

PRIME MINISTERMEETING WITH PRESIDENT DE KLERK

President De Klerk and his wife are coming to Chequers on Sunday, together with the South African Ambassador and his wife. They will arrive by helicopter at 1130. There will be a photocall on the steps or in the rose garden (depending on the weather). You and the President will then have talks from 1145 till 1230. Mrs. De Klerk and the Ambassador's wife might spend this time seeing more of the house and the garden. The intention is to have lunch fairly early - 1230 for 1300 - so that the De Klerks could leave at 1445. They are flying back to South Africa later in the afternoon.

The President and Mrs. De Klerk have sent you down some flowers and South African wine to Chequers for your birthday. You will wish to mention this.

The background for the talks is well set out in Robin Renwick's two telegrams in the meeting folder. De Klerk has kept up the momentum of reform within South Africa, and has continued to make an impact on the world scene with the successful visit to the United States. Sanctions continue to be eroded. His main problems are the violence between ANC and INKHATHA supporters: the inability of the ANC to make up its mind and start negotiations: and Mandela's constant peregrinations round the world. (He is somewhere in Asia at present.) The relationship between De Klerk and Mandela remains good, and they have recently reached an agreement on the release of political prisoners.

You will want to encourage De Klerk to continue on the path on which he has embarked, and discuss the next steps with him and how he sees the way through. Another major speech by him at the Opening of Parliament next year, in which he pledges to remove the remaining apartheid legislation, will have a major impact. We will go on doing what we can to get sanctions lifted. There are continuing difficulties in the EC with countries like Ireland and Denmark, although in practice most European countries

are increasingly ignoring sanctions, especially on investment. You might say you will raise the need for Europe to respond constructively to all that De Klerk has done at the forthcoming European Council in October, and call for decisions at the further Council in December. (But we don't want to mount an initiative prematurely which fails. We will of course support the resumption of IMF and World Bank lending: but the main obstacle here is the American position.

De Klerk may mention the subject of your visiting South Africa. You will probably want to repeat what you have said before: you would love to go, but only when it would be positively helpful from his point of view. It is still too early to say when that will be, but you do not exclude a visit next year.

ed?

CDP

12 October 1990

jd c:\wpdocs\foreign\deklerk



Foreign and Commonwealth Office

London SW1A 2AH

CONFIDENTIAL

12 October 1990

For Charles,

ms

South Africa: Visit of President de Klerk: 14 October

President and Mrs de Klerk will visit Chequers for talks and lunch on Sunday 14 October. Mr de Klerk will arrive at Southampton on the Queen Elizabeth II from Lisbon. On board, he will have addressed a meeting of the "Young Presidents", an international organisation of senior businessmen, presumably to advertise the economic hopes of a new South Africa. (His fellow guests include Shimon Peres, former President Ortega, and the Rev Jesse Jackson.)

I enclose a copy of Mr de Klerk's short programme in Britain.

Objectives

Mr de Klerk last called on the Prime Minister at Chequers in May (record enclosed). On this occasion, our objectives are:

(a) to learn how Mr de Klerk envisages progress with the negotiating process in the coming months.

(b) to discuss South Africa's future economic prospects and to explain our efforts to restore South Africa's access to international finance and investment.

Political Developments

These are described in Sir Robin Renwick's telno 353 (enclosed). The Prime Minister may wish:

- to tell President de Klerk of our deep concern that the negotiating process should not be knocked off course by inter-black violence, and ask about prospects for a reconciliation between Chief Buthelezi and Mr Mandela. If President de Klerk thought we could help with this more than we were already, we should be ready to consider it;

/- to

CONFIDENTIAL



CONFIDENTIAL

- to welcome Mr de Klerk's readiness to investigate police actions, and stress the need for the security forces to be seen to enforce the law impartially;

- to remind President de Klerk of concern in this country at the continued use of detention without trial, mentioning the case of Mr Mac Maharaj in particular. (Mr Maharaj - a senior ANC leader - has been held without charge since his arrest in early August, despite assurances that he would be brought to trial);

- to ask for Mr de Klerk's view of the way forward to negotiations. Who will take part? Does he still envisage full negotiations beginning in early 1991? Does he propose to announce major new initiatives when he opens Parliament next February?

Economic Issues

Any political settlement in South Africa will need economic underpinning. Whites will need reassurance that South Africa's "first world" economy will remain. If the black population's support for a new constitution is to be retained, and stability preserved, a real effort will be needed to meet some of their economic expectations and give them a material stake in the future prosperity of the country. Mr de Klerk has made a start on government action to tackle the great disparities in spending on services for blacks and whites. But to address the enormous backlogs in black education and housing, he urgently needs to restore growth to the South African economy, at present constrained by tight monetary controls to protect the balance of payments and finance debt repayment.

