

*PM has discussed*



PRIME MINISTER

*MAD*

SOUTH AFRICA

I have just seen the final recommendations of the UN Arms Embargo Committee which are likely to be considered by the Security Council on 25 September. I understand that the Secretary of State for Foreign and Commonwealth Affairs may be speaking to you during the weekend about the line we should take in the Security Council.

Several of the recommendations affect our trading interests and I think I should let you know my views immediately. Naturally I deplore any widening of the present arms embargo; but I also acknowledge that it would be foolish to put at risk our substantial commercial interests in black Africa over proposals that did us no serious harm, and (as modifications to an existing embargo that we have accepted) give away no new principles.

There are many points in the recommendations that I should like to see omitted or softened, and I hope our delegation in New York will continue to do their best to achieve these amendments before any resolution is presented to the Security Council. I therefore attach great importance to the closest consultation between my officials and those of the FCO. However there are two points which in my view we must regard as non-negotiable, and which, if they are not met, should justify our using our veto in the Security Council, either with the United States and France, or if necessary alone. These two sticking points are:-

- (i) that recommendation 6 (which attempts to ban the export to South Africa of dual-purpose equipment, widely-defined) should be drastically narrowed in its scope to apply only to exports to South Africa of a type used primarily for military purposes, and



- (ii) that no recommendation should interfere with existing contracts for the supply of goods to South Africa. (You will of course recall the strong opposition we encountered when we attempted to introduce retrospective sanctions against Iran.)

I hope you will be able to agree that our delegation in New York be instructed accordingly.

I am copying this to other members of OD, the Secretary of State for Industry and to Sir Robert Armstrong.

Department of Trade  
1 Victoria Street  
London, SW1H 0ET

19 September 1980

*ll.*  
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(Approved by the Secretary of State and signed in his absence.)



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DRAFT MINUTE

PRIME MINISTER

South Africa

I have just seen the final recommendations of the UN Arms Embargo Committee which are likely to be considered by the Security Council on 25 September. I understand that the Secretary of State for Foreign and Commonwealth Affairs may be speaking to you during the weekend about the line we should take in the Security Council.

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6. Between my return from Paris and my departure for my constituency I found the enclosed papers. In view of the extreme importance & urgency of this matter, I am taking the liberty of handing in to No 10 tonight my departmental briefing and this draft minute.

7. Earlier correspondence indicates my concern at the tactics, so far pursued by our negotiators in this matter.

8. I think that I should telephone you about this matter CONFIDENTIAL and the Greek Power Station contract over the weekend.

JN.



cc MfT  
PS Secretary  
Mr Caines Dep Sec  
Mr Kemp ECGD  
Mr Clarke CRE5  
Mr Coleman Sols  
Mr Priston CRE4

D of Trade internal  
briefing SW

Secretary of State

SOUTH AFRICA

1  
See below

Cabinet Office are circulating today for Ministers' weekend boxes a detailed assessment by officials of the impact on UK interests of a UN sanctions Resolution against South Africa and of any black African retaliation against a UK veto of such a Resolution. The important points are the size of our interests in both South Africa and black Africa, our vulnerability to retaliation and the serious risks involved in accepting wide-ranging sanctions on the one hand, and vetoing alone such sanctions on the other.

2 The Report was commissioned against the risk that the Namibia crisis might result in pressure for an economic boycott of South Africa. In fact, as you know, pressure for tighter control on the supply of arms and related material to South Africa has suddenly developed in the UN, even though there has been no break-down in negotiations over Namibia.

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See Flag A

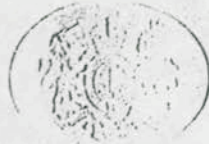
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I attended a meeting yesterday afternoon at the Cabinet Office which examined the latest draft of the Report of the UN Arms Embargo Committee. A final version of the Committee's conclusion is attached. This will probably be considered by the Security Co on Thursday 25 September. I also attach two telegrams which report on the last meeting of the Committee. The main point is that there are now some hopeful signs that the Americans and the French may switch - although it would be unwise to rely on them in view of their behaviour so far.

