must be accompanied by insistence on the maintenance of law and order as the necessary framework within which it can continue. The mistake made by Jimmy Carter was in kicking away the props under the Shah at just the wrong time. The French of course helped by harbouring and wooing Khomeini under the delusion that this would serve their longer-term interests. The parallels over South Africa today are obvious.

President Reagan's decision to go for limited sanctions (no doubt against his basic instincts) is quite deplorable, as a contribution to South Africa's future. No doubt he was advised that the Congress would override any veto of

sanctions legislation, but he seems to have bought himself only a few months' grace, until next spring, and he has of course satisfied nobody in South Africa. Most unfortunately, he has made Buthelezi look a fool. He has embarked on a slippery slope down which he or his Republican successors can hardly avoid being dragged further. And he has made our own Prime Minister's position very much more difficult.

So what should the British Government do? It is easier to say what we should not do. But either way we obviously have domestic and other international considerations of our own to take into account. And even if we refuse to follow the Gadarene swine down the sanctions road, are we not far~~ing~~ against thunder, to put it crudely?

On the domestic front, I cannot judge how much electoral or other disadvantage there would be in continuing to stand out. I would only guess that there are fewer votes to be lost than many might think. And there are surely no votes to be gained by following suit. Do we want more allegations of being President Reagan's poodle?

Obviously the Commonwealth Heads of Government meeting must loom large at present. But here - as at the UN - the situation ~~must~~ surely be, as the Economist once said after a veto of sanctions resolutions in the Security Council, that the black African countries most concerned were publicly critical while private breathing a sigh of relief. On the other side of the coin, there are no concessions we could conceivably make on the sanctions front which will earn us any brownie points worth having. And, as in the case of President Reagan, once on this slippery slope, how can we avoid being dragged further down it? This is surely a classic case where 'appeasement' will in the end prove more costly than standing firm.

No doubt the FCO will also be preoccupied with the preservation of our commercial and other interests elsewhere in Africa and beyond - most particularly at present, Nigeria. But is there any evidence whatever that such gestures as we might make on the sanctions front would provide any significant measure of safeguard for those interests? The Nigeria/South Africa equation has always struck me as a phoney one, given the intrinsic instability and corruption of Nigeria and so many other countries anyway.

On the other hand, to continue to stand firm ought to present us with a greatly enhanced opportunity for playing a more effective role in 'constructive engagement' with the South African government, if we want it. Surely President Reagan would welcome this? As a policy, it has not failed; it never set out to promise spectacular results, and P.W. Botha cannot offer such spectacular results if he is to survive. There is nobody better on offer. Nor can he risk the appearance of succumbing to outside pressure.

At the ~~end~~ of the day, if violence is allowed to pay, we shall all pay. 'A crime is a crime', as the P.M. once remarked à propos the Maze prisoners, and as a lot of people are

saying of Handsworth! It seems to have become a natural law that violence accompanies evolutionary reform. So how can one demand the lifting of the state of emergency in S. Africa - or the release of Nelson Mandela as a 'political prisoner', when he refuses to eschew violence? If we decide to get into the business of talking to black South African 'leaders', it should be with the prime object of weaning them away from violence (a point which Reagan continues to press), in parallel with urging more moderate law enforcement on the S. African Government.

None of this will prevent other members of the EEC from going their own way - but it could still have a restraining effect on the FRG - even though they will shelter behind our skirts and let us take the blame - while being privately grateful to us.

None of it amounts to a clear and cogent line of policy in its own right. But we cannot control the events and environment in which we operate; we can only make the best of a bad job.

The name of the game is damage limitation. Any course will be costly; but I believe to continue to have the courage of our convictions will on balance cost less.



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10 DOWNING STREET

From the Private Secretary

14 September 1985

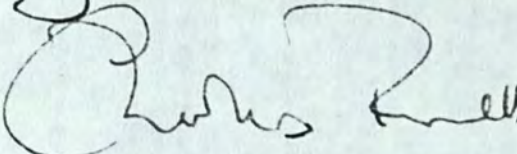
Dear Richard,

SOUTH AFRICA

I have written separately about the follow-up to the recent seminar on South Africa and in particular the question of withdrawal of military attachés from South Africa.

The Prime Minister was surprised to hear it asserted in the course of discussion by Ministers and officials following the Seminar that the work of our military attachés in South Africa was "of little use" and consisted mainly of sending back excerpts from papers and journals and making the occasional visit. She would find it helpful to know what importance the Ministry of Defence themselves attach to the work of the military attachés in South Africa, whether they are satisfied with the way the attachés do their work and the total cost of keeping them and their staff there. If the Ministry of Defence agree that their work is of only very limited use, the Prime Minister would be grateful for an explanation of why in that case they have been kept in their post; and to know whether there are other similar cases where we maintain military attachés without any obvious benefit.

I am copying this letter to Len Appleyard (Foreign and Commonwealth Office).

yours sincerely,


(Charles Powell)

Richard Mottram, Esq.,
Ministry of Defence.

CONFIDENTIAL AND PERSONAL

ECU

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10 DOWNING STREET

cc: Sir A. Adland
Mr E. Fergusson
NW
BI
PC

From the Private Secretary

14 September 1985

Dear Sir,

POLICY TOWARD SOUTH AFRICA

I enclose a note on the seminar which the Prime Minister held at Chequers yesterday on South Africa, together with a list of those who took part. The note covers also the subsequent discussion involving Ministers and officials alone. No decisions were reached as a result of this, but there are a number of points on which follow-up action is required.

Presentation

It was agreed that further work should be done on the presentation of the positive aspects of Britain's involvement in South Africa. A statement should be prepared setting out the facts on the benefits which British trade and investment has brought to the black community; the positive effects in South Africa of British firms' application of the Code of Conduct; and our good record in this respect compared with some other countries'. There will no doubt be other points. This work should be done in conjunction with the United Kingdom-South Africa Trade Association: indeed it may be for them to issue the statement. Consideration should also be given to encouraging UKSATA to issue a statement of support for political reform and dialogue in South Africa.

We should also prepare material setting out the consequences for jobs in the United Kingdom which would result from the application of trade sanctions. This will be the more effective if it can spell out the implications for particular regions of the United Kingdom.

Code of Conduct

It was suggested in the course of the seminar that there were still cases of firms which were failing to apply the Code of Conduct fully e.g. Cadbury-Schweppes. It was also suggested that more effective policing of the Code was required; and that the Code itself might need strengthening in some respects. I should be grateful if these points could be considered further, in conjunction with the review of the Code which I believe is already in hand in the European Community.

Constitutional Reform in South Africa

It was recognised that the South African Government would be extremely suspicious of proposals for constitutional reform emanating from outside the country. But it was felt that further work could usefully be done on possible federal solutions and on the scope for a National Convention, on which we could subsequently draw in contacts with the South African Government. I should be grateful if this could be put in hand.

CHOGM

It was recognised that we would come under very heavy pressure at CHOGM to subscribe to more extensive sanctions against South Africa. We need to examine the scope for diverting this pressure, and in particular to work up the idea floated at the Seminar (see attached note) of proposing the establishment of a Commonwealth Contact Group on South Africa. The Prime Minister would like a paper on a possible initiative to establish such a Group as soon as possible.

European Community/Ten aspects

Before a decision can be reached on whether to adhere to the joint statement issued by the Nine on 10 September on which we placed a reserve, action is needed:

- (a) to establish whether, in return for our adhering to the statement, France and Germany would commit themselves to block any attempt by the Commission to take action under Article 113 of the Rome Treaty;
- (b) to assure ourselves on the position in regard to the Guidelines on UKCS oil, in particular to establish that any commitment which we may undertake in relation to the statement by the Nine would impose no new obligations upon us, and would not risk extending Community control over our oil export policy;
- (c) *Paragraph deleted and retained under
Section 3(4) (Wayland
24 June 2014*
- (d) to prepare a draft of the statement which the United Kingdom might make in rallying to the joint position of the Nine, which makes clear that the measures are being taken by the United Kingdom on its own national authority (and can therefore be rescinded as and when we judge appropriate);
- (e) to prepare a draft of the line which we would use with the press and Parliament to explain our decision to lift our reserve on the statement by the Nine (in particular in relation to withdrawal of military attachés).

The Prime Minister will wish to consider the results of (a) - (e) above before any decision is reached.

I am copying this letter and enclosure to Richard Mottram (Ministry of Defence), Rachel Lomax (H.M. Treasury), John Mogg (Department of Trade and Industry), Geoff Dart (Department of Energy), Paul Haston (Minister of State for Trade's Office, Department of Trade and Industry), Adrian Ellis (Economic Secretary's Office, H.M. Treasury), Anthony Cary (Mr Rifkind's Office, Foreign and Commonwealth Office) and Michael Stark (Cabinet Office).

I should be grateful if circulation could be restricted to those who need to be directly involved in the follow-up work.

*yours sincerely,
Charles Powell*

(Charles Powell)

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

REPORT ON THE SEMINAR ON SOUTH AFRICA HELD AT CHEQUERS ON
13 SEPTEMBER 1985

The discussion soon showed that a number of propositions were taken as read by all the participants: South Africa's great economic and strategic importance to Britain, the need actively to defend our considerable economic interests there, promotion of peaceful change in South Africa as a means of doing so, opposition to economically destructive or punitive sanctions against South Africa and a desire to avoid the United Kingdom's international isolation. These formed the parameters of the subsequent discussion.

Taking first the situation within South Africa, there was little doubt in anyone's mind that the move away from apartheid was irreversible. The new constitution had, like the South African Government's previous policy of creating Bantustans, proved to be a cul-de-sac because it did not give the black community a role which enabled it to identify with the country. But no blue-print for change existed. Indeed there was something of a "conceptual vacuum": the South African Government was moving away from the ideology of apartheid but had not yet embraced the ideal of a multiracial society. Not all its proposed reforms could be taken at face value. There was considerable ambiguity over some of them. And the positive effect of the steps which had been taken was undermined by the brutal behaviour of the police and army. President Botha had missed an opportunity in his August speech to present the changes which were taking place in the most favourable light.

Among the remaining obstacles to internal change were identified: the need for the South African Government constantly to have an eye to its own supporters (particularly with important by-elections in the offing): the problem for the Government of making concessions from a position of accumulated weakness: and the difficulty for it of finding black representatives with whom to negotiate, particularly

amongst the background of attacks on so-called collaborators. It was pointed out that black violence was predominantly anarchic rather than directed to achieving particular reforms.

On the whole it was thought unwise to try to prescribe in detail what constituted essential change in South Africa. Our broad aim was the ending of apartheid and establishment of political dialogue with blacks leading to eventual power-sharing with them. No-one saw any realistic prospect of the South African Government agreeing to one man one vote in a unitary state, although it might be acceptable in a cantonised state. It was emphasised that the South African Government's dialogue with blacks must embrace a very wide range of black organisations. They could not hope to reach a stable settlement on the basis of dialogue with a few tame groups only. Mandela's release from prison and participation was probably essential to a successful dialogue. Black trade unions could have an important role. Other steps which the South African Government could be encouraged to explore were a declaration of intent on the lines proposed by Chief Buthelezi and the calling together of a national convention. But it might well prove counter-productive for outsiders to press such proposals.

Much of the subsequent discussion dealt with how peaceful change in South Africa could most effectively be promoted, the United Kingdom's role in this and the balance between contact and encouragement on the one hand and external pressure including sanctions on the other.

Taking contact and encouragement first - and it was suggested that the achievements of constructive engagement to date should not be under-estimated - the need was to build a positive strategy which would embolden the South African Government to create a framework within which moderate blacks could take part in political life. Britain was seen as virtually South Africa's only surviving friend and should have the confidence to use that position to engage in dialogue and

persuasion. We should not simply allow ourselves to be swept along by international pressures, bearing in mind particularly that there were forces behind these pressures who would prefer a blood bath in South Africa to peaceful change. But caution was expressed about our getting too directly involved. We risked being held responsible for things which we could not in practice control. There was no parallel with the Rhodesia situation where Britain had direct responsibility.

Various constituents of such a strategy were identified. We had an obligation to welcome genuine reforms and should do so. Our dialogue with the South African Government had shown itself capable of achieving demonstrable results, for instance over forced removals, and should be continued. We should develop more extensive contacts with black organisations which did not support violence (again particular emphasis was given to the role of the trade unions). We could provide more help for the black community for instance in the teaching of English and training for small business activity. We should encourage discussion of possible constitutional reforms including the holding of a national convention. We should urge the Front Line States to be more active in encouraging black organisations to take part in a dialogue with the South African Government, in the same way that they had pushed Nkomo and Mugabe into negotiations over Rhodesia.

The business community in South Africa could play an important role in two ways: through its members' example as employers and by exerting pressure for dialogue and political reform. We should encourage British business to be active in both ways. On the first count there was scope for more scrupulous application of the Code of Conduct, some reinforcement of it and better policing of observance (though no support from the business representatives present for making it mandatory). Back-sliders should be identified and shamed into compliance. Beyond this business should take a more forward position in support of political reform. There were encouraging signs of the Afrikaner business community's readiness to enter a dialogue with black leaders and

organisations. British business in South Africa should encourage this trend. It could be helpful for SATA to make some public statement on political reform before CHOGM. There was no support however for a suggestion that the South African Government should be encouraged to broaden its base by taking in representatives of business organisations.

We ought also to consider how far we could use the present crisis in South Africa to achieve progress over Namibia. The South African Government might now be more inclined to reach a settlement on Namibia, to reduce the international pressures for internal change ("to give up space to buy time") and blunt the campaign for sanctions. But it was recognised that the effect could equally be the opposite, that is to make the South African Government more fearful of a solution in Namibia because of the implications within South Africa.

This led on to the question: was contact sufficient to achieve change in South Africa and protect British interests? Or did it need to be reinforced by external pressures in the form of sanctions or other measures? And should the United Kingdom subscribe to these - always on the basis that economically destructive sanctions were not desirable or acceptable? The choice had to be seen not only in terms of our capacity to influence the South African Government but of our need to protect our interests in the rest of the world.

On the one hand it was proposed that we should set our face firmly against further sanctions or coercive measures of any sort. They were not effective as a means of influencing the South African Government, indeed would more likely be counter-productive. They would inevitably damage the black population (and the Front Line States). Sanctions were a slippery slope: once embarked on them, we should be remorselessly tugged down the path of ever more severe measures. We should not let ourselves be intimidated into accepting the proposition that opposing sanctions equals supporting apartheid. There was no logic in having resisted

trade sanctions through a period of no appreciable political reform in South Africa, only to apply them at the very moment when such reform was at last taking place. To do so would actually be a disincentive to reform. We should recognise the hypocrisy often involved in support for sanctions. For many countries sanctions were purely verbal: for instance at least 40 African countries traded with South Africa. In so far as external pressures had a role, they were more effective if they operated through the market rather than through politically-motivated measures taken by Governments. The right course for the United Kingdom was to take a stand on the positive aspects and achievements of our policy: the role of British investment in helping black advancement, the record of British firms in applying the Code of Conduct, what we had achieved through dialogue. More should be done to get these positive aspects across.

On the other hand, it was argued that contact and dialogue alone were not enough to produce results. Pressures were needed and could be effective as had been shown by the South African Government's response to the refusal of foreign banks to roll-over short term debt. Limited sanctions were a useful political signal. They could also help strengthen our credibility with African countries and with blacks in South Africa, which would in turn give us a better chance of influencing the latter towards dialogue with the South African Government. Earlier measures in the field of sport and of trade union rights had proved effective.

Moreover if Britain wanted to play a positive role over South Africa, it could not afford to be isolated internationally. Standing out alone against limited sanctions would put us constantly on the defensive. It was better to seek agreed positions with for instance the Ten and (though less feasible) the Commonwealth which would enable us to trim and influence the nature and extent of sanctions. Our aim must be to halt the helter-skelter slide towards mandatory trade and economic sanctions by drawing a defensible line at measures which were useful as signals without being

destructive. Beyond that lay the risk that resistance to any sanctions would expose us to retaliation against our economic interests in other countries.

In subsequent discussion involving Ministers and officials only, an attempt was made to draw some conclusions from the foregoing for future policy.

It was agreed that more effective presentation of the facts of Britain's involvement in South Africa and policy towards it was required. This was partly a task for business and partly for government. The first job was to assemble the facts covering, for instance, the positive role of British investment and our record of compliance with the Code of Conduct as well as the consequences for jobs in Britain of economic and trade sanctions. There should then be discussion with the representatives of British business to consider how they could be more active in encouraging political reform.

Further thought was needed on the scope for exploiting market pressures, particularly financial ones, as a lever for political change. It seemed likely that a distinguished intermediary such as Herr Leutweiler would be appointed to act between foreign banks and the South African Government. It might be possible for such an intermediary to make plain to the South African Government that there was no prospect of funds flowing back to South Africa until certain steps towards political reform were taken. The problem with such an approach was that banks could not be forced to act against their interests: so no guarantee could be given that any particular steps in the political field would release new lending.

The most pressing problem for us was how to handle the issue of South Africa at CHOGM. Our purpose there would be to avoid being isolated in opposing the adoption of trade sanctions. We should therefore search for alternative proposals which would at least put off attempts to force a decision on sanctions and have the prospect of commanding the

support of the more moderate Commonwealth countries. One such proposal might be the establishment of a Commonwealth Contact Group to hold discussions with the South African Government with the aim of helping start a dialogue between them and black representatives. Such a Contact Group might for instance be the agent for delivering Mandela's participation in negotiations with a guarantee not to pursue violence at least during the period of negotiations themselves. The difficulty of winning acceptance, both from the Commonwealth and the South African Government, for any such Commonwealth role would be very considerable. Both sides would need to be sounded out by an intermediary (probably British) in advance. The Commonwealth would at the least want a declaration of intent by the South African Government to abandon apartheid and to enter a dialogue with black representatives including Mandela. The South African Government for its part would want some sort of assurance that the Commonwealth would go no further down the road of sanctions. There would be great difficulty too in finding acceptable members of a Contact Group. None the less the feasibility of the idea should be looked at urgently.

Consideration should also be given to trying to establish a common position between the United Kingdom and the United States (perhaps extending to the Economic Summit Seven, though this was unlikely to be practicable) based on a commitment not to take any further measures while negotiations between the South African Government and the black community on power-sharing were in progress.

It also remained to be decided whether the United Kingdom should join the position adopted by the Nine in Luxembourg on 10 September. Discussion at the seminar had stressed the importance for our ability to influence events of not being isolated internationally; and virtually all the restrictive measures proposed in the Nine's statement corresponded to our current practice. Moreover lifting our reserve on the Nine's statement gave us the best chance of avoiding or blocking action by the Commission to introduce binding measures under

Article 113 of the Treaty. Rather than simply lifting our reserve on the restrictive measures listed in the statement of 10 September, we could align ourselves with the Nine by issuing a statement of our own listing the measures which we were already taking and adding withdrawal of military attachés. Against this it was argued that a common position of the Ten would be unlikely to last and it was therefore not worth making concessions to achieve it; that there were risks in converting our guidelines on the sale of North Sea oil into, in effect, a trade sanction; and that withdrawal of military attachés was irrelevant to the problem of apartheid and would deprive us of useful intelligence on South Africa. Further work on these points was needed before decisions were reached.

C.D.P.

CHARLES POWELL

14 September 1985

LIST OF GUESTS ATTENDING THE SEMINAR AND LUNCHEON AT CHEQUERS
ON FRIDAY, 13 SEPTEMBER, 1985 AT 1000 hrs

A. Ministers

The Prime Minister

Rt. Hon. Sir Geoffrey Howe, QC, MP

Rt. Hon. Paul Channon, MP

Mr. Malcolm Rifkind, MP

Mr. Ian Stewart, MP

Minister for Trade

Minister of State, FCO

Economic Secretary, HM

Treasury.

B. Members of Parliament

Rt. Hon. Julian Amery, MP

Mr. Bowen Wells, MP

Mr. Robert Jackson, MP

C. Businessmen

Mr. Patrick Gillam

Managing Director,
British Petroleum

Mr. Michael Hoffman

Chief Executive &
Managing Director,
Babcock International

Mr. A.B. Marshall

Chairman, UK/South Africa
Trade Assn, Chairman,
Commercial Union,
Chairman Bestobell.

D. Academics

Dr. James Barber, JP

Master of Hadfield
College, University of
Durham

Mrs. Merle Lipton

Lecturer, University of
Sussex.

E. Officials

Mr. Anthony Loehnis

Bank of England

Sir Antony Acland, KCMG, KCVO

Permanent
Under-Secretary, FCO

Sir Percy Cradock

10 Downing Street

Mr. Ewen Fergusson

Deputy Under-Secretary,
FCO

Mr. C.D. Powell

Private Secretary to the
Prime Minister

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PS/PUS
MR FERGUSSON
SIR J FREELAND
MR JOHNSON
MR O'NEILL
HD/SAFD
HD/CAFD
HD/UND
HD/NEWS DEPT

MR CLG MALLABY , CABINET OFFICE
PS/NO 10 DOWNING STREET

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INFO ROUTINE WASHINGTON, GABORONE, MBABANE, MASERU, JOHANNESBURG
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MIPT: PRESIDENT'S COUNCIL REPORT ON INFUX CONTROL AND URBANISATION

SUMMARY

1. THE COMMITTEE'S RECOMMENDATIONS HAVE BEEN WIDELY WELCOMED BY BUSINESSMEN AND WHITE LIBERALS. BLACKS HOPE THAT THE GOVERNMENT WILL ACCEPT THE RECOMMENDATIONS.

DETAIL

2. THE REPORT HAS BEEN WELCOMED BY SPOKESMEN FOR THE EMPLOYERS GROUPS, INDUSTRY AND THE URBAN FOUNDATION. THE FEDERATED CHAMBER OF INDUSTRIES CHIEF EXECUTIVE HAS ISSUED A STATEMENT CONFIRMING THAT THE CHAMBER FULLY ENDORSE THE RECOMMENDED ABOLITION OF INFUX CONTROL AND THE PASS LAWS. THE AFRIKAANSE HANDELSINSTITUUT PRESIDENT HAS COMMENTED THAT SOUTH AFRICA WAS NOW SEEING ACTION ON REFORM INSTEAD OF WORDS AND THAT THE INSTITUTE SUPPORTED WHOLEHEARTEDLY ANY MOVE THAT EASED RACIAL TENSIONS AND IMPROVED THE BUSINESS CLIMATE. A SPOKESMAN FOR THE ANGLO-AMERICAN CORPORATION HAS WELCOMED THE COMMITTEE'S RECOMMENDATIONS ADDING THAT SCRAPPING INFUX CONTROL WOULD BE THE SINGLE MOST IMPORTANT MOVE THAT THE GOVERNMENT COULD MAKE TO REDUCE CONFLICT. THE MANAGING DIRECTOR OF THE URBAN FOUNDATION HAS URGED BOTH THE PRESIDENT'S COUNCIL AND THE GOVERNMENT TO ACT URGENTLY ON THE REPORT WHICH HE DESCRIBED AS A VITAL BREAKTHROUGH IN THE ENTIRE NATIONAL POLICY TOWARDS URBANISATION AND TOWARDS THE DEVELOPMENT OF THE COUNTRY AS A WHOLE.

3. COMMENTING AS THE PROGRESSIVE FEDERAL PARTY SPOKESWOMAN ON HUMAN RIGHTS, HELEN SUZMAN HAS SAID THAT IT WOULD BE THE MOST SIGNIFICANT STEP BY THE NATIONAL-PARTY GOVERNMENT SINCE IT CAME TO POWER 37 YEARS AGO IF THE PRESIDENT ACCEPTED THE RECOMMENDATIONS. SHE ADDED, HOWEVER, THAT IT WAS A PITY THAT THE COMMITTEE HAD FAILED TO ADDRESS THE IMPORTANT ISSUE OF SEPARATE RESIDENTIAL AREAS AND HAD PLACED ITS RECOMMENDATIONS WITHIN THE CONFINES OF APARTHEID LAWS LIKE THE GROUP AREAS ACT.

HAD FAILED TO ADDRESS THE IMPORTANT ISSUE OF SEPARATE RESIDENTIAL AREAS AND HAD PLACED ITS RECOMMENDATIONS WITHIN THE CONFINES OF APARTHEID LAWS LIKE THE GROUP AREAS ACT.

4. THE GENERAL BLACK REACTION APPEARS TO BE A GUARDED WELCOME FOR THE RECOMMENDATIONS BUT SOME SCEPTICISM ABOUT WHETHER THESE WILL LEAD TO SIGNIFICANT ACTION BY THE GOVERNMENT. CHIEF BUTHELEZI IS QUOTED AS COMMENTING APPROVINGLY ALTHOUGH STATING THAT THE ISSUES ADDRESSED DO NOT INCLUDE MANY OF THE PROBLEMS FACED IN KWAZULU. OTHER BLACK LEADERS HAVE SAID LITTLE YET IN PUBLIC. THOSE TO WHOM WE HAVE SPOKEN IN PRETORIA, MANY OF WHOM ARE TSWANAS, ARE KEEN TO KNOW HOW THIS WILL AFFECT BLACKS WHO HAVE BEEN DEEMED TO BE CITIZENS OF BOPHUTHATSWANA. THE GENERAL BLACK COMMENT IS THAT IF THE GOVERNMENT RESPONDED TO THE REPORT BY REMOVING THE REQUIREMENT FOR BLACKS TO CARRY REFERENCE BOOKS AND ALLOWED REAL FREEDOM OF MOVEMENT, THIS WOULD BE A MAJOR BREAK-THROUGH FOR BLACKS.

MOBERLY

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MEA NOTE 13-9-85

Reese part on
8. March file.

Department of Energy tell me that there are no IEA rules on the export of oil to which we subscribe. There are, however, UK guidelines, which basically have the aim of restricting UK exports to IEA countries and to the EEC (I understand that membership of both is the same except that France is not a member of the IEA.)

The UK guidelines were first announced in a Parliamentary Statement on 31 January, 1979, by Tony Benn. Department of Energy tell me that their real purpose was to cut supplies to South Africa and to Israel, though their introduction at that time was linked up with the developing Iranian oil crisis. The present Government reaffirmed the guidelines set out by Mr. Benn, word for word, in David Howell's Statement to the House on 24 May, 1979.

The words of the Statement are:-

"The Government will expect oil companies exporting North Sea crude to do so in the markets of our partners in the International Energy Agency and in the European Community. This expectation in no way cuts across the maintenance, to the extent possible, of any existing pattern of trade outside those regions."

SOUTHERN AFRICA

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MR CLG MALLABY, CABINET OFFICE
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 OF 132025Z SEPTEMBER 85
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MY TELELETTER OF 12 SEPTEMBER TO REEVE (NOT TO ALL): CANADA AND SOUTH AFRICA

1. MR CLARK MADE A MAJOR STATEMENT IN PARLIAMENT TODAY. FULL TEXT BY BAG. MAIN POINTS WERE AS FOLLOWS.

2. CANADA WOULD INVOKE FULL SANCTIONS AND END ITS RELATIONS WITH SOUTH AFRICA UNLESS THERE WAS TANGIBLE MOVEMENT AWAY FROM APARTHEID.

3. CANADA LOOKED TO SEE THE FOLLOWING: COMMON CITIZENSHIP INCLUDING COMMON VOTING RIGHTS. AN END TO CLASSIFICATION BY RACE. FREEDOM OF MOVEMENT, RESIDENCE AND EMPLOYMENT. NAMIBIAN INDEPENDENCE. FREEING OF POLITICAL PRISONERS. CONSULTATION AND NEGOTIATION WITH THE BLACKS, COLOURED AND INDIANS. INITIATION OF A PROCESS OF CHANGE BASED ON CONSENT.

4. CANADA EXPECTED CHOGM TO PROVIDE AN OPPORTUNITY FOR COMMON ACTION AGAINST APARTHEID.

5. MEANWHILE THE FOLLOWING NEW MEASURES WERE BEING TAKEN:
 (A) CLARK WAS HOLDING MEETINGS WITH REPRESENTATIVES OF BUSINESS AND FINANCE ON 9, 17 AND 20 SEPTEMBER TO EXPLORE WAYS THEY COULD HELP.
 (B) CANADIAN BANKS WERE BEING ASKED TO OBSERVE A VOLUNTARY BAN ON LOANS TO SAC AND AGENCIES. REASON TO BELIEVE THEY WOULD COMPLY. (MEASURE WOULD NOT AFFECT OUTSTANDING CREDITS NOR PREVENT LOANS THAT WOULD CLEARLY BENEFIT BLACKS)
 (C) ALBERT HART, A FORMER CANADIAN HIGH COMMISSIONER TO GHANA WAS BEING APPOINTED AS ADMINISTRATOR OF THE CODE OF CONDUCT FOR BUSINESSES, EMPLOYMENT PRACTICES. A STANDARD FORMAT FOR THEIR ANNUAL REPORTING TO THE CANADIAN GOVERNMENT WAS BEING ISSUED

(C) ALBERT HART, A FORMER CANADIAN HIGH COMMISSIONER TO GHANA WAS BEING APPOINTED AS ADMINSTRATOR OF THE CODE OF CONDUCT FOR BUSINESSES, EMPLOYMENT PRACTICES. A STANDARD FORMAT FOR THE ANNUAL REPORTING TO THE CANADIAN GOVERNMENT WAS BEING ISSUED.

(D) VOLUNTARY BAN ON THE SALE OF CRUDE OIL AND REFINED PRODUCTS. SALES IN THE PAST HAD BEEN LIMITED; THIS MEASURE WAS TO ENSURE THAT CANADA DID NOT BECOME AN ALTERNATIVE SOURCE OF SUPPLY.

(E) EMBARGO ON AIR TRANSPORT, BOTH PASSENGER AND CARGO. THERE WAS NO AIR SERVICES AGREEMENT NOR SCHEDULED FLIGHTS. MEASURE WOULD PUT AN END TO THE OCCASIONAL CHARTER FLIGHTS.

(F) CLARK WAS OPENING A REGISTER OF ACTIONS TAKEN BY INSTITUTIONS, GROUPS AND INDIVIDUALS AGAINST APARTHEID. THOUSANDS HAD ACTED QUIETLY ON THEIR OWN IN PROTEST AND QUOTE WE ENCOURAGE OTHERS TO DO SO UNQUOTE. HE INVITED PEOPLE TO WRITE TO HIM TO SAY WHAT THEY HAD DONE. THE REGISTER WOULD HAVE AN EXEMPLARY IMPACT. IT WOULD BE CONVEYED TO THE UN SECRETARY GENERAL IN THE EXPECTATION AND WITH THE RECOMMENDATION THAT OTHER NATIONS WOULD FOLLOW SUIT AND A WORLD-WIDE REGISTER WOULD DEVELOP.

(G) 1 MILLION DOLLARS WAS BEING ALLOCATED TO ASSIST THE FAMILIES OF POLITICAL PRISONERS AND DETAINEES.

6. CANADA DID NOT KNOW WHETHER THE REFORMS HINTED AT RECENTLY WOULD BE REALISED BUT WISHED TO ENCOURAGE MOVEMENT. SEVEN OF SOUTH AFRICA'S CLOSE NEIGHBOURS WERE IN THE COMMONWEALTH, AND AN EIGHTH NAMIBIA, QUOTE HAS BEEN INVITED TO JOIN UNQUOTE. BY FORCE OF CIRCUMSTANCES THE COMMONWEALTH COULD NOT BUT BE INVOLVED. MOREOVER TRADITIONS AND HISTORIC TIES HAD PREPARED THE COMMONWEALTH TO PLAY A RECONCILING PART IF THE SOUTH AFRICAN GOVERNMENT OPENED THE DOOR TO IT.

7. PRESSURE WAS MOUNTING, INTERNALLY AND EXTERNALLY. IF THE SOUTH AFRICAN GOVERNMENT REMAINED UNBENDING TO THAT PRESSURE CANADA WOULD BE LEFT WITH NO RECOURSE OTHER THAN TO END THEIR RELATIONS ABSOLUTELY.

8. IT WAS AN IMPRESSIVE PERFORMANCE. WHILE WELCOMING IT THE NDP CALLED FOR SANCTIONS NOW AND THE LIBERALS FOR A TIME LIMIT.

9. EXTERNAL GAVE US THE GIST OF THE ANNOUNCEMENT SHORTLY BEFOREHAND.

DAY

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SOUTHERN AFRICA

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TO IMMEDIATE FCO

TELNO 285

OF 131645Z SEPT 85

INFO PRIORITY PARIS, ROUTINE OTHER EC POSTS, PRETORIA *MT*

SOUTH AFRICA: WITHDRAWAL OF MILITARY ATTACHES

SUMMARY

1. THE BELGIAN GOVERNMENT TODAY ANNOUNCED ITS DECISION NOT TO PROLONG THE ACCREDITATION TO BELGIUM OF THE SOUTH AFRICAN MILITARY ATTACHE, WHO RESIDES IN PARIS.

DETAIL

2. A FOREIGN MINISTRY SPOKESMAN SAID TINDEMANS HAD REPORTED TO TODAY'S MEETING OF THE COUNCIL OF MINISTERS ON THE VARIOUS MEASURES ON SOUTH AFRICA PROPOSED AT THE EPC MINISTERIAL MEETING IN LUXEMBOURG. SOME OF THESE MEASURES WERE ALREADY BEING APPLIED BY BELGIUM (E.G. THE BAN ON ARMS SALES AND MILITARY COOPERATION). OTHERS WOULD NEED FURTHER EXAMINATION BEFORE THEY COULD BE EFFECTIVELY IMPLEMENTED (E/G THE FREEZING OF CULTURAL LINKS WOULD REQUIRE CONSULTATION WITH THE COMMUNITY EXECUTIVES, I.E THE FLEMISH AND FRANCOPHONE REGIONAL AUTHORITIES, WHO WERE RESPONSIBLE FOR EXTERNAL CULTURAL RELATIONS). BUT AS REGARDED THE QUESTION OF MILITARY ATTACHES, THE GOVERNMENT HAD DECIDED NOT TO RENEW THE ACCREDITATION OF THE SOUTH AFRICAN MILITARY ATTACHE, EVEN IF THERE WAS NO UNANIMITY ON THIS ISSUE AMONG THE TEN.

COLTMAN

YYYY

BWLNAN 0154



JK

10 DOWNING STREET

From the Private Secretary

13 September 1985

I attach a telegram we have received from the President and Secretary of the General Council of the Caribbean Congress of Labour.

I should be grateful if you could arrange for this to receive a reply, if appropriate. We have not acknowledged from here.

(CHARLES POWELL)

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

A handwritten signature or set of initials, possibly 'PFR', located in the bottom right corner of the page.

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GRENADA 94/93 11 1821 PAGE1/50

*Pl. AM
Ks FCO*

THE HONOURABLE
MARGARET THATCHER
PRIME MINISTER
10 DOWNINGST
LONDON SW1

THE GENERAL COUNCIL OF THE CARIBBEAN COUNGRESS OF LABOUR MEETING IN
GRENADA CONDEMNS IN THE STRONGEST POSSIBLE TERMS THE ACTIONS OF YOUR
GOVERNMENT IN VETDEING THE E.E.C. COUNTRIES DECISION TO APPLY
SANCTIONS AGAINST THE RACIST REGIME IN SOUTH AFRICA. SUCH ACTION

COL 10 E.E.C. AFRICA.

GOC664 THE HONOURABLE MARGARET THATCHER PAGE2/43

PORTRAYS YOUR GOVERNMENT AS AN ACTIVE SUPPORTER AND COLLABORATOR
OF THE RACIST REGIME IN PETORIA. WE CALL ON YOUR GOVERNMENT TO
REVERSE THIS DECISION AND TO ACTIVELY SUPPORT THE SANCTIONS AGAINST
SOUTH AFRICA

L. ARCHER PRESIDENT
K. AUGUSTINE SEC/TREAS.

C.C. CARIBBEAN PRIME MINISTERS

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TO IMMEDIATE F C O

TELNO 2955

OF 121910Z SEPTEMBER 85

INFO PRIORITY EUROPEAN COMMUNITY POSTS, LISBON, MADRID, WASHINGTON

INFO PRIORITY PRETORIA

FRAME EXTERNAL

COREPER (AMBASSADORS), 12 SEPTEMBER 1985.

SOUTH AFRICA.

*Exactly as
we wanted**cmj**ms*

SUMMARY

1. OVER LUNCH, COMMISSION SAID THEY HAD IN MIND TO CONVOKE EXPERT GROUP TO CONSIDER ACTION UNDER ARTICLE 113 IN RELATION TO MEASURES ENVISAGED IN POCO ON 10 SEPTEMBER. AT MY URGING, COMMISSION HAVE AGREED TO TAKE NO (NO) ACTION PENDING FURTHER COREPER DISCUSSION NEXT WEEK.