Pretoria telno 350, copy enclosed, records the South African Finance Minister's outline of the government's strategy. The two key external factors are a relaxation of sanctions and renewed access by South Africa to IMF lending. On the first point, the Prime Minister may wish to remind President de Klerk of what we are doing in the EC to encourage the removal of artificial constraints on South African growth. Despite the Community's failure to take any formal step, in effect sanctions are crumbling: notably as regards restrictions on new investment in South Africa.

The second point is primarily a matter for the Americans. For our part, we will continue to press the US administration to take a positive line in IMF discussions of South Africa.

/We

CONFIDENTIAL



CONFIDENTIAL

We are also in touch with the World Bank whose officials are discreetly making preparations to play a significant role if asked. The Prime Minister may wish:

- to remind President de Klerk that we began to try to prepare the way for the restoration of South Africa's access to the IFI's a year ago;
- to ask President de Klerk about his talks with President Bush on the issue.

Sporting Sanctions (if raised)

Mr de Klerk may ask for the Prime Minister's view of the likelihood of modification of the Gleneagles Agreement, in the light of political progress in South Africa. There have been a number of signals in recent weeks that the ANC are considering a relaxation of the sporting boycott of South Africa, probably starting with the return of South African football to international competition next year. But the process is likely to be a slow and cautious one. If President de Klerk raises the subject, the Prime Minister might say that our views on the sporting boycott are well known. But sporting sanctions are best left to wither away: a high-profile attempt to overturn Gleneagles at this stage would be likely to breathe new life into the issue.

Iraq/Kuwait

While maintaining their position of principle against sanctions of all kinds, the South Africans have assured us that they will observe the UN embargo on Iraq. We believe they have been as good as their word. President de Klerk intervened personally at our request in August to stop a shipment of South African arms to Iraq; the Prime Minister might wish to express our appreciation.

Jens Lew
J. Gass
(S L Gass)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

VISIT OF STATE PRESIDENT F W DE KLERK: 14 OCTOBER

0800 Arrive

1000 South African Ambassador and Mrs Killen greet Mr and Mrs de Klerk on board ship

1100 Depart by RAF Puma for Chequers (de Klerks, Killens, two Private Secretaries, three Security Guards, two South African Embassy staff)

1130 Arrive Chequers

1140-1245 Photocall, followed by talks

1300 Lunch

1445 Depart Chequers

1545 Visit the Stud House, Hampton Court Park

1730 Arrive Heathrow

1800 Depart, SA 235, for Johannesburg

MR POWELL

Yes. Thanks you
CPM

Lunch at Chequers Sunday, 14 October

I attach the list of guests attending the lunch on Sunday together with a draft seating plan.

The following is a draft outline programme for the visit:

| | |
|-------------|---|
| 1130 | Arrival of State President and Party Photocall |
| Coffee | PM, State President, South African Ambassador, Sir Robin Renwick and Mr Charles Powell Long Gallery Mr Thatcher, Mrs de Klerk Mrs Killen and Mrs Powell in Hawtrey Room |
| 12.30 ish | Drinks |
| 1300 | Lunch Coffee in Great Hall |
| 1445 approx | Departure by road of State President and party. |

Agree seating plan and programme?

Sue

10 October 1990

LIST OF GUESTS ATTENDING THE LUNCHEON TO BE GIVEN BY THE PRIME MINISTER
AND MR DENIS THATCHER IN HONOUR OF THE STATE PRESIDENT OF THE
REPUBLIC OF SOUTH AFRICA AND MRS DE KLERK ON SUNDAY, 14 OCTOBER 1990
AT 12.30 PM FOR 1.00 PM

The Prime Minister
and Mr Denis Thatcher

The Hon F.W. de Klerk
and Mrs de Klerk

His Excellency the Ambassador of the Republic of South Africa
and Mrs Killen

Sir Robin Renwick

Mr Charles Powell
and Mrs Powell

mt

DRAFT SEATING PLAN FOR LUNCH ON SUNDAY 14 OCTOBER

Mr Charles Powell

Mrs Killen

The Hon. F.W. de Klerk

MR DENIS THATCHER

PRIME MINISTER

Mrs de Klerk

HE The Ambassador of the
Republic of South Africa

Sir Rlbin Renwick

Mrs Powell

ENTRANCE

CONFIDENTIAL
FM PRETORIA
TO DESKBY 100830Z FC0
TELNO 353
OF 090820Z OCTOBER 90

ADVANCE COPY

PRESIDENT DE KLERK'S MEETING WITH THE PRIME MINISTER

1. PRESIDENT DE KLERK IS HOPING FOR A RELAXED DISCUSSION AT CHEQUERS. HE HAS BEEN EXTREMELY GRATEFUL FOR THE PRIME MINISTER'S SUPPORT THROUGHOUT THE PAST YEAR, DURING WHICH HIS OWN PERFORMANCE HAS BEEN A REMARKABLE ONE.

