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FM WASHINGTON

TO DESKRY 090830Z F C O

TELNO 2535

OF 090100Z SEPTEMBER 85

INFO IMMEDIATE UKMIS NEW YORK, UKREP BRUSSELS (FOR PRIVATE SECRETARY), OTHER EC POSTS, PRETORIA, LAGOS, HARARE, LUSAKA, LUANDA, DAR ES SALAAM, MAPUTO, GABARONE, MASERU, MBABANE.

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.

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