DETAIL

2. OVER LUNCH WEYLAND (PRESIDENCY) ASKED WHETHER THE COMMISSION HAD ANY PROPOSALS, KRENZLER (COMMISSION) SAID SOME OF THE MEASURES ENVISAGED AT THE POCO MEETING INVOLVED COMMUNITY COMPETENCE (NOTABLY THOSE RELATING TO OIL EXPORTS AND SENSITIVE EQUIPMENT). THE BRITISH RESERVE MEANT THAT THERE WAS NOT YET A CONSENSUS IN POCO AND THE TIME WAS NOT YET RIPE FOR A FORMAL PROPOSAL, BUT IT WAS THE COMMISSION'S DUTY TO CONSIDER AND CONSULT ABOUT WHAT SHOULD BE DONE UNDER ARTICLE 113. THE COMMISSION WANTED TO CALL TOGETHER A GROUP OF EXPERTS TO COMPARE NOTES ON THE VARIOUS CATEGORIES.

3. I SAID THAT I COULD PREDICT WHAT MINISTERS WOULD DECIDE AFTER REFLECTING ON TUESDAY'S POCO MEETING: IT WAS A FOREGONE CONCLUSION THAT ACTION UNDER ARTICLE 113 WOULD BE NECESSARY OR DESIRABLE IF THE U.K DID RALLY TO A CONSENSUS: AND IT WOULD CAUSE POLITICAL DIFFICULTIES FOR THE U.K IF THE COMMISSION CALLED A MEETING OF THE KIND PROPOSED. I THEREFORE ASKED THAT NO ACTION SHOULD BE TAKEN BEFORE A RESTRICTED DISCUSSION BY PERMANENT REPRESENTATIVES NEXT WEEK.

4. VAN BEUGE (NETHERLANDS) WANTED CONTINGENCY PLANNING CARRIED FORWARD AS FAST AS POSSIBLE. NOTERDAEME (BELGIUM) SAID THAT IF ALL MEMBER STATES WERE WORKING ON THE SAME LINES, ARTICLE 113 WOULD BE THE BEST METHOD OF IMPLEMENTATION, BUT SOME TIME WAS REQUIRED. IF BRITAIN COULD REJOIN THE CONSENSUS, WE SHOULD CERTAINLY COMPARE NOTES ABOUT HOW MEMBER GOVERNMENTS WOULD INTERPRET AND IMPLEMENT IT. BUT HE SUPPORTED MY REQUEST FOR MORE TIME.

5. KITTEL (GERMANY) SAID THAT EXISTING NATIONAL LEGISLATION WAS SUFFICIENT FOR IMPLEMENTATION OF THE MEASURES DISCUSSED, BUT HE WOULD NOT WANT TO DISCOURAGE THE COMMISSION FROM GIVING FURTHER THOUGHT TO THE MATTER. WEYLAND CONCLUDED THAT PERMANENT REPRESENTATIVES SHOULD DISCUSS THE MATTER AGAIN INFORMALLY NEXT WEEK.

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6. I ASKED KRENZLER TO ENSURE THAT IN THE MEANTIME THE COMMISSION TOOK NO ACTION INVOLVING MEMBER GOVERNMENTS. KRENZLER UNDERTOOK TO REPORT. HE AGREED ON A PERSONAL BASIS THAT THERE WAS NO GREAT URGENCY BUT SAID THAT THE COMMISSION MUST DO THEIR DUTY TO ENSURE THAT THERE WAS NO INFRINGEMENT OF COMMUNITY RULES. HE SUBSEQUENTLY TOLD US THAT HE HAD SPOKEN TO DE CLERCQ, WHO HAD AGREED THAT THE COMMISSION WOULD TAKE NO ACTION PENDING NEXT WEEK'S COREPER DISCUSSION.

BUTLER

YYYY

FCO ADVANCE TO:-

FCO - SHEPHERD, JOHNSON, AUSS, REEVE SAFD.

DTI - PRYOR, TITCHENER.

UCLNAN 0141

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B8/6/1

South African Embassy

12th September 1985

Mr Charles Powell
Private Secretary to the Prime Minister
No. 10 Downing Street
LONDON SW1

Dear Charles,

I apologise for rather overloading you with paper on developments in South Africa. The enclosed announcement made earlier today is very important in the series of reform actions of the Government and demonstrates a determination to proceed rapidly.

Yours sincerely
Leo

Leo H. Evans
MINISTER

Encl.



10 DOWNING STREET

From the Private Secretary

12 September 1985

NELSON MANDELA

Thank you for your letter of 11 September about the deterioration in Mandela's health.

The Prime Minister would be ready to see an approach made to the South African Government to express concern about Mandela's health and the hope that he can have medical attention of his own choice. But she would rather do this in the context of a broader message. It seems likely that such a message will in any case be needed fairly soon, perhaps on the Prime Minister's return from the Middle East. You will wish to bear the point about Mandela in mind for that.

(Charles Powell)

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

12 September 1985

Dear Charles,

Prime Minister's Seminar on Policy Towards South Africa

Peter Ricketts wrote to you on 10 September enclosing the classified paper on policy options for circulation to Ministers and officials attending the Seminar.

I am afraid that that paper contained one mistake of fact. In paragraph 9 - the sentence relating to the share of South Africa's trade taken by the Economic Summit Seven. Our apologies. I enclose a fresh page which contains the correct version.

Yours ever,

Colin Budd

(C. R. Budd)
Private Secretary

C D Powell Esq
10 Downing Street

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SECRETARY OF-STATE FOR ENERGY
 THAMES HOUSE SOUTH
 MILLBANK LONDON SW1P 4QJ
 01 211 6402

32
 Prime Minister
 CDP
 12/9.

Charles Powell Esq
 Private Secretary to
 The Prime Minister
 10 Downing Street
 LONDON SW1

12 September 1985

OIL FOR SOUTH AFRICA

You asked me to set out the position on the export of oil from the UK to South Africa.

At the moment there is an effective bar on exports of UKCS crude oil. Guidelines issued in 1979 express the Government's expectation that exporters of North Sea crude oil will export only to the markets of our partners in the IEA and EC, or where there is an existing pattern of trade. The guidelines do not have legal force, but the original exporters are necessarily UK petroleum licensees, and have strong incentives to comply.

The guidelines have been generally effective in limiting exports to these approved destinations. Only twice has UKCS oil been shipped direct to destinations outside the guidelines. Those were both oversights. It is not possible to monitor indirect trade or re-exports. However in seeking to comply with the guidance, exporters can either insert restrictive provisions in their sales contracts or exercise discretion in their choice of customers. In fact we know of only one case in which UKCS oil is said to have indirectly reached South Africa; to have prevented that would have required action by the intermediate country, Spain.

The guidelines do not apply to oil produced on land, to oil imported from abroad, or to oil products. There are reported to be some £7 million per annum of product exports to South Africa. We import no oil or products from there.

The guidelines do not guarantee that UKCS oil will not reach South Africa, but a formal embargo would offer little more assurance. Trade in oil is sophisticated, decentralised and very difficult to monitor. The formal restrictions imposed by countries such as Norway and Saudi Arabia have created a clandestine market to supply destinations such as South Africa. In the current market traders are unlikely to have much difficulty in obtaining oil from sellers who are indifferent to destination.

It may be claimed that the policy is ineffective because of the possibility of indirect exports. We cannot extend control without risks of clashing with other states' sovereignty, or attracting Community objections. We therefore take the



line that the guidelines are addressed to exporters of North Sea crude oil, and we look to them to secure effective compliance with the policy. If breaches of the guidelines come to light at any time, we would of course consider what action might be appropriate to maintain the effectiveness of the policy.

A case is currently before the European Court in which a UKCS exporter is citing the guidelines as a defence for breaking contractual agreements with a company which sought to ship UK oil to Israel. The Court is unlikely to comment on the fundamental justification of the policy (which is support for our co-operation in energy matters with our EC and IEA partners) but might criticise or even rule against the means chosen to implement our aims. More formal restrictions on exports would be one option to be considered in the event of such a judgement.

If any policy decisions are in view which might affect this policy, no doubt there will be full consultation of concerned Ministers, including my Secretary of State.

Roger Levett

PA

G S DART
Private Secretary

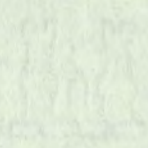


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COMPTROLLER



GRS 700

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2 Telegrams

By Fax please

to the { Foreign Sec
Mr Eric Fergusson

CONFIDENTIAL

FM URMIS NEW YORK

TO DESKBY 130830Z FCO

TELNO 681

OF 122350Z SEPTEMBER 85

INFO PRIORITY TEL AVIV, JERUSALEM, AMMAN, WASHINGTON, DAMASCUS

INFO PRIORITY BEIRUT, CAIRO

at Chequers

OURTELNO 677: OCCUPIED TERRITORIES/SECURITY COUNCIL

SUMMARY

1. FORMAL COUNCIL MEETING. NAM DRAFT RESOLUTION. VOTE TOMORROW AFTERNOON. INSTRUCTIONS REQUESTED.

DETAIL

2. AS FORESEEN IN MY TUR, THE COUNCIL HELD A FORMAL MEETING THIS AFTERNOON TO CONSIDER THE SITUATION IN THE OCCUPIED TERRITORIES. A NAM DRAFT RESOLUTION WAS CIRCULATED. TEXT IN MIFT. THE SPEAKERS WERE QATAR, AS CURRENT CHAIRMAN OF THE ARAB GROUP, THE PLO, INDIA, EGYPT, ISRAEL AND JORDAN (EXERCISING A RIGHT OF REPLY). THE QATARI AND PLO INTERVENTIONS FOLLOWED PREDICTABLE LINES, WHILE INDIA MADE A MORE BALANCED STATEMENT, AND EGYPT STEERED A CAREFUL COURSE BETWEEN FULLY ENDORSING ACCUSATIONS AGAINST THE ISRAELI AUTHORITIES AND OFFENDING ISRAEL. THE ISRAELI REPRESENTATIVE MADE A VIGOROUS AND POLEMICAL RESPONSE, IN WHICH HE REPEATED A WARNING TO JORDAN THAT ISRAEL WOULD NOT TOLERATE THE ESTABLISHMENT OF QUOTE PLO TERRORIST BASES ON HER BORDERS UNQUOTE. THE JORDANIANS REJECTED THE ACCUSATION AND THE IMPLIED THREAT.

3. THE COUNCIL MEETING WILL RESUME TOMORROW AFTERNOON WITH THE ARAB LEAGUE INSCRIBED AND NO DOUBT SEVERAL OTHERS IN THE QUEUE, PLUS RIGHTS OF REPLY. BUT ALL PARTIES, INCLUDING THE ISRAELIS, ARE KEEN TO COME TO A RAPID CONCLUSION. SO BARRING THE UNEXPECTED I SHALL AS PRESIDENT, BE PUTTING A DRAFT RESOLUTION TO THE VOTE LATE TOMORROW.

4. THE DRAFT RESOLUTION AS IT STANDS, ALTHOUGH AN IMPROVEMENT ON THE ABORTIVE DRAFT PRESIDENTIAL STATEMENT OF LAST WEEK, PRESENTS CONSIDERABLE DIFFICULTIES IN ITS FIRST TWO OPERATIVE PARAGRAPHS. THE AMERICANS ARE NOT INTERESTED IN A NEGOTIATION. HOWEVER IN THE COMPANY OF THE AUSTRALIANS AND THE DANES WE SOUGHT THIS EVENING TO PERSUADE THE NON-ALIGNED/PLO TO ACCEPT AMENDMENTS ON THE LINES OF YOUR TELNO 301, I.E. AT A MINIMUM, SOME REFERENCE TO ALL ACTS OF VIOLENCE IN THE OCCUPIED TERRITORIES AND A CLEARER DISTINCTION BETWEEN JUSTIFIED AND UNJUSTIFIED ISRAELI MEASURES. THE FRENCH IN A SEPARATE (AND POSSIBLY OMINOUS) NEGOTIATION SOUGHT THE SECOND OF THESE IMPROVEMENTS BUT NOT THE FIRST. THE NON-ALIGNED/PLO WERE NOT IMMEDIATELY RECEPTIVE BUT UNDERTOOK TO REFLECT.

Ricketts

Mr FERGUSSON
- PLEASE
PHONE PETER
RICKETTS
WHEN
RECEIVED,
Peter
Fergusson

CONFIDENTIAL

15.

CONFIDENTIAL

5. GIVEN THAT THE AMERICANS ARE VIRTUALLY CERTAIN TO VETO, EVEN WITH THE AMENDMENTS SUGGESTED BY THEIR OTHER WESTERN PARTNERS, AND THAT THE NON-ALIGNED/PLO HAVE A CERTAIN 10 VOTES FOR THE EXISTING TEXT, I SUSPECT THAT THE SPONSORS ARE UNLIKELY TO MOVE SUFFICIENTLY TOWARDS US TO JUSTIFY VOTING IN FAVOUR. IN WHICH CASE I ASSUME THAT YOU WOULD WISH ME TO ABSTAIN IN COMPANY WITH DENMARK, AUSTRALIA AND, BARRING A LAST MINUTE DEFECTION, FRANCE.

6. GRATEFUL FOR INSTRUCTIONS BY 131300Z ON THE ABOVE BASIS. IF, AGAINST EXPECTATIONS, THE TEXT IS SIGNIFICANTLY IMPROVED OR IF, ALSO AGAINST EXPECTATIONS, THE DANES AND THE AUSTRALIANS START TO WOBBLE WE SHALL BE IN TOUCH FOR FURTHER INSTRUCTIONS DURING THE COURSE OF TOMORROW.

THOMSON

MIDDLE EAST

STANDARD (PALACE)

NENAD

MED

NAD

UND

EED

SOV D

WED

SEC D

ESSD

SCD

CONS D

CONS EM UNIT

POCO UNIT

MR EGERTON

CABINET OFFICE

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MR CLG MALLABY , CABINET OFFICE
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FM PRETORIA

TO IMMEDIATE FCO

TELNO 300

OF 120910Z SEPTEMBER 85

INFO ROUTINE WASHINGTON, JOHANNESBURG, GABORONE, MBABANE, MASERU
INFO SAVING CAPE TOWN CONSULATE, DURBAN

PRESIDENT'S ANNOUNCEMENT ON CITIZENSHIP

SUMMARY

1. THE SA PRESIDENT HAS ANNOUNCED THAT HE IS PREPARED TO
NEGOTIATE WITH "INDEPENDENT" HOMELANDS LEADERS ABOUT THE
RESTORATION OF SA CITIZENSHIP TO BLACKS BOTH INSIDE AND OUTSIDE
THESE HOMELANDS.

DETAIL

2. IN ADDRESSING THE NATIONAL PARTY CONGRESS IN BLOEMFONTEIN
YESTERDAY (11 SEPTEMBER) THE STATE PRESIDENT ANNOUNCED THAT
THE GOVERNMENT PROPOSED TO MAKE SIGNIFICANT CHANGES IN SOUTH
AFRICAN CITIZENSHIP PROVISIONS TO CONFER DUAL CITIZENSHIP ON
BLACK PEOPLE WHO HAD LOST SOUTH AFRICAN CITIZENSHIP RIGHTS BECAUSE
OF THE ACCEPTANCE OF INDEPENDENCE BY THEIR HOMELANDS. THE RELEVANT
EXTRACTS FROM THE STATE PRESIDENT'S SPEECH ARE IN MPT.

EXTRACTS FROM THE STATE PRESIDENT'S SPEECH ARE IN MIPT.

3. MR BOTHA'S STATEMENT IS OF MAJOR IMPORTANCE AND IS SEEN BY MOST POLITICAL OBSERVERS HERE AS A SIGNIFICANT CHANGE IN POLICY. BUT THE GOVERNMENT'S PRECISE INTENTIONS WERE NOT SPELT OUT IN DETAIL IN MR BOTHA'S ANNOUNCEMENT.

4. IT SEEMS CLEAR THAT THE MOVE IS NOT INTENDED TO PRESAGE THE SCRAPPING OF THE HOMELANDS POLICY. INDEED THE STATE PRESIDENT REFERRED TO HIS BEING PREPARED TO NEGOTIATE WITH THE "INDEPENDENT" HOMELANDS ON RESTORING SOUTH AFRICAN CITIZENSHIP TO THEIR PEOPLES. THE IMMEDIATE REACTION OF THE PRESIDENT OF THE TRANSKEI (MY SECOND IPT) LEAVES SOME DOUBT ABOUT HOW HE WILL RESPOND. WE KNOW FROM WHAT WE WERE TOLD BY A SENIOR DEPARTMENT OF FOREIGN AFFAIRS OFFICIAL LAST WEEK (MY TELNO 281) THAT THE SOUTH AFRICAN GOVERNMENT'S HOPE IS THAT AT THE END OF THE DAY ALL FOUR "INDEPENDENT" HOMELANDS WILL AGREE TO ACCEPT THE PROPOSED CITIZENSHIP PROVISIONS SO THAT THE END RESULT WOULD BE THAT ANY BLACKS ENTITLED TO THE CITIZENSHIP OF THESE HOMELANDS WOULD ALSO BE ENTITLED TO DUAL SOUTH AFRICAN CITIZENSHIP.

5. YESTERDAY'S STATEMENT SAID NOTHING ABOUT THE RIGHTS THAT WOULD ACCOMPANY THE RESTORATION OF CITIZENSHIP, BUT THE MOVE WILL CERTAINLY RAISE QUESTIONS ABOUT THE GOVERNMENT'S INTENTIONS FOR THE FUTURE OF INFLUX CONTROL, THE PASS LAWS AND THE BLACK FRANCHISE.

6. FURTHER INFORMATION ABOUT THE INTENTIONS FOR THE FUTURE OF INFLUX CONTROL AND THE PASS SYSTEM CAN BE EXPECTED TO FOLLOW THE RELEASE OF A REPORT BY THE CONSTITUTIONAL AFFAIRS COMMITTEE OF THE PRESIDENT'S COUNCIL TODAY. WE HAVE BEEN TOLD THAT THE REPORT MAKES FAR REACHING RECOMMENDATIONS ABOUT A STRATEGY OF PLANNED URBAN DEVELOPMENT AND THE REPLACEMENT OF THE PRESENT PASS SYSTEM BY UNIFORM IDENTITY DOCUMENTS TO BE ISSUED TO ALL SOUTH AFRICAN CITIZENS. WE SHALL NEED TO SEE THE FULL REPORT BEFORE WE CAN MAKE ANY ASSESSMENT OF THE SIGNIFICANCE OF ITS RECOMMENDATIONS. ALTHOUGH THE GOVERNMENT IS NOT BOUND IN ANY WAY BY THE RECOMMENDATIONS IT IS GENERALLY EXPECTED THAT THE GOVERNMENT'S OWN LEGISLATIVE PROPOSALS WILL TAKE ACCOUNT OF THE COMMITTEE'S FINDINGS.

MOBERLY

Confederation of British Industry
Centre Point
103 New Oxford Street
London WC1A 1DU
Telephone 01-379 7400
Telex 21332

From
Sir James Cleminson MC DL
President

*Refaxed
to
Chequers*



COPY

11th September 1985

Dear Malcolm,

May I first of all say how pleased I was to see that you felt able to stand firm in Europe on the views which you so ably expressed at the CBI Dinner in Scotland. I hope that the U.K. position will not become too isolated and that you will be able to maintain this policy.

In the meantime, I thought that you ought to see a copy of a letter which I have sent out to all members of Council. It certainly expressed the views of the President's Committee and is designed to draw any fire should there be any disagreement with those views within Council. So far I have not had any adverse reaction. If there is anything else I can do, please don't hesitate to let me know.

I am sending a copy of this to Geoffrey so that he is in the picture and as I shall be seeing the Prime Minister tomorrow I will give her a copy as well.

*Yours
James*

Malcolm Rifkind Esq., MP,
Minister of State,
Foreign and Commonwealth Office,
Downing Street,
London, SW1A 2AL

Confederation of British Industry
Centre Point
103 New Oxford Street
London WC1A 1DU
Telephone 01-379 7400
Telex 21332

From
Sir James Cleminson MC DL
President

CBI

C 51 85

9 September 1985

TO ALL MEMBERS OF THE CBI COUNCIL

Dear Council Member

South Africa

Last Thursday at the CBI Scotland Annual Dinner we heard an impressive speech from Mr Malcolm Rifkind, the Minister of State at the Foreign Office. In the course of it he re-stated the British Government's position on South Africa in terms which entirely coincided with CBI views on this important subject.

In view of the widespread interest and concern about the current situation in South Africa, and the speed at which events there are moving, I therefore thought it would be helpful at this point if I wrote to Members of the Council to reaffirm CBI policy as it stands in regard to the issues which arise for British business in that country. This policy was fully discussed and endorsed a week ago by the President's Committee.

Our policy is that we are totally opposed to apartheid, which is morally abhorrent and hinders economic growth and free enterprise: we acknowledge that a start has been made on dismantling the system: but we believe it must be abolished altogether as soon as practicable. We condemn violence from whatever quarter it comes, and support peaceful change through negotiation. We therefore welcome and fully support the joint statement made on 29 August by four employers' organisations in South Africa, urging the government to begin at once negotiating with the existing black leaders, including those in detention, on an open-ended agenda, and offering to act as mediators in advancing this process.

The CBI cannot prescribe specific solutions to South Africa's political problems: but as far as external intervention is concerned, we are totally opposed to enforced disinvestment, trade embargoes or any other form of economic sanctions against South Africa. Business is one of the most progressive elements in the country, and perhaps the most powerful of all the influences for liberal and peaceful change. Its representative bodies are lobbying the government strongly for such change, and working actively to build bridges between the opposing groups. Foreign-owned companies, with British ones well to the fore, exert a liberal influence within South African business in the context of this effort; and they have done much to raise the general standard of employment practice in the Republic.

In these circumstances, for British firms to be forced to withdraw from South Africa, or curtail their operations there, would weaken the beneficial influence of the business community and encourage a "laager" attitude on the part of the white population: damage South Africa's economy and its prospects of recovery and growth: and hence endanger the livelihood of part of the non-white population of Southern Africa, including those in neighbouring states heavily dependent on the Republic.

Moreover it would have serious effects on employment in the UK, which is the principal ground on which we oppose sanctions but is nevertheless an important consideration for this country.

We support the maintenance of the EC Code of Conduct, which we commended to the CBI membership when it was first introduced, and under which British companies have an excellent track record of reporting and compliance - better than that of European companies generally. We are opposed to a change in the Code's voluntary nature, as we are to the imposition of any other mandatory obligations on business. But we support the call made in Mr Rifkind's speech - as in Sir Geoffrey Howe's of late July - for companies to make the greatest contribution they can in the sphere of community welfare, education and training for their non-white employees.

Believing as we do that British business in South Africa has many good achievements to show in this broad social sphere, we would like to see companies take more credit for it. This would help the British public to understand better the force for good which our commercial involvement in South Africa has been and continues to be: and to reject facile gestures of disengagement, which may seem comforting to their advocates but in fact hinder rather than help the right kind of social and political progress on the ground. We shall be running a members' meeting here at the end of October with the Urban Foundation of South Africa, under whose umbrella much community work is done by companies including leading British ones.

We have not as yet taken a high profile on these issues, although whenever asked by the media we have reflected the established CBI policy, and also pointed out that the present unrest does not derive from industrial relations, on which much progress has been made in recent times. (For example, you may possibly have heard me do this myself last night in the BBC television programme "The Heart of the Matter".)

As you may know, however, I shall shortly be visiting Cape Town, mainly on my company's business, and in the course of the visit I shall be addressing the annual conference of the Associated Chambers of Commerce who are prominent in the business community's pressure on the government mentioned above. In my address I shall be following the policy line set out in this letter.

Meanwhile, the Overseas Committee with the approval of the President's Committee has set up a Working Group on South Africa, to keep our policies under review in the light of the developing situation and the progress of the active efforts by our South African counterparts to promote dialogue and political reform. The Working Group will report to the senior Committees and to the Director-General and myself whenever events indicate this; and if necessary I will bring consequent policy questions to the Council for decision.

I hope the above account will be useful in updating you on where we stand and what we are doing. On the questions of principle and strategy, as you see, our line is unchanged: and on the tactical level we believe the right course for the CBI is to support our Government's policy of resisting official restrictions and to lend all the moral and practical support we can to our opposite numbers in the South African employers' organisations, who are making such determined efforts to promote rapid and peaceful change in their country.

Yours faithfully

James Cleverly



Prime Minister
 Although it
 tries hard not to
 do so, this admits
 that you are right!

Foreign and Commonwealth Office

London SW1A 2AH

11 September 1985

In practice we are not
 exporting oil to South Africa.
 But there is no legal
 basis to prevent such export.

EC/South Africa: Cessation of Oil Exports

CDP 11/9

You asked for a note on the implications of including a proposal for "cessation of oil exports to the Republic of South Africa" in the list of measures put forward in Luxembourg yesterday.

The position on UK oil exports to South Africa is as follows:

- since January 1979, successive governments have maintained the same position on the export of oil from the UK Continental Shelf (UKCS) through guidelines which are addressed to oil company licensees exporting "North Sea crude oil".
- These require that oil from the UKCS should be exported only to countries which are members of the European Community or the International Energy Authority or with which an existing pattern of trade already exists (effectively Finland and one or two Caribbean destinations). The Guidelines exclude South Africa. They relate, however, only to direct exports of crude extracted from the UKCS, and have no impact on oil products, onshore oil or oil imported into the UK and then re-exported. (These exceptions do not, however, represent a significant trade in respect of South Africa. Formal observance of a wider ban on petroleum products and related materials would bring an estimated loss of some £7 million in UK exports to South Africa, but in any case we would interpret the ban as covering only the export of crude oil.)
- The Guidelines have no legal status. They are an expression of government wishes and cannot be legally enforced. But companies are constrained by their interest in keeping on good terms with HMG not least in relation to future licensing arrangements. HMG expects the oil companies to follow the Guidelines and only occasionally does UKCS crude appear to have been supplied to countries excluded by them (e.g. two instances where oil went to Senegal and Columbia because of oversights in the oil companies concerned). The Guidelines have thus been generally effective so far with regard to direct exports. They prevented an Israeli connected company from buying oil for Israel in 1982, which has led to a case now before the European Court of Justice.

/..



- To date, the Guidelines have enabled us to fend off politically difficult requests for UKCS oil from countries such as South Africa and Israel when supply would be likely to provoke hostile reactions from other countries. They have also given political cover to oil companies operating on the UKCS who wish a pretext for refusing to supply oil to South Africa or Israel.

- In the present situation of over-supply of crude, South Africa has no difficulty in obtaining the oil it needs from non-UK sources. The recent dominance of the spot market, where traders deal in small lots, rather than through the traditional fixed-term contracts, makes it relatively easy for purchasers on behalf of South Africa to operate. However, given the strong incentive of the companies to observe the guidelines in order to qualify for UKCS licences, it is unlikely that they would knowingly enter into any deal which breached them. Most of the oil now reaching South Africa originates in Iran.

Given the existence of the administrative Guidelines described above and the oil companies' compliance with them in regard to UKCS oil exports, we consider that HMG could take the line publicly that there is no more which it need do to harmonise its attitudes with those of the rest of the Ten on the "cessation of oil exports to the RSA".

Yen ever,

(P F Ricketts)
Private Secretary

Peter Ricketts

C D Powell Esq
10 Downing Street



DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1663</i> (one piece/item number)	Date and sign
Extract/Item details: <i>Letter from Lomax to Powseu dated 11 September 1985</i>	
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FOLLOWING ARE KEY SECTIONS OF STATE PRESIDENT'S STATEMENT AT BLOEMFONTEIN ON 11 SEPTEMBER CONCERNING BLACK CITIZENSHIP.

WHEN THE TRANSKEI, BOPHUTHATSWANA, VENDA AND CISKEI BECAME INDEPENDENT, ALL BLACK PERSONS LINKED TO THESE COUNTRIES - INCLUDING THOSE PERSONS WHO RESIDED PERMANENTLY IN SOUTH AFRICA AND WHO STILL SO RESIDE - LOST THEIR SOUTH AFRICAN CITIZENSHIP AND BECAME CITIZENS OF ONE OF THOSE FOUR COUNTRIES.

ON THE OTHER HAND, BLACK PERSONS LINKED TO ONE OF THE SELF-GOVERNING TERRITORIES WITHIN SOUTH AFRICA (E.G. KWAZULU OR QUAQUA) ALWAYS WERE AND STILL ARE SOUTH AFRICAN CITIZENS.

THE LOSS OF THEIR SOUTH AFRICAN CITIZENSHIP LED TO FRUSTRATION AMONG THOSE CONCERNED, PARTICULARLY THOSE PEOPLE WHO PERMANENTLY LIVE WITHIN THE REPUBLIC AND THOSE WHO IN MANY CASES WERE BORN HERE. THESE STRONG FEELINGS WERE DUE TO A SENSE OF REJECTION AND THE PERCEPTION THAT THEY WERE BEING CUT OFF FROM SOUTH AFRICA'S FINANCIAL AND ECONOMIC RESOURCES.

THESE ATTITUDES WERE MADE VERY CLEAR TO US DURING THE NUMEROUS DISCUSSIONS WHICH MY COLLEAGUES AND I HAD WITH BLACK LEADERS, BOTH FROM THE URBAN AREAS AND FROM THE SELF-GOVERNING TERRITORIES. THE MATTER WAS ALSO RAISED BY THE LEADERS OF THE INDEPENDENT COUNTRIES. I WANT TO THANK ALL OF THEM EMPHATICALLY FOR THE CONTRIBUTION THEY HAVE MADE - AND ARE STILL MAKING - TO THE PEACEFUL EVOLUTION OF OUR SUBCONTINENT.

WE MUST CONSEQUENTLY ACCEPT THE SOUTH AFRICAN CITIZENSHIP OF THOSE BLACK PERSONS WHO LOST THEIR CITIZENSHIP BECAUSE OF THE INDEPENDENCE OF TRANSKEI, BOPHUTHATSWANA, VENDA AND CISKEI, BUT WHO PERMANENTLY RESIDE IN SOUTH AFRICA. THE GOVERNMENTS OF THESE FOUR COUNTRIES HAVE ALREADY BEEN INFORMED AND THE MATTER WILL BE DISCUSSED WITH THEM. THE NECESSARY LEGISLATIVE AMENDMENTS WILL THEN BE ENACTED IN CO-OPERATION WITH THESE GOVERNMENTS AS SOON AS POSSIBLE, IN ORDER TO RESTORE THE SOUTH AFRICAN CITIZENSHIP OF THESE PEOPLE.

THERE ARE, OF COURSE, ALSO MILLIONS OF PEOPLE WHO LIVE WITHIN THE

BORDERS OF THE FOUR INDEPENDENT COUNTRIES WHICH PREVIOUSLY FORMED
T OF SOUTH AFRICA.

I WISH TO STATE EMPHATICALLY THAT THE SOVEREIGNTY OF THESE STATES IS NOT IN DISPUTE WHATSOEVER. IT IS, HOWEVER, UNDENIABLE THAT THEY FORM PART OF THE SOUTHERN AFRICAN COMMUNITY IN THE BROADER SENSE. HISTORICALLY WE ARE INEXTRICABLY LINKED TO ONE ANOTHER AND WE ARE LARGELY INTERDEPENDENT IN MANY FIELDS. FURTHERMORE, THIS INTERDEPENDENCE IS EVIDENT IN THE SUCCESSES ALREADY ACHIEVED BY THE MULTILATERAL CO- OPERATION STRUCTURES.

AS I HAVE ALREADY MENTIONED, THE LEADERS OF THESE COUNTRIES IN VARIOUS DISCUSSIONS ALSO RAISED THE QUESTION OF CITIZENSHIP WITH REGARD TO THEIR OWN INHABITANTS. I AM PREPARED TO NEGOTIATE THIS WITH THESE INDEPENDENT COUNTRIES. WE HAVE ALREADY INFORMED THEM OF THE CONTENTS OF THIS STATEMENT.

IF THEY ARE WILLING TO ENTER INTO FURTHER DISCUSSIONS ABOUT THIS MATTER, THE DETAILS WILL BE WORKED OUT IN CONSULTATION WITH EACH OF THEM RESPECTIVELY.

THUS, THE SOUTH AFRICAN GOVERNMENT IS PREPARED TO NEGOTIATE WITH THESE FOUR GOVERNMENTS ABOUT RESTORING THE SOUTH AFRICAN CITIZENSHIP OF MEMBERS OF THE BLACK COMMUNITIES RESIDING WITHIN THE BORDERS OF TRANSKEI, BOPHUTHATSWANA, VENDA AND CISKEI, WHO LOST THAT CITIZENSHIP AS A RESULT OF INDEPENDENCE. WE PROPOSE THAT THIS BE DONE ON THE BASIS OF DUAL CITIZENSHIP, WHICH IMPLIES THAT THESE PERSONS MAY HAVE THE OPTION OF ACCEPTING SOUTH AFRICAN CITIZENSHIP AS A SECOND CITIZENSHIP IN ADDITION TO THEIR CURRENT CITIZENSHIP OF, FOR EXAMPLE, TRANSKEI.

THIS IS IN ACCORDANCE WITH MY ANNOUNCEMENT IN APRIL THAT INDEPENDENCE SHOULD NOT AUTOMATICALLY ENTAIL THE LOSS OF SOUTH AFRICAN CITIZENSHIP. IT IS ADDITIONAL PROOF OF THIS GOVERNMENT'S WILLINGNESS TO REACT TO THE AGENDAS OF THOSE ON THE OTHER SIDE OF THE NEGOTIATING TABLE.

THE METHOD OF IDENTIFICATION AS A SOUTH AFRICAN CITIZEN IS CLOSELY LINKED TO THE ISSUE OF CITIZENSHIP AS SUCH. IT IS ALREADY KNOWN THAT UNIFORM IDENTITY DOCUMENTS WILL BE ISSUED TO ALL POPULATION GROUPS IN THE NEAR FUTURE. LEADERS OF BLACK COMMUNITIES, BOTH URBAN AND FROM THE SELFGOVERNING TERRITORIES, IN THE PAST REQUESTED AT VARIOUS TIMES THAT THE STATUS OF BLACK PERSONS AS SOUTH AFRICAN CITIZENS AND NOT ONLY THEIR ETHNIC RELATIONSHIP, BE EXPRESSLY STATED IN THEIR IDENTITY DOCUMENTS. THE GOVERNMENT GLADLY ACCEDES TO THIS REQUEST AND AN ANNOUNCEMENT IN THIS REGARD WILL BE MADE SOON.

SOUTHERN AFRICA

PS
PS/MR RIFKIND
PS/PES
MR FERGUSSON
SIR J FREELAND
MR JOHNSON
MR O'NEILL
HD/SAFD
HD/CAFD
HD/UND
HD/NEWS DEPT
RESIDENT CLERK

MR CLG MALLABY , CABINET OFFICE
PS/NO 10 DOWNING STREET

15.11.84

*This shows the
utter cynicism
of our partners.
EDP*

PP NEYOR
PP BRNAT
FM BONN TO FCOLN
111310Z SEP
GRS 200

CONFIDENTIAL

FM BONN
TO DESKBY FCO 111400Z
TELNO 875
OF 111310Z SEPTEMBER 85
INFO DESKBY 111400Z LAGOS (FOR SECRETARY OF STATE'S PARTY)
INFO IMMEDIATE PRETORIA, WASHINGTON
INFO PRIORITY OTHER EC POSTS, MADRID, LISBON, ^{MOSCOW, UNDEP NATO}
UKMIS NEW YORK

LUXEMBOURG TELNOS 310 AND 311: SOUTH AFRICA

*[So why did
he support the
EC statement?]*

1. STABREIT (FEDERAL CHANCELLERY) TOLD HEAD OF CHANCERY THAT THERE WAS A LENGTHY DISCUSSION OF SOUTH AFRICA AT THIS MORNING'S CABINET MEETING. KOHL MADE A POWERFUL PLEA THAT THE WHITE SOUTH AFRICANS SHOULD NOT BE DRIVEN INTO A BLIND ALLEY OR MADE TO FEEL THEMSELVES ALONE. OF COURSE REFORM MUST BE ENCOURAGED, BUT THE IMPORTANT POINT WAS TO MAINTAIN A DIALOGUE WITH ALL PARTIES. THIS LINE WON GENERAL APPROVAL.

[Cynical]

2. ON THE EC RESTRICTIVE MEASURES, THE FRG GOVERNMENT WILL NOT SIMPLY ABROGATE THE 1963 CULTURAL AGREEMENT BUT WILL SEEK TO AMEND IT, TO ENSURE THAT BLACK AND COLOURED SOUTH AFRICANS ARE ABLE TO DERIVE EQUAL BENEFITS. THERE WAS NO SUBSTANTIVE DISCUSSION IN CABINET OF EXPORT CONTROLS, BUT STABREIT ANTICIPATED NO SIGNIFICANT CHANGES IN GERMAN POLICY AND PRACTICE. THEY WOULD CONTINUE TO KEEP A CLOSE EYE ON EXPORTS IN THE MILITARY FIELD, BUT THERE WAS NO QUESTION OF EXTENDING LEGISLATION TO COVER ITEMS NOT ALREADY SUBJECT TO EXPORT CONTROL.