2. SINCE HIS LAST MEETING WITH THE PRIME MINISTER AT CHEQUERS IN MAY, THERE HAS BEEN PROGRESS IN NEGOTIATIONS WITH THE ANC, CULMINATING IN THE SIGNATURE OF THE PRETORIA MINUTE ON 6 AUGUST UNDER WHICH THE ANC AGREED TO SUSPEND THE "ARMED STRUGGLE" AND THE TWO SIDES AGREED IN PRINCIPLE ON THE ARRANGEMENTS FOR THE RETURN OF THE EXILES AND THE RELEASE OF THE REMAINING POLITICAL PRISONERS. DESPITE THE APPALLING INTRA-BLACK VIOLENCE IN AUGUST AND SEPTEMBER, NEGOTIATIONS ARE CONTINUING AND HAVE MADE FURTHER PROGRESS. MANDELA IN HIS PUBLIC STATEMENTS HAS TRIED TO ATTRIBUTE MOST OF THE BLAME FOR THE VIOLENCE TO ELEMENTS OF THE SECURITY FORCES. THIS IS UNJUSTIFIED AS MOST OF THE CLASHES HAVE TAKEN PLACE BETWEEN ZULU HOSTEL DWELLERS AND OTHER INKATHA SUPPORTERS ON THE ONE HAND AND ANC "COMRADES" ON THE OTHER. BUT THERE IS LIABLE TO BE SOME TRUTH IN THE ALLEGATIONS THAT ROGUE ELEMENTS OF THE SECURITY FORCES MAY BE INVOLVED AND INKATHA SUPPORTERS HAVE BEEN RESPONSIBLE FOR SOME OF THE WORST INCIDENTS OF VIOLENCE. MANDELA'S ATTEMPTS TO ENGINEER A MEETING WITH BUTHELEZI ON HIS TERMS HAVE NOT SUCCEEDED, BUT TALKS BETWEEN INKATHA AND THE ANC ARE CONTINUING. DESPITE ANC COMPLAINTS ABOUT THE MEASURES TAKEN BY THE GOVERNMENT TO END THE VIOLENCE, THOSE MEASURES SO FAR HAVE PROVED REMARKABLY EFFECTIVE. AS DE KLERK MADE CLEAR TO US FROM THE OUTSET, HE WILL NOT PERMIT CONDITIONS OF ANARCHY TO DEVELOP HERE.

3. THESE EVENTS HAVE EXPOSED THE DIVISIONS WITHIN THE ANC AND THEIR INABILITY TO CONTROL MANY OF THE YOUNGER "COMRADES." BUT MANDELA AND MBEKI HAVE ASSURED US OF THEIR DETERMINATION NOT TO PERMIT THE NEGOTIATIONS TO BE DE-RAILED. IN THEIR MEETING IN CAPE TOWN YESTERDAY DE KLERK AND MANDELA REACHED AGREEMENT ON THE INDEMNITY FOR AND PHASED RELEASE OF PRISONERS WHOSE CRIMES WERE DEEMED TO BE POLITICAL AND ARRANGEMENTS ARE WELL ADVANCED FOR THE RETURN OF THE

FIRST 3000 OF THE EXILES. AS DE KLERK MAKES PROGRESS ON THESE ISSUES, HE IS ELIMINATING PROGRESSIVELY THE REMAINING CONDITIONS LAID DOWN IN THE US COMPREHENSIVE ANTI-APARTHEID ACT FOR THE LIFTING OF SANCTIONS. THE GOVERNMENT ARE DETERMINED TO HOLD THE ANC TO THEIR UNDERTAKING ABOUT SUSPENSION OF THE 'ARMED STRUGGLE' AND TOUGH DISCUSSIONS WILL CONTINUE ABOUT ARMS CACHES ETC. MBEKI, HOWEVER, HAS BEEN PURSUING ACTIVELY THE IDEA PUT TO MANDELA BY THE PRIME MINISTER THAT AN EFFORT SHOULD BE MADE TO REACH AGREEMENT ON CONSTITUTIONAL PRINCIPLES EVEN BEFORE FORMAL NEGOTIATIONS BEGIN. DR VILJOEN HAS BEEN EXPLORING THIS ALSO WITH INKATHA.

4. THROUGHOUT THIS RATHER TURBULENT PERIOD DE KLERK HAS REMAINED CALM AND DETERMINED TO PROCEED WITH REFORM AND NEGOTIATIONS. THE GOVERNMENT HAS JUST CONFIRMED THAT THE LAND ACTS WILL BE SCRAPPED IN THE NEXT SESSION OF PARