

FROM: L V APPLEYARD
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cc: PUS
Mr Wicks ←

Mr Johnson

ADDITIONAL MEASURES

1. I attach a note summarising the results of Mr Reeve's sterling efforts during last night. This involved contacting Departments throughout Whitehall in the middle of the night. I have passed these on to Mr Powell.
2. An additional point which Mr Reeve mentioned was that if we wanted to make a gesture which would be likely to win us considerable credit here, without involving any economic measures, this would be to have formal contacts with the ANC. He put this forward recognising the enormous sensitivities. I passed this on again to Mr Powell with due caution and reserve.

105 L V Appleyard m.c.g.

ADDITIONAL MEASURES

1. Trade Promotion.

The DTI consider that business worth about 1 million pounds could be involved if we decided to ban all trade promotion work in South Africa. If we decide simply to stop government financing of trade missions to South Africa business worth about 25 to 50 million pounds could be involved. It is of course extremely difficult to say that this amount of business would automatically be forfeited.

2. No Government Contracts for Companies with a South African Majority Shareholding.

As far as the DTI and the Bank of England are aware no such contracts have been awarded. The option would require further work but might be feasible.

3. No Government Loans to the South African Government.

The Bank of England believe that we do not at present have any such loans. Since the Prime Minister has already given this commitment in her letter to Mr Kinnock the Departments think that this is certainly a feasible option.

4. Any Redundant Agreements?

The only agreement which is in force at present, but likely to lapse soon, is the Scientific Engineering Research Council's Agreement on an observatory in South Africa. The Agreement is due to lapse on 30 June 1986.

5. Loans to the South African Government by Institution.

This is one of the measures of course which Congress insisted upon. The present phrasing is pretty vague and careful definition would be required. The Bank of England's first reaction was cautious since it would be difficult to enforce controls on private sector financing without exchange controls. At the other end, it is not easy to distinguish between the South African Government proper and the para-statal organisations. So further work will be required.

6. Work Permits.

The Department of Employment point out that there are two
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categories of South Africans working in the UK. The first category, British passport holders, do not require a work permit. The second category, South African passport holders, do require a work permit. It would be feasible by administrative action to make it impossible for work permits to be issued to them. But we would need to have in mind the possibility of retaliation by the South African Government against UK passport holders working in South Africa.

7. Health and Social Services.

DHSS say that we have no health agreement or social services agreement with South Africa. They are unable to think at the moment of any measure which we could take in that area.

8. Investment Insurance Facilities.

There was talk some time ago, apparently, according to Mr Reeve, about banning insurance investment facilities for companies dealing with South Africa. As far as we are aware ECGD do not offer such insurance facilities for South Africa, but this would need to be checked. The private sector offers investment insurance and without legislation it would not be possible to prevent this. But it might be possible to discourage it.