BULLARD

CPD ~~CCPC~~



Foreign and Commonwealth Office

London SW1A 2AH

11 September 1985

Dear Charles,

Prime Minister's Seminar on Policy towards South Africa

I referred in my letter of 10 September to a chart which accompanies the paper for the Prime Minister's seminar. I now enclose a copy of the chart which has been updated to take account of new US measures and developments in the European Community. We have distributed this to other official participants.

Yours,

(P F Ricketts)
Private Secretary

Peter Ricketts

C D Powell Esq
10 Downing Street



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

Agree to a low-key, private approach to the South Africans expressing concern about reports of deterioration in Mandela's health & hope that he can

11 September 1985

Dear Charles, have medical attention from his own doctors.

I would rather do this in the context of a broader message

Nelson Mandela

You told me this morning that Bishop Huddleston has sent a message to the Prime Minister expressing his concern at the health of Nelson Mandela.

We have been in touch with our Embassy in Pretoria. They are unable to confirm that Nelson Mandela is suffering from a tumour on the prostate. Press releases from the South African Government have merely said that he was examined by a neurologist in the Capetown Hospital last week and was returned to Pollsmoor Prison over the weekend. The South African Government have indicated that Mandela may seek a second opinion by his family doctor if he so desires. They are also prepared to allow Mrs Mandela an additional visit to her husband.

If the Prime Minister wishes to convey her concern at reports about deterioration in Mandela's health to the South African Government we recommend that our Ambassador should be asked to make an informal approach to the Foreign Minister. This could be done on a confidential basis. Could you let us know if you wish us to instruct the Ambassador accordingly?

Yours ever,

(P F Ricketts)
Private Secretary

Peter Ricketts

C D Powell Esq
10 Downing Street



Foreign and Commonwealth Office

London SW1A 2AH

10 September 1985

Dear Tim,

Letter from Lord Bethell MEP on President Botha's Speech

Further to your letter of 22 August, I enclose a draft reply from the Prime Minister to Lord Bethell. I am sorry that we missed your deadline.

Yours,

(P F Ricketts)
Private Secretary

Peter Ricketts

Timothy Flesher Esq
10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM
Prime Minister

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

TO:
The Lord Bethell MEP
73 Sussex Square
LONDON W2 2SS

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

43

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your recent letter about President Botha's speech of 15 August.

CAVEAT.....

We were disappointed at the lack of specific commitment in the speech. The publicity that surrounded the ~~speech~~ speech probably led to exaggerated expectations and of course it must be remembered that it was made to a Party Conference audience. Nevertheless, we had hoped to see a firmer commitment to fundamental reforms.

However, I do not agree that the latest speech represents no advance on the speech of 25 January. It contained a number of advances including, for example, an admission that influx control was "outdated and too costly" and must be reformed. There was no such commitment in the January speech.

More fundamentally, President Botha said that all the South African communities should participate with "co-responsibility" on matters of "common concern". This is an important departure from his January statement which still restricted the idea of black political participation to structures "through which they can themselves decide on their own affairs". In effect, President Botha has now conceded the principle of black /participation

And we have been hints of more to come

Enclosures-flag(s).....

participation in not only local but national government.
The need now is for the rapid opening of negotiations
between the South African Government and ^{credible} genuine
representatives of the black community.

I entirely endorse your statement on the damaging
effect of sanctions. Your ideas on the positive
contribution of the Code of Conduct are very much in
line with our own views. We and the other countries
of the European Community are currently engaged in a
review of the Code.

We ^{shall} will continue to use our many links and
particularly our economic and diplomatic contacts to
try to encourage the process of peaceful reform.
However, for such a policy to be successful we must be
willing not only to criticise the unacceptable but also
publicly to welcome moves in the right direction. That
is why we reacted as we did to President Botha's speech.
I do not believe that we would encourage President Botha
to undertake further reforms if we were to resort to a
policy of constant and unvarying criticism.

cu



Prime Minister

Bernard is coordinating a rather
more robust statement

PRESS LINE

SOUTH AFRICA

N.L.W.

10.9

Mr. Rifkind spoke to the press in Luxembourg to explain why we could not go along with the restrictive measures agreed by the other Nine. His line was that the proposals had not been properly thought out. We had real doubts about the value and relevance of some of them, such as the recall of Military Attaches. Others we thought might even be counter-productive, e.g. limiting the work of the British Council which would affect principally blacks. Anyway we were already doing many of the things listed by the other Nine, indeed more than most. We had bigger interests at stake than the others and were not prepared to be bounced.

In reply to a direct question, Mr. Rifkind said that he had not spoken to the Prime Minister directly.

Charles Powell

10 September 1985

CONFIDENTIAL

FROM: J R JOHNSON
DATE: 10 SEPTEMBER 1985
cc: Mr Reeve

P S

SOUTH AFRICA: EUROPEAN MINISTERIAL COUNCIL MEETING

1. Mr Jenkins has rung to bring me up to date on the discussion. Mr Rifkind is now under pressure since Ministers wish to announce a new common position today. They are studying a list circulated by the Luxembourg Presidency which includes a range of political, military and economic ways of exerting pressure on South Africa as well as a list of positive proposals for helping black South Africans.

2. Mr Rifkind is satisfied that the economic issues are in accordance with action which Britain already takes. The same goes for all of the military issues - an embargo on arms exports to South Africa and an embargo on arms imports from South Africa. There are two problems to which Mr Rifkind would like to have authority to agree if he cannot fend them off:

(i) The discouragement of institutions and private individuals from participation in sporting, cultural and scientific events which are not sufficiently desegregated.

(ii) The freezing of official contacts and international agreements in sporting, cultural, scientific and security spheres.

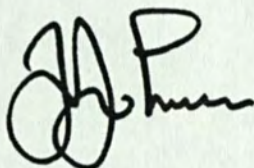
Mr Rifkind proposes that we should agree to these with the deletion of cultural from both lists since we do not want to cut ourselves off from cultural relations with the black community. The other aspects are in accord with our existing policies. Another issue is on a visa regime and Mr Rifkind proposes to say that this presents difficulties and would need to be studied carefully.

3. There is likely to be pressure for a good deal more than is in the list, and Mr Rifkind believes that there is merit if we are
/totally

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totally isolated in accepting the list which is within the bounds of what is negotiable in order not to have the list extended. The list contains one further difficult issue which Mr Rifkind will also try hard to fend off. This is an agreement to withdraw military attachés. But he points out that it may be necessary ^{in order} to avoid extending the list for us to agree to this at the end of the day, and would like contingent authority to do so.

A handwritten signature in black ink, appearing to be 'J R Johnson', with a large, stylized initial 'J' and 'R'.

J R Johnson

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A. keep
(South Africa).
CN.

List of Measures for Possible Inclusion in a Harmonised Package

RESTRICTIVE MEASURES

Military *control*

- embargo on exports of arms (and of paramilitary equipment) to the RSA
- embargo on imports of arms (and of paramilitary equipment) from the RSA
- refusal to cooperate in the military sphere
- recall of Military Attaches accredited to the RSA and refusal to grant accreditation to Military Attaches from the RSA

Political

*freezing of assets & bank accounts
agreed except where it is essential
towards entry apartheid
or large no
of people*

- requirement that RSA nationals should have a visa
- refusal to grant visas to RSA nationals who are members of the armed forces or the police, and decision on a case-by-case basis in respect of persons wishing to take part in cultural, scientific and sporting events
- discouragement of institutions and private individuals from participating in cultural, scientific and sporting events in the RSA which are not sufficiently racially desegregated
- freezing of official contacts and of international agreements in the cultural, scientific, sporting and security spheres

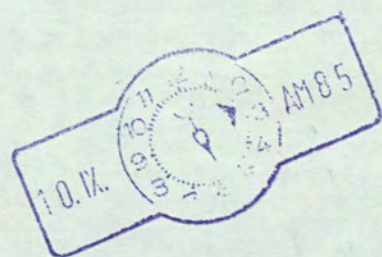
Economic

- cessation of oil exports to the RSA
- cessation of exports of sensitive equipment destined for the police and armed forces of the RSA
- prohibition of new contracts in the nuclear sector

POSITIVE MEASURES

- Code of Conduct: adaptation, reinforcement and publicity
- programme to assist victims of apartheid
- programme of assistance to non-violent anti-apartheid organisations
- programme to assist education of the black community
- intensification of contacts with the black community in the trade union, business, cultural, scientific and sporting sectors etc
- programme to assist the SADCC and the Front Line States
- programme to increase awareness among the citizens of Member States resident in the RSA

Quarter of other measures
They have to determine with other
i. before sig program i
reasonable period



PRIME MINISTER

SEMINAR ON SOUTH AFRICA: 13 SEPTEMBER

The participants - list attached at Flag A - have been invited to arrive at 1000 hrs. You will want to give them coffee; and the seminar might begin at 1030. I suggest that you allow two hours for discussion in the morning, breaking at 1230 for drinks and lunch at 1300. The afternoon session, for Ministers and officials only, might then run from 1500-1630 hours.

At the morning session you will want to give priority to eliciting the views of the non-official participants. This session might be devoted to trying to define exactly what it is that we want the South African Government to do, and how we can best influence them to do it. The afternoon session could then concentrate on choosing between the options which we hope the morning session will expose.

The background paper circulated to all participants is at Flag B. President Botha's speech is at Flag C. And the paper on policy options, circulated to officials only, is at Flag D.

I attach some Chairman's notes which suggest the main issues which you might tackle at each session.

C.D.P.

C.D. Powell
10 September, 1985

P.S. You will ~~also~~ want particularly to look at the Chairman's notes & at the policy papers at Flag D.

How to influence S. Moore fast,

How to avoid standing out alone

a) Difficulty of finding
middle ground
Sider, redwood &
polished

Underestimate danger of
unintentional action

One man, one vote but not in a /
unlike state.

Increase in ranches & disinterest to reform
settlement - would by their time.

SEMINAR ON SOUTH AFRICA:
CHAIRMAN'S NOTES

A. MORNING SESSION

Introduction

1. The starting point for discussion is Britain's close and direct involvement in South Africa: history, large number of people of British origin, strategic importance of Cape route, source of vital raw materials, substantial investment, large market on which 150,000-200,000 jobs depend.

2. The policy of apartheid, besides being objectionable in its own right, has posed a serious threat to these interests because of the constant pressure it creates to ostracize South Africa and limit trade and other dealings with it. We have therefore used our influence to promote peaceful change in South Africa. That remains our aim. The most useful tasks for this seminar will be to define what we regard as the desirable degree and pace of change and the most effective ways to help achieve it. This will of course mean discussing economic measures or sanctions and their effect and considering what the alternatives to them are. Can we for instance think in terms of incentives rather than sanctions?

Peaceful Change

3. The South African government are constantly told that they must change their policies, but this is usually expressed in general terms like 'dismantle apartheid', without spelling out in detail what is meant.

4. Can we define more precisely what we mean by 'acceptable change'? What do we actually want the South African Government to do? And what we can realistically expect them to do? There is also the question of the time-frame for such change?

5. How wise is it to try to be specific about the nature of the change we regard as desirable? Is it enough for the South African Government to announce a decision to abolish apartheid but in an orderly manner and without any deadline? Is it practicable to expect them to do so? Would that reduce international pressures for sanctions and restore international banking confidence?

6. Or should we try to give a more specific yardstick of what we regard as acceptable change? Measures which have been mentioned include:

- end to forced removals ✓
- end to the pass laws ✓
- end to the state of emergency
- common citizenship ✓
- release of Nelson Mandela ? use of violence?
- power-sharing with the black community (whatever this may mean).

7. Are there other specific constitutional changes which we ought to encourage e.g. that recommended by the Buthulezi Commission?

8. What prospect is there of achieving an internal consensus in South Africa on reforms which are 'adequate'? What might that encompass?

← 9. Is it agreed that certain things are simply impracticable e.g. one man one vote in a unitary state?

10. How can we reassure the South African government that pressure for change will not be open-ended, that they will always be pressed for more?

Pace of Change

11. Considerable change was already taking place in South Africa before the recent events. How far would it have gone

E.P.

if the South African government had been left to its own devices? Was the South African government capable of taking the decisions necessary to achieve 'acceptable' change without more direct internal and external pressures? Was genuine reform in progress which is now likely to be disturbed? Or was it too little too late?

12. To what extent is it feasible or desirable for outsiders to construct a time-table for desirable change?

13. What are the risks for British interests from change which goes too far or too fast?

Measures to assist change?

(a) Internal

14. On the internal front, how influential can business within South Africa actually be in encouraging and promoting internal change? To what extent does business need support/encouragement from outside.

15. How credible are the moderate black leaders such as Chief Buthelezi? To what extent are the South African government's current measures actually undermining the credibility of such leaders and strengthening extremists? To what extent do we regard the ANC as really 'extremist'?

(b) External

16. What role can external measures have? Do limited economic measures of the sort undertaken by the US Administration have any impact? Or do they just satisfy liberal consciences without achieving anything practical? Even if they don't have any practical effect, are they useful as a political signal? Are they the writing on the wall for the South African government? Or a provocation which encourages them to dig in deeper?

17. What about more extensive economic and trade sanctions e.g. a mandatory UN trade embargo? What is the ability of the South African economy to continue despite them? What would be the impact on the black population (and on neighbouring African countries)? Would such measures force the hand of the South African government? Or just develop its laager mentality? Does the pressure for such sanctions come from sinister forces who are exploiting well-intentioned desire to see change in South Africa for more radical and far-reaching aims?

18. What is the lesson of recent market developments? Do they show that sanctions are unnecessary, because the market is more effective than government measures? Or do they show that government-backed measures could be even more effective?

19. To what extent should we be offering positive incentives for change rather than negative sanctions? What might these be? An undertaking to lift all existing restrictions if certain steps were taken? A more detailed tariff of measures by the South African government and responses by the outside world?

20. Can non-economic measures have a useful role? How effective has the sports boycott been? What effect does political ostracism e.g. withdrawal of Ambassadors, exclusion of South Africa from certain international gatherings and organisations have? How far can one construct in this area too incentives rather than sanctions?

B. AFTERNOON SESSION

1. You might first try to get agreement on:

(a) the likely situation in South Africa over the next few years:

- will black protest continue to gather force?
- how will white morale be affected?

- will the security forces be ready for strong action?
- can they hold the situation?
- are we facing the likelihood of a terminal black/white clash whatever the preliminaries?

(b) the likely international context:

- can the US Administration get away with no more than the limited measures it has already taken? Or will it be forced down the path of ever more severe measures?
- can we look to any of our European partners - the Germans, the Italians - to stand with us in resisting mandatory economic sanctions?
- how do we assess the strength and likely development of domestic opinion in the United Kingdom on the issue?

(c) the risk of retaliation against our economic interests in third countries from failing to take/join sanctions against South Africa.

2. In the light of the answers on these points:

- is it agreed that we continue to resist pressure for mandatory economic sanctions, using our veto as necessary, possibly in isolation?
- is that task made easier if we adopt largely cosmetic measures on the lines of those taken by the US? Or should we continue to decline to take any economic measures?
- should we consider any non-economic measures and if so what?
- what other measures are open to us to influence South African government policy in a positive direction?



Foreign and Commonwealth Office

London SW1A 2AH *cm*

10 September 1985

Dear Charles,

Prime Minister's Seminar on Policy Towards South Africa

-file with COP
 In his letter of 30 August enclosing an unclassified discussion paper for the Prime Minister's seminar on South Africa, Colin Budd undertook to send you a further, classified FCO paper for circulation only to Ministers and officials attending the seminar. This I now enclose.

The paper (which was of course written in advance of today's Community discussion) sets out some possible approaches to future policy towards South Africa. These are aimed at ensuring that we avoid becoming isolated from our Western partners and that we place ourselves in the best possible position to influence their policies away from economic sanctions.

The paper refers at two points to a chart showing the various measures against South Africa which have already been introduced or proposed by our Western and Commonwealth allies. This chart is currently being updated to take account of new US measures and I shall forward it to you tomorrow.

Y ever,
Pete Ricketts
 (P F Ricketts)
Private Secretary

C D Powell Esq
 10 Downing Street

SUMMARY ACCOUNT OF INTERVIEWS BY MR RIFKIND ON SOUTH AFRICA
IN LUXEMBOURG : 10 SEPTEMBER 1985

Q. Ministerial meeting a failure?

A. No. We agreed a general statement; we reached agreement on a number of positive measures designed to help the black communities in South Africa. Britain put a reserve on some of the coercive measures because we feel we need time to consider their implications.

Q. Why?

A. Because we have more historic links and interests in South Africa. Many measures were only put forward in their present form today. We need to consider their practical implications carefully. For example, cutting cultural links would affect the British Council's work in South Africa which is aimed directly at dismantling apartheid.

Q. Oil embargo?

A. Britain's ^{long} established policy has been to supply only those countries which are members of the International Energy Agency and the European Communities.

Q. Withdrawal of Military Attaches?

A. Only three states have military attaches: Britain, France and Portugal. Both Britain and Portugal felt this was a bad idea because of the importance of the military in South Africa. We need as much information as possible about their thinking and we need to exert as much influence as possible on their thinking. (Portugal could not vote against this move because it is not a member state)

Q. UK resistance to measures because of national interests?

A. We do not want to be rushed. We need more time to consider the implications properly. We are all agreed on the objective: to see an end to the apartheid system and its replacement by a system of full political rights for all the people of South Africa. We need to be sure that the measures serve this purpose and will not simply push the South African Government back into the laager.

Q. Britain South Africa's best friend?

A. No. President Botha does not think so. British viewpoint shared by others, eg Alan Paton, Helen Suzman, respected opponents of apartheid.

Q. A disaster for political cooperation?

A. No. The meeting was not a failure. Much progress was made. We examined the Troika's report very carefully. A clear message has been sent to the South African Government for the need for political reform. Britain had associated itself with a declaration by all of the Ministers of grave concern at a lack of specific steps by the South African Government to abolish apartheid and a resulting deterioration of the situation. Britain simply needed more time to consider the implications of some of the measures proposed.

Q. Problems of communication with Secretary of State in Lagos and PM away from No 10 at root of British inability to respond?

A. No. The normal process of consultation was followed. Matters were not helped by the fact that various people were in various places. In addition the proposed coercive measures deal with a wide range of areas eg energy, defence, cultural affairs. Need to consult with those who would be affected on practical implications of what was proposed.

Q. Did you speak to the PM?

A. No.

Distribution

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PS/Mr Rifkind
Mr Fergusson
Mr Johnson
Mr Renwick
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POLICY TOWARDS SOUTH AFRICA: SOME POSSIBLE APPROACHES

Objectives

1. Given recent events in South Africa and the shift in policy of some of our major partners, we need to consider whether there is more we should do to promote peaceful change in South Africa and to ensure that our interests in South Africa and elsewhere are not put at risk. A crucial element in protecting and promoting these interests is not allowing ourselves to become isolated from our Western partners. Isolation makes us vulnerable to retaliation. It also reduces our ability to influence actions which our partners and allies take, thereby putting us doubly at risk. Our objectives in considering further action should be:

(i) to avoid a situation in which we are forced to choose between our interests in South Africa and those elsewhere.

(ii) to avoid isolation by attracting the support of other key Western countries;

(iii) to ensure that what we do will further, rather than set back, the prospects for peaceful change.

Need to avoid extreme measures

2. These objectives clearly show the importance of our avoiding extreme options. As successive British Governments have pointed out, full-scale mandatory UN economic sanctions would be more likely to promote violence than peaceful change since they would cause white South Africans to dig their heels in and greatly increase hardship among the blacks. A total trade embargo would also be extremely damaging to British interests both through the direct impact on our sizeable investments in, and trade with, South Africa and through the indirect effects of the disruption on world trade generally (more than 30% of Britain's GNP is derived from trade). At the other end of the scale, in the current political climate any move to strengthen our links with South Africa would isolate us from our Western partners and could lead to damaging retaliation against our trade and investments in other parts of the world.



Middle Ground approaches

3. Other methods of encouraging the process of reform which would avoid the extreme courses referred to above include:

(i) Political pressure Can be either public or private, unilateral or multilateral. Experience has shown that behind-the-scenes requests are more likely to be listened to by the South African Government, although clearly Western Governments also need to be seen to be taking action. To have any chance of making an impact at all outside political pressure must build on existing internal pressures for change. Suggestions for applying political pressure are contained in paragraph 24 of the Report on Policy towards South Africa prepared by the MISC Group, which is being submitted to Ministers and officials attending the Seminar.

(ii) Aid to Blacks inside South Africa Can be either unilateral or multilateral. Includes scholarships, training, help to black trades unions. The aim is to improve the living and working conditions of blacks whilst stimulating the internal pressure for change through black upward-mobility. Current UK aid to black South Africans amounts to £750,000 p.a. and is mostly used for educational scholarships and projects. In addition a small sum (£50,000) is given to the TUC for helping trade unions in developing countries. The majority of this goes to South African trades unions. Future aid could be more specifically targetted towards e.g. improving skills, promotion prospects of black workers, encouragement for black small businesses.

(iii) Market forces The economic forces for change inside South Africa have recently become more apparent, witness the slump in the value of the rand after President Botha's speech on 15 August and the recent decision to freeze repayment of foreign loans for four months. Western countries can build on these by using their business/commercial links with South Africa (both unilaterally and multilaterally) to urge early political change. Possibilities include:



- Western countries' business interests in South Africa working for change through trade associations and chambers of commerce;
- improved public presentation of Western business pressure for reform;
- closer co-operation between Western commercial interests in South Africa and the South African public sector aimed at maintaining outside investment and business confidence in South Africa and promoting reform/improving stability.
- Western companies doing more to train and promote blacks.

(iv) Non economic persuasive measures

Official discouragement of sporting links (until elements of apartheid in South African sport are eliminated) is an example of a measure already in place to induce specific changes to the apartheid system. Further such measures might include:

- discouragement of cultural links;
- discouragement of scientific links;
- imposition of a visa requirement on South African citizens;
- monitoring of government to government contact with South Africa;
- ban on government contact with South African citizens;
- recall of Ambassador in South Africa;
- no diplomatic relations;
- no exchange of military attaches with South Africa;

Each of the above measures is already being deployed by at least one Western country (see attached chart). In order to enforce a restriction or ban on contacts by UK citizens (e.g. sportsmen, scientists, artists) with South Africa, as opposed to simply discouraging them, we should need to introduce a visa system.

(v) Selective economic measures targetted against the South African Government but not damaging to the interests of Blacks

The American administration is presenting US measures as aimed at the South African Government but designed not to hurt blacks or damage the South African economy (but whether damage to the latter can be entirely avoided, given the measures selected must be at least questionable). Such a distinction rules out disinvestment, a trade embargo and other drastic measures but would make possible



certain other kinds of economic measures. Proposed Presidential measures are:

- ban on new bank loans (except when used for promoting black welfare schemes);
- ban on nuclear exports (except for items connected with health, safety);
- ban on export of computers to the South African security forces and agencies enforcing apartheid;
- ban on the import of krugerrands (subject to consultations over US legal obligations under GATT);
- ban on import of arms and military materiel from South Africa.

The application of similarly defined measures by the UK would cost us almost nothing, although there would be costs to us if the bans were to be widened in future (e.g. a ban on all sales of computer equipment to South Africa would affect ICL - South Africa is Britain's 11th largest market for computer sales). Other such measures which are already in force elsewhere or have been proposed in internal fora include:

- restrictions on maritime-air links with South Africa (introduced by Nordic countries, proposed as a voluntary measure under SCR 566 (Namibia). Could be costly to the UK depending on exactly what was involved).
- ban on investment from South Africa (introduced by Australia);
- abrogation of double taxation agreements with South Africa (introduced by Canada).

Present Government Policy

4. The British Government is at present making use of all the approaches listed at paragraph 3 to some degree. We apply public and private political pressure both alone and in company with our Western partners (e.g. through the European Community, through the Contact Group). We give a small amount of aid to black South Africans. We exercise some (albeit limited) influence over the attitude of business and commercial interests in South Africa through the example of British companies who apply the EC Code of Conduct. We abide by the Gleneagles Agreement on sporting contacts



and uphold the UN Arms Embargo. As a matter of policy, we do not collaborate with the South African Government over nuclear matters. Nor do we sell oil. As the attached chart shows, we are at present already taking more measures against South Africa than a number of our European and Commonwealth partners. Six months ago the picture would have been even more striking.

5. There is, however, scope for more action to be taken, within the existing confines of these "middle ground" approaches, both to encourage the changes needed inside South Africa to avoid more violence and instability and to ensure that we are not left isolated as our Western partners move.

6. This will be particularly important over the next few months now that the American Administration has come out in favour of certain unilateral mandatory measures. These will sharply increase pressure on other Western Governments and could open the way to calls in the UN for similar measures to be made mandatory on all UN members. It is, of course possible that the pressure of market forces inside South Africa may force the South African Government to shift its position over reforms during the next month or so and thereby head off action in international fora. But the South African Government, and in particular President Botha, have yet to show that they are prepared to make far-reaching moves, especially over power sharing. Unless we can agree a common approach with key Western partners to resist such calls we therefore face the strong possibility of finding ourselves isolated in defending South Africa against Security Council action, since no other country has interests in South Africa on the same scale as ourselves. Even the Americans may find it hard to veto a Security Council Resolution if the measures called for match ones already introduced into their own legislation.

Prospects for rallying support to resist the pressure for mandatory economic sanctions

7. If we are to seek an agreed approach with our Western partners and allies in order to resist the pressure for extreme measures, the two most promising groupings are the European Community and the Economic Summit Seven. We are already involved in a continuing dialogue on the subject with our EC partners. The Commonwealth is



not worth considering since all other members have either come out openly in favour of mandatory economic sanctions or, if they have doubts about the latter would prefer to keep their heads down. Our best tactics for CHOGM, therefore will be to ensure that the position we take is shared by other Western partners.

Possible Policy Approaches

(i) An approach agreed with our EC partners

Comment

8. A number of our EC Partners (the German, Italians, Belgians, Luxemburgers, Portuguese) share in varying degrees our opposition to mandatory economic sanctions and have interests at stake in South Africa. An agreed approach by the Twelve would enable us to avoid isolation without having to take far reaching economic measures which would damage our interests. The cover of an agreed approach is particularly valuable now that the US position has shifted in favour of limited economic sanctions. If we played an active role in the drawing up of such an approach we might be able to direct proposals for joint action away from areas most damaging to us, yet be seen to be acting positively. Such tactics would also help to tie the hands of the French in the UN. The aim would thus be to agree on new common positive measures (a strengthened Code of Conduct, more aid, etc) combined, if necessary, with a strictly limited number of common measures directed specifically at the South African Government (although we need only agree at this stage to a study of how best Member States can respond to the South African situation). This would enable us to continue to argue against more damaging economic sanctions. Member states might be given discretion to use different means of promoting peaceful change, according to their needs and circumstances. We are particularly well placed to apply positive pressure through our business/commercial links with South Africa.

(ii) An approach agreed with the Economic Summit Seven

Comment

9. Alternatively, or additionally, we might seek the support of Economic Summit Seven partners for an agreed position. This might cover standing firm against a mandatory UN trade embargo, arguing against damaging economic measures especially disinvestment, but



promoting positive methods of encouraging change through closer and better co-ordinated cooperation with business/commerce inside South Africa aid to black South Africans, support for black trade unions, and strengthened Code of Conduct. Statements by the Economic Summit Seven, who collectively are responsible for approximately 60% of South Africa's imports and approximately 45% of all foreign trade with South Africa, could affect market forces inside South Africa and would, of course, need to be carefully judged, in consultation with business/banking circles inside South Africa. There would be an opportunity to discuss such an approach when Summit Seven Foreign Ministers meet in New York later this month. South Africa is already on the agenda. One major advantage of an agreed Summit Seven approach would be Canadian support, especially at CHOGM. However French policy in favour of economic sanctions and Japanese desire to maintain a low profile could make an agreed approach difficult to secure.

(iii) A clear statement of UK policy objectives on South Africa combined with action with Western partners in accordance with these objectives

Comment

10. We could set out, in a Ministerial Statement, UK policy objectives on South Africa, including:

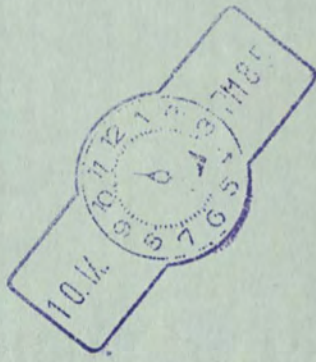
- an end to violence and the lifting of the State of Emergency;
- a commitment by the South African Government to urgent reforms to clear the way for the abolition of apartheid and peaceful evolution towards a system acceptable to all South Africans;
- the establishment of a dialogue between the South African Government and genuine representatives of the black community;
- greater share in South Africa's prosperity for blacks, including better working conditions, promotion prospects;
- internationally- recognised independence for Namibia;
- improved relations between South Africa and neighbouring states.

These objectives would be broadly in line with the EC statement of 22 July. On the basis of these stated objectives we could then adopt particular policy measures, either with our EC Partners, as under (i) or Summit Seven countries as under (ii), or both. The advantage of such an "a la carte" approach is that it would give us



greater flexibility. It would for example allow the UK and France to adopt different measures in support of the same policy objectives. Equally, there would be an opportunity for us to be seen to be taking the initiative e.g. by engaging the support of Canada and the European Community for positive measures to mobilise the Western business community to press for reform in South Africa.

Relations: S Africa PL-5



		NORDIC BLOC	CONTACT GROUP										OTHERS		ORGANISATIONS					
		EUROPEAN COMMUNITY COUNTRIES										COMMONWEALTH								
		DENMARK	FRANCE	GERMANY	IRELAND	ITALY	LUXEMBOURG	NETHERLANDS	SPAIN	PORTUGAL	FRANCE	FRG	KC	USA	CANADA	AUSTRALIA	JAPAN	BANGLA	EC	UN
FINANCIAL	Ban on new investment	●					○			●			○		●				○	
	No official support for investment	●	●						●											
	Ban on new Bank Loans						●						●							
	Requested suspension of new Bank Loans														●					
	Abrogation of Tax Agreement													●						
	Ban on investment from South Africa														●					
SOUTH AFRICA IMPORTS	Ban on import and/or sale of kruggerands	●			●		●		●			○		●					○	
	Discouragement of sale of kruggerands	●											●							
	Discouragement of imports	●	●		●		●													
	Ban on Coal Imports												○							
	Ban on Uranium Imports												○	○						
	Ban on Arms/Military Equipment Imports	●	○	●	●	●	○		●	●					●				○	
SOUTH AFRICA EXPORTS	Ban on Oil Exports	●	●				●				●			●		●		○		
	Restrictions on sale of nuclear goods/technology	●		●	●				●	●	●	●							○	
	Restrictions on sale of computers to agencies enforcing apartheid	●							●		●	●	●	●					○	
	Withdrawal of Most Favoured Nation Status											○								
	Restriction of Export Credit Facilities	●	●	●	●		●		○	●	●	●	●	●					○	
	Ban on Arms/Military Equipment Exports	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Closure of Trade Commission in South Africa														●					
CODES	Voluntary Code of Conduct	●	●	●	●	●	●	○	○	●	●	●	●	●					●	
	Mandatory Code of Conduct						○					○								
TRANSPORT	Renunciation of Air Services Agreement	●	●																	
	Review of Maritime/Aerial Relations		●																○	
DIPLOMACY	Recall of Ambassador in South Africa									●				●						
	No diplomatic relations	●	●		●		●												○	
	No military attaché in South Africa; no South African military attaché	●	●	●	●					●									○	
	Restrictions on sporting contacts																●		○	
	Discouragement of sporting contacts	●	●	●	●	●	●			●	●	●		●	●	●				
	Restrictions on cultural links		●		●		●			●							●		○	
	Discouragement of scientific links	●	●		●		●												○	
	Exclusion of South Africa from International fora	○	○																	
	Imposition of visa requirements on South Africans citizens	●	●	●		●	●			●	○									
	Monitoring of Inter-Governmental contact														●					
OTHER	Ban on government contacts	●	●	●			●		●										○	
	Discouragement of emigration to South Africa		●	●	●															
	No military collaboration			●	●	●	●		●	●	●								○	

○ Proposed Measure
● Measure in Force

South Africa: Reels A-J.



FILE
HWACC (RW)

10 DOWNING STREET

10 September, 1985

From the Private Secretary

CALL ON THE PRIME MINISTER BY BISHOP TUTU

I wrote recently to Colin Budd to convey the Prime Minister's agreement to see Bishop Tutu when he visits the United Kingdom in early October. The Prime Minister's agreement to do so is predicated on the belief that Bishop Tutu is firmly opposed to violence and has taken a public position on this.

It has been suggested to her that Bishop Tutu's position on violence has become less clear-cut lately; and indeed I recall a television interview in the course of the summer in which he at least implied some sympathy for those who resorted to violence.

It would be helpful to have an analysis of the Bishop's views and statements on this vital point which I could put to the Prime Minister. Meanwhile in conveying the Prime Minister's agreement to see Bishop Tutu it should be made clear that she is doing so on the basis that he is a committed opponent of violence.

(C.D Powell)

P. Ricketts, Esq.,
Foreign and Commonwealth Office.

ea

The Sampson Letter 24

10th Sept 1985

A fortnightly report on world politics and finance

Black rebels and White businessmen in S. Africa

JOHANNESBURG - The South African emergency is now so critical and so dangerous to the rest of the world that I wanted to see it for myself.

Having lived in Johannesburg in the early fifties as editor of the black magazine DRUM, and having returned to report successive crises as a foreign correspondent, I have accumulated friends both among white businessmen and among black writers and politicians. In the last few days the relations between these two sides have reached a dramatic new climax, which I try to report fairly from both sides.

BLACK CHILDREN AND PARENTS

I found a fundamental shift of attitude among the blacks compared to previous flashpoints - the Sharpeville massacre of 1960, or the Soweto uprising of 1976. 'Sharpeville was a revolt of the parents,' as Peter Magubane, a former DRUM photographer put it: 'Soweto was the children. Now it's both.'

'My nine-year-old daughter attacks me for being too polite to the white men,' said the columnist Obed Musi. 'The parents can't control the children as they could in '76,' said the present DRUM editor Stanley Matjuwadi, 'and the kids don't care about the consequences. And if eleven-year-olds are a danger to the state, it must be pretty rickety.'

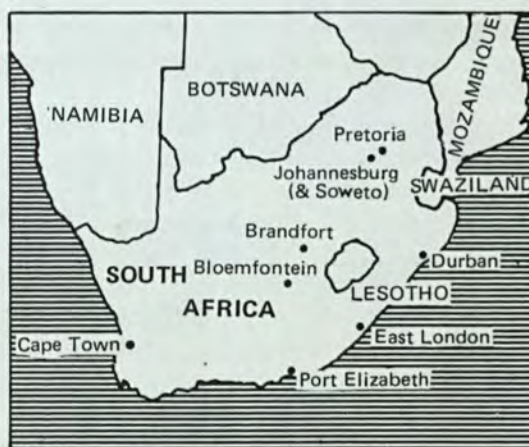
The revolt has also spread from town to country (even to the downtrodden farm workers in the Eastern Transvaal) and from middle-class to workers. The forthcoming trial in Pretoria of activists of the United Democratic Front (UDF) will involve a much more proletarian group than such earlier middle-class leaders as Mandela or Tambo.

It is a far wider spectrum than in previous revolts; and since the emergency the police have further united the

townships against them. 'There's no room for informers in Soweto today,' said one former black colleague. 'There are safe houses for freedom fighters even in small Afrikaner towns in the Orange Free State.'

There are still very few guns in black hands; and the state (as President Botha repeatedly warns) has only used part of its fire-power. But when the violence turns to terrorism the fighters will find it easier to hide.

Since the government declared a state of emergency a month ago most whites expected it to restore order quickly, even if there was an uneasy interim before the next outbreak. But the last weeks have shown growing resistance -



MOST OF THIS LETTER is devoted to an emergency report from South Africa. In view of its urgency, which interrupted our holiday, we have brought forward publication by two days.

Other topics include:

- * *How can privatised companies achieve the best co-operation between workers and owners? (p.8)*
- * *What will be the future relationship between OPEC and the Seven Sisters? (p.5)*

ANTHONY SAMPSON

most remarkably in easy-going Cape Town.

'When we formed our organisation two years ago we thought Cape Town would be our weakest region,' said one of the UDF leaders now on bail. 'So we sent most of our organisers down there. Now it's the most active of all.'

It was in Cape Town that Alan Boesak, one of the UDF's founders, planned to 'turn South African upside down' and to march on Mandela's prison before he was arrested; and where the battles are now most deadly.

