

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.

*I may help find
to have their
new.
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