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4 Between now and Thursday HMG will need to decide what its line should be. The report is a mixed bag. Some proposals do no



more than we are already obliged to do under the existing UN Resolution. Paragraphs 2 to 7 and 9 and 12 are of most interest to DOT. Our initial reactions to these are as follows:

- Para 1: with some softening of the word "guarantees", no great difficulty but this is primarily for MOD.
- Para 2: the provision of spares is already embargoed. We believe however that there are some current maintenance and service agreements which would have to be terminated. Retrospective application is objectionable. Primarily for MOI
- Para 3: this would create little or no damage to South Africa but it would lead to some loss of income to UK companies.
- Para 4: no difficulty since covered by present embargo.
- Para 5: most investment is financed by reinvestment of funds by UK owned South African companies which would be unaffected. In any case, difficult to distinguish between investment for arms manufacture and investment for other purposes. Little practical effect.
- Para 6: bans all "dual purpose" equipment including specifically all aircraft, aircraft spares, electronics and telecommunications equipment and landrovers. Significant impact on exports, and by bringing civil goods within scope of boycott creates precedent for further action. Highly objectionable.
- Para 7: bans all sales (including non-military items) to the South African forces. Widens existing boycott, but impact on our exports uncertain. Any retrospective application would be objectionable. Would also add to administrative burden of export control.
- Para 9: we already have enforcement machinery with appropriate penalties. No difficulty.
- Para 12: we do not think the proposed ban on imports of arms and related material would cause difficulty, but Departments are still checking.



- 5 To sum up, we have two fundamental difficulties. Firstly in paragraph 6 we require a much narrower definition of "dual purpose" with all the types of equipment specified left out. If the ban applied only to equipment of a type used primarily for military purposes, even though used for civilian purposes, the effect would be little different from the situation we have now. Second paragraph 6, 7 and others should not apply retrospectively. Action against existing contracts would be heavily criticised in the House and by industry. It would also result in heavy claims against ECGD. (The best rough estimate we can make is that these could amount to £40m or more).
- 6 Without doubt, the best course would be for the UK, the Americans and the French to agree together to impose a triple veto, but for the reasons given in earlier minutes, it is possible that we will find ourselves isolated in the Security Council. In this event we can either:
- (i) negotiate essential changes in the draft using the threat of unilateral veto to secure concessions. If we can secure these changes we should then acquiesce in the resolution. The main objection is that this might be regarded as the slippery slope towards full economic sanctions against South Africa.
  - (ii) refuse on grounds of principle to accept any widening of the existing embargo, and if need be veto alone. But this would demonstrate to the Allies that we would veto any sanctions Resolution, no matter how mild. They could then sit back in the knowledge that the UK would protect their interests, and we would incur the wrath of the black African states, with possible damage to our trade.
- 7 This is a difficult decision with arguments on both sides. As they stand at present, the recommendations are in our view unacceptable and should be vetoed. But we expect that the Americans and the French will not accept it as it stands, and that further significant watering down will take place. We think that from the DOT's viewpoint, if we can secure a much narrower paragraph 6 on the lines suggested earlier and the elimination of retrospection



we could just about get by without serious damage. These changes are the essential minimum. A number of other changes are desirable and should if possible be secured, but need not be absolute sticking points.

8 The Prime Minister and Lord Carrington are both away next week and will not be able to be present at any Ministerial meeting to discuss the issue. I understand that the Foreign Secretary will seek a steer from the Prime Minister over the weekend. An ad hoc group of Ministers, with the Lord Privy Seal representing the FCO, may meet next week, but it will be operating within the discretion allowed by the Prime Minister. It is important therefore that the Secretary of State also communicates his views to the Prime Minister.

9 A draft minute to the PM, which if not sent would serve as a special note, is attached.

Frags D.

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19 September 1980