'If they want real change with stability, businessmen must identify themselves with the aspirations of our people.' - Winnie Mandela

The UDF's grass roots have surprised everyone including the police. 'Our secret was to include 450 active organisations,' said the same leader, 'ranging from trades unions to bicycle clubs. We knew the leaders would be cut off; but others could always take over.'

The government still has a massive military machine, with 50,000 police on the front line and a potential army of 300,000. No casual visitor to the white suburbs of Johannesburg would notice any cause for worry.

But the young Afrikaner police, some of whom visibly enjoy their task, have provoked more resistance with their brutality and arbitrary arrests, and often appear out of control. It was the difficulty of controlling them which helped to persuade President Botha to declare an emergency, so that he could deploy the army which, as a former defence minister, he could effectively control. (The rumours of a potential military coup can be discounted.)

But the army also creates its own problems, by assuming a civil war. 'I watched the army arresting 800 school-children in Soweto,' said the writer Mothabi Mutloatse: 'elderly people were trying to stop the soldiers. If one stone had been thrown, they would have been mown down. It's not a police state. It's a military state.'

The army commanders know that they cannot impose a purely military solution in the heart of an advanced industrial state. General Magnus Malan, the Minister of Defence, has often said (when he commanded the army) that they could not fight both internal and external

enemies, and that they must win 'hearts and minds.'

But each confrontation loses more hearts and minds; and President Botha's speech two weeks ago lost still more. 'The Afrikaners make blunder after blunder,' said Winnie Mandela, the wife of the imprisoned black leader who is now defying her ban by living in Soweto. 'We thank them for unifying us. Botha said he had crossed the Rubicon; but it is we who crossed the Rubicon.'

But the blacks do not only accuse the Afrikaner government; they criticise the English-speaking leaders who they believe have supported and financed apartheid. 'They don't seem psychologically able to use their collective muscle,' said the editor of the black City Press: 'I sense that they feel helpless.' Their silence encourages the left-wing black leaders who call for nationalising all business and land when they come to power.

'At present we regard businessmen as the government's allies,' Winnie Mandela said with great emphasis. 'If businessmen want real change with stability, they must identify themselves with the aspirations of our people.'

REFORM BEHIND SMOKESCREENS

The new black militancy is visible everywhere: among old colleagues I could find no 'Uncle Toms'. But the militancy did not reflect despair, so much as a long-term hope which I had not found in previous visits.

For most blacks are now convinced they will win. They give different time-frames, but hardly ever less than ten years, before they will share political power - or control it. Their disagreements are about how painfully they will gain it, whether through far more bloodshed, or through the intervention of the West.

The change in expectations reverberates through the townships; for any middle-class black will now think carefully before he identifies himself with a losing side.

That hope may seem unrealistic in the present deadlock. Yet behind the rhetoric, extraordinarily, many whites share the same expectation - Afrikaners as well as English-speaking.

I gave my impressions of black optimism to Harold Pakendorf, the editor of the Afrikaans paper Die Vaderland - a liberal who yet maintains close links

with the cabinet. 'I agree with them,' he said: 'I certainly expect power-sharing in at least ten years.' And a poll taken two weeks ago showed 63% of whites saying that apartheid would not exist in ten years time.

The tragedy is that the political pressures are now pushing the two sides further apart - and even further since President Botha's speech, from which so much was expected.

The first draft of that speech (as Pakendorf, who had seen it, explained) included two key phrases - 'common decisions' and 'co-responsibility' - which when decoded clearly meant sharing political power with blacks. They were cut out, not by a cabinet revolt but by the President's own office: so that nothing was left to placate the blacks - except a reference to pass-laws being 'outdated' (which when decoded means 'about to be abolished').

There is little doubt that the pass-laws will be abolished, after going through an elaborate smoke-screen to conceal the reform with new words and technicalities - in the classic tradition of a de Gaulle or a Macmillan.

But for the blacks it is too late for this kind of double-speak, and to avert civil war the President must give hope to both sides. Instead his speech slammed the door on Mandela's release - with the help of dishonest evidence.

Botha quoted a document in Mandela's handwriting beginning 'we communists...' But he failed to mention that it did not represent Mandela's own views but (as emerged in his trial) was a transcription from a Chinese booklet. And he referred to a plan to manufacture 210,000 hand-grenades, which was actually written in 1963, when Mandela was already in jail.

The absence of truth is the most worrying symptom - almost as if the civil war has already begun. No word can be published in South Africa from any leader of the African National Congress, the main opposition group. Riots and shootings are officially described as 'unrest'.

The television films of baton-charges and whippings are shown round the world. (It is one of the few useful results of Reagan's policy of 'constructive engagement' that it allowed TV crews into South Africa who had been kept out during Carter's time). But the films are not seen inside South Africa.

Blinkered from the real news, the two

sides diverge still further. No doubt President Botha does genuinely want to push through reforms and eventual power-sharing; and no-one listening to the intransigent white right can blame him for moving stealthily. But his time-scale is far too leisurely for the pace of this crisis; and the omissions from his speech suggest that he has lost his nerve.

So the ingredients seem complete for civil war.

THE FALL OF THE RAND

But this terrifying prospect has also precipitated an economic collapse which few people had fully anticipated. In my last Letter I pointed out that South Africa's greatest vulnerability (like Rhodesia's earlier) was its foreign debt.

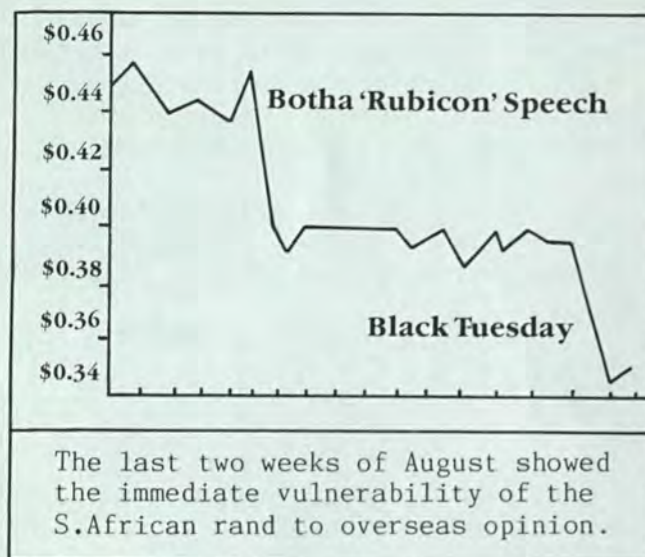
In spite of its gold it has always needed foreign capital to sustain its development. But companies also contracted much more debt two years ago, encouraged by the government. And that short-term debt now stands at \$12m. It has turned into a trap.

The first shock came from, of all places, the Chase Manhattan Bank - the bank which had first resumed lending to South Africa just after Sharpeville. But in 1977 the Chase had stopped new lending to the SA government; and recently they appointed a black banker, Hughlyn Fierce, as senior vice-president in charge of South Africa. On August 1, just after the emergency, the Chase was reported to have stopped rolling over existing loans to companies (though the Chase still will not confirm it).

It was the Chase which began the first run on the rand, even more than the French withdrawal on the same day. Morgan's and Citibank tut-tutted, but another international bank dropped South Africa's credit-rating from B to D without stopping at C (E is bottom).

As the rand fell, businessmen put some faith in the promised speech of the President who had carefully cultivated them since 1979. But the speech pushed the rand down still further. Other banks stopped rolling over their loans, and as the rand fell the cost of repayment went up. Soon companies could only raise new loans at interest rates of over 3% above LIBOR (the international standard rate) - higher rates than for Zaire.

The American bankers were at first more worried by the threat of sanctions



The last two weeks of August showed the immediate vulnerability of the S. African rand to overseas opinion.

from Washington than by the mounting violence; but the TV news brought it into their parlours and drove home the connections.

On Black Tuesday August 27 I was talking to a stockbroker, Henry Hare, watching the hectic dealing and shouting on the floor, as the rand fell still faster. The most furious trading was in gold-shares, which South Africans were buying to protect themselves against the falling currency.

As the gold-shares reached record levels there was much excitement. But as my companion said: 'the share values reflect what South Africans are thinking: that everything is OK. The rand reflects what the world thinks, and it's saying God Help You. We're losing the credit-rating we've been so proud of.' By the close of trading on that Tuesday the rand was worth half its value against sterling compared to a year before.

Only that morning the governor of the central bank, Dr Gerhard de Kock, had explained in his annual statement how well the economy was doing: the current account surplus of R400 million (about \$160m at the morning's rate) could repay all foreign loans and other capital outflow.

But during that Tuesday Alan Boesak had been arrested in Cape Town and more rioting had broken out. It was impossible now to separate economic from political judgments. I asked three stockbrokers how the markets would react if the government were to release Mandela. One said it would make no difference, the others insisted it would rapidly increase confidence: 'even the Afrikaner brokers want him out.'

Just after trading stopped that Tuesday, the economic crisis became official. The government announced that all dealing would be suspended for four days. And on Sunday the government announced its freeze on all repayments of debt until the end of the year.

THE TYCOONS' REVOLT

Big businessmen were already much more worried, both by the loss of credit and by the ferocity of the emergency. On that same Tuesday Bishop Desmond Tutu - now the only major black leader out of jail - had lunched with business 'high-ups' who were much more open than before (he told me) in their criticism of the government.

The next day directors of major companies (including Anglo-American, Barlow Rand and Barclays Bank) had planned discreetly to fly to Lusaka to talk to leaders of the banned African National Congress, including its president Oliver Tambo. But the visit had to be postponed. Instead they faced the sudden economic crisis at home.

On that Wednesday, by good luck, I happened to be lunching at the Anglo-American Corporation with Harry Oppenheimer, its former chairman who had dominated it for thirty years.

The mining companies had their own problems as black mine-workers were demanding higher wages, through their shrewd union leader Cyril Ramaphosa; and the six giant companies were divided (Ramaphosa said) for the first time in their history. Their alignment reflected their political attitudes.

The most resistant to compromise has been Goldfields of South Africa (GfSA) - controlled from London, closely followed by General Mining (Gencor) controlled by Afrikaners with links with government. The most conciliatory is Anglo-American, where Oppenheimer had encouraged the legalising of unions as a more orderly alternative to riots and bloodshed.

Oppenheimer had always made a point of keeping in touch informally with Ramaphosa; and at lunch he and his colleagues did not conceal their need to make contact with the black political opposition - and their disillusion with President Botha's intransigence. But they also had some hope that the economic crisis would generate a new realism.

After lunch I went out to the suburbs to see another mining chairman, Mike Rosholt of Barlow Rand, who had become

the most outspoken in his opposition to apartheid. He had just prepared a new critique. 'I used to say that we should only be involved in politics when it directly affected our own financial interests,' he said, 'but now where can you draw the line?'

Rosholt, too, thought that the economic crisis might help to concentrate minds in Pretoria, and he was now sure that businessmen must play a bolder role. 'When you think about it, compromises are part of our daily activity, every time we make a deal. We're more used to them than politicians.'

A NEW POLITICAL LANDSCAPE?

The next day the political landscape already looked somewhat different. De Kock of the central bank was touring America and Europe, to negotiate an emergency loan, offering to swap gold for credit to rescue the dwindling reserves. Politics and economics were so entangled that the Governor's statement two days before now looked completely irrelevant.

And the businessmen were rapidly getting together to flex their 'collective muscle'. On Thursday four organisations, led by the Association of Chambers of Commerce, called for the government to start negotiating with black leaders - 'even if some of these are currently in detention' - a clear reference to Nelson Mandela. Meanwhile Gavin Relly, the conservative current chairman of Anglo-American, asked for a 'new political dispensation'.

It is still far too early to judge how the economic collapse will affect the Pretoria government. But it already looks like undermining the recurring arguments that sanctions would either have no effect, or be counter-productive in driving the Afrikaners 'back to the laager'.

One influential critic of sanctions, Simon Jenkins, has argued both in the Economist and the Spectator that 'sanctions will help apartheid' - by forcing South Africa to become more self-sufficient, particularly by making still more oil from coal in its new 'Sasol' plants.

But South Africa's most critical need is not oil but money. 'We will always need foreign capital,' said Clive Menell the vice-chairman of Anglo-Vaal, '- and the technology that it brings with it.' 'It's the lack of capital which hurts us,' said Rosholt: 'without it we

couldn't build another Sasol plant.'

The 'capital boycott' by foreign bankers has proved more devastating and sudden than anything that Congress in Washington may approve this month. But it has been caused by the fear of sanctions as much as by the political instability - the one reinforcing the other.

The spectacle of the central banker going round Europe cap in hand hardly accords with the legend of 'back to the laager'. No doubt many Afrikaner politicians will react stubbornly to the humiliation of the collapsing currency. But the new generation of Afrikaner capitalists - from whom President Botha gains crucial support - cannot ignore the harsh equations between politics and money. And the more realistic members of his cabinet, including the ministers of finance, justice and foreign affairs, will be vindicated. The timing is poignant - just when three European foreign ministers are visiting South Africa and calling for the release of Mandela.

Whatever Pretoria decides, the business community will play a central role. South Africa, as one of their spokesmen said, is one of the few countries where business is to the left of the government - because they know that they can only regain growth and security through a political settlement with the blacks.

But more important in the long run is the need for businessmen to relate to the black politicians who will inevitably share power in the future. Opinion polls have recorded the growing hostility of blacks to apartheid. And many businessmen admit privately that they can hardly blame prominent blacks, like Winnie Mandela, who have seen them as accomplices of apartheid.

But there remains (I believe) some prospect of reconciliation between white business and black politicians. The president of the ANC, Oliver Tambo, told me (see Letter 21) how impressed he was by the understanding of American businessmen in New York - which was reciprocated. And Mandela himself, in his last speech twenty years ago, insisted that the ANC has never been anti-capitalist.

It is surely absurd that the South African business leaders who have helped to create the wealth of the country should have no contact with the black leaders who will eventually share the political power. For the peace and prosperity of the whole continent will eventually depend on that relationship.

People and pointers

THE BANKER OF BANKERS

Most London bankers would probably agree that the most remarkable innovator in Britain since the second world war was Sir Siegmund Warburg, who founded Warburg's bank and died three years ago.

So it's odd to find that his biography has been written by a Frenchman; and still odder that it was written by Jacques Attali - President Mitterrand's closest adviser at the Elysee, and the originator of many French ideas including Eureka, the European research plan.

(How does Attali combine his book-writing with his work at the Elysee? Very simply, he told me: by getting up at 4 am and writing until breakfast, when he starts working for Mitterrand.)

I've just been looking at his book Un Homme d'Influence, to be published in Paris by Fayard later this year. Attali insists that 'no-one but me wanted this work' and explains the difficulty of 'researching a story whose main subject was bent on removing all traces of himself'. But he did talk to most of Warburg's closest colleagues and had access to his own intimate journal of ideas: 'an anthology for searchers'.

It's a remarkable story, interspersing Warburg's spectacular career with Attali's own account of post-war economic history. He vividly recounts Warburg's historic moments - his arrival as a refugee in London in 1933, his establishment of his own bank in 1946, his mastery of British mergers and takeovers, his pioneering in Eurodollars.

And he uncovers Warburg's political involvement as an ally of Sadat (with other influential Jewish financiers) in pressing Begin to make concessions.

Warburg played down his own role as a banker: he insisted that Andre Mayer was richer, Hermann Abs more powerful. He despised the single-minded pursuit of money: 'for him, (says Attali) the love of money was a kind of sexual deviation, like necrophilia.'

SEVEN SISTERS - AND BROTHERS?

What will be the future relationship between the multinational oil companies

and the members of OPEC, who have established their own national oil companies?

The biggest companies - the 'Seven Sisters' - have always been reluctant to discuss it, for fear of being seen to be too cartelist. But an interesting view comes from the OPEC side of the fence from Humberto Penaloza, the chief executive of Petroleos de Venezuela, writing in the current OPEC Bulletin.

Penaloza accepts that the Seven Sisters lost control over the oil industry between 1975 and 1983 - when they controlled only 5% of the free world's reserves, compared to more than 50% before 1975. But their profits were so massive that they became more like banks, and needed to be run by money-managers rather than oilmen.

He sees the national oil companies in OPEC countries increasing their vertical integration, from the oilfields to the pump, following the lead of Kuwait and Venezuela; and he still hopes that Brazil and Mexico will eventually join his country in creating a 'Petro-Latin' to integrate operations through the Americas.

But he stresses that most OPEC members have a close working relationship with the Seven Sisters. And he looks forward to the opening of the 'political umbrella' which will allow much closer

MERCENARY STATES

Since the sinking of the Greenpeace ship Rainbow Warrior in Auckland Harbour, there has been much speculation about the whereabouts of the three French secret service men who are suspected of having helped to blow it up.

Now Rowlinson Carter, writing in the London Spectator, has suggests that the trail leads to the Comoros islands, the tiny state between Madagascar and East Africa. Carter claims that Comoros has been run by the French secret service since 1978, with its President Abdullah as window-dressing.

But this is only part of the shadowy history of Comoros. In February of this year, in Letter 10, I drew attention to its growing importance to South Africa,

cooperation which will overcome the weakness and uncertainty of the oil market and allow sensible long-term planning.

His case is a strong one; but the closer their cooperation, the more the old fears about the oil business will return: who will control the controllers?

OIL AND THE GAME OF CAPITALISM

A rather different view of oil comes from a book called Fundamentals of the Petroleum Industry, by Robert O Anderson, just published in Britain by Weidenfeld & Nicholson.

It looks like a conventional textbook until you realise it is written by one of the richest of all oilmen. Anderson made his first fortune in New Mexico, and became chairman of Atlantic Richfield which he claims is 'often regarded as the Eighth Sister.'

He naturally champions free enterprise. He points out that the speed of drilling in Russia is five to ten times slower than in America; and he explains with personal conviction that in the oil business 'there was, and is, still room for individuals with friends, faith, perseverance, some money, and a lot of luck to become independently wealthy.'

after it had agreed to break the air-boycott of South Africa, by providing a leased Boeing jet to fly between South Africa and the Middle East. And Comoros has also been widely suspected, through its connection with Oman, of supplying weapons to the rebels in Mozambique - who now appear to have got out of control.

Comoros shows signs - like some other tiny countries - of being a kind of mercenary state, which can be hired out for discreet supranational services. I promise to investigate further.



But he concedes that even in America the 'invisible hand' of free enterprise may not be enough - particularly for developing synthetic fuels. 'If even the gentlemanly game of tennis must have umpires, referees and linesmen, then how much more so must the game of capitalism have them, where the stakes are so high?'

So who will control the world's oil in the future? For the foreseeable future (Anderson believes) OPEC will be 'a major influence on world supplies and world market prices'. But the new era of synthetic fuels and alternative energy should produce a world market which will be less dependent on the notoriously slippery oil-price.

Anderson is well-qualified to make confident and logical predictions. But does he do justice to the reckless irrationality of the oil market, which has left so many countries as well as companies in the lurch?

THE OFFSHORE MENTALITY (Cont.)

Since my reports on the European Monetary system (Letters 22 & 23) there has been growing debate about whether Britain should now join - all the more since the uncertainties about the dollar.

There's a specially interesting analysis by Rimmer de Vries of Morgan's bank in New York, in the current World Financial Markets. He points out that the 'extraordinary gyrations of sterling stand in marked contrast with the relative stability within the EMS'; and he agrees that 'sterling's full participation in the EMS offers the best hope for greater UK exchange rate stability.' And he thinks that the oil factor will now be less volatile, with North Sea production on a plateau.

But de Vries believes that the British have one strong objection which they rarely articulate: 'the dislike of perceived subjection to German hegemony or some supranational bureaucracy.'

Personally I think the dislike is not so much of Germany, as of Europe. As Roy Jenkins said in my last Letter, the reluctance stems from 'a built-in offshore mentality' which believes that Britain will never wholly be part of Europe.

Privatised industry: the need for democratic new models

In my last Letter (No.23) I discussed the popular interest in privatised companies, particularly since British Telecom massively increased the numbers of private shareholders in Britain.

The argument continues about how to create closer cooperation between shareholders, workers and directors, and who should be entitled to become owners of these national assets.

I have received a letter from Jeremy Hardie, the City accountant and chairman of Alexander's Discount, who chaired a report for the Social Democratic Party on wider share ownership:

Dear Anthony,

Mrs Thatcher's Government has done the world a service by showing the world so clearly the virtues - for there are some - and more interestingly the limitations of her version of privatisation.

British merchant banks now have a useful export business in advising foreign governments how to do the British Telecom trick. Certainly, it is a great credit to London capital markets to have been able to shift such a lump of shares into so many hands so fast.

But the debate is bound to widen now - if only because raising more cash for the state by selling off public industries can only be done once; and even the successful issues like Telecom only gave shares to one citizen in twenty.

The joint stock company and limited liability were brilliant Victorian inventions which served the later Industrial Revolution well, but only at the

cost of institutionalising, through company law and stock exchange practice, the division between capital and labour.

The word cooperation is now associated with impractical idealism, or Basque eccentricity, or Eastern European agriculture - not the most seductive models. We have come to think that the idea has nothing to do with modern industry - even though it is obvious that all modern economies depend on social cooperation of some kind to work at all.

The only question is what institutions produce the best cooperation; and it would be odd if the Victorian joint stock company were still the best for the pluralist, democratic, egalitarian societies of the last quarter of the twentieth century.

On the Left, it is disappointing that Socialism turned to State centralism, nationalisation and trades unions as the preferred mechanisms for popular participation in industry.

As for the Right, wider share ownership in its traditional forms has something to offer - but can never do much, so long as property ownership is concentrated in quite few hands.

So, not surprisingly, it is left to the radical centre parties, such as the Liberals and the Social Democrats, and to the old/new economies such as Japan, to make the running in devising new institutions for participation and economic success.

Yours sincerely,

Jeremy Hardie

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W Powell

*The PAs content
will this (as I told you).
N.L.W.*

South Africa

We need a line to take with the press 9.9
once the United States administration
announce their measures. I attach a
draft which I have prepared and cleared
with the Foreign Office. We need the
Prime Minister's agreement. The Foreign
Secretary would draw on it this evening
in Luxembourg.

CHARLES POWELL

9 September 1985

me to take

We have noted President Reagan's measures. We understand that their purpose is to disassociate the United States from the policy of apartheid while avoiding damage to the South African economy.

There can be no room for doubt about the Government's revulsion towards the policy of apartheid. This has been made clear repeatedly and we see no need for further measures to underline it.

But the debate should not be seen as one between those who are for and against sanctions. Britain has for long taken steps to bring pressure on the South African Government to dismantle apartheid. For instance, we have banned the sale of arms and nuclear goods; we discourage sporting contacts; and a voluntary code of conduct for British companies in South Africa has been in place for many years. Not all of these steps have been taken either by the US or by all our Community partners.

We wish to see fundamental changes in South Africa and have consistently urged these upon the South African Government both bilaterally and in conjunction with other Member States of the European Community. But we share the US Administration's aim of avoiding measures which are disruptive of the South African economy. These will bear most heavily on the weaker sections of the population. We therefore remain opposed to economic sanctions which we judge likely to be counter productive.

Plus a paragraph welcoming the return of the US Ambassador to South Africa.

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15

Sente

SOUTHERN AFRICA

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MR CLG MALLABY, CABINET OFFICE

PS/NO 10 DOWNING STREET ✓

RESIDENT CLERK

15.11.84



GRS 1150

UNCLASSIFIED

FM WASHINGTON

TO DESKBY 100700Z FCO

TELNO 2542

OF 092045Z SEP 85

INFO DESKBY 100700Z LUXEMBOURG (FOR PS/MR RIFKIND)

INFO IMMEDIATE LAGOS (FOR PRIVATE SECRETARY)

PRIORITY OTHER EC POSTS, PRETORIA, HARARE, LUSAKA, LUANDA,
DAR ES SALAAM, MAPUTO, GABARONE, MASERU, MBABANE, UKMIS NEW YORK

MY TELNO 2535: US/SOUTH AFRICA

SUMMARY

1. PRESIDENT REAGAN SIGNS EXECUTIVE ORDER PROHIBITING TRADE AND CERTAIN OTHER TRANSACTIONS INVOLVING SOUTH AFRICA.

DETAIL

2. IN AN EXECUTIVE ORDER SIGNED ON 9 SEPTEMBER PRESIDENT REAGAN DECLARED A NATIONAL EMERGENCY TO DEAL WITH THE THREAT POSED TO THE FOREIGN POLICY AND ECONOMY OF THE UNITED STATES BY THE POLICIES AND ACTIONS OF THE GOVERNMENT OF SOUTH AFRICA.

3. THE ORDER PROHIBITS THE FOLLOWING TRANSACTIONS WITH EFFECT FROM 11 OCTOBER, UNLESS OTHERWISE PROVIDED,

(A) THE MAKING OR APPROVAL OF ANY LOANS BY US FINANCIAL INSTITUTIONS TO THE SOUTH AFRICAN GOVERNMENT OR TO ENTITIES OWNED OR CONTROLLED BY THAT GOVERNMENT. THIS PROHIBITION TAKES EFFECT ON 11 NOVEMBER. IT DOES NOT APPLY TO LOANS OR CREDIT FOR ANY EDUCATIONAL, HOUSING OR HEALTH FACILITY AVAILABLE TO ALL PERSONS ON A NON-DISCRIMINATORY BASIS AND LOCATED IN AN AREA ACCESSIBLE TO ALL POPULATION GROUPS WITHOUT LEGAL OR ADMINISTRATIVE RESTRICTIONS, OR TO ANY LOAN OR EXTENSION OF CREDIT ALREADY AGREED.

(B) ALL EXPORTS OF COMPUTERS, COMPUTER SOFTWARE, OR GOODS OR TECHNOLOGY INTENDED TO SERVICE COMPUTERS TO OR FOR USE BY MILITARY OR SECURITY AGENCIES OF THE SOUTH AFRICAN GOVERNMENT; ARMSCOR, THE ADMINISTERING AUTHORITIES FOR PASS CONTROLS AND ANY APARTHEID ENFORCING AGENCY.

(C) THE EXPORT OR RE-TRANSFER TO SOUTH AFRICA OF ANY NUCLEAR-RELATED MATERIAL OR OF GOODS OR TECHNOLOGY TO BE USED IN A NUCLEAR PRODUCTION OR UTILISATION FACILITY. THIS

RELATED MATERIAL OR OF GOODS OR TECHNOLOGY TO BE USED IN A NUCLEAR PRODUCTION OR UTILISATION FACILITY. THIS DOES NOT PRECLUDE ASSISTANCE FOR IAEA SAFEGUARDS OR IAEA PROGRAMMES GENERALLY AVAILABLE TO ITS MEMBER STATES, OR FOR TECHNICAL PROGRAMMES FOR THE PURPOSE OF REDUCING PROLIFERATION OF RISKS OR FOR EXPORTS NECESSARY FOR HUMANITARIAN REASONS TO PROTECT PUBLIC HEALTH AND SAFETY.

(D) THE IMPORT TO THE US OF ANY ARMS, AMMUNITION OR MILITARY VEHICLES PRODUCED IN SOUTH AFRICA OR OF MANUFACTURING DATA FOR SUCH ARTICLES.

4. THE ORDER OUTLINES THE SULLIVAN FAIR LABOR PRINCIPLES AND STATES US POLICY TO ENCOURAGE STRONGLY ALL US FIRMS IN SOUTH AFRICA TO ADHERE TO THEM. THE ORDER BANS US GOVERNMENT EXPORT ASSISTANCE TO ANY AMERICAN FIRM IN SOUTH AFRICA EMPLOYING MORE THAN 25 PERSONS WHICH DOES NOT ADHERE TO THESE PRINCIPLES BY THE END OF THIS YEAR. SUCH FIRMS ARE ALSO ENCOURAGED TO TAKE REASONABLE MEASURES TO EXTEND THEIR INFLUENCE ON ACTIVITIES OUTSIDE THE WORKPLACE EG BY SUPPORTING THE RIGHT OF ALL BUSINESSES TO LOCATE IN URBAN AREAS, BY INFLUENCING OTHER COMPANIES TO OBSERVE THE SULLIVAN PRINCIPLES, BY SUPPORTING THE FREEDOM OF MOBILITY OF ALL WORKERS REGARDLESS OF RACE AND BY PROVIDING ADEQUATE HOUSING FOR EMPLOYEES' FAMILIES NEAR THE EMPLOYEES PLACE OF WORK. THE STATE DEPARTMENT AND OTHER US GOVERNMENT AGENCIES ARE INSTRUCTED TO APPLY THE SULLIVAN PRINCIPLES TO THEIR SOUTH AFRICAN EMPLOYEES AND, IN PROCURING GOODS OR SERVICES IN SOUTH AFRICA, TO MAKE THE MAXIMUM AFFIRMATIVE EFFORT TO ASSIST BUSINESS ENTERPRISE HAVING MAJORITY BENEFICIAL OWNERSHIP BY NON-WHITES.

5. THE SECRETARY OF STATE AND THE US TRADE REPRESENTATIVE ARE DIRECTED TO CONSULT WITH OTHER PARTIES TO GATT WITH A VIEW TOWARD ADOPTING A PROHIBITION ON IMPORT OF KRUGERRANDS. THE TREASURY SECRETARY IS DIRECTED TO CONDUCT A STUDY WITHIN 60 DAYS OF THE FEASIBILITY OF MINTING AND ISSUING A US GOLD COIN.

6. THE SECRETARY OF STATE IS TO ESTABLISH AN ADVISORY COMMITTEE ON SOUTH AFRICA TO PROVIDE RECOMMENDATIONS ON MEASURES TO ENCOURAGE PEACEFUL CHANGE IN THAT COUNTRY. THE COMMITTEE IS TO PROVIDE ITS INITIAL REPORT WITHIN 12 MONTHS.

7. THE SECRETARY OF STATE IS ALSO DIRECTED TO TAKE THE NECESSARY STEPS TO USE THE FUNDS AVAILABLE FOR SCHOLARSHIPS FOR NON-WHITES IN SOUTH AFRICA AND TO UPHOLD HUMAN RIGHTS IN THAT COUNTRY EG BY PROVIDING LEGAL ASSISTANCE.

8. IN HIS PRESS STATEMENT INTRODUCING THESE MEASURES, PRESIDENT REAGAN CONDEMNED APARTHEID. THE QUESTION WAS HOW TO USE THE UNITED STATES' LIMITED INFLUENCE OVER SOUTH AFRICAN SOCIETY. IN HIS VIEW, THE US SHOULD WORK FOR PEACEFUL EVOLUTION AND REFORM. QUOTE OUR AIM CANNOT BE TO PUNISH SOUTH AFRICA WITH ECONOMIC SANCTIONS THAT WOULD INJURE THE VERY PEOPLE WE'RE TRYING TO HELP UNQUOTE. US POLICY THROUGH SEVERAL ADMINISTRATIONS HAD BEEN TO USE ITS INFLUENCE AND LEVERAGE AGAINST APARTHEID NOT AGAINST THE INNOCENT VICTIMS OF APARTHEID. THE MEASURES HE WAS INTRODUCING WERE DESIGNED AGAINST THE MACHINERY OF APARTHEID WITHOUT INDISCRIMINATINGLY PUNISHING THE PEOPLE WHO WERE VICTIMS OF THAT

SYSTEM: THEY WOULD DISSOCIATE THE US FROM APARTHEID BUT ASSOCIATE THE US POSITIVELY WITH PEACEFUL CHANGE.

9. IN REPLY TO PRESS QUESTIONS, PRESIDENT REAGAN ASSERTED THAT THE MEASURES HE WAS INTRODUCING WERE NOT SANCTIONS OF THE KIND CALLED FOR BY THE LEGISLATION BEFORE THE SENATE. HE DID NOT BELIEVE THAT THEY WOULD HURT THE SOUTH AFRICAN ECONOMY. HIS POLICY COULD BE DESCRIBED AS ACTIVE CONSTRUCTIVE ENGAGEMENT. HE DECLINED TO BE DRAWN ON WHAT ACTION BY THE SOUTH AFRICANS MIGHT JUSTIFY THE LIFTING OF THESE MEASURES. THE MESSAGE HE INTENDED TO SEND TO SOUTH AFRICA WAS MUCH THE SAME AS HAD BEEN SENT BEFORE PERSUASION BUT A CLEAR INDICATION OF THE IMPATIENCE OF THE US PEOPLE FOR THE NEEDED CHANGES IN SOUTH AFRICAN SOCIETY.

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PERSUASION BUT A CLEAR INDICATION OF THE IMPATIENCE OF THE US
PEOPLE FOR THE NEEDED CHANGES IN SOUTH AFRICAN SOCIETY.

10. PRESIDENT REAGAN ALSO ANNOUNCED THAT HE WAS SENDING THE US
AMBASSADOR BACK TO SOUTH AFRICA WITH A MESSAGE TO PRESIDENT BOTHA
QUOTE UNDERLINING OUR GRAVE VIEW OF THE CURRENT CRISIS AND OUR
ASSESSMENT OF WHAT IS NEEDED TO RESTORE CONFIDENCE ABROAD AND
MOVE FROM CONFRONTATION TO NEGOTIATION AT HOME UNQUOTE.

11. FULL TEXT OF STATEMENT AND EXECUTIVE ORDER SENT BY MOFAX
TO S AF.D.

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ADVANCE COPIES

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SOUTHERN AFRICA

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PS/MR RIFKIND

~~MR/DEPT~~

MR FERGUSSON

SIR J FREELAND

MR JOHNSON

MR O'NEILL

ED/SAFD

ED/CAFD

ED/UND

ED/NEWS DEPT

~~RESIDENT CLERK~~

MR CLG MALLABY, CABINET OFFICE

PS/NO 10 DOWNING STREET



15.11.84

IMMEDIATE

CONFIDENTIAL

FM BONN

TO DESKBY 091100Z FCO

TELNO 869

OF 091018Z SEPTEMBER 85

INFO DESKBY LUXEMBOURG (FOR SECRETARY OF STATE'S PARTY)

INFO ROUTINE PARIS, WASHINGTON, OTTAWA, PRETORIA

WASHINGTON TELNO 2535: US SANCTIONS AGAINST SOUTH AFRICA

SUMMARY

1. GERMANS TAKEN BY SURPRISE. THE PRESSURE WILL NOW BE ON THEM TO FOLLOW SUIT. BUT OFFICIALS SAY THAT ANY MEASURES ARE LIKELY TO FALL SHORT OF ECONOMIC SANCTIONS.

DETAIL

2. GUEHLCKE, THE DESK OFFICER FOR SOUTH AFRICA, AUSWAERTIGES AMT, TOLD US THAT PRESIDENT REAGAN'S ANNOUNCEMENT OF SANCTIONS HAD TAKEN THE GERMANS BY SURPRISE. THEIR FIRST REACTION IS TO DISCUSS WITH COMMUNITY PARTNERS. GERZ, HEAD OF SOUTHERN AFRICA DEPARTMENT, WILL NOW ACCOMPANY GENSCHER ON 10 SEPTEMBER.

3. AT OFFICIAL LEVEL, THE GERMANS NOW BELIEVE THAT THEY MAY BE FORCED TO FOLLOW THE US LEAD.

BUT ANY MEASURES ARE LIKELY TO FALL SHORT OF ECONOMIC SANCTIONS GIVEN

(A) REPEATED PUBLIC STATEMENTS AGAINST SANCTIONS ON PRINCIPLE

(B) WIDESPREAD OPPOSITION TO SANCTIONS AMONG COALITION MPS.

4. GUEHLCKE SAID THAT THE GERMANS WOULD NOW EXAMINE THE FOLLOWING OPTIONS: EXPULSION OF THE SOUTH AFRICAN DEFENCE ATTACHE; INTRODUCTION OF VISAS FOR VISITING SOUTH AFRICANS; DENUNCIATION OF THE BILATERAL CULTURAL AGREEMENT. (THE GERMANS ARE ALREADY STRONGLY COMMITTED TO TOUGHENING UP THE COMMUNITY CODE OF CONDUCT AND EXHORTATION OF GERMAN FIRMS TO ADHERE TO IT, BUT COULD ALSO PRESENT THIS AS A FURTHER STIFFENING OF THEIR POSITION. IMPORTS OF ARMS FROM SOUTH AFRICA (EXCEPT SPORTING WEAPONS) ARE ALREADY SUBJECT TO A BAN.) GUEHLCKE ADMITTED THAT THE GOVERNMENT WOULD BE RELUCTANT TO PURSUE THE VISA OR CULTURAL AGREEMENT OPTIONS, SINCE THESE WOULD HARM THE GERMANS' OWN INTERESTS. BUT IF PRESSURE WAS STRONG ENOUGH THEY PRESENTED A RELATIVELY EASY RESPONSE.

