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CPC



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.

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- / (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 NUFOR'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

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## 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.



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