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BY THE BUREAU
IS
COMMUNIST FRONT
TERRACE CORNER

BEVIO JO DOWLING BUREAU
BY THE BUREAU

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FM PRETORIA

TO PRIORITY FCO

TELNO 289

OF 091450Z SEPTEMBER 85

INFO PRIORITY LAGOS (FOR SECRETARY OF STATE'S PARTY, LUXEMBOURG
(FOR MINISTER OF STATE'S PARTY)INFO ROUTINE ATHENS, BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE
PARIS, ROME, UKREP BRUSSELS, LUANDA, LUSAKA, HARARE, GABORONE,
MAPUTO, MADSERU, MBABANE, OTTAWA, CANBERRA, WELLINGTON, NEW DELHI,
WASHINGTON, UKMIS NEW YORK..

INFO SAVING JOHANNESBURG, CAPE TOWN, DURBAN.

SOUTH AFRICA: INTERNAL SITUATION AND PROSPECTS

SUMMARY

1. PRESSURES MOUNT ON THE GOVERNMENT. ONE COULD EXPECT THEM TO SHOW GREATER POLITICAL FLEXIBILITY IN ORDER NOT ONLY TO COUNTER-BALANCE THE EFFECTS OF STRONG-ARM POLICE METHODS ON THE BLACK COMMUNITY BUT ALSO TO TRY AND REGAIN CONFIDENCE AMONGST OVERSEAS BANKERS. THE PRESIDENT IS TO ADDRESS MORE MEETINGS THIS MONTH. BUT THERE IS STILL LITTLE SIGN OF HIS MOVING MUCH BEYOND THE PARAMETERS OF HIS DURBAN SPEECH. PRIOR DEMANDS OF BOTH SIDES STAND IN THE WAY OF A DIALOGUE BETWEEN GOVERNMENT AND BLACKS.

DETAIL

2. THE STATE OF EMERGENCY HAS NOW BEEN IN FORCE FOR 7 WEEKS. I DO NOT BELIEVE THE GOVERNMENT CAN BE FEELING REASSURED. THEY RESEMBLE MEN FIGHTING A BUSH FIRE. AS SOON AS ONE AREA IS DAMPENED DOWN ANOTHER FLARES UP, AND BEFORE LONG PARTS OF THE ORIGINAL AREA BECOME ALIGHT AGAIN. THIS PATTERN OF SHIFTING CENTRES OF UNREST WAS ALSO A FEATURE OF THE VIOLENCE IN 1976 AND 1980 AND THE MINISTER OF LAW AND ORDER CLAIMS THAT THE SITUATION IS NOW EASIER IN THE AREAS WHERE THE STATE OF EMERGENCY WAS DECLARED. OVER-REACTION BY POLICE HAS SUCCEEDED NOT IN ERADICATING VIOLENCE BUT IN RADICALISING BLACK OPINION, PARTICULARLY AMONG THE YOUNG, AT A TIME WHEN THE GOVERNMENT DESPERATELY NEED TO CONVINCe BLACKS THAT A NEGOTIATED FUTURE IS POSSIBLE. THE BELIEF THAT INTERNATIONAL PRESSURES ON SOUTH AFRICA WILL INTENSIFY AND WILL ADD TO EXISTING DIFFICULTIES FOR THE GOVERNMENT IS ENCOURAGING BLACKS TO SUSTAIN PROTEST RATHER THAN NEGOTIATE.

3. THUS THE GOVERNMENT HAVE PAINTED THEMSELVES INTO A CORNER OVER THE QUESTION OF WHETHER LAW AND ORDER OR REFORM SHOULD COME FIRST. THEIR ANSWER WOULD BE THAT ORDER IS A NECESSARY CONDITION FOR REFORM. BLACKS SEE IT THE OTHER WAY AROUND.

4. THE GOVERNMENT WERE WRONG-FOOTED BY THE COLLAPSE OF THE RAND AND SUDDEN DRYING UP OF OVERSEAS CREDIT WHICH THEY BROUGHT LARGELY

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ON.

ON THEMSELVES BY THE SCALE OF THEIR SHORT-TERM COMMITMENTS. FINANCIAL COUNTER-MEASURES WERE SWIFTLY TAKEN ALTHOUGH THEIR SUCCESS HAS YET TO BE PROVED. WORRIES ABOUT THE ECONOMIC SITUATION ARE LIKELY TO BE A MORE EFFECTIVE FORM OF PRESSURE ON SOUTH AFRICA THAN MEASURES ALREADY ADOPTED BY FOREIGN GOVERNMENTS. SOUTH AFRICA IS DIRECTLY DEPENDENT ON FOREIGN MONEY MARKETS AND AFFECTED BY PRIVATE SECTOR JUDGEMENTS. IT IS EASIER FOR THE GOVERNMENT TO JUSTIFY CHANGES FOR BUSINESS AND ECONOMIC REASONS THAN IN RESPONSE TO DEMANDS FROM OTHER GOVERNMENTS.

5. NO MAJOR NEW INITIATIVE HAVE YET EMERGED ON THE POLITICAL FRONT. I DO NOT FIND THIS SURPRISING. IT IS AGAINST THE GRAIN OF THE AFRIKANER TO MAKE HURRIED DECISIONS. TO DO SO SEEMS TO THEM A SIGN OF WEAKNESS. THEY WISH TO AVOID APPEARING TO REACT UNDER PRESSURE THEREBY RISKING YET MORE PRESSURE FOR CONCESSIONS THAT THEY WOULD SEE AS DISASTROUS. FOR THIS REASON AND BECAUSE THEY HAVE A STRATEGY WHICH THEY CONSIDER ESSENTIAL FOR WHITE SURVIVAL I DO NOT LOOK FOR DRAMATIC CHANGES. I BELIEVE THEY INTEND, FOR ENTIRELY PRAGMATIC REASONS, TO MAKE SOME REAL REFORMS BUT HESITATE TO SPELL THIS OUT BECAUSE TO DO SO WOULD RISK HAVING THESE DISCOUNTED BEFORE THEY HAPPEN.

6. MINISTERS LIKE PIK BOTHA CONTINUE TO MAKE THE MOST OF THE GOVERNMENT'S GOOD INTENTIONS. ON SPECIFIC REFORMS, CHANGES IN LEGISLATION ON INFLUX CONTROL AND CITIZENSHIP APPEAR TO BE ON THE STOCKS, AS FORESHADOWED IN P W BOTHA'S DURBAN SPEECH. A REPORT FROM THE PRESIDENT'S COUNCIL DUE SHORTLY IS EXPECTED TO RECOMMEND SIGNIFICANT CHANGES IN THE REQUIREMENTS OF THE PASS LAWS. MEASURES MAY THEN BE PUT TO PARLIAMENTARY STANDING SELECT COMMITTEES MEETING NEXT MONTH TO ELABORATE PRIOR TO THE JANUARY PARLIAMENTARY SESSION. BUT THE GOVERNMENT SEEM NO NEARER TO GETTING THEIR MUCH HERALDED DIALOGUE WITH BLACKS OFF THE GROUND.

7. INCREASINGLY THE DIFFICULTY IS SEEN AS BEING ONE OF IDENTIFYING WHO SHOULD SPEAK FOR THE BLACK COMMUNITY. ALTHOUGH THE GOVERNMENT SAY THEY WILL TALK TO ANYONE WHO RENOUNCES VIOLENCE THEY ARE NEVERTHELESS IN A BOX. AMONG TOWNSHIP BLACKS NONE WHO MATTER HAVE ANY MANDATE TO TALK AND EITHER DARE NOT OR WILL NOT COME FORWARD WITHOUT CLEARER EVIDENCE OF THE GOVERNMENT'S COMMITMENT TO POWER-SHARING. YET LEADERSHIP IN THE TOWNSHIPS IS INCREASINGLY PASSING TO PEOPLE WHOM THE GOVERNMENT REGARD AS THEIR PRIME OPPONENTS.

8. CONCERN AT CONTINUED VIOLENCE COUPLED WITH A BOYCOTT OF WHITE SHOPS NEAR TOWNSHIPS, PLUS THE PROSPECT OF A PROLONGED STAND-OFF BY INTERNATIONAL BANKERS, HAS HAD AN UNDOUBTED EFFECT ON THE SOUTH AFRICAN BUSINESS COMMUNITY. LEADERS OF COMMERCE AND INDUSTRY ARE PRESSING THE GOVERNMENT FOR FASTER PROGRESS. THERE IS STILL NERVOUSNESS IN THE NATIONAL PARTY ABOUT CHANGE BUT THE OUTSPOKENNESS OF A NUMBER OF AFRIKANER MPS, ACADEMICS, JOURNALISTS AND BUSINESSMEN WHO IDENTIFY THEMSELVES WITH EXHORATIONS FOR CHANGE MAY BE HAVING SOME EFFECT. WE HAVE BEEN TOLD BY NATIONAL PARTY MPS THAT THE PARTY AS A WHOLE IS NOW CONVINCED THAT LAW AND

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ORDER

ORDER ALONE WILL SOLVE NOTHING. THEY WOULD BACK CAUTIOUS CHANGES TO ACCOMMODATE BLACKS IN THE CONSTITUTION.

9. THE PRESIDENT WILL BE ADDRESSING A CLOSED SESSION OF THE ORANGE FREE STATE CONGRESS OF THE NATIONAL PARTY ON 11 SEPTEMBER BUT IS NOT GIVING THE KEYNOTE SPEECH HIMSELF. HE IS EXPECTED TO SPEAK AT THE TRANSVAAL PARTY CONGRESS (19-21 SEPTEMBER) AND IN THE CAPE (30 SEPTEMBER TO 2 OCTOBER). THESE PARTY OCCASIONS GIVE HIM AN OPPORTUNITY TO MAKE UP THE GROUND WHICH HE LOST IN AUGUST THROUGH MISCALCULATING HIS DURBAN SPEECH. BUT HIS MAIN AIM PROBABLY REMAINS TO GET A MANDATE FOR THE GENERAL PRINCIPLE OF INCLUDING BLACKS IN A POLITICAL DISPENSATION.

10. AS BEFORE, HOWEVER, THE PRESIDENT WILL PROBABLY FALL FAR SHORT OF MANAGING TO TRANSFORM THE SITUATION. WE MAY SEE SOME ADVANCE ON DURBAN BUT NOT MUCH. THE WHOLE INSTINCT OF AFRIKANER POLITICIANS IS TO CLOAK THEIR POLICY STATEMENTS IN COTTONWOOL CATCHWORDS. ONE OF THE MERITS OF THE RECENT STATEMENT TO THE TROIKA (MY TELNO 267) IS THAT IT DID SO LESS THAN USUAL.

11. FOR THE FIRST TIME THERE ARE STORIES ABOUT SOME OF HIS CABINET COLLEAGUES THINKING THAT P W BOTHA IS NO LONGER THE MAN FOR THE JOB. HIS STANDING HAS UNDOUBTEDLY TAKEN A KNOCK. I DO NOT BELIEVE HE WILL GIVE UP YET. BUT THE CONTINUING CRISIS COULD ADVANCE THE DATE WHEN HE HANDS OVER TO A SUCCESSOR.

12. OUR INTERESTS DEMAND PEACEFUL REFORM. THE MAJOR CHANGE HERE IN THE LAST YEAR IS THAT TIME NO LONGER LOOKS ON THE SOUTH AFRICAN GOVERNMENT'S SIDE. THEY CAN USE THIS, IF THEY WISH, TO CARRY THEIR OWN SUPPORTERS ALONG WITH A PROCESS OF REFORM. WE SHOULD CONTINUE TO DEMAND FIRM ACTION. BUT A REAL DIALOGUE IS UNLIKELY TO GET OFF THE GROUND UNLESS BOTH SIDES DROP PRIOR DEMANDS. THIS IS RECOGNISED BY SOME HERE. BUTHELEZI AND THE PROGRESSIVE FEDERAL PARTY ARE JOINTLY SPONSORING A NATIONAL CONVENTION ALLIANCE FOR UNCONDITIONAL TALKS BUT THE INITIATIVE LACKS ANY WIDE SUPPORT. INTERNATIONAL PRESSURE MIGHT USEFULLY BE DIRECTED TOWARDS PRESSING ALL PARTIES TO AGREE TO TALKS WITHOUT PRIOR CONDITIONS.

MOBERLY

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SOUTHERN AFRICA
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MR J R J JOHNSON
CABINET OFFICE

ADDITIONAL DISTRIBUTION
SOUTHERN AFRICA

Repetition to ATHENS

referred for departmental decision,

repeated as requested to other posts.

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SOUTHERN AFRICA

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 HD/NEWS DEPT
 RESIDENT CLERK

MR CLG MALLABY, CABINET OFFICE

PS/NO 10 DOWNING STREET

15.11.84

CONFIDENTIAL

FM WASHINGTON

TO DESKBY 100700Z FCO

TELNO 2543

OF 092345Z SEP 85

INFO DESKBY 100700Z LUXEMBOURG (FOR PS/MR RIFKIND)

INFO IMMEDIATE LAGOS (FOR PRIVATE SECRETARY)

INFO IMMEDIATE PRETORIA

INFO PRIORITY OTHER EC POSTS, HARARE, LUSAKA, LUANDA, DAR ES
 SALAAM, MAPUTO, GABARONE, MASERU, MBABANE, UKMIS
 NEW YORK

MIPT, US/SOUTH AFRICA

SUMMARY

1. CROCKER MAINTAINS THAT THERE WILL BE NO CHANGE IN US OPPOSITION
 TO MANDATORY UN SANCTIONS.

DETAIL

2. SOME NEW POINTS EMERGED WHEN CROCKER BRIEFED REPRESENTATIVES OF EUROPEAN AND LATIN AMERICAN EMBASSIES THIS EVENING ON THE MEASURES ANNOUNCED BY PRESIDENT REAGAN EARLIER IN THE DAY. HE STRESSED THAT THE COURSE CHOSEN BY THE PRESIDENT OFFERED THE ADMINISTRATION THE BEST CHANCE OF PUTTING A DIVISIVE DOMESTIC DEBATE BEHIND THEM. HE COULD NOT YET ASSESS CONGRESSIONAL REACTION BUT BOTH SENATOR DOLE (MAJORITY LEADER) AND SENATOR LUGAR (CHAIRMAN, FOREIGN RELATIONS COMMITTEE) HAD SAID PUBLICLY THAT THE PRESIDENT'S ACTION REMOVED THE NEED FOR LEGISLATION.

3. CROCKER DETECTED GROWING PUBLIC RECOGNITION IN THE US THAT IT WOULD NOT HELP THE VICTIMS OF APARTHEID TO DESTROY THE SOUTH AFRICAN ECONOMY. HE THOUGHT THAT US ALLIES WOULD SHARE THIS VIEW. THE ADMINISTRATION HOPED THAT THE MEASURES ANNOUNCED BY THE PRESIDENT INCLUDED ELEMENTS WHICH WOULD PROVE ATTRACTIVE TO THE ALLIES AS A DEFENSIBLE BASIS FOR POLICY OVER THE COMING MONTHS.

4. CROCKER NOTED THAT THE INTRODUCTION OF MEASURES BY EXECUTIVE ORDER RATHER THAN BY LEGISLATION GAVE THE PRESIDENT MORE FLEXIBILITY IN DECIDING WHEN THE MEASURES SHOULD BE LIFTED. FRASURE (US EMBASSY, LONDON, WHO IS ATTENDING A US AFRICA CHIEFS OF MISSION CONFERENCE HERE) ADMITTED TO US PRIVATELY THAT THE ONLY IMPORTANT DIFFERENCES BETWEEN THE EXECUTIVE ORDER AND THE CONGRESSIONAL BILL WERE THAT THE THREAT OF FURTHER MEASURES AFTER 12 MONTHS HAD BEEN DROPPED AND THE BAN ON THE IMPORT OF KRUGER-

CONFERENCE WERE REPORTED TO BE PRIVATELY THAT THE ONLY IMPORTANT DIFFERENCES BETWEEN THE EXECUTIVE ORDER AND THE CONGRESSIONAL BILL WERE THAT THE THREAT OF FURTHER MEASURES AFTER 12 MONTHS HAD BEEN DROPPED AND THE BAN ON THE IMPORT OF KRUGER-RANDS HAD BEEN DEFERRED PENDING CONSULTATION WITH GATT PARTNERS. CROCKER SAID THAT US LEGAL ADVICE ON THIS WAS NOT CLEAR BUT THE ADMINISTRATION HOPED TO FIND A WAY FORWARD WITHOUT VIOLATING THEIR INTERNATIONAL OBLIGATIONS.

5. CROCKER CLAIMED THAT THERE WOULD BE NO CHANGE IN US POLICY IN THE SECURITY COUNCIL. THEY DID NOT WANT TO GO DOWN THE ROAD OF MANDATORY SANCTIONS, NOT LEAST BECAUSE AS A MATTER OF PRINCIPLE THEY DID NOT WANT THE SECURITY COUNCIL, WITH THE SOVIET VETO, TO DETERMINE THE CONDUCT OF US FOREIGN POLICY. (COMMENT: IT WILL, NEVERTHELESS, BE VERY DIFFICULT FOR THE ADMINISTRATION TO VETO A SECURITY COUNCIL RESOLUTION IMPOSING MANDATORY SANCTIONS SIMILAR TO THE MEASURES JUST ANNOUNCED BY THE PRESIDENT.)

6. ASKED ABOUT REAGAN'S LETTER TO BOTHA, CROCKER SAID THAT ITS TONE WAS CONSTRUCTIVE BUT SAD. REAGAN WARNED THAT THE POLITICAL FRAMEWORK FOR RELATIONS BETWEEN SOUTH AFRICA AND THE WEST WOULD BE FURTHER DAMAGED IF THE CYCLE OF VIOLENCE AND REPRESSION IN SOUTH AFRICA WERE NOT BROKEN. ON REGIONAL ISSUES, REAGAN REITERATED THE US APPROACH, STRESSING THE NEED FOR LESS CROSS-BORDER VIOLENCE AND THE DIPLOMATIC SOLUTION OF DISPUTES. HE TOUCHED ON MOZAMBIQUE AND THE NECESSITY FOR KEEPING THE NKOMATI PROCESS ON THE RIGHT TRACK. ON NAMIBIA/ANGOLA HE STRESSED THE NEED FOR A CONSTRUCTIVE REPLY FROM THE SOUTH AFRICAN GOVERNMENT TO THE PROPOSALS PUT TO THEM LAST MARCH.

7. CROCKER COULD GIVE NO DETAILS OF THE MEMBERSHIP OF THE PROPOSED ADVISORY COMMITTEE ON SOUTH AFRICA. THE INTENTION WAS THAT IT SHOULD INCLUDE A WIDE CIRCLE OF DISTINGUISHED AMERICANS WHO WOULD MEET PERIODICALLY FOR CONSULTATIONS AND DIALOGUE WITH THE ADMINISTRATION. THEY WOULD PRODUCE AT LEAST ONE REPORT BUT, UNLIKE THE KISSINGER COMMISSION ON CENTRAL AMERICA, WOULD NOT NECESSARILY DISBAND THEREAFTER.

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1. FOLLOWING IS TEXT OF PRESIDENT BOTHA'S RESPONSE TO PRESIDENT REAGAN'S ANNOUNCEMENT REGARDING SOUTH AFRICA ISSUED IN WASHINGTON ON 9 SEPTEMBER 1985 :

STATEMENT ISSUED BY MR P W BOTHA, DMS, STATE PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA, IN RESPONSE TO PRESIDENT REAGAN'S EXECUTIVE ORDER ANNOUNCING CERTAIN ECONOMIC MEASURES AGAINST SOUTH AFRICA, PRETORIA, 9 SEPTEMBER 1985.

THE SOUTH AFRICAN GOVERNMENT HAS, ON NUMEROUS OCCASIONS, WARNED THAT THE IMPOSITION OF ECONOMIC SANCTIONS COULD BE HARMFUL TO THE WHOLE OF SOUTHERN AFRICA. SANCTIONS CANNOT SOLVE OUR PROBLEMS. SOUTH AFRICA'S DECISIONS WILL BE MADE BY SOUTH AFRICA'S LEADERS. THE LEADERS OF SOUTH AFRICA WILL THEMSELVES DECIDE WHAT IS IN OUR INTERESTS. OUR OBJECTIVE IS PEACEFUL REFORM. REFORM CAN ONLY BE RETARDED BY OUTSIDE ATTEMPTS TO INTERFERE.

AS REGARDS THE DEVELOPMENTS IN THE UNITED STATES CONGRESS, WE ARE OBLIGED TO CONCLUDE THAT THEIR PRESSURES ARE MOUNTED IN DISREGARD OF THE WELFARE AND INTERESTS OF OUR REGION.

WE NOTE FOR INSTANCE THAT A PROPOSAL IN THE HOUSE OF REPRESENTATIVES TO SEEK THE VIEWS OF BLACK SOUTH AFRICANS ON SANCTIONS WAS DEFEATED.

WE NOTE ALSO THAT NO ATTEMPT WAS MADE TO ANALYSE THE HARMFUL EFFECTS OF SANCTIONS ON ALL THE COMMUNITIES IN SOUTH AND SOUTHERN AFRICA.

WE SEE NO UNDERSTANDING OF THE FACT THAT EVEN LIMITED SANCTIONS DESTROY JOBS AND PROGRESS. IN AFRICA JOBS ARE PRECIOUS. JOBS IN SOUTH AFRICA FEED APPROXIMATELY ONE AND A HALF MILLION FOREIGN BLACK WORKERS FROM NEIGHBOURING STATES. THEIR REMITTANCES SUSTAIN MILLIONS MORE. PUNITIVE SANCTIONS - HOWEVER SELECTIVE - DO NOT SELECT THEIR VICTIMS. THE WELFARE OF BLACKS AND WHITES ARE INDIVISIBLE.

NONE OF THE PROTAGONISTS OF SANCTIONS HAVE INDICATED WHAT RESPONSIBILITY THEY WILL ASSUME FOR THOSE WHO WILL SUFFER.

THOSE WHO PRESS FOR SANCTIONS DO NOT EXPLAIN HOW THEIR ACTIONS CAN ADVANCE THE PEACEFUL RESOLUTION OF SOUTH AFRICA'S PROBLEMS. INDEED, IT IS IRONICAL THAT THIS PUNITIVE CAMPAIGN IS CONTINUING AT THE VERY TIME WHEN THE SOUTH AFRICAN GOVERNMENT HAS STATED ITS REJECTION OF:

POLITICAL DOMINATION BY ANY ONE COMMUNITY OF ANY OTHER,

THE EXCLUSION OF ANY COMMUNITY FROM THE POLITICAL
DECISION-MAKING PROCESS,

INJUSTICE OR INEQUALITY IN THE OPPORTUNITIES AVAILABLE
FOR ANY COMMUNITY,

RACIAL DISCRIMINATION AND IMPAIRMENT OF HUMAN DIGNITY,

AND AT A TIME WHEN POSITIVE STEPS HAVE ALREADY BEEN TAKEN BY
THE SOUTH AFRICAN GOVERNMENT TO END RACIAL DISCRIMINATION.

DESPITE OUTSIDE PRESSURES, THE SOUTH AFRICAN GOVERNMENT WILL
ACTIVELY PURSUE ITS PROGRAMME OF REFORM. WE REMAIN COMMIT-
TED TO NEGOTIATION WITH ALL LEADERS WHO RENOUNCE VIOLENCE.
OUR OBJECTIVE REMAINS POLITICAL PARTICIPATION OF ALL
COMMUNITIES UP TO THE HIGHEST CONSTITUTIONAL LEVEL. WE
REMAIN COMMITTED TO THIS PRINCIPLE OF CO-RESPONSIBILITY FOR
DECISIONS ON MATTERS OF NATIONAL AND COMMON CONCERN. WE
RETAIN OUR COMMITMENT TO THE PROTECTION OF MINORITY RIGHTS.
WE WILL NOT BE COERCED BY THOSE WHO SEEK TO SEIZE AND
MONOPOLISE POWER.

PRESIDENT REAGAN'S INITIATIVE WAS CLEARLY INFLUENCED BY
EVENTS IN THE CONGRESS. CO-OPERATION SHOULD NOT BE BASED ON
COERCION. SUCH ACTIONS DIMINISH THE ABILITY OF THE UNITED
STATES TO INFLUENCE EVENTS IN SOUTHERN AFRICA.

ANOTHER ASPECT OF THE UNITED STATES CONGRESS ACTION WHICH
WILL NOT ESCAPE ATTENTION, IS THAT WHILE THE ACTION MAY BE
POPULAR IN MANY PARTS OF THE WORLD, THE TENDENCY OF THE
UNITED STATES CONGRESS TO INTRUDE ON THE FIELD OF FOREIGN
POLICY CONTAINS SERIOUS IMPLICATIONS FOR THE WHOLE SOUTHERN
AFRICAN REGION. TODAY THE ACTION IS AIMED AT SOUTH AFRICA,
TOMORROW OTHER COUNTRIES OF THE REGION. LEADERS IN SOUTHERN
AFRICA WILL SURELY REASSESS THE SITUATION IN THE LIGHT OF
THE UNITED STATES CONGRESS' LATEST INTRUSION IN THE FIELD OF
FOREIGN POLICY.

ALTHOUGH PRESIDENT REAGAN'S EXECUTIVE ORDER IS LESS HARM-
FUL THAN THE LEGISLATION PROPOSED BY CONGRESS, IT IS NONE-
THELESS TO BE REGRETTED. WHATEVER THE INTENTION, THE EFFECT
IS PUNITIVE. IT IS A NEGATIVE STEP. I NEVERTHELESS NOTE
THE ANNOUNCEMENT OF AMBASSADOR NICKEL'S RETURN TO PRETORIA
AND WILL AWAIT THE PERSONAL MESSAGE HE IS BRINGING FROM
PRESIDENT REAGAN. I WILL THEREFORE WITHHOLD FURTHER COMMENT
UNTIL I HAVE HAD THE OPPORTUNITY TO STUDY THE CONTENTS OF
THAT MESSAGE.

WE REMAIN CONFIDENT IN OUR ABILITY TO PURSUE OUR REFORM
POLICIES. WE HAVE GREAT HUMAN RESOURCES, MUCH ENERGY AND
DETERMINATION. UNLIKE MOST OF OUR CONTINENT, OUR COUNTRY IS
NOT DYING. WE HAVE THE WILL AND THE VIGOUR. WE HAVE FAITH
IN OUR FUTURE.

2. MISSIONS MUST PLEASE TELEX RESPONSE BY MEDIA AND GOVERNMENT IN
YOUR COUNTRY OF ACCREDITATION TO BOTH PRESIDENT REAGAN'S ANNOUNCEMENT
AS WELL AS PRESIDENT BOTHA'S STATEMENT TO REACH THE MINISTRY IN PRE-
TORIA BY 10H00 (S. A TIME) ON 10 SEPTEMBER 1985.

ENDS

PRESS RELEASE : SOUTH AFRICA

THE UNITED KINGDOM IS ABLE TO SUPPORT THE GENERAL STATEMENT AND THE POSITIVE MEASURES, BUT WISHES TO GIVE FURTHER CONSIDERATION TO THE OTHER MEASURES PROPOSED AND BELIEVES IT PRUDENT TO COME TO A DECISION TODAY ON THESE MATTERS.

THE MINISTERS OF THE TEN, SPAIN AND PORTUGAL HEARD THE REPORT OF THE EUROPEAN MISSION WHICH VISITED SOUTH AFRICA FROM 30 AUGUST TO 1 SEPTEMBER 1985.

THEY NOTED WITH SATISFACTION THAT THIS MISSION HAD BEEN ABLE TO CARRY OUT ITS TASK, WHICH WAS TO EXPRESS TO THE SOUTH AFRICAN GOVERNMENT THE GRAVE CONCERN OF THE TEN, SPAIN AND PORTUGAL AT THE LACK OF ANY SPECIFIC STEPS TOWARDS ABOLISHING APARTHEID AND AT THE RESULTING DETERIORATION OF THE SITUATION.

THE EUROPEAN DELEGATION CALLED FOR THE LIFTING OF THE STATE OF EMERGENCY, THE IMMEDIATE AND UNCONDITIONAL RELEASE OF MR NELSON MANDELA AND THE OTHER POLITICAL PRISONERS, AN FIRM COMMITMENT BY THE SOUTH AFRICAN GOVERNMENT TO END APARTHEID AND TO DISMANTLE DISCRIMINATORY LEGISLATION, PARTICULARLY THE PASS LAWS AND THE GROUP AREAS ACT, AND LASTLY REAL NEGOTIATIONS WITH THE TRUE REPRESENTATIVES OF THE SOUTH AFRICAN PEOPLE, INCLUDING THOSE CURRENTLY IN PRISON.

THE EUROPEAN DELEGATION HAD VERY USEFUL DISCUSSIONS WITH REPRESENTATIVES OF THE CHURCHES AND TRADE UNIONS, LEADING BUSINESSMEN, JOURNALISTS AND LEADERS OF THE PROGRESSIVE FEDERAL PARTY (PFP), INKATHA AND THE AZANIAN PEOPLE'S ORGANISATION (AZAPO). TO SUPPLEMENT THESE CONTACTS, ON 10 SEPTEMBER THE PRESIDENT-IN-OFFICE OF THE COUNCIL AND THE MEMBER OF THE COMMISSION RESPONSIBLE FOR EXTERNAL RELATIONS MET REPRESENTATIVES OF THE AFRICAN NATIONAL CONGRESS (ANC).

IT WAS ON THE BASIS OF THE INFORMATION GATHERED IN THIS WAY THAT THE MINISTERS TODAY DISCUSSED THE POLICIES TO BE PURSUED TOWARDS SOUTH AFRICA, IN PARTICULAR MEASURES TO BE TAKEN WHICH SHOULD BE IMMEDIATE AND HARMONIZED.

THE TEN, TOGETHER WITH SPAIN AND PORTUGAL, NOTED THAT THE SITUATION HAD CONTINUED TO DETERIORATE DRAMATICALLY SINCE THEIR HELSINKI MEETING.

WITH REGARD TO THE VIEWS EXPRESSED TO THE EUROPEAN DELEGATION BY THE SOUTH AFRICAN AUTHORITIES ON 1 SEPTEMBER, THE MINISTERS WISH TO POINT OUT THAT THE OBJECTIVE OF THE TEN, SPAIN AND PORTUGAL, IS THE COMPLETE ABOLITION OF APARTHEID AS A WHOLE AND NOT JUST OF CERTAIN COMPONENTS OF THE SYSTEM. THERE CAN BE NO SUCH THING AS A GOOD AND A

BAD APARTHEID. THEY CONSIDER THAT ALL THE CITIZENS OF SOUTH AFRICA SHOULD ENJOY EQUAL RIGHTS AND THAT THE PROTECTION FOR THE MINORITIES MUST BE ENSURED. TO ACHIEVE THESE OBJECTIVES A GENUINE DIALOGUE WITH THE REPRESENTATIVES OF THE BLACK POPULATION IS NECESSARY.

THEY WILL THEREFORE PURSUE THEIR EFFORTS UNTIL THIS HAS BEEN ACHIEVED.

THE CONCLUSIONS WHICH EMERGE FROM THE VISIT OF THE THREE FOREIGN MINISTERS AND TODAY'S DISCUSSIONS CAN BE SUMMARIZED IN TWO POINTS.

1. THE TEN, TOGETHER WITH SPAIN AND PORTUGAL, TAKE NOTE OF THE DECLARATION OF THE SOUTH AFRICAN GOVERNMENT AND EXPECT OF IT THAT IT TAKE SPECIFIC STEPS.

2. MEANWHILE THEY WILL MAINTAIN THEIR PRESSURE ON SOUTH AFRICA.

THE TEN AND SPAIN AND PORTUGAL HAVE DECIDED TO HARMONIZE THEIR ATTITUDES ON THE FOLLOWING MEASURES:

RESTRICTIVE MEASURES -

- A RIGOROUSLY CONTROLLED EMBARGO ON EXPORTS OF ARMS AND PARA-MILITARY EQUIPMENT TO THE RSA.

- A RIGOROUSLY CONTROLLED EMBARGO ON IMPORTS OF ARMS AND PARA-MILITARY EQUIPMENT FROM THE RSA.

- REFUSAL TO COOPERATE IN THE MILITARY SPHERE.

- RECALL OF MILITARY ATTACHES ACCREDITED TO THE RSA, AND REFUSAL TO GRANT ACCREDITATION TO MILITARY ATTACHES FROM THE RSA.

- DISCOURAGING CULTURAL AND SCIENTIFIC AGREEMENTS EXCEPT WHERE THESE CONTRIBUTE TOWARDS THE ENDING OF APARTHEID OR HAVE NO POSSIBLE ROLE IN SUPPORTING IT, AND FREEZING OF OFFICIAL CONTACTS AND INTERNATIONAL AGREEMENTS IN THE SPORTING AND SECURITY SPHERES.

- CESSATION OF OIL EXPORTS TO THE RSA.

- CESSATION OF EXPORTS OF SENSITIVE EQUIPMENT DESTINED FOR THE POLICE AND ARMED FORCES OF THE RSA.

- PROHIBITION OF ALL NEW COLLABORATION IN THE NUCLEAR SECTOR.

POSITIVE MEASURES

- CODE OF CONDUCT: ADAPTATION, REINFORCEMENT AND PUBLICITY.

- PROGRAMMES OF ASSISTANCE TO NON-VIOLENT ANTI-APARTHEID ORGANISATIONS, PARTICULARLY TO THE CHURCHES.

- PROGRAMMES TO ASSIST THE EDUCATION OF THE NON-WHITE COMMUNITY,

INCLUDING GRANTS FOR STUDY AT THE UNIVERSITIES IN THE COUNTRIES ORIGINATING THE PROGRAMMES.

- INTENSIFICATION OF CONTACTS WITH THE NON-WHITE COMMUNITY IN THE POLITICAL, TRADE UNION, BUSINESS, CULTURAL, SCIENTIFIC AND SPORTING SECTORS, ETC.

-PROGRAMMES TO ASSIST THE SADCC AND THE FRONT-LINE STATES.

-PROGRAMME TO INCREASE AWARENESS AMONG THE CITIZENS OF MEMBER STATES RESIDENT IN THE RSA.

THE QUESTION OF OTHER MEASURES, INCLUDING SANCTIONS, REMAINS. AS THE TEN, TOGETHER WITH SPAIN AND PORTUGAL, STATED ON 22 JULY OF THIS YEAR, THEY MAY HAVE TO RE-EXAMINE THEIR ATTITUDE IN THE ABSENCE OF SIGNIFICANT PROGRESS WITHIN A REASONABLE PERIOD, AND THEY WILL ASSESS THE SITUATION REGULARLY.

IN ADDITION, THE DEPARTMENTS RESPONSIBLE HAVE BEEN ASKED TO EXAMINE THE POSSIBILITY OF INCREASING SOCIAL AND EDUCATIONAL ASSISTANCE FROM THE EUROPEAN COMMUNITY TO THE NON-WHITE POPULATION AND TO POLITICAL REFUGEES.

LASTLY, THE MINISTERS WISH ONCE AGAIN TO EXPRESS THEIR GRAVE CONCERN AT THE SPREAD OF VIOLENCE AND THE INCREASING NUMBER OF CASUALTIES IN SOUTH AFRICA.

THEY SEE THESE DEVELOPMENTS AS CONFIRMATION OF THE FEARS AND WARNINGS THEY HAVE BEEN EXPRESSING FOR SO LONG.

THERE IS AN URGENT NEED FOR THE SOUTH AFRICAN GOVERNMENT FINALLY TO TAKE MEASURES OF THE KIND CALLED FOR BY THE EUROPEAN DELEGATION, IN ORDER TO CREATE A NEW POLITICAL CLIMATE BY OPENING UP A PROSPECT OF PROFOUND, PEACEFUL CHANGE.

US MEASURES ON SOUTH AFRICA

We have noted President Reagan's measures. We understand that their purpose is to dissociate the United States from the policy of apartheid while avoiding damage to the South African economy.

There can be no room for doubt about the Government's revulsion towards the policy of apartheid. This has been made clear repeatedly and we see no need for further measures to underline it.

We wish to see fundamental changes in South Africa and have ~~repeatedly~~ ^{consistently} urged these upon the South African Government both bilaterally and in conjunction with the other member States of the European Community. But we share the US Administration's aim of avoiding measures which are destructive of the South African economy, since these will bear most heavily on the weaker section of the population and on neighbouring countries. We therefore remain opposed to economic sanctions, which we judge likely to be counter-productive.

We welcome the US Administration's decision to send their Ambassador back to Pretoria. We have consistently taken the view that it is important for the views of western governments to be represented as authoritatively as possible at this difficult time.

Foreign Ministers of the Ten will be meeting in Luxembourg tomorrow and will be discussing the situation in South Africa and the responses which individual member states judge appropriate. Their discussion will no doubt cover the implications of the US measures.

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MY TEL NO 2521 (NOT TO ALL): US/SOUTH AFRICA

SUMMARY

1. PRESIDENT REAGAN WILL SIGN AN EXECUTIVE ORDER ON 9 SEPTEMBER IMPOSING MANY OF THE MEASURES AGAINST SOUTH AFRICA PROPOSED IN THE LEGISLATION NOW BEFORE CONGRESS. HIS AIM IS TO SEND A CLEAR SIGNAL DISSOCIATING THE US FROM APARTHEID AS A POLICY WHILE AVOIDING MEASURES DESTRUCTIVE OF THE SOUTH AFRICAN ECONOMY. THE ADMINISTRATION HOPE THAT US PUBLIC OPINION AND THE WESTERN ALLIES WILL RALLY BEHIND THIS POLICY. OFFER OF FURTHER CONSULTATIONS WITH US.
2. CROCKER BRIEFED ME THIS AFTERNOON ON THE MEASURES TO BE ANNOUNCED BY PRESIDENT REAGAN ON THE MORNING OF 9 SEPTEMBER. HE SAID THAT SHULTZ WOULD BE SENDING YOU A MESSAGE OVERNIGHT AND THAT PRESIDENT REAGAN WOULD BE SENDING THE PRIME MINISTER THE FULL TEXT OF HIS STATEMENT.
3. THE TIMING OF THIS ACTION HAD BEEN DICTATED BY THE CONTINUING DETERIORATION OF THE SITUATION IN SOUTH AFRICA AND THE LACK OF POSITIVE SIGNALS FROM THE SAG ABOUT THE WAY AHEAD, AND BY THE RETURN OF CONGRESS AND THE POLITICAL NEED HERE TO DEFUSE THIS ISSUE. THE ADMINISTRATION WISHED TO FOCUS ATTENTION ON SOUTH AFRICA NOT CAPITOL HILL.
4. THE MEASURES TO BE ANNOUNCED BY THE PRESIDENT WERE INTENDED TO PREEMPT CONGRESSIONAL ACTION ON THE SANCTIONS BILL. HE INTENDED TO ASSERT HIS LEADERSHIP ON THIS ISSUE TO ESTABLISH CONSENSUS IN THE US TO SEND A UNITED MESSAGE TO THE SOUTH AFRICANS. MOST IMPORTANT, HE HOPED TO SET OUT A CONSTRUCTIVE POLICY LINE TO WHICH THE US AND THE UK, AS THE TWO MOST IMPORTANT WESTERN COUNTRIES IN THIS CONTEXT, COULD CONTINUE TO ADHERE IN THE MONTHS AHEAD. THIS WOULD BE A CLEAR SIGNAL DISSOCIATING THE US FROM APARTHEID, WHILE AVOIDING MEASURES DESTRUCTIVE OF THE SOUTH AFRICAN ECONOMY.

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5. THE PRESIDENT WOULD THEREFORE SIGN AN EXECUTIVE ORDER IMPOSING A SERIES OF MEASURES INSPIRED SUBSTANTIALLY BY THE BILL BEFORE CONGRESS, BUT IMPROVING ON IT IN SEVERAL RESPECTS:-

(I) THERE WOULD BE NO REFERENCE TO A THREAT OF ADDITIONAL SANCTIONS IN FUTURE:

(II) BANK LOANS TO THE SOUTH AFRICAN GOVERNMENT WOULD BE BANNED AS IN THE BILL BUT THERE WOULD BE AN EXEMPTION FOR LOANS FOR QUOTE GOOD WORKS UNQUOTE SUCH AS BLACK HOUSING SCHEMES (CROCKER ADMITTED THAT THERE WAS VERY LITTLE SUCH LENDING FROM US SOURCES):

(III) NUCLEAR EXPORTS WOULD BE BANNED AS AT PRESENT WITH EXEMPTION FOR ITEMS CONNECTED WITH HEALTH, SAFETY AND THE OBSERVANCE OF IAEA SAFEGUARDS:

(IV) EXPORT OF COMPUTERS TO THE SOUTH AFRICAN SECURITY FORCES AND AGENCIES INVOLVED IN ENFORCING APARTHEID WOULD BE BANNED:

(V) THE IMPORT OF KRUGGERRANDS WOULD BE FORBIDDEN SUBJECT TO FURTHER CONSULTATION ABOUT THE US' LEGAL OBLIGATIONS UNDER GATT. THE ANNUAL VALUE OF SUCH IMPORTS IS CURRENTLY SOMEWHAT LESS THAN DOLLARS 0.5 BILLION. CROCKER ADDED THAT, SUBJECT TO PASSAGE OF THE NECESSARY LEGISLATION, THE US WOULD MINT ITS OWN GOLD COIN:

(VI) THE IMPORT OF ARMS AND MILITARY MATERIEL FROM SOUTH AFRICA WOULD ALSO BE BANNED: IN ACCORDANCE WITH UNSCR 558:

(VII) US FUNDING FOR BLACK ADVANCEMENT PROGRAMMES WOULD BE INCREASED TO DOLLARS 14 MILLION.

6. PRESIDENT REAGAN WOULD ALSO ANNOUNCE THAT THE US AMBASSADOR TO SOUTH AFRICA WAS RETURNING TO HIS POST. NICKEL WOULD TAKE WITH HIM A TOUGH AND FRANK LETTER FROM THE PRESIDENT ABOUT THE POLICIES THE SOUTH AFRICANS SHOULD ADOPT BOTH INTERNALLY AND ON REGIONAL ISSUES SUCH AS NAMIBIA/ANGOLA.

7. CROCKER NOTED THAT THE IMMEDIATE ISSUE WAS WHETHER THESE MEASURES WOULD SATISFY THE SENATE OR WHETHER THE SANCTIONS LEGISLATION WOULD NEVERTHELESS BE PUSHED FORWARD. HE WAS NOT BULLISH, BUT HOPEFUL. SENATOR DOLE, THE MAJORITY LEADER, SAID ON TELEVISION EARLIER TODAY, BEFORE BEING BRIEFED ON THE PRESIDENT'S INTENTIONS, THAT HE HOPED THAT IT WOULD NOT BE NECESSARY TO HAVE LEGISLATION.

8. CROCKER STRESSED THAT THE ADMINISTRATION WERE VERY MUCH AWARE OF THE UK'S EXPOSED POSITION ON THIS ISSUE, PARTICULARLY IN THE RUN-UP TO CHOGM. THE LAST THING THEY WANTED TO DO BY THESE MEASURES WAS TO UNDERCUT HMG'S POSITION. I SAID THAT WE HAD HAD AMPLE WARNING OF THE WAY THE ADMINISTRATION'S THINKING WAS DEVELOPING AND WERE GRATEFUL FOR CROCKER'S BRIEFING: WE COULD CERTAINLY NOT CLAIM THAT WE HAD BEEN TAKEN BY SURPRISE. /9.

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9. CROCKER SAID THAT IT WOULD HELP THE ADMINISTRATION DOMESTICALLY IF EC POLICY WERE TO EVOLVE ON THE SAME BASIC LINES. HE HOPED THAT WE MIGHT BE ABLE TO INFLUENCE OUR PARTNERS, ESPECIALLY AT THE FORTHCOMING FOREIGN MINISTERS' MEETING, IN THIS DIRECTION. THE STATE DEPARTMENT ARE BRIEFING THE GERMANS AND DUTCH (FOR THE EC PRESIDENCY) THIS EVENING.

10. CROCKER SAID IN CONCLUSION THAT IF WE THOUGHT IT DESIRABLE HE WOULD BE GLAD TO TAKE PART IN MORE DETAILED CONSULTATIONS ON THE WAY AHEAD IN WHATEVER FORUM WE JUDGED APPROPRIATE - BILATERALLY OR IN THE CONTACT GROUP OR OTHER WIDER GROUPING.

COMMENT

11. FIRST, THE ADMINISTRATION HAVE COME GOOD ON THEIR UNDERTAKING TO GIVE US ADVANCE WARNING OF ANY CHANGE OF POLICIES. SECONDLY, THE POLICY CHANGES HAVE BEEN FORCED ON THEM BOTH BY THE DETERIORATING SITUATION ON THE GROUND IN SOUTH AFRICA AND BY AMERICAN PUBLIC OPINION AS PERCEIVED BY THE CONGRESS. THE ALTERNATIVE WAS TO VETO AND BE OVERRIDDEN, A CONSIDERABLY WORSE OUTCOME. THIRDLY, THE POLICY CHANGES THEMSELVES HAVE BEEN WELL SIGNALLED IN ADVANCE AND CONTAIN NO SURPRISES. CONSTRUCTIVE ENGAGEMENT IS DOWN BUT NOT ABSOLUTELY OUT. FOURTHLY, THE MEASURES SHOULD HOLD THE SITUATION HERE, AT LEAST FOR A TIME. FINALLY, THERE IS THE OFFER OF CONSULTATIONS BILATERAL OR MULTILATERAL, IF WE WISH TO TAKE COUNCIL TOGETHER ABOUT THE FUTURE.

12. ADMINISTRATION NO DOUBT HOPES THAT THIS WILL GIVE YOU ENOUGH STRAW TO MAKE BRICKS FOR A REASONABLY COORDINATED EUROPEAN AND ALLIED POSITION.

WRIGHT

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The Rebel

THE NATAL MERCURY : 7.9.1985

Push for rapid change, Pik urges

Political Reporter

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VRYHEID—South Africa's Foreign Minister, Mr Pik Botha, last night appealed to South Africans not to stand in the way of reform but to push for rapid change.

Addressing about 500 people in Vryheid's Centenary Hall, Mr Botha warned that even with rapid reform, international pressures against South Africa were likely to get worse before they eased off.

And if the United States enacted punitive legislation against South Africa next week, as was almost certain, similar actions would spread to Europe and Japan, Mr

Botha said.

'Agreement must be reached between whites and other communities in South Africa, and it must come fast.

Power

'Either we prosper together and accept responsibility together for running the country, or we fight each other and destroy the country.

'At the end of it we will have to sit and talk to each other anyway, after destroying what belongs to all of us.'

Mr Botha said the real fight in South Africa was between those who wanted to share power and those who wanted to seize power and monopolise it.

He said the 'illusion' of grand apartheid had been proved unworkable.

'Now you must help people to understand that the time for playing white politics is past.'

The doors were open to all who renounced violence — and there were also whites who had to renounce violence — to negotiate a future for the country.

He said he had warned years ago that international pressure was mounting against South Africa but he had been called an alarmist.

'But I was proved right. The world is closing in on us.'

But it was not too late

for the different political parties, and the white, Indian, coloured and black communities, to get together as South Africans to shape a stable constitutional future for the country.

'Few people are prepared to adapt and change until they feel a real need to change.

'That time has come,' he said.

South Africans could change if only 'the Treurnichts on the Right and the radicals on the Left' could be persuaded to stop trying to declare war on each other all the time.

(Report by S Hayter, 12 Devonshire Place, Durban.)

*Senior
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DAR-ES-SALAAM

FROM NEWS DEPARTMENT

1. FOLLOWING ARE EDITED HIGHLIGHTS OF SECRETARY OF STATE'S
RADIO INTERVIEWS ON 6 SEPTEMBER DEALING WITH SOUTH AFRICA:
BBC EXTERNAL SERVICES

Q : ANY POSITIVE STEPS YOU THINK COULD BE TAKEN AT
THE PRESENT MOMENT?

A : I THINK THAT ONE OF THE MOST EFFECTIVE PRESSURES THAT IS NOW
BEING MANIFESTED IS THE PRESSURE OF THE JUDGEMENT OF MARKETS AND
INVESTORS AROUND THE WORLD IN FACE OF THE MANIFEST POLITICAL
UNWISDOM OF WHAT THE SOUTH AFRICAN GOVERNMENT HAVE BEEN DOING SO
FAR. THAT IS OBLIGING THE SOUTH AFRICANS TO THINK FUNDAMENTALLY
ABOUT WHERE IT HAS BEEN GOING, WHERE IT OUGHT TO GO. I THINK WE
WANT TO MAKE SURE THAT THAT MESSAGE GETS THROUGH VERY CLEARLY.
I DO NOT THINK THAT IT WOULD ACTUALLY HELP TO MOVE DOWN A ROAD
OF COMPULSORY COMPREHENSIVE ECONOMIC SANCTIONS MUCH AS I WANT
TO SEE THE CHANGES IN SOUTH AFRICA.

Q : RESPONSE TO CRITICS WHO SAY THAT OUR REFUSAL
TO GO AHEAD WITH SANCTIONS IS BECAUSE OF OUR TREMENDOUS
COMMERCIAL INTEREST IN SOUTH AFRICA?

A : I WOULD SAY TO THOSE CRITICS THAT IT WOULD BE FOOLISH TO
DISREGARD THE FACT THAT FOR HISTORICAL REASONS, THERE ARE VERY
SUBSTANTIAL HUMAN, ECONOMIC AND POLITICAL LINKS BETWEEN SOUTH

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AFRICA AND THE UNITED KINGDOM. THOSE LINKS MEAN THAT WE HAVE GOT PEOPLE GOING THERE, PEOPLE TRADING THERE, WHO ARE ABLE TO SAY THINGS FROM THAT VANTAGE POINT TO THE SOUTH AFRICANS WHICH OTHERS ARE NOT ABLE TO DO. SO LET US ACCEPT THAT AS A FACT OF LIFE, LET US USE IT AS A FOOTHOLD, AS A FOUNDATION, FROM WHICH TO GET ACROSS TO SOUTH AFRICA WHAT THEY NEED TO DO TO PUT THEIR COUNTRY TO RIGHTS. DON'T JUST, AS A GESTURE, DESTROY ALL THAT IF IN OUR HONEST JUDGEMENT THAT IS ACTUALLY NOT GOING TO HELP PROMOTE THE CHANGES WE WANT IN SOUTH AFRICA.

Q : IS YOUR VIEW PARTLY CLOUDED PERHAPS BY THE SOUTH AFRICAN THREAT TO EXPEL BLACK WORKERS BACK TO THE NEIGHBOURING TERRITORIES?

A : THAT THREAT, THE REALITY IF YOU LIKE IN CERTAIN CIRCUMSTANCES OF THAT KIND OF ACTION TAKING PLACE, IS A FACT THAT WE ALL HAVE TO TAKE INTO ACCOUNT. IF THE PRICE OF PROMOTING CHANGE IN THE WRONG WAY IN SOUTH AFRICA IS DAMAGE TO OTHER NEIGHBOURING COUNTRIES, DAMAGE TO THE BLACK PEOPLE FOR WHOSE FUTURE WE ARE MOST CONCERNED, THEN WE ALL OUGHT TO THINK AGAIN ABOUT THE WISDOM OF FOLLOWING THE POLICY OF MANDATORY ECONOMIC SANCTIONS. BUT WHAT I AM TRYING TO GET ACROSS IS NO DOUBT ABOUT THE OBJECTIVES. WE ALL AGREE ON THAT. LET US ALL THEREFORE SENSIBLY DISCUSS WHAT IS THE MOST EFFECTIVE WAY IN WHICH EACH COUNTRY CAN BRING ITS PRESSURES AND ITS ADVICE TO BEAR ON THE SOUTH AFRICAN GOVERNMENT.

Q : STRONG CONDEMNATION BY THE UNITED STATES OF THE VIOLENCE BY THE SOUTH AFRICAN AUTHORITIES AND THE AFRICAN NATIONAL CONGRESS. TIME FOR BRITAIN TO MAKE A SIMILAR STATEMENT?

A : WE HAVE REPEATEDLY CONDEMNED VIOLENCE FROM EITHER SIDE IN SOUTH AFRICA. WHAT WE WANT TO SEE IS THE EFFECTIVE PROMOTION OF THE CHANGES THAT ARE NECESSARY WITHOUT VIOLENCE, SO WE DEPLORE VIOLENCE FROM WHICHEVER QUARTER IT COMES IN SOUTH AFRICA. WE WANT TO SEE CHANGE, CHANGE QUICKLY. WE ARE ANXIOUS TO DO ALL WE CAN TO PROMOTE THAT CHANGE.

Q : DO YOU SEE THE REFUSAL BY BRITISH BANKS APPARENTLY TO EXTEND FURTHER CREDIT TO SOUTH AFRICA AS PART OF ONE TYPE OF

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SANCTION WHICH COULD BE TAKEN?

A : I THINK THAT WHAT IS HAPPENING IN THE VARIOUS MANIFESTATIONS AROUND THE WORLD OF THE JUDGEMENT BY THE COMMERCIAL ECONOMIC COMMUNITY ON THE POLITICAL RISKS AND POLITICAL FOLLY OF WHAT HAS BEEN DONE IN SOUTH AFRICA IS PROBABLY ONE OF THE MOST EFFECTIVE WAYS OF PERSUADING THE SOUTH AFRICAN GOVERNMENT TO RECONSIDER FUNDAMENTALLY THE POLITICAL POLICIES THAT HAVE GOT IT INTO ITS PRESENT DIFFICULTY.

IRN (INDEPENDENT RADIO NEWS)

Q : YOUR RESPONSE TO THE ARGUMENT THAT THE BLACKS THEMSELVES IN SOUTH AFRICA ARE IN FAVOUR OF WESTERN COUNTRIES APPLYING ECONOMIC SANCTIONS?

A : TO THAT I SAY THAT SOME BLACK PEOPLE IN SOUTH AFRICA, JUST AS SOME WHITE PEOPLE, TAKE THAT VIEW. SOME BLACK PEOPLE DO NOT. IT IS A QUESTION WHICH DIVIDES OPINION INSIDE AND OUTSIDE SOUTH AFRICA, QUITE UNDERSTANDABLY. THE ONE THING THAT DOES NOT DIVIDE US IS ON THE NEED FOR FUNDAMENTAL RAPID CHANGE. THE NEED FOR REAL DIALOGUE BETWEEN THE GOVERNMENT OF SOUTH AFRICA AND THE WHOLE PEOPLE OF SOUTH AFRICA AFTER HAVING TAKEN THE STEPS TO RELEASE THE EFFECTIVE LEADERSHIPS OF THE BLACK UNIT. WE WANT TO SEE THAT HAPPENING AS QUICKLY AND AS EFFECTIVELY AS POSSIBLE. THE ONLY ARGUMENT IS AS TO HOW WE ACHIEVE IT MOST EFFECTIVELY.

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GA
cc: PK

10 DOWNING STREET

From the Private Secretary

6 September 1985

SOUTH AFRICA: BISHOP TUTU

Thank you for your letter of 5 September.
The Prime Minister can see Bishop Tutu from
1630-1700 on 3 October.

(C.D. POWELL)

C. R. Budd, Esq.,
Foreign and Commonwealth Office.

GA

GRS 230

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FM OTTAWA

TO PRIORITY FCO

TELNO 502

OF 051306Z SEPTEMBER

INFO PRIORITY PRETORIA, NYMIS, BONN, PARIS, CANBERRA, WELLINGTON

CANADA AND SOUTH AFRICA

1. DURING A TELEVISION INTERVIEW TO MARK HIS FIRST YEAR IN OFFICE, PRIME MINISTER MULRONEY WAS QUESTIONED ON SOUTH AFRICA. HE REAFFIRMED THAT THE CANADIAN GOVERNMENT FOUND THE APARTHEID POLICY OF THE SOUTH AFRICAN GOVERNMENT TOTALLY UNACCEPTABLE. HE ADDED: 'WE ARE NOW IN THE PROCESS OF PUTTING TOGETHER SOMETHING WE HOPE WILL BE HELPFUL. THE QUESTION ARISES, HOW DO YOU DISMANTLE APARTHEID OR PERSUADE PEOPLE IN A VIGOROUS WAY TO DISMANTLE APARTHEID WITHOUT CRIPPLING ECONOMICALLY THE BLACKS AND THE COLOURED AND THE INDIANS WHO VERY MUCH NEED OUR HELP'.

2. MULRONEY SAID THAT HIS EARLIER SUPPORT FOR ECONOMIC SANCTIONS (MY TLENO 480) WAS A HASTY PERSONAL REACTION TO AN ABHORRENT SITUATION AND DID NOT TAKE INTO ACCOUNT THE POSSIBLE RAMIFICATIONS FOR THE BLACKS IN SOUTH AFRICA. HE PRAISED AND ENDORSED MR CLARK'S CONSISTENTLY MODERATE AND MATURE APPROACH TO THE PROBLEM OF SOUTH AFRICA AND ADDED THAT 'WE WILL HAVE TO REFLECT UPON OTHER OPTIONS BECAUSE THERE ARE LOUD VOICES NOW COMING TO US FROM SOUTH AFRICA THAT SAY THESE POLICIES (IE SANCTIONS) MAY VERY WELL CRIPPLE US, THE PEOPLE YOU ARE TRYING TO HELP'.

DAY

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MR J R J JOHNSON
CABINET OFFICE



Foreign and Commonwealth Office

London SW1A 2AH

5 September 1985

cc/cg
4.30-5.20
3

Dear Charles,

South Africa: Bishop Tutu

Thank you for your letter of 3 September.

We understand from the Director of the Overseas Student Trust that Bishop Tutu will arrive here at 7.00 pm on Wednesday 2 October and leave on the evening of Monday 7 October. He will be attending the Anglican Consultative Council on 3-4 October.

If you could suggest a time and date for Bishop Tutu to meet the Prime Minister, we will arrange for this to be passed on to the Bishop.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
No 10 Downing Street

CR
Can you please
find $\frac{1}{2}$ hour in this
period. PM has
already agreed
CR

SOUTH AFRICA : RUS : PES.

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PRIME MINISTER'S
PERSONAL MESSAGE
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OF 051000Z SEPTEMBER 85
INFO PRIORITY PRETORIA

SOUTH AFRICA: MR GANDHI'S LETTER TO THE PRIME MINISTER.
1. GRATEFUL IF YOU WOULD TRANSMIT TO MR GANDHI THE FOLLOWING
REPLY DATED 4 SEPTEMBER FROM THE PRIME MINISTER TO HIS LETTER OF 19
AUGUST:-

BEGINS ...QUOTE THANK YOU FOR YOUR LETTER OF 19 AUGUST. I
WELL UNDERSTAND YOUR CONCERN ABOUT THE SITUATION IN SOUTH
AFRICA PARTICULARLY FOLLOWING THE RECENT DISTURBING EVENTS
INVOLVING THE INDIAN COMMUNITY IN NATAL. I AM NO LESS
WORRIED ABOUT WHAT IS HAPPENING AND HAVE MADE VERY CLEAR TO
THE SOUTH AFRICAN GOVERNMENT THE DEPTH OF OUR CONCERN AND OUR
BELIEF THAT FUNDAMENTAL REFORMS AND THE OPENING OF A DIALOGUE
ABOUT THE POLITICAL FUTURE OF THE BLACK MAJORITY MUST BE UNDER-
TAKEN WITHOUT DELAY. I HAVE IN THE PAST PUT MY VIEWS ON THESE
MATTERS DIRECTLY TO PRESIDENT BOTHA.

2. I RECOGNISE THAT MANY FEEL AS YOU DO THAT THE WEIGHT OF
INTERNATIONAL OPINION SHOULD BE BACKED BY ECONOMIC SANCTIONS
AGAINST SOUTH AFRICA. I MUST TELL YOU THAT THE BRITISH
GOVERNMENT DOES NOT SHARE THIS VIEW. WE DO NOT BELIEVE THAT
THE SOUTH AFRICAN GOVERNMENT'S REACTION TO FOREIGN GOVERNMENTS
IMPOSING SANCTIONS WILL BE TO MAKE THE REFORMS WHICH WE ALL
WANT TO SEE. INDEED PREVIOUS EXPERIENCE AND THE REALITIES OF

THE SOUTH AFRICAN SITUATION SUGGEST THAT SUCH ACTION BY FOREIGN GOVERNMENTS COULD BE COUNTER-PRODUCTIVE, HARDENING RESISTANCE TO THE REFORMS SO URGENTLY NEEDED. MOREOVER SUCH EFFECTS AS SANCTIONS WOULD HAVE MUST IN A LABOUR-INTENSIVE ECONOMY BE BORNE BY THOSE LEAST ABLE TO WITHSTAND ECONOMIC HARDSHIP. THE RESULT, I FEAR, WOULD BE RISING BLACK UNEMPLOYMENT AND THE RISK OF FURTHER VIOLENCE AND REPRESSION. OTHER STATES IN SOUTHERN AFRICA, MANY OF WHICH ARE VERY DEPENDENT ON SOUTH AFRICA, WOULD ALSO ENCOUNTER SERIOUS CONSEQUENCES. THERE WOULD BE NO EARLY OUTCOME AND IN THE MEANTIME SOUTH AFRICA AND ITS NEIGHBOURS COULD BE DEPRIVED OF THE ECONOMIC GROWTH WHICH THEIR PEOPLE SO BADLY NEED.

3. IN MY VIEW INTERNAL SOCIAL AND ECONOMIC PRESSURES OFFER THE BEST PROSPECT OF PRODUCING REAL REFORM IN SOUTH AFRICA. WE THEREFORE WANT TO STIMULATE THE POSITIVE FORCES FOR CHANGE SUCH AS ECONOMIC GROWTH WITHIN THE BLACK COMMUNITY AND TO ENCOURAGE THOSE BOTH INSIDE AND OUTSIDE THE GOVERNMENT WHO BELIEVE IN DIALOGUE. WE ARE WORKING THROUGH THE PRIVATE SECTOR AND OUR AID PROGRAMME TO ENCOURAGE THESE DEVELOPMENTS.

4. I CAN ASSURE YOU, HOWEVER, THAT OUR UNWILLINGNESS TO SUPPORT ECONOMIC SANCTIONS IN NO WAY DETRACTS FROM OUR RESOLUTE OPPOSITION TO APARTHEID. A SYSTEM IN WHICH A MINORITY SEEK TO PRESERVE A PRIVILEGED POSITION THROUGH RACIAL DISCRIMINATION IS MORALLY UNACCEPTABLE. LIKE YOU, I ALSO DETEST VIOLENCE. WE SHALL CONTINUE TO WORK HARD TO ENCOURAGE A PEACEFUL RESOLUTION TO SOUTH AFRICA'S PROBLEMS.

5. THERE IS UNANIMITY IN THE COMMONWEALTH ON THE URGENT NEED FOR FUNDAMENTAL CHANGE IN SOUTH AFRICA. I HOPE THAT THE FACT THAT THERE ARE GENUINE DIFFERENCES OF OPINION ON THE BEST MEANS TO ACHIEVE OUR OBJECTIVE WILL NOT STAND IN THE WAY OF THE CONTRIBUTION THAT THE COMMONWEALTH AS A WHOLE CAN MAKE ON A MATTER THAT CAUSES SO MUCH CONCERN TO US ALL.

6. I WAS DELIGHTED TO HEAR FROM YOUR HIGH COMMISSIONER THAT YOU ARE ABLE TO ACCEPT MY INVITATION TO VISIT US ON THE WAY TO CHOGM AND LOOK FORWARD TO DISCUSSING THIS AND OTHER PROBLEMS WITH YOU THEN..... UNQUOTE. ENDS

7. THE ORIGINAL REPLY FOLLOWS BY BAG AND SHOULD BE PASSED TO MR GANDHI ON RECEIPT.

HOWE

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10 DOWNING STREET

From the Private Secretary

MR MALLABY

Cabinet Office

UK POLICY TOWARDS SOUTH AFRICA

Thank you for your minute of 2 September.

I understand that the Foreign and Commonwealth Secretary's preference is in fact to keep the Cabinet Office study on policy towards South Africa and the Seminar distinct for the time being, though of course the results of the Seminar will in due course need to be taken into account in finalising your paper. I think that the Prime Minister would share this view. As regards participation at the Seminar, the Prime Minister is already concerned about the number of participants and in particular the proportion of Ministers and officials to outsiders. I fear therefore that I cannot hold out any hope of being able to fit you in.

CHARLES POWELL

5 September 1985



file

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CCFCO

10 DOWNING STREET

THE PRIME MINISTER

4 September 1985

My dear Prime Minister,

Thank you for your letter of 19 August. I well understand your concern about the situation in South Africa particularly following the recent disturbing events involving the Indian community in Natal. I am no less worried about what is happening and have made very clear to the South African Government the depth of our concern and our belief that fundamental reforms and the opening of a dialogue about the political future of the black majority must be undertaken without delay. I have in the past put my views on these matters directly to President Botha.

I recognise that many feel as you do that the weight of international opinion should be backed by economic sanctions against South Africa. I must tell you that the British Government does not share this view. We do not believe that the South African Government's reaction to foreign governments imposing sanctions will be to make the reforms which we all want to see. Indeed previous experience and the realities of the South African situation suggest that such action by foreign governments could be counter-productive, hardening resistance to the reforms so urgently needed. Moreover such effects as sanctions would have must in a labour-intensive economy be borne by those least able to withstand economic hardship. The result, I fear, would be rising black unemployment and the risk of further violence and repression. Other states in Southern Africa, many of

SS

which are very dependent on South Africa, would also encounter serious consequences. There would be no early outcome and in the meantime South Africa and its neighbours could be deprived of the economic growth which their people so badly need.

In my view internal social and economic pressures offer the best prospect of producing real reform in South Africa. We therefore want to stimulate the positive forces for change such as economic growth within the black community and to encourage those both inside and outside the Government who believe in dialogue. We are working through the private sector and our aid programme to encourage these developments.

I can assure you, however, that our unwillingness to support economic sanctions in no way detracts from our resolute opposition to apartheid. A system in which a minority seek to preserve a privileged position through racial discrimination is morally unacceptable. Like you, I also detest violence. We shall continue to work hard to encourage a peaceful resolution to South Africa's problems.

There is unanimity in the Commonwealth on the urgent need for fundamental change in South Africa. I hope that the fact that there are genuine differences of opinion on the best means to achieve our objective will not stand in the way of the contribution that the Commonwealth as a whole can make on a matter that causes so much concern to us all.

I was delighted to hear from your High Commissioner that you are able to accept my invitation to visit us on the way to CHOGM and look forward to discussing this and other problems with you then.

Yours sincerely
Rangaswami Srinivasan

His Excellency Shri Rajiv Gandhi, M.P.

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TO FLASH FCO

TELNO 742

OF 041220Z SEPTEMBER 85

INFO IMMEDIATE PRETORIA, THE HAGUE, LUXEMBOURG

INFO PRIORITY WASHINGTON, UKREP NEW YORK, OTHER EC POSTS

MYTELNO 728 AND TELCON HUMFREY/RICHARDSON : VISIT BY TROIKA TO
SOUTH AFRICA

1. CORRIAS TOLD RICHARDSON THIS MORNING THAT ANDREOTTI AND HE HAD FOUND THE VISIT 'POSITIVE AND VERY USEFUL'. THE TROIKA'S MERE PRESENCE ON SOUTH AFRICA SHOWED THAT POLITICAL INITIATIVES WITH THAT COUNTRY WERE POSSIBLE, REDUCED SOUTH AFRICA'S SENSE OF ISOLATION AND ENABLED THE EC MINISTERS TO UNDERSTAND THE COMPLEXITY OF THE SOUTH AFRICAN SITUATION. THEY FOUND PIK BOTHA BELLIGERENT, PRESIDENT BOTHA CALMER, BUT BOTH IN CORRIAS' VIEW FUNDAMENTALLY WORRIED ABOUT THE ECONOMIC SITUATION, THE EXTENT TO WHICH THE GOVERNMENT COULD PERSUADE THE WHITE COMMUNITY TO ACCEPT FAR-REACHING REFORM AND THE DIFFICULTY OF IDENTIFYING AUTHENTIC BLACK LEADERS WITH WHOM TO NEGOTIATE AND WHO COULD MAKE THE OUTCOME OF SUCH NEGOTIATIONS STICK. PRESIDENT BOTHA ADMITTED THAT REFORM SHOULD HAVE BEGUN YEARS AGO. POWER SHARING WAS AT THE CENTRE OF THE TALKS.

2. CORRIAS SAID THAT THE TROIKA HAD DELIBERATELY CONFINED THEMSELVES TO GENERALITIES, APART FROM AN INJUDICIOUS REFERENCE BY POOS (PLEASE PROTECT) TO THE NEED FOR ONE MAN ONE VOTE. THEY HAD TAKEN THE VIEW THAT IT WAS FOR THE SAG AND LEADERS OF OTHER COMMUNITIES TO SIT DOWN AND WORK OUT A BLUEPRINT FOR REFORM. THEY HAD THEREFORE NOT PRESSED, FOR EXAMPLE, FOR A FIRM COMMITMENT ON A DATE FOR ENDING THE STATE OF EMERGENCY: THEY HAD, HOWEVER, BEEN TOLD IN CONFIDENCE THAT THE SAG WOULD MAKE A STATEMENT ON 11 SEPTEMBER ON INFLUX CONTROL AND THE PASS LAWS. THE QUESTION OF COMMON CITIZENSHIP REMAINS UNCLEAR: PRESIDENT BOTHA HAD SAID THAT THE SAG NOW REALISED THAT BLACKS LIVING OUTSIDE THE HOMELANDS OF WHICH THEY WERE NOMINALLY CITIZENS WERE IN NO POSITION TO EXERCISE THEIR 'POLITICAL RIGHTS', BUT THE QUESTION OF SOUTH AFRICAN CITIZENSHIP FOR RESIDENTS OF THE HOMELANDS DOES NOT SEEM TO HAVE BEEN RAISED. THERE WAS TALK OF A NATIONAL CONFERENCE, WITH AN OPEN AGENDA.

3. CORRIAS SAID THAT THE SOUTH AFRICANS HAD, IN FACT, VOLUNTEERED TO PRODUCE THEIR DECLARATION OF INTENT, ANTICIPATING THE TROIKA'S PRESSURE FOR SOME SUCH DOCUMENT. THEY HAD NOT INTENDED TO PUBLISH

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IT, BUT THEIR HAND HAD BEEN FORCED BY LEAKS. ANDREOTTI HAD PROPOSED SOME MODIFICATIONS TO THE TEXT, WHICH THE SOUTH AFRICANS HAD ACCEPTED: FOR EXAMPLE, THAT THE SAG 'SHARES IN THE REJECTION' OF RACIAL DISCRIMINATION (WHERE THE ORIGINAL WORDING SIMPLY READS 'REJECTS'). AND THE WORDING ON THE LIFTING OF THE STATE OF EMERGENCY AND REVIEW OF THE SITUATION OF DETAINEES, THE FURTHEST THAT BOTHA WAS PREPARED TO GO. CORRIAS REGARDED IT AS MILDLY ENCOURAGING THAT THE SOUTH AFRICANS WERE PREPARED TO SIT DOWN AT A TABLE AND DISCUSS THEIR INTERNAL SITUATION WITH MINISTERS FROM OTHER COUNTRIES.

4. THE TROIKA HAD FOUND BOTH THE WHITE AND BLACK EMPLOYERS ASSOCIATIONS CONCERNED ABOUT THE RECESSION, PRESSING HARD FOR POLITICAL REFORM AND FEARFUL THAT OTHERWISE THE PRESENT STRUCTURE MIGHT COLLAPSE. BOTH HAD OPPOSED SANCTIONS. THE UNIONS APPEAR TO BE DEVIDED: CUSA, WHICH CORRIAS DESCRIBED AS A RADICAL BLACK MINORITY GROUP, WANTED THEM BUT THE METAL WORKERS WERE OPPOSED AND SO CORRIAS THOUGHT, WERE THE MINERS. CHURCH LEADERS WERE LIKEWISE DEVIDED.

5. CORRIAS SAID THAT THE DUTCH FOREIGN MINISTER HAD BEEN CONSTRUCTIVE, AND SO TO HIS SURPRISE HAD BEEN LE CLERCQ. ANDREOTTI HAD PLAYED A MODERATING ROLE. RICHARDSON ASKED WHETHER ANDREOTTI STILL SOOD BY THE VIEWS HE HAD EXPRESSED TO THE CHAMBER OF DEPUTIES FOREIGN AFFAIRS COMMITTEE ON 2 AUGUST (MY TUR). WHILE MAKING THE USUSAL CAVEAT ABOUT ITALIAN DOMESTIC POLITICS, CORRIAS SAID THAT ANDREOTTI HAD COME BACK CONVINCED THAT CONSTRUCTIVE ENGAGEMENT, AND NOT SANCTIONS, WERE THE RIGHT ANSWER. HE AGREED ENTIRELY WITH THE IMPORTANCE OF LETTING FINANCIAL MARKETS EXERT THEIR OWN PRESSURE ON THE SAG (YRTELNO 83 TO LUXEMBOURG).

6. ANDREOTTI HAS MADE THE FOLLOWING POINTS IN SPEAKING TO THE MEDIA:-

A. THERE IS NO AGREEMENT IN SOUTH AFRICA ON WHAT TO DO, EVEN WITHIN THE VARIOUS COMMUNITIES.

B. THE SOUTH AFRICAN DECLARATION OF INTENT WAS AN IMPORTANT DOCUMENT.

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C. ECONOMIC PRESSURE MIGHT ENCOURAGE A RADICAL BUT NON-VIOLENT REFORM PROGRAMME.

D. PREVAILING SOUTH AFRICAN OPINION WAS AGAINST SANCTIONS AS COUNTER-PRODUCTIVE.

FCO ADVANCE TO PS/SOSFA, HUMFREY SAFD
FITZHERBERT

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PRIME MINISTER

SEMINAR AT CHEQUERS
FRIDAY 13 SEPTEMBER

The Seminar starts at 1030 but people have been asked to arrive at 10 am. Will you wish to go to Chequers after dinner with the Jordanian and Egyptian Ambassadors the previous evening or will you leave early on the morning of Friday 13th?

CAROLINE RYDER
4 September 1985



HL ART
(107)

10 DOWNING STREET

4 September, 1985

From the Private Secretary

SOUTH AFRICA

During his meeting with the Prime Minister this afternoon, the Foreign Secretary mentioned the discussions which would take place next week with Ministers of the Ten on South Africa. It might be necessary, in the course of this, to agree to study without commitment possible measures against South Africa, taking account of the differing interests of Member States.

The Prime Minister said that she thought it would be a mistake to subscribe to the phrase "study measures" since this inevitably carried the implication that we might be prepared to take measures. It would be better to seek some vaguer formulation such as "consider ways in which Member States could respond to the present situation in South Africa having regard to their separate national positions". You will wish to take account of this in preparing briefing for the meeting.

I am sending a copy of this letter to Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry) and Richard Hatfield (Cabinet Office).

(C.D. Powell)

L. Appleyard, Esq.,
Foreign and Commonwealth Office.

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From the Private Secretary

3 September, 1985

SOUTH AFRICA: BISHOP TUTU

Thank you for your letter of 2 September about Bishop Tutu's visit to the United Kingdom, which crossed with my own letter on the same subject.

The Prime Minister is in principle ready to see Bishop Tutu, but there seems to be some discrepancy between the dates in your letter and those which Lambeth Palace mentioned to me. Could you please confirm the precise dates of his visit and we will then try to fix a time when the Prime Minister could see him.

(C.D. Powell)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

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FILE

RANAS

for copies see attached
L.S.V.

10 DOWNING STREET

3 September, 1985

From the Private Secretary

The Prime Minister was very pleased to hear that you will be able to attend the seminar on South Africa to be held at Chequers on 13 September. A separate note is enclosed about the administrative arrangements. With this letter I enclose a background paper which deals with some of the issues which will no doubt come up at the seminar (though it is not intended that the paper itself should be discussed).

I also enclose a list of participants.

I look forward to seeing you on 13 September.

(C.D. Powell)

The Rt. Hon. Julian Amery, M.P.

PERSONAL IN CONFIDENCE

JK

E. R.

Identical letters sent to:

Bowen Wells MP

R Jackson MP

P Gillam Esq

M Hoffman

Dr James Barber

A B Marshall

A Loehnis

Mrs Merle Lipton

LIST OF GUESTS ATTENDING THE SEMINAR AND LUNCHEON AT CHEQUERS
ON FRIDAY, 13 SEPTEMBER, 1985 at 1000 hrs

The Prime Minister

* Rt. Hon. Sir Geoffrey Howe, QC. MP

* Rt. Hon. Paul Channon MP

* Mr. Malcolm Rifkind, MP

* Mr. Ian Stewart, MP

Minister for Trade

Minister of State, FCO

Economic Secretary,

HM Treasury.

Rt. Hon. Julian Amery, MP

Mr. Bowen Wells, MP

Mr. Robert Jackson, MP

Mr. Patrick Gillam

Managing Director,

British Petroleum.

Mr. Michael Hoffman

Chief Executive &

Managing Director,

Babcock International.

Dr. James Barber, JP

Master of Hadfield

College, University of

Durham.

Mr. A.B. Marshall

Chairman, UK/South

Africa Trade Assn.,

Chairman, Commercial

Union, Chairman,

Bestobell.

Mr. Anthony Loehnis

Bank of England

Mrs. Merle Lipton

Lecturer, University of

Sussex.

Sir Antony Acland, KCMG, KCVO

Permanent Under-Secretary,
FCO.

Sir Percy Cradock

10 Downing Street

Mr. Ewen Fergusson.

Deputy Under-Secretary,
FCO.

Mr. C.D. Powell

Private Secretary to the
Prime Minister.

* sent to Private Secretaries at their respective Departments.

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FM WASHINGTON

TO IMMEDIATE FCO

TELNO 2496

OF 032130Z SEP 85

INFO PRETORIA, UKMIS NEW YORK

WASHINGTON TELNO 2457: US/SOUTH AFRICA

1. I REPORTED IN MY DESPATCH OF 25 JULY THAT US POLICY TOWARDS SOUTHERN AFRICA WAS IN TATTERS. I FIND, ON MY RETURN FROM A MONTH'S LEAVE, THAT THE POSITION IS NOW EVEN WORSE.
2. EVENTS IN SOUTH AFRICA - PRESIDENT BOTHA'S SPEECH AND CONTINUED REPRESSION - HAVE UNDERCUT THE ADMINISTRATION'S POLICY. THEIR INTENDED APPROACHES (WASHINGTON TELNO 2452) TO OTHER GOVERNMENTS TO ISSUE STATEMENTS CONDEMNING APARTHEID BUT OPPOSING FURTHER SANCTION HAVE BEEN PUT OFF. CONSTRUCTIVE ENGAGEMENT, THOUGH STILL STUBBORNLY DEFENDED BY CROCKER, HAS LOST ALL DOMESTIC CREDIBILITY.
3. THE FINANCIAL CONSEQUENCES OF INTERNATIONAL LOSS OF CONFIDENCE HAVE ALREADY PROVED MORE PAINFUL FOR SOUTH AFRICA THAN ANY SANCTIONS ORIGINALLY PROPOSED. BUT THIS HAS NOT DEFUSED THE PRESSURE HERE FOR SANCTIONS. ON THE CONTRARY, THE BANKERS' JUDGEMENT, AND TELEVISION COVERAGE OF DEMONSTRATIONS AND VIOLENCE IN SOUTH AFRICA, SEEM TO HAVE REINFORCED THE BELIEF THAT NOW IS THE TIME FOR THE US TO TAKE A MORAL STAND AND STEP UP THE PRESSURE ON THE SOUTH AFRICAN AUTHORITIES FOR REFORM.
4. THE ADMINISTRATION ARE IN DISARRAY. THEIR SUPPORTERS ON THE RIGHT ARE DIVIDED. THE PRESIDENT'S RECENT COMMENTS IN A RADIO INTERVIEW ON DE-SEGREGATION IN SOUTH AFRICA BETRAYED AN EMBARRASSING IGNORANCE OF THE TRUE SITUATION. THEY HAVE NOT YET DECIDED HOW TO DEAL WITH THE SANCTIONS LEGISLATION, NOW EXPECTED TO BE CONSIDERED, AND PROBABLY APPROVED, BY THE SENATE ON 9 SEPTEMBER.
5. THE PRESIDENT IS UNLIKELY TO TAKE A DECISION (OR ACTION TO PRE-EMPT THE SENATE BY INTRODUCING LIMITED SANCTIONS BY EXECUTIVE ORDER) UNTIL THE LEGISLATION HAS ACTUALLY PASSED THE SENATE. THEREAFTER, THINGS MAY MOVE RAPIDLY: THE WHITE HOUSE HAVE 10 DAYS TO DECIDE WHETHER TO VETO, (AND WHETHER THEY HAVE THE SENATE VOTES TO SUSTAIN A VETO, AND, IF NOT, WHAT EXECUTIVE ORDER SANCTIONS WOULD SERVE TO INCREASE THEIR TALLY TO THE REQUIRED 34). BUT THEY WILL WISH TO AVOID A COINCIDENCE OF A POLICY ANNOUNCEMENT WITH MACHEL'S TALKS WITH PRESIDENT REAGAN ON 19 SEPTEMBER. WE SHALL DO OUR BEST TO GIVE YOU WARNING OF WHAT THEY FINALLY DECIDE. BUT CONSULTATION WITH THEIR ALLIES ON THIS ISSUE WILL NOT WEIGH

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HEAVILY

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HEAVILY IN THE BALANCE AGAINST THEIR CALCULATIONS OF THE SENATE
LINE-UP AND WHAT ACTION IS IN THEIR BEST (DOMESTIC) INTEREST.

6. THE KEY POINT IS THAT, WHATEVER THE ADMINISTRATION'S TACTICS
IN THE NEXT FORTNIGHT, IT NOW LOOKS VIRTUALLY CERTAIN THAT,
BARRING SOME UNEXPECTED REVERSAL IN PRETORIA, ADDITIONAL US
SANCTIONS WILL BE INTRODUCED THIS AUTUMN, AND PROBABLY BEFORE CHOGM.

WRIGHT

ORWRAN 1956

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Identical letters sent to:

Sir P. Craddock.

Ewen Ferguson.

Antony Cary, AO

A. Ellis, HM

From the Private Secretary

L. Appleyard, AO

Paul Hobson, DTI.

10 DOWNING STREET

3 September, 1985

Dear Antony,

SEMINAR ON SOUTH AFRICA

I enclose a copy of the background paper for this seminar which has been circulated to the non-official participants. It is not intended that the paper as such should be discussed.

A separate paper on policy options, for discussion at the afternoon session to be attended by Ministers and officials only, will be circulated in due course.

Yours sincerely

(C.D. Powell)

Sir Antony Acland, KCMG, KCVO.

FLK

DISCUSSION PAPER ON POLICY TOWARDS SOUTH AFRICA

Introduction

Britain has close ties with South Africa. Two provinces of South Africa were British colonies for over a century. Even today around 1 million people in South Africa retain the right to a British passport. We are South Africa's largest foreign investor (around £5 billion). South Africa is the 13th largest market for British goods. In 1984 British visible exports to South Africa totalled £1.2 billion, with similar earnings from invisibles. South Africa is the major source of certain raw materials which are essential to British industries. Up to 150,000 British jobs depend on trade with South Africa. We must protect these interests if British firms and British jobs are not to be put at risk.

At the same time, as a country with strong democratic principles, Britain condemns South Africa's policies of apartheid. We have

- urged the South African Government to move towards granting all South Africans equal rights and freedoms.
- encouraged British firms operating in South Africa, through the EC Code of Conduct, to set a good example in contributing to black advancement by improving wages, conditions and prospects for black workers.
- worked hard within the Contact Group to achieve independence for Namibia.
- offered financial help for black South African and Namibian students to study in Britain.

- fulfilled our international obligations by observing the UN Arms Embargo and the Gleneagles Agreement on sporting contacts with South Africa.
- maintained a policy of no nuclear or military collaboration with South Africa.

We want to see genuine reform in South Africa and improved stability and economic prosperity in the region.

These two elements in our policy have not been regarded as irreconcilable. Peaceful change in South Africa is in Western interests, violent revolution is not. We have considered that it is possible to promote such peaceful change by a policy of contact and dialogue with South Africa and by using our economic links to encourage positive forces for change, including better standards and greater economic influence for black workers, and the development of more effective trades unions.

Now Western governments are under increasing pressure to abandon this approach and to adopt a policy of coercive economic measures against South Africa. Traditionally pressure for such an approach has come from the African countries, with Non-Aligned and Communist bloc support. But at this time the move towards economic sanctions is gaining considerable ground in Western countries too. Apartheid has become a major issue in the United States and the US Congress has come out firmly in favour of some kind of limited economic measures against South Africa. Certain other Western Governments have announced similar unilateral measures or are calling for UN mandatory sanctions. Britain

is being urged to follow suit.

Ironically, the renewed momentum towards sanctions has come at a time when more change has been taking place in South Africa than seemed possible only two years ago. How then should we interpret this pressure? Is it a co-ordinated effort to undermine a genuine process of change in South Africa and to push Western Governments against their will into a policy which is against their own best interests? Or does it reflect a growing belief that the reforms attempted and proposed by the Botha government fall far short of what is needed to achieve peaceful change? Should we and other Western governments be doing more to force the pace of change? Is there anything more we can do which would actually be effective? Or is an adequate process already underway which we can best reinforce by standing firm? Finally, if we stand by our present policy towards South Africa, do we risk becoming isolated from our American, European and Commonwealth allies?

Against this background this paper sets out briefly to examine:

- (i) the issues causing international concern: South Africa internal, Namibia, South Africa's relations with neighbouring states.
- (ii) the pressures on Western governments to change their policy towards South Africa.
- (iii) whether there is more Britain can do to persuade the South African Government to speed up the process of reform.

The aim of the paper is to stimulate discussion. It should not be interpreted as representing an "official" British view.

SECTION I: ISSUES CAUSING INTERNATIONAL CONCERN

A SOUTH AFRICA: INTERNAL SITUATION

The Internal Pressures for Change

1. Internal factors which are already promoting change include: A black population growing in size and improving its living standards in urban areas; more education to higher levels (the number of black children in school now exceeds the total white population); black buying power (now 53% of total consumer spending); more blacks being given technical training to meet the chronic skills shortage; the growth of the black trades union movement.

2. As the aspirations of black people have risen so too has their frustration over the constraints of apartheid, and over their exclusion from political power, underlined by the new Constitution. Unrest has been fuelled by the continuing economic recession and rising unemployment. The result has been increasing violence in urban areas (over 600 dead since August 1984) and corresponding repression by the authorities culminating in July this year in the declaration of a State of Emergency in the most troubled areas.

South African Government's response to the pressure for reform

3. Under the original concept of apartheid every black belonged to one or other "homeland". The homelands were intended to become "independent" but to remain economically dependent on South Africa. Blacks were to have political

rights only in the homelands. Four homelands have now opted for such "independence" and already have a degree of autonomy (although they fall well short of meeting our legal criteria for recognition as independent states). Others refuse to follow this route.

4. Recently certain changes have taken place which suggest that the South African Government is gradually coming to recognise that the "homelands" policy as originally conceived will neither work in economic terms, nor meet black political aspirations. Changes made to the "homelands" policy and other aspects of apartheid include: the acceptance of a permanent urban black population; the formal acceptance of Black trade unions; freehold and leasehold rights for some blacks; an end to most forced removals. Most significant of all is the change in white attitudes. There has been a significant shift in opinion among Afrikaaner academics and businessmen. Many are now urging the Government to introduce further reforms so as to remove labour market rigidities and distortions to the economy caused by apartheid policies. But there are constraints from the white community on the pace of reform: growing support for the Conservative Party; the military, the Dutch Reformed Church and the Broederbond.

Economic Influences on the Pace of Change

5. Developments in recent years suggest that economic growth hastens the pace of change. Deepening recession on the other hand is likely to weaken the economic power of blacks who would be hardest hit as unemployment increased. 5-5½% growth rate in the economy is needed to prevent black unemployment

from rising. There would be less to spend on social work, education and training. The result would almost certainly be increasing alienation and frustration, leading to further twists in the cycle of violence and repression.

Black Attitudes

6. It is not easy to discern what the attitude of the black population of South Africa is to the calls for sanctions or how much reform would be needed to stop the violence in black townships. Distinctions exist between urban and rural blacks; between different tribal groups; between the young and the old. But attitudes are hardening, particularly in urban areas and among the young. Black alienation increases as political leaders are rounded up and the Government continues to avoid the crucial question of power-sharing. The recent Human Sciences Research Council survey suggested that 63% of blacks now believe that violence is necessary to bring change. Surveys show majority support for the ANC and for its traditional leaders (Mandela, Sisulu, Tambo). Support for the UDF which shares many of the ANC's aims appears to be widespread. There is also evidence that a growing number of urban blacks support sanctions. But there are other influential black leaders including Chief Buthelezi who favour a more pragmatic approach and rural attitudes may be changing more slowly.

What would represent an "acceptable" pace of change?

7. The ANC demands "one man, one vote in a unitary state" but this is clearly unacceptable to most whites. Buthelezi has asked for a "Declaration of Intent" which would involve a

commitment to power sharing with blacks. This the Government seems unwilling to give. Would this be the minimum condition for a genuine dialogue to start? It would certainly be welcomed by most Western Governments.

8. The climate within South Africa and internationally could be improved by confidence-building measures. These could include: the formal ending of forced removals; an end to detention without trial; a government enquiry into policing of the townships; the release of long-term political prisoners; dropping treason charges against UDF leaders; South African citizenship for all South Africans, and a commitment to equal education under one government department. Bishop Tutu recently set out a similar list of conditions for dialogue.

Will the South African Government speed up the pace of reform?

9. So far there is little sign that the South African Government is prepared to make any bold moves over reform. The Government has said that it is working towards common citizenship and that it is prepared to consult blacks (over decisions which affect them) at the "highest level". P W Botha recently challenged black leaders to renounce violence and to come forward to negotiate what form such consultations might take. Yet, with higher than ever numbers of black leaders in detention, the UDF treason trials still in progress and no Government statement of intent over power-sharing he must be aware that blacks are unlikely to respond positively.

10. If the Government is not prepared to release black leaders and to take the confidence - building steps which would open the way to genuine dialogue with the black community, the alternative must be a widening gulf between blacks and whites, increasing civil disturbance and an ever growing dependence on military strength to maintain order. Perhaps the most disturbing aspect of the current wave of violence is the declining influence of moderate blacks and the extent to which they are being frightened off co-operating with Government policy. The State of Emergency may to some extent have helped protect the lives and property of local (black) community leaders but so far the Government has done nothing to bolster their position politically. Even that long-standing voice of black moderation, Chief Buthelezi, has recently expressed dismay over the Government's attitude.

11. If P W Botha does not move quickly to win over the confidence of black moderates including Church leaders, he may find that he has no one but the hardline revolutionaries left to talk to. The growing external pressure appears to be encouraging radical black leaders in their determination to refuse any offers of dialogue that fall short of powersharing. The alternative to early reform seems likely to be increasing polarisation of attitudes.

SECTION I

B NAMIBIA

Will South Africa agree to full independence?

1. South Africa remains formally committed to granting Namibia independence under the terms of the UN Settlement Plan, endorsed by SCR 435. But recently a number of factors have cast doubt on whether South Africa actually intends to give up control of Namibia - at least in the next few years. Not least was P W Botha's agreement in April to proposals by the Multi-Party Conference (a grouping of six Namibian internal parties) to establish an 'interim' or 'transitional' internal administration. This move was declared "null and void" by Western governments and condemned in the UN Security Council in June. The new administration began work on 17 June.

Shift of focus to South Africa's internal problems

2. Another key factor has been the internal situation in South Africa. The uncertain combination of reform, unrest and repression has led both South Africans themselves, and the world's media, to focus on apartheid in South Africa rather than on the question of Namibian independence. This has been particularly apparent within the United States where domestic opinion has recently hardly concerned itself at all with Namibia. As a result, Dr Crocker's (Assistant Secretary of State for Africa) efforts to achieve a broad regional

settlement over Namibia, linked to Cuban withdrawal from Angola, have become caught up in and to some extent overtaken by the apartheid debate.

3. Some South Africans argue that whilst the Government is trying to put through internal reforms, it should keep a strong military presence in Namibia to protect South Africa from attacks by the ANC and from other destabilisation efforts. Does the South African Government hope that, by delaying implementation of the UN Plan it will both gain time for reforms inside South Africa and give the MPC a chance to erode SWAPO's overwhelming political support within Namibia? One thought which must be uppermost in P W Botha's mind when he contemplates the UN Plan during the current period of internal unrest is the impact which a one man, one vote election in Namibia, followed by a black majority government, would have on South Africa itself.

Western response

4. If this interpretation of South African tactics is correct, how should the West respond? One option would be to reject the UN approach as unrealistic and agree to something less than democratic, internationally-recognised independence for Namibia. This in the hope that the MPC will introduce reforms, gain popularity and finally draw even SWAPO into its net.

5. But how realistic is such a hope? After all, there is no indication that the MPC will be more able than previous 'interim' administrations to put through reforms and attract

wider black support. Moreover, with support from the UN and the international community for its cause, SWAPO has little incentive to accept compromises which fall short of a genuine test of political power in Namibia.

6. A settlement which fell short of internationally-acceptable independence would therefore leave Namibia as a focus for international friction and Soviet meddling. The UN Plan remains the only basis for independence which has the agreement of all the parties and which would be likely to defuse tension in the region.

7. But if Western Governments stand by the UN Plan, will South Africa simply opt for an internal settlement in Namibia? Here much will depend on internal developments in South Africa over the next few years. If the South African Government is able to introduce sufficient reforms to relieve internal pressures and sees some hope of becoming 'acceptable' again, at least in the West, then there must be a strong incentive for it to agree to internationally-recognised independence for Namibia. But if the South African Government seeks - or is driven - to protect White minority interests at all costs and to abandon the process of reform, it will probably consider that it has little to lose by an internal settlement in Namibia.

Sanctions would not help

8. Full mandatory economic sanctions, by driving South Africa into a corner, are likely to have an adverse effect on prospects for Namibia's independence, at least in the short

term. Selective economic measures against South Africa, specifically over the Namibia issue, might be less counter-productive. But even though such measures would have a clearly-defined objective - implementation of the UN Plan - attainable within a short space of time, it is doubtful whether they would be an effective lever. Moreover, once sanctions were imposed, it would be difficult to restrict them to the Namibia issue.

SECTION I

C South Africa's relations with neighbouring states

Understanding and accords

1. Over the past two years, partly at least as a result of American policies of 'constructive engagement', South Africa has been pursuing a policy of attempting to reach some kind of modus vivendi with her immediate neighbours. This has applied even to the Marxist governments in Angola and Mozambique - witness the Lusaka Accord (February 1984) and the Nkomati Accord (April 1984). South Africa has also reached informal understandings with a number of other countries.

Recent military actions

2. Yet this year South African behaviour towards her neighbours, like her behaviour towards Namibia, has caused some to question whether she is prepared to stand by her formal commitments. There have been rumours that, despite Nkomati, South Africa is still indirectly supporting RENAMO in Mozambique. South Africa has firmly denied this. She has also recently made considerable efforts to demonstrate to President Machel her determination to prevent outside help reaching RENAMO.

3. In Angola, South Africa's decision this April finally to complete disengagement, in accordance with the Lusaka Accord,

was quickly marred when a small party of South African soldiers were caught red-handed in Cabinda (22 May). They were on their way (by the admission of one of their party) to sabotage oil installations owned by the American company, Gulf Oil. South Africa has insisted that the party was on a reconnaissance mission to find SWAPO and ANC camps. This episode not only cast doubt on South Africa's real intentions towards the MPLA government, it also infuriated the Americans and set back, temporarily at least, US-led negotiations over Cuban withdrawal.

4. The Cabinda attack and the raid on Gaborone which followed soon after (14 June) were quickly condemned in the Security Council. Security Council Resolutions 567 and 568 used language which paved the way for a direct call for mandatory economic sanctions should South Africa take similar action in future.

South African intentions

5. Has the South African Government all along been playing a double game - using the accords and understandings secretly to undermine and weaken its neighbours? Or does South Africa's position as a regional super-power simply make 'good relations' with neighbouring states less important to her than showing her domestic audience that, despite internal reforms, South Africa can still be tough when she wants? Here one has to make some distinction between states like Botswana and Lesotho, where South African actions are directed essentially at the ANC, and Angola or Mozambique where destabilisation may still be the aim.

Economic dependence of Front Line States

6. In recent years the Front Line States have become even more heavily dependent economically on South Africa. In particular, due to the collapse of transport systems in Angola and Mozambique since independence, countries like Malawi, Zambia and Zimbabwe need South African ports and transport for at least part of their trade. Their economies would therefore be severely affected by sanctions against South Africa. This has led them to try to restrain international pressure for punitive economic action against South Africa. But recently, with varying degrees of reluctance, most have openly joined the calls for mandatory economic sanctions. At the same time they have made clear that their own participation would depend on Western governments' help in withstanding the effects of sanctions on their own economies.

SECTION II: PRESSURES ON WESTERN GOVERNMENTS TO CHANGE THEIR POLICY TOWARDS SOUTH AFRICA

1. The pressures for concerted international action against South Africa have grown sharply during 1985. The focus on apartheid in the United States and moves in Congress to impose limited economic sanctions have had a catalytic effect. The cycle of violence and repression inside South Africa, the lack of progress on Namibia and the recent South African raids into Angola and Botswana have all helped to build up the momentum.
2. There were four debates on South Africa in the Security Council in June and July. After the debate on Namibia the Council adopted Resolution 566 urging member states to take "voluntary measures" against South Africa and warning the South Africans that failure to implement SCR 435 would compel the Council to consider the adoption of mandatory sanctions. The resolution calls for the Secretary General to report by the first week of September and a further Council meeting is likely to follow this. The debate on South African apartheid sparked off by the French (without consultation with EC Partners) in July, led to Security Council Resolution 569, calling for voluntary measures against South Africa. An attempt by the Non-Aligned to introduce a reference to mandatory economic sanctions met with a joint US/UK veto (France abstained on the clause after promising to join us on a veto). We and the US abstained on the final resolution. A further debate in the Autumn seems virtually

unavoidable and the text will be much tougher since the Non-Aligned will have had time to prepare the ground.

Response of other Western governments

3. In response to these pressures several Western countries have adopted or are considering adopting further measures against South Africa. The French have withdrawn their Ambassador and banned new investment in South Africa. Further economic measures are likely to follow. The Nordic countries recently banned flights by Scandanavian Airlines to South Africa. Further measures are expected after the Nordic Ministers meeting in October.

4. Within the Commonwealth Great Britain now stands virtually alone in resisting economic action against South Africa. The Australians have recently announced limited unilateral measures and have said publicly that they would be prepared to support a call for sanctions both in the Security Council and at the Commonwealth Heads of Government Meeting in Nassau on 16 October. The Canadians have announced a mixture of diplomatic and economic measures. At Nassau in October there will almost certainly be a concerted effort to make us agree to economic measures.

5. Some of our European partners too are pressing for tougher Community action. At present, the Germans (whose trade with South Africa is greater than ours) are opposed to economic sanctions and would prefer to take positive measures, such as strengthening the EC Code of Conduct to encourage reform in South Africa. However, their position is

encourage reform in South Africa. However, their position is of little help to us in the Commonwealth or in the UN Security Council.

US Congressional moves

6. Most crucial of all will be the American attitude to sanctions. The debate over domestic sanctions legislation will continue into the autumn, thereby ensuring that South Africa remains a live issue. On 1 August, the last day before the summer recess, the House and Senate agreed on a compromise bill calling for the following measures to be introduced immediately:

(i) prohibition of new bank loans to the South African Government

(ii) ban on imports of South African krugerrands (may be suspended for one year if the President so decides)

(iii) ban on sales of computers to South African agencies which enforce apartheid

(iv) ban on the sale of nuclear goods or technology to South Africa.

The Bill also proposed that the President should be required to recommend further measures, including a ban on new investment, after 12 months if the situation did not improve.

Timing

7. Congress will vote on the bill in September. Thereafter President Reagan will have ten days to decide whether or not to use his veto. Given the strength of public opinion in the United States and the strength of support in Congress he may well decide not to. There would then be immediate international attention on whether others, especially Great Britain, would be prepared to introduce similar legislation. So far, in Britain itself, public pressure on the apartheid issue has been considerably less than that generated recently in the United States. A shift in the position of other key Western Governments would however bring us under increasing political pressure to take some form of action against South Africa without which we should risk being seen, however unfairly, as apartheid's main supporter in the West.

Britain may stand alone in resisting selective economic measures

8. In discussing the pressure for economic sanctions it is important to distinguish between full mandatory UN sanctions (which a number of our Western partners, including the Germans, Canadians and Americans still firmly oppose) and selective mandatory economic measures. It is over the latter that we now risk standing isolated, both in the Commonwealth and in the UN Security Council.

9. If, in the worst eventuality, the British Government stands alone in vetoing limited economic measures in the UN, we should need to be prepared for loss of support in international fora over other issues which matter to us (eg

over the Falklands Resolutions in the UN). We might also face political and economic retaliatory measures against us by some African and Non-Aligned countries. OAU countries, for example, took £2,884 million of Britain's visible exports last year (4.1% of the total) and also provided a large market for British services. Countries of the Non-Aligned Movement, who might also be lobbied to take action as a group, took £10,7 billion of Britain's visible exports (15% of the total) and, similarly, a large amount of exports services. A co-ordinated embargo would be difficult for these countries to organise and to monitor effectively. But even a partial embargo by some of them could seriously damage our export performance.

SECTION III

How best can Britain promote peaceful change in South Africa?

Economic pressure

1. Successive British governments have argued that mandatory economic sanctions are not the right way to promote change in South Africa. Historical precedents indicate that sanctions are unlikely to bring the South African Government to its knees and make it agree to hand over power or share it with the blacks. The white minority has nowhere else to go. Once cornered it is likely to rally all its energies to defend its own interests. Depending on the extent of the sanctions, the initial impact could be significant as business confidence was shaken and South Africa forced to adapt to a siege economy. But once forced to do so, white South Africans could show considerable resourcefulness and resilience in adapting their economy. As in the case of Rhodesia middlemen from all over the world will come forward, willing to break sanctions for high profits. Most vulnerable would be the blacks, who would be the first to lose their jobs as the economy contracted. The resulting hardship could spark off further, more serious, unrest and violence, prompting repression and further destabilising the country. Damage would also be done to surrounding countries' economies and, to a lesser extent, to Western economies.

2. Limited non-mandatory sanctions would be less damaging and their impact on Government decision making is unlikely to be decisive. In a sense, they fall under the category of political, rather than economic, pressure. They would however have a psychological effect and as is already apparent they can have an economic impact by triggering a downward spiral in international business confidence and the withholding and withdrawal of private loans and investment in South Africa. The South African government would not however wish to be seen to be changing policy in response to such pressure and it might well sit tight therefore in the hope of calling the international community's bluff.

Political pressure

3. Political pressure by outside governments has a role to play in promoting change. However it has its limitations. A long history of struggling to survive in hostile conditions has made the Afrikaner defensive and self-reliant. Successive South African Governments have taken the view that if they negotiate it must always be from a position of strength. For the present Government to introduce liberalising reforms at all is a new departure and a political risk. P W Botha is under pressure from the right to prove he is not acting out of weakness. He has attempted to do this partly by adopting a tough external policy. One result has been a determination not to be seen to be responding to international pressure.

4. Domestic pressure on the South African Government to adopt a tough attitude towards its critics means that "high

profile" political pressure, such as public statements, diplomatic reprisals, economic measures, tends to be counter-productive. Tough-talking behind the scenes can be more effective. For this, we need to maintain our diplomatic and other links.

Pressure from the Business Community

5. On 1 August President Botha spent 2 hours discussing the unrest in the townships with leaders of the Association of Chambers of Commerce and the Federated Chamber of Industries. In a statement afterwards the two organisations said that they had conveyed to the President their concern about the need for real change and that they had urged him to embark upon a "visibly effective" dialogue with black leaders to promote political stability. It had been agreed that the Government and business should co-operate to tackle these issues.

6. For sound business reasons industry and commerce in South Africa are in the forefront of those in the white South African community calling for reform. As the meeting on 1 August showed, they are also probably the pressure group whose advice is most likely to be listened to. Here then is a promising area for outside influence to make itself felt. Britain is already setting an example on reform through its implementation of the EC Code of Conduct. But could we do more to turn our economic stake in South Africa to good effect by encouraging peaceful change from the inside, perhaps jointly with Afrikaaner business interests?

7. If so how best can we do this? Possibilities might include:

- British business in South Africa taking a more vigorous role in working for change through trade associations and chambers of commerce.
- Co-ordination of such action through the South Africa - British Trade Association (SABRITA) and the UK - South Africa Trade Association (UKSATA).
- Improved public presentation of British business pressure for reform.
- British companies in South Africa might seek to involve South African industry/commerce in joint discussion of how to maintain outside investment and business confidence in South Africa and how to promote reform/improve stability.
- More might be done to train and promote blacks eg management training in parent companies in Britain.

LIST OF GUESTS ATTENDING THE SEMINAR AND LUNCHEON AT CHEQUERS
ON FRIDAY, 13 SEPTEMBER, 1985 at 1000 hrs

The Prime Minister

Rt. Hon. Sir Geoffrey Howe, QC. MP

Rt. Hon. Paul Channon MP

Mr. Malcolm Rifkind, MP

Mr. Ian Stewart, MP

Minister for Trade

Minister of State, FCO

Economic Secretary,

HM Treasury.

Rt. Hon. Julian Amery, MP

Mr. Bowen Wells, MP

Mr. Robert Jackson, MP

Mr. Patrick Gillam

Managing Director,

British Petroleum.

Mr. Michael Hoffman

Chief Executive &

Managing Director,

Babcock International.

Dr. James Barber, JP

Master of Hadfield

College, University of

Durham.

Mr. A.B. Marshall

Chairman, UK/South

Africa Trade Assn.,

Chairman, Commercial

Union, Chairman,

Bestobell.

Mr. Anthony Loehnis

Bank of England

Mrs. Merle Lipton

Lecturer, University of

Sussex.

B.R.

● Sir Antony Acland, KCMG, KCVO

Permanent Under-Secretary,
FCO.

Sir Percy Cradock

10 Downing Street

Mr. Ewen Fergusson.

Deputy Under-Secretary,
FCO.

Mr. C.D. Powell

Private Secretary to the
Prime Minister.



Foreign and Commonwealth Office

London SW1A 2AH

3 September 1985

Dear Charles,

Thank you for your letter of 22 August enclosing the Indian Prime Minister's letter to the Prime Minister about South Africa.

Mr Gandhi's letter may have been prompted by the recent attacks on the Indian community in Durban. He wishes to see the British Government use all its influence with the South African Government and, by implication, urges support for economic measures against South Africa.

India favours mandatory economic sanctions and is likely to insist that they are a major point for discussion. Mr Gandhi's letter therefore provides an opportunity for the Prime Minister to summarise the case against sanctions while making it very clear that we are fully committed to working for fundamental change in South Africa.

There have been press stories concerning Mr Gandhi's letter and the terms of the Prime Minister's reply may be / leaked to the press. The enclosed draft reply has been prepared with this possibility in mind.

Yours ever,

Len Appleyard
(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:
Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

TO:

H.E. Shri Rajiv Gandhi ~~M.A.H.E.~~
Prime Minister
Republic of India

Your Reference

Copies to:

SL2ACH

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your letter of 19 August about the situation in South Africa. I ^{can well understand} fully appreciate your concern particularly following the recent deeply disturbing events involving the Indian community in Natal.

no less
I ~~too~~ am very worried about what is happening in South Africa. Our cultural and historical ties with South Africa give Britain, like India, a particular interest in developments there.

in the country and
purpose
We have made very clear to the South African Government the depth of our concern and our belief that fundamental reforms and the opening of a genuine dialogue about the political future of the black majority must be undertaken without delay. We have done this directly and with our partners in the ~~Ten~~. Our condemnation of apartheid is unequivocal and we shall continue to press the South African Government hard through every political means at our disposal.

I have in the past put my views on these matters directly to President, I ... Botha.

Enclosures—flag(s).....

Done

11 ^{recognize} I am well aware that many ~~feel~~ ^{share your view} feel as you do that the weight of international opinion should be backed by economic sanctions against South Africa. I must tell you that the British Government does not share this view. We do not believe that the South African Government's reaction to foreign governments imposing sanctions will be to make the reforms which we all want to see. Indeed previous experience and the realities of the South African situation suggest that such action by foreign governments could be counter-productive, hardening resistance to the reforms so urgently needed.

^{Moreover} Such effects as sanctions would have must in a labour-intensive economy be borne by those least able to withstand economic hardship. The result, I fear, would be rising black unemployment and the risk of further violence and repression. Other states in Southern Africa, many of which are very dependent on South Africa, would also encounter serious consequences. There would be no early outcome and in the meantime South Africa and its neighbours could be deprived of the economic growth which their people so badly need.

In ^{my} our view it is the internal social and economic pressures ^{offer the best prospect of producing} which are going to compel real reform in South Africa. We therefore want to stimulate the positive forces for change such as economic growth within the black community and to encourage ^{those} the more progressive elements both inside and outside the Government. ^{who believe in dialogue} We are working through the private sector and our aid programme to encourage these developments.

/ I can ...

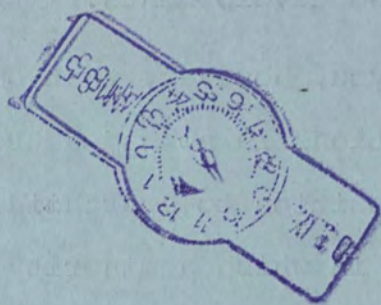
I have
also ~~seen~~
will ~~not know~~
in ~~the~~ last
year, as you

I can assure you, however, that our ^{Commonwealth} ~~opposition~~ ^{suggest} to economic sanctions in no way detracts from our ^{resolute} ~~unbending~~ opposition to apartheid. ~~I firmly believe~~ that ~~a~~ system in which a minority seek to preserve a privileged position through racial discrimination is morally ^{unacceptable} ~~abhorrent~~. Like you, I ^{also detest} ~~abhor too~~ the politics of violence. We shall continue to work hard to encourage a peaceful resolution to South Africa's problems and ~~a system of government which enjoys the support of the people as a whole.~~

There is unanimity in the Commonwealth on the urgent need for fundamental change in South Africa. I hope that the fact that there are genuine differences of opinion on the best means to achieve our objective will not stand in the way of the contribution that the Commonwealth as a whole can make on a matter that causes so much concern to us all.

I was delighted to hear from your High Commissioner that you are able to ~~not~~ accept my invitation to ~~see~~ ^{have} visit us on the way to PHOGM and look forward to discussing this & other problems with you then.

South Africa: Relations #5.



JA

CF papers

cc FCO



10 DOWNING STREET

THE PRIME MINISTER

3 September 1985

Your Victor

Thank you for your letter of 28 August.

I thought that your message to President Botha was both admirably succinct and helpful. As you know, we have been urging the South African Government for some time to take bold steps towards fundamental reforms. Until they do so I fear that there will be no early end to the serious difficulties which they are now facing.

Yours truly

Raymond

The Lord Rothschild, G.B.E., G.M., F.R.S.

SRW

219/85

STATEMENT BY THE SOUTH AFRICAN GOVERNMENT

Views conveyed by the South African Government to the Foreign Ministers of Luxemburg, Italy and The Netherlands and the European Commissioner for External Relations on 30 and 31 August 1985:

If by "Apartheid" is meant:

1. Political domination by any one community of any other;
2. The exclusion of any community from the political decision-making process;
3. Injustice or inequality in the opportunities for any community;
4. Racial discrimination and impairment of human dignity;

the South African Government shares in the rejection of that concept.

The South African Government confirmed that it is proceeding actively with its reform programme. This programme provides:

1. For political participation of all communities at all levels in matters of national or common concern. This means co-responsibility for decisions on matters of national or common concern coupled with the protection of minority rights;
2. For the creation of structures to give effect to the foregoing principle through negotiation between the leaders of all the communities;
3. That the Government will not prescribe and will not demand. Give and take will be the guiding principle;
4. That the Government will not prescribe who may represent the Black communities. The only condition is that those who participate in the discussions and negotiations would fore-swear violence as a means of achieving political objectives;

5. For a review of influx control. An amount of R1 000 million will be set aside to improve undeveloped towns and cities over the next five years;

The South African Government also confirmed that:

1. The partial state of emergency will be lifted as soon as violence abates;
2. The situation of detainees or prisoners will be reviewed as violence recedes and normality returns;
and
3. It is positively committed to and actively involved in contributing to the peace, stability and development of the southern African region."

LONDON

2 September 1985



CPL

RESTRICTED

B.07103

MR POWELL, No 10

UK Policy towards South Africa

The further study discussed in your letter of 22 July to Len Appleyard is being urgently prepared in a Cabinet Office Group which I am chairing. It adopts the broader perspective prescribed in your letter.

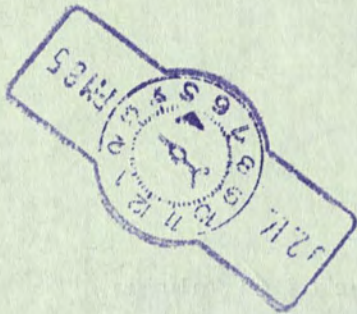
2. Since this subject is now so important and pressing, I think it right that the further study should be available in final or near final form in time for Ministers and officials to study it before the Prime Minister's seminar on South Africa on 13 September. It could then be discussed at the afternoon session of the seminar, which I understand is to be confined to people within Government.
3. The paper could then be amended after the seminar to reflect the discussion.
4. It would be very convenient if I, as the Chairman of the Group preparing the report, could attend the seminar. Will this be acceptable?
5. The Foreign and Commonwealth Office agree with the above.

C L G Mallaby

2 September 1985

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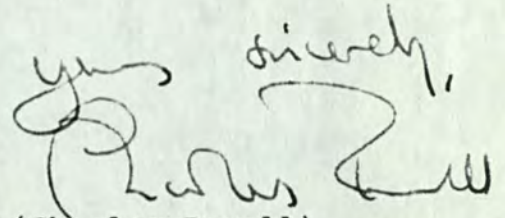
From the Private Secretary

2 September 1985

Dear Colin,

South Africa: Visit of Bishop Tutu

Lambeth Palace tell me that Bishop Tutu will be in London at the very end of September/early October to attend the Anglican Consultative Council. The question will no doubt arise whether the Prime Minister should see him, assuming that it is possible in diary terms. It would be helpful to have the Foreign Secretary's views on whether it would be desirable for the Prime Minister to see him.

Yours sincerely,

(Charles Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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cc/pc
①

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister
Agree to see
Bishop Tutu?

2 September 1985

Dear Charles,

CDP

2/9.

Yes not

South Africa : Bishop Tutu

We have been told by the Director of the Overseas Student Trust that Bishop Tutu (who is a personal friend of the Director) will be visiting the United Kingdom from 3 to 6 October. The Director has asked whether it would be possible for Bishop Tutu to see the Prime Minister.

As you know, Bishop Tutu, who was awarded the 1984 Nobel Peace Prize and appointed Bishop of Johannesburg earlier this year, has no official status as a political leader. But he has shown over the last several weeks that he is able to speak publicly for the aspirations of the urban black community in South Africa, and to hold the respect of large black audiences. A recent opinion poll in the Sunday Times suggested that after Nelson Mandela he had the largest support of any black leader among urban blacks and more than Chief Buthelezi. He has consistently worked for peaceful change, and has shown considerable courage in recent weeks in publicly opposing violence. In July, he rescued a suspected police informer from an angry funeral crowd, and shortly afterwards he made an impassioned public appeal against such violence, stating that he would leave South Africa unless the mob killings ceased.

As an internationally recognised spokesman for the black cause, Bishop Tutu is regularly received by Heads of Government when he travels overseas. He called on President Reagan earlier this year. The publicity he has received has made him one of the best-known opponents of apartheid to the UK public, and he is widely respected here.

Our Ambassador in Pretoria, who called on Bishop Tutu a month ago, believes that it would be helpful if the call which Chief Buthelezi recently made on the Prime Minister could be balanced by a similar meeting with Bishop Tutu. A call by Bishop Tutu on the Prime Minister would be a good opportunity to demonstrate our concern to listen to all shades of black

/ opinion

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opinion in South Africa, to explain our own policy and to urge dialogue between the South African Government and black leaders. Lambeth Palace told us recently that Bishop Tutu is in regular touch with the Archbishop of Canterbury and that the Bishop's relations with Lambeth Palace are very good indeed. We believe that they would be likely to welcome a meeting between Bishop Tutu and the Prime Minister.

In the light of these considerations the Foreign Secretary very much hopes that the Prime Minister could agree to see the Bishop.

Yours ever,

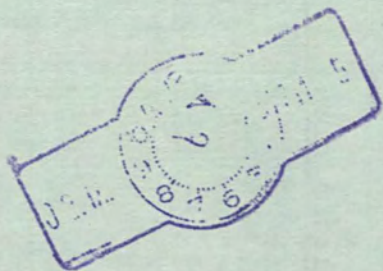
Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

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POLITICAL COMMITTEE MEETING: 3/4 SEPTEMBER: SOUTH AFRICA
FOLLOWING FOR JENKINS

1. IN ANY DISCUSSION AT THE POLITICAL COMMITTEE MEETING OF
THE PRESENT FINANCIAL CRISIS IN SOUTH AFRICA IT IS LIKELY
THAT SOME OF OUR PARTNERS MAY TRY TO ARGUE THAT IT SHOWS THAT
SANCTIONS WORK AND ARE THE WAY TO PUT PRESSURE ON THE SOUTH
AFRICAN GOVERNMENT. THEY MAY CONTEND THAT THE LIMITED ECONOMIC
MEASURES SO FAR TAKEN BY A NUMBER OF COUNTRIES, TOGETHER WITH
THE THREAT OF POSSIBLE FURTHER MEASURES BY THE US AND EC, HAVE
SERVED TO UNDERMINE INTERNATIONAL BUSINESS AND BANKING
CONFIDENCE IN SOUTH AFRICA AND THAT THIS IN TURN HAS TRIGGERED
OFF THE PRESENT FINANCIAL CRISIS THERE AND IMPELLED THE SOUTH
AFRICAN BUSINESS COMMUNITY TO PRESS THE SOUTH AFRICAN GOVERNMENT

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FOR POLITICAL REFORMS. JOINT ECONOMIC SANCTIONS BY THE TWELVE EVEN OF A LIMITED KIND WOULD PROVIDE A FURTHER STIMULUS TO THESE INTERNAL POLITICAL PRESSURES.

2. IN RESPONSE TO THESE ARGUMENTS YOU (AND OTHER COPY ADDRESSEES) SHOULD TAKE THE FOLLOWING LINE. WE AGREE THAT THE INTERNATIONAL MARKETS ARE NOW EXERTING CONSIDERABLE FINANCIAL AND ECONOMIC PRESSURE ON SOUTH AFRICA. WE WOULD ALSO AGREE THAT THE RECENT REPRESENTATIONS BY SOUTH AFRICAN BUSINESS ORGANISATIONS ARE HELPFUL IN INCREASING THE INTERNAL PRESSURES ON THE GOVERNMENT FOR POLITICAL REFORM. SUCH BUSINESS REPRESENTATIONS ARE NOT NEW, BUT THEY HAVE UNDOUBTEDLY GAINED IN FORCE RECENTLY.

3. WE DO NOT AGREE HOWEVER THAT THESE DEVELOPMENTS GIVE GREATER FORCE TO THE ARGUMENTS FOR GOVERNMENTS APPLYING ECONOMIC SANCTIONS AGAINST SOUTH AFRICA. INDEED, WE WOULD ARGUE THAT IT MAKES MUCH MORE SENSE FOR GOVERNMENTS TO LEAVE IT UP TO THE MARKETS TO EXERT SUCH PRESSURES. THE MARKET-INDUCED PRESSURE ON SOUTH AFRICA IS NOT IN OUR VIEW PRIMARILY THE PRODUCT OF EXTERNAL SANCTIONS OR THREATS OF SANCTIONS. RATHER IT DENOTES A WIDESPREAD LOSS OF BUSINESS AND BANKING CONFIDENCE BOTH INSIDE AND OUTSIDE SOUTH AFRICA IN THE SOUTH AFRICAN GOVERNMENT'S HANDLING OF THE CURRENT UNREST AND ITS ABILITY TO FIND PEACEFUL POLITICAL SOLUTIONS TO SOUTH AFRICA'S INTERNAL PROBLEMS. SUCH MARKET PRESSURE, UNLIKE SANCTIONS IMPOSED BY FOREIGN GOVERNMENTS, CANNOT BE REPRESENTED BY THE SOUTH AFRICAN GOVERNMENT TO ITS SUPPORTERS AS AN 'EXTERNAL THREAT' AGAINST WHICH THEY HAVE A DUTY TO RALLY. THE GOVERNMENT IS SEEN BY ITS OWN SUPPORTERS TO BE GUILTY OF POLITICAL MISMANAGEMENT RATHER THAN THE VICTIM OF FOREIGN BULLYING. THE PRESSURES ON IT TO CHANGE COME FROM ITS OWN BUSINESS COMMUNITY AND ARE CORRESPONDINGLY MORE DIFFICULT TO RESIST.

4. A FURTHER ADVANTAGE OF LEAVING IT TO THE MARKETS TO EXERT THEIR OWN PRESSURE IS THAT ONE IS WORKING WITH THE NATURAL FLOW OF BUSINESS RATHER THAN, AS IN THE CASE OF MOST SANCTIONS, TRYING UNSUCCESSFULLY TO WORK AGAINST IT. INTRODUCING

Submitted

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SANCTIONS WHICH RUN COUNTER TO THE WISHES OF BUSINESS, WOULD ONLY LEAD TO THE SORT OF EVASION BY BUSINESS THAT BOTH ENCOURAGES THE SOUTH AFRICAN GOVERNMENT AND EMBARRASSES THOSE WESTERN GOVERNMENTS TRYING TO APPLY SANCTIONS. THE EXAMPLE OF RHODESIA SPEAKS VOLUMES ON THIS.

5. RATHER THAN TRYING TO APPLY ECONOMIC SANCTIONS OF THEIR OWN THE GOVERNMENTS OF THE TWELVE SHOULD BE DISCREETLY ENCOURAGING, THROUGH PERSONAL AND OTHER CONTACTS, THE BUSINESS ORGANISATIONS WITHIN SOUTH AFRICA TO KEEP UP THE PRESSURE ON THE GOVERNMENT THERE FOR REFORMS. IT IS NOTEWORTHY THAT THESE ORGANISATIONS HAVE BEEN CALLING FOR PRECISELY THE SORT OF CONCRETE STEPS FROM THE GOVERNMENT WHICH THE TEN CALLED FOR IN THEIR 22 JULY STATEMENT.

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PRIME MINISTER

SEMINAR ON POLICY TOWARDS SOUTH AFRICA

The Foreign Office undertook to produce a background paper for the morning session of this seminar, ie. that at which non-official participants will be present. I attach their effort. It is not very distinguished or thoughtful, though provides some useful factual material. In any case, the issues for discussion are clear enough and I doubt whether the paper as such will be debated. Agree that I should circulate it to the participants in advance, making clear that it is intended only as the background note.

Yes
A separate paper is being prepared on policy options for the afternoon session of the seminar.

e.d.p.

[Handwritten signature]

C D POWELL

2 September 1985

DISCUSSION PAPER ON POLICY TOWARDS SOUTH AFRICA

Introduction

Mr Powell
We spoke
Seward Lapeere
30/7

Great Britain has close ties with South Africa. Two provinces of South Africa were British colonies for over a century. Even today around 1 million people in South Africa retain the right to a British passport. We are South Africa's largest foreign investor (around £5 billion). South Africa is the 13th largest market for British goods. In 1984 British visible exports to South Africa totalled £1.2 billion, with similar earnings from invisibles. South Africa is the major source of certain raw materials which are essential to British industries. Up to 150,000 British jobs depend on trade with South Africa. We must protect these interests if British firms and British jobs are not to be put at risk.

At the same time, as a country with strong democratic principles, Britain condemns South Africa's policies of apartheid. We have

- urged the South African Government to move towards granting all South Africans equal rights and freedoms.
- encouraged British firms operating in South Africa, through the EC Code of Conduct, to set a good example in contributing to black advancement by improving wages, conditions and prospects for black workers.
- worked hard within the Contact Group to achieve independence for Namibia.
- offered financial help for black South African and Namibian students to study in Britain.

- fulfilled our international obligations by observing the UN Arms Embargo and the Gleneagles Agreement on sporting contacts with South Africa.

- maintained a policy of no nuclear or military collaboration with South Africa.

We want to see genuine reform in South Africa and improved stability and economic prosperity in the region as a whole.

These two elements in our policy have not been regarded as irreconcilable. Peaceful change in South Africa is in Western interests, violent revolution is not. We have considered that it is possible to promote such peaceful change by a policy of contact and dialogue with South Africa and by using our economic links to encourage positive forces for change, including better standards and greater economic influence for black workers, and the development of more effective trades unions.

Now Western governments are under increasing pressure to abandon this approach and to adopt a policy of coercive economic measures against South Africa. Traditionally such pressure has come from the African countries, with Non-Aligned and Communist bloc support. But this time the move towards economic sanctions is gaining considerable ground in Western countries too. Apartheid has become a major issue in the United States and the US Congress has come out firmly in favour of some kind of limited economic measures against South Africa. Certain other Western governments have announced similar unilateral measures or are calling for UN mandatory sanctions. Britain is being urged

to follow suit.

Ironically, the renewed momentum towards sanctions came at a time when the pace of change in South Africa had already been going further and faster than seemed possible only two years ago. How then should we interpret this pressure? Is it a carefully co-ordinated effort to undermine a genuine process of change in South Africa and to push Western Governments against their will into a policy which is against their own best interests? Or does it represent a growing belief that the reforms attempted and proposed by the Botha government fall far short of what is needed to achieve peaceful change? Should we and other Western governments be doing more to force the pace of change? Is there anything more we can do which would actually be effective? Or can we best reinforce a process which is already underway by standing firm? Finally, if we stand by our present policy towards South Africa, do we risk becoming isolated from our American, European and Commonwealth allies? If so, what can we do about it?

Against this background this paper sets out briefly to examine:

- (i) the issues causing international concern: South Africa internal, Namibia, South Africa's relations with neighbouring states
- (ii) the pressures on Western governments to change their policy towards South Africa.
- (iii) options for future British policy.

The aim of the paper is to stimulate discussion. It should
be interpreted as representing an "official" British
view.

SECTION I: ISSUES CAUSING INTERNATIONAL CONCERN

A SOUTH AFRICA: INTERNAL SITUATION

The Internal Pressures for Change

1. Internal factors which are already promoting change include: A black population growing in size and improving its living standards in urban areas; more education to higher levels (the number of black children in school now exceeds the total white population); Black buying power (now 53% of total consumer spending); more Blacks being given technical training to meet the chronic skills shortage; the growth of the Black trades union movement.

2. As the aspirations of black people rise, so does their frustration and impatience over the constraints of apartheid, and over their exclusion from political power, underlined by the new Constitution. Unrest has been fuelled by the continuing economic recession and rising unemployment. The result has been increasing violence in urban areas (over 450 dead since August 1984) and corresponding repression by the authorities culminating in the declaration of a State of Emergency in the most troubled areas.

South African Government's response

3. Under the original concept of apartheid every Black belonged to one or other "homeland". The homelands should become "independent" but remain economically dependent on South Africa. Blacks were to have political rights only in the homelands. Four homelands have now opted for such

"independence" and already have a degree of autonomy (although they fall well short of meeting our legal criteria for recognition as independent states). Others refuse to follow this route.

The Pace of Change

4. Some changes have taken place: the acceptance of a permanent urban black population; the formal acceptance of Black trade unions; freehold and leasehold rights for some blacks; an end to most forced removals. Most significant of all is the change in white attitudes. The Government now acknowledges that its "Homelands" policy will neither work in economic terms nor meet Black political aspirations. There has been a significant shift in opinion among Afrikaner academics and businessmen. Many are now urging the Government to introduce further reforms so as to remove labour market rigidities and distortions to the economy caused by apartheid policies. But there are constraints from the white community on the pace of reform: growing support for the Conservative Party; the military, the Dutch Reformed Church and the Broederband.

Economic Influences on the Pace of Change

5. Developments in recent years suggest that economic growth hastens the pace of change. Deepening recession on the other hand is likely to weaken the economic power of Blacks who would be hardest hit as unemployment increased. 5-5½ growth rate in the economy is needed to prevent Black unemployment from rising. There would be less to spend on social work, education and training. The result would almost certainly be

increasing alienation and frustration, leading to further twists in the cycle of violence and repression.

Black Attitudes

6. It is not easy to discern what the attitude of the black population of South Africa is to the calls for sanctions or how much reform would be needed to stop the violence in Black townships. Distinctions exist between urban and rural Blacks; between different tribal groups; between the young and the old. But attitudes are probably hardening, particularly in urban areas. Black alienation increases as the Government continues to avoid the crucial question: power-sharing. The recent Human Sciences Research Council survey suggested that 63% of Blacks now believe that violence is necessary to bring change. Surveys show majority support for the ANC and for its traditional leaders (Mandela, Sisulu, Tambo). Support for the UDF which shares many of the ANC's aims appears to be widespread. But there are other influential Black leaders including Chief Buthelezi who favour a more pragmatic approach. Surveys suggest that the majority of Blacks may oppose sanctions and disinvestment, although they would probably support the "threat" of sanctions.

What would represent an "acceptable" pace of change?

7. The ANC demands "one man, one vote in a unitary state" but this is clearly unacceptable to most Whites. Buthelezi has asked for a "Declaration of Intent" which would involve a commitment to power sharing with Blacks. This the Government seems unwilling to give. Would this be the minimum condition

for a genuine dialogue to start? It would certainly be welcomed by most Western Governments.

8. The climate within South Africa and internationally could be improved by confidence-building measures. These could include: the formal ending of forced removals; an end to detention without trial; a government enquiry into policing of the townships; the release of long-term political prisoners; dropping treason charges against UDF leaders; South African citizenship for all South Africans, and a commitment to equal education under one government department. Bishop Tutu recently set out a similar list of conditions for dialogue.

SECTION I

B NAMIBIA

Will South Africa agree to full independence?

1. South Africa remains formally committed to granting Namibia independence under the terms of the UN Settlement Plan, endorsed by SCR 435. But recently a number of factors have cast doubt on whether South Africa actually intends to give up control of Namibia - at least in the next few years. Not least was P W Botha's agreement in April to proposals by the Multi-Party Conference (a grouping of six Namibian internal parties) to establish an 'interim' or 'transitional' internal administration. This move was declared "null and void" by Western governments and condemned in the UN Security

Council in June. The new administration began work on 17 June.

Shift of focus to South Africa's internal problems

2. Another key factor has been the internal situation in South Africa. The uncertain combination of reform, unrest and repression has led both South Africans themselves, and the world's media, to focus on apartheid in South Africa rather than on the question of Namibian independence. This has been particularly apparent within the United States where domestic opinion has recently hardly concerned itself at all with Namibia. As a result, Dr Crocker's (Assistant Secretary of State for Africa) efforts to achieve a broad regional settlement over Namibia, linked to Cuban withdrawal from Angola, have become caught up in and to some extent overtaken by the apartheid debate.

3. Some South Africans argue that whilst the Government is trying to put through internal reforms, it should keep a strong military presence in Namibia to protect South Africa from attacks by the ANC and from other destabilisation efforts. Does the South African Government hope that, by putting off implementation of the UN Plan for a year or so, it will both gain time for reforms inside South Africa and give the MPC a chance to erode SWAPO's overwhelming political support within Namibia? One thought which must be uppermost in P W Botha's mind when he contemplates the UN Plan is the impact which a one man, one vote election in Namibia, followed by a black majority government, would have on South Africa itself.

Western response

4. If this interpretation of South African tactics is correct, how should the West respond? One option would be to reject the UN approach as unrealistic and agree to something less than democratic, internationally-recognised independence for Namibia. This in the hope that the MPC will introduce reforms, gain popularity and finally draw even SWAPO into its net. But how realistic is such a hope? After all, there is no indication that the MPC will be more able than previous 'interim' administrations to put through reforms and attract wider black support. Moreover, with support from the UN and the international community for its cause, SWAPO has little incentive to accept compromises which fall short of a genuine test of political power in Namibia.

5. If Western Governments instead stand by the UN Plan, will South Africa simply opt for an internal settlement in Namibia? Here much will depend on internal developments in South Africa over the next few years. If the South African Government is able to introduce sufficient reforms to relieve internal pressures and sees some hope of becoming 'acceptable' again, at least in the West, then there must be a strong incentive for it to agree to internationally-recognised independence for Namibia. But if the South African Government seeks - or is driven - to protect White minority interests at all costs and to abandon the process of reform, it will probably consider that it has little to lose by an internal settlement in Namibia.

Sanctions would not help

6. Full mandatory economic sanctions, by driving South Africa into a corner, are likely to have an adverse effect on prospects for Namibia's independence, at least in the short term. Selective economic measures against South Africa, specifically over the Namibia issue, might be less counter-productive. But even though such measures would have a clearly-defined objective - implementation of the UN Plan - attainable within a short space of time, it is doubtful whether they would be an effective lever. Moreover, once sanctions were imposed, it would be difficult to restrict them to the Namibia issue.

SECTION I

C South Africa's relations with neighbouring statesUnderstanding and accords

1. Over the past two years, partly at least as a result of American policies of 'constructive engagement', South Africa has been pursuing a policy of attempting to reach some kind of modus vivendi with her immediate neighbours. This has applied even to the Marxist governments in Angola and Mozambique - witness the Lusaka Accord (February 1984) and the Nkomati Accord (April 1984). South Africa has also reached informal understandings with a number of other countries.

Recent military actions

2. Yet this year South African behaviour towards her neighbours, like her behaviour towards Namibia, has caused some to question whether she is prepared to stand by her formal commitments. There have been rumours that, despite Nkomati, South Africa is still indirectly supporting RENAMO in Mozambique. South Africa has firmly denied this. She has also recently made considerable efforts to demonstrate to President Machel her determination to prevent outside help reaching RENAMO.

3. In Angola, South Africa's decision this April finally to complete disengagement, in accordance with the Lusaka Accord, was quickly marred when a small party of South African soldiers were caught red-handed in Cabinda (22 May). They were on their way (by the admission of one of their party) to sabotage oil installations owned by the American company, Gulf Oil. South Africa has insisted that the party was on a reconnaissance mission to find SWAPO and ANC camps. This episode not only cast doubt on South Africa's real intentions towards the MPLA government, it also infuriated the Americans and set back, temporarily at least, US-led negotiations over Cuban withdrawal.

4. The Cabinda attack and the raid on Gaborone which followed soon after (14 June) were quickly condemned in the Security Council. Security Council Resolutions 567 and 568 used language which paved the way for a direct call for mandatory economic sanctions should South Africa take similar action in future.

South African intentions

5. Has the South African Government all along been playing a double game - using the accords and understandings secretly to undermine and weaken its neighbours? Or does South Africa's position as a regional super-power simply make 'good relations' with neighbouring states less important to her than showing her domestic audience that, despite internal reforms, South Africa can still be tough when she wants? Here we need to distinguish between states like Botswana and Lesotho, where South African actions are directed essentially at the ANC, and Angola or Mozambique where destabilisation may still be the aim.

Economic dependence of Front Line States

6. In recent years the Front Line States have become even more heavily dependent economically on South Africa. In particular, due to the collapse of transport systems in Angola and Mozambique since independence, countries like Malawi, Zambia and Zimbabwe need South African ports and transport for at least part of their trade. Their economies would therefore be severely affected by sanctions against South Africa. This has led them to try to restrain international pressure for punitive economic action against South Africa. But recently, with varying degrees of reluctance, most have openly joined the calls for mandatory economic sanctions. At the same time they have made clear that their own participation would depend on Western governments' help in withstanding the effects of sanctions on their own economies.

SECTION II: PRESSURES ON WESTERN GOVERNMENTS TO CHANGE THEIR POLICY TOWARDS SOUTH AFRICA

1. The pressures for concerted international action against South Africa have grown sharply during 1985. The focus on apartheid in the United States and moves in Congress to impose limited economic sanctions have had a catalytic effect. The cycle of violence and repression inside South Africa, the lack of progress on Namibia and the recent South Africa raids into Angola and Botswana have all helped to build up the momentum. There were three debates on South Africa in the Security Council in June. After the debate on Namibia the Council adopted Resolution 566 urging member states to take "voluntary measures" against South Africa and warning the South Africans that failure to implement SCR 435 would compel the Council to consider the adoption of mandatory sanctions. The resolution calls for the Secretary General to report by the first week of September and a further Council meeting is likely to follow this.

Response of other Western governments

2. In response to these pressures several Western countries have adopted or are considering adopting further measures against South Africa. The French have withdrawn their Ambassador and banned new investment in South Africa. Further economic measures are likely to follow. The Nordic countries recently banned flights by Scandanavian Airlines to South Africa. The Australians have said publicly that they would be prepared to support a call for sanctions both in the Security Council and at the Commonwealth Heads of Government

Meeting in Nassau on 16 October. The Canadians have announced a mixture of diplomatic and economic measures. Within the Commonwealth Great Britain now stands virtually alone in resisting economic action against South Africa. At Nassau in October there will almost certainly be a concerted effort to make us agree to economic measures. Some of our European partners too are pressing for tougher Community action. At present, the Germans (whose trade with South Africa is greater than ours) are opposed to economic sanctions and would prefer to take positive measures, such as strengthening the EC Code of Conduct to encourage reform in South Africa. However, their position is of little help to us in the Commonwealth or in the UN Security Council.

US Congressional moves

3. Most crucial of all will be the American attitude to sanctions. The debate over domestic sanctions legislation will continue into the autumn, thereby ensuring that South Africa remains a live issue. The House supports the Kennedy/Gray Bill calling for a wide range of economic measures against South Africa. On 8 July the Senate voted overwhelmingly in favour of the more moderate Lugar/Dole/Mathias Bill proposing, among other things, a number of economic measures. These are:

- (i) prohibition of loans or any other form of credit to the South African Government
- (ii) ban on imports of South African krugerrands
- (iii) ban on sales of computers or computer parts and software to South Africa
- (iv) ban on the sale of nuclear technology to South

Africa.

The Bill also proposed the consideration of further measures after 18 months to 2 years if necessary. The American administration currently opposes all economic sanctions, whether imposed by the United Nations or unilaterally.

Timing

4. The next step will be a House/Senate Conference (probably in September) to attempt to agree a compromise bill. If a compromise is possible President Reagan will have to decide whether or not to use his veto against whatever Congressional proposal finally emerges. Given the strength of public opinion in the United States and the size of the vote in Congress he may well decide not to. There would then be immediate international attention on whether others, especially Great Britain, would be prepared to introduce similar legislation. So far, in Britain itself, there has been nothing like the public interest in the apartheid issue which has been generated in the United States.

Britain may stand alone in resisting selective economic measures

5. In discussing the pressure for economic sanctions it is important to distinguish between full mandatory UN sanctions (which a number of our Western partners, including the Germans, Canadians and Americans still firmly oppose) and selective mandatory economic measures. It is over the latter that we now risk standing isolated, both in the Commonwealth and in the UN Security Council. If, in the worst eventuality, the British Government stands alone in vetoing

limited economic measures in the UN, we should need to be prepared for loss of support in international fora over other issues which matter to us (eg over the Falklands Resolutions in the UN). We might also face political and economic retaliatory measures against us by some African and Non-Aligned countries. Sub-Saharan African countries other than South Africa itself took £1816 million of Britain's visible exports last year and also provided a large market for British services. A co-ordinated embargo would however be difficult for these countries to organise and to monitor effectively.

SECTION III:

OPTIONS FOR FUTURE BRITISH POLICY TOWARDS SOUTH AFRICA

British policy aims

The broad aims of British policy towards South Africa are:

- (a) To work for peaceful change towards a system of government acceptable to all the people of South Africa.
- (b) To promote the observance of internationally-recognised standards of human rights.
- (c) To protect and promote British interests including economic interests.
- (d) To encourage better relations and co-operation between the countries of Southern Africa to improve the stability and economic prosperity of the region.
- (e) To encourage South Africa to grant internationally-recognised independence to Namibia on the basis of SCR 435.

Following are some of the possible directions in which present British policy towards South Africa might go, with some of the pros and cons involved. These options should be judged according to how effective they would be in meeting the objectives outlined above. But Britain does not wish to be isolated in its policy towards South Africa. So a further important consideration is whether we shall be able to unite other key Western Governments with similar interests to our own - especially the United States and West Germany - around such a policy:

Options

1) Swim against the tide of international opinion by strengthening our ties with South Africa, permit further investment, perhaps even resume some defence sales, and hope to use these ties to exert a friendly influence over South African policies.

Comment

For: We could use our veto in the Security Council to block any call for mandatory economic sanctions. South Africa is well endowed with natural resources, strong militarily and relatively healthy economically (recent indicators are that the economy is beginning to pick up again after a difficult period). So the present régime seems likely to remain in power for some time yet, although unrest will almost certainly continue. Britain could benefit from being a staunch ally through increased trade. Increased investment in the South African economy could improve living conditions and employment prospects for all South Africans, including the black community.

Against: No-one else is moving this way. Appearing to side with South Africa would clearly isolate us in the United Nations, the Commonwealth and the European Community. There would probably be calls for us to leave the Commonwealth, and pressure on our permanent membership of the UN Security Council. We could expect retaliation which might damage our trade and investments elsewhere in the world. We could also face retaliation by a future black majority government in South Africa. To renege on our commitments to existing pressures against South Africa (eg UN Arms Embargo, Gleneagles Agreement on sporting contacts) would be seen as

deliberately provocative, and would greatly increase the likelihood of retaliation.

2) Give in. Accept the case for mandatory economic sanctions in the hope that this will force the desired changes within South Africa and lead to Namibia's independence.

Comment

For: Such a move would, in public at least, be welcomed by Black Africa, by the Non-Aligned and by much of the Commonwealth. It might shock the South Africans into speeding up reforms to head off sanctions.

Against: Experience suggests that sanctions are unlikely to be effective in forcing change, indeed the probability is that they would further entrench white South African resistance to it. Against the risk of little gain is the probability of large costs to Britain. If full sanctions went ahead there would be a serious threat to our sizeable investments in South Africa. Trade would be disrupted, including the supply of key raw materials. This would affect us not only directly but indirectly too through the dislocation in world trade generally (likely to be comparable in effect to the 1973 oil crisis). The instinctive reaction of white South Africans would be to dig their heels in. If the Rhodesian experience is anything to go by, sanctions would, over a number of years, serve only to boost the development of South African home industries. Middlemen would flourish. It would be difficult to detect and prevent sanctions breaking. This in turn would give a propaganda

Advantage to the Soviet Union, which would try to blame Western Governments for sanctions evasion. Furthermore, the South Africans are believed to have good stocks of oil, and they have the capacity to refine oil from coal. They could withstand a long siege. The ones to suffer most would be the blacks, who would be the first to lose their jobs. This in turn could spark off violence, even revolution and would, at the least, give a boost to extremist elements both inside and outside South Africa. Under a state of siege the South African military would have the upper hand in policy planning. There would be an end to the process of reform. Other major sufferers would be the black states of the region which are largely dependent on South Africa for trade and transport links.

3) Go part way by announcing limited unilateral economic measures - to be introduced either immediately or after a set period of time if South Africa does not make the desired changes.

Measures currently under discussion or introduced by other Western countries include:

- i) Prohibition on new loans or other forms of credit to the South African Government (proposed by the US Senate and House Bills).
- ii) Discouragement to or prohibition on buying and selling of South African minted gold coins (announced by the Canadians, proposed by the US Senate and House Bills, part of UNSCR 566).
- iii) Ban on the sale of computers or computer parts

(proposed by US Senate and House Bills).

- iv) Observance of an oil embargo (forms part of UNSCR 566, supported by some EC countries).
- v) Withholding of overflight and landing facilities to South African aircraft (part of UNSCR 566, similar measure announced recently by the Nordic countries).
- vi) Disinvestment (part of UNSCR 566)
- vii) Ban on or discouragement of new investment (introduced by France, proposed by US House and Senate Bills, part of UNSCR 566, supported by some EC countries - Netherlands, Ireland, Denmark).

Comment

For: The announcement of limited economic measures to be introduced either gradually or after a set period of time if South Africa does not take specific actions to bring about change could act as a strong warning to the South African Government. It might take the pressure for mandatory UN sanctions off us for a time. It would give British companies time to reduce or close their operations in South Africa and time to stockpile key raw materials. We might be able to select measures which have little direct impact on our trade and investments in South Africa but make our opposition to apartheid policies clear. There would be an opportunity to line up with Canada, France and (if something like the proposed legislation goes through) the United States.

Against: The problems would only be postponed. Furthermore, selective economic measures would make little impact on the South African economy and would lead to pressure for tougher action. Once we had conceded the argument for economic sanctions it would be harder to argue against introducing

more. Such measures could provoke selective retaliatory action by the South Africans, to which Britain, as the largest investor, would be most vulnerable.

4) Stand firm over sanctions but keep relations with South Africa cool (apply non-economic measures if South African actions warrant it). At the same time take measures to strengthen links with the black South African community, encourage evolutionary change and strengthen the EC Code of Conduct.

Comment

For: Such an approach would reinforce our current policy. It recognises the limitations on outsiders to influence developments within South Africa and points to the fact that change has to come from within. It would benefit rather than damage the economic position of black South Africans. It would encourage long term change through the rising economic power of urban blacks, and by encouraging more effective black Trades Unions, rather than through violence. Our policy would be in line with the Germans and, for the time being at least, the US Administration. Strengthening the EC Code, and improving British companies' presentation of their case for involvement in South Africa, could make a positive impact on public opinion.

Against: We should still be exposed to criticism in international fora for not adopting economic sanctions. If the United States Administration finally accepts legislation introducing limited economic measures we might still find ourselves alone in resisting such measures in international

fora. We could also be left in a small minority in the West if, as seems likely, the majority came out in support of some form of economic measures. There is a continuing risk of further South African raids against neighbouring states or of internal massacres (like Sharpeville or Soweto) which could suddenly heighten the international pressures for economic measures. This would place us in an isolated spotlight with the risk of retaliation against our interests if we did not change our position.

PART 5 ends:-

Algorca Tel 264 31.8.85

PART 6 begins:-

CDP 60 PM 2.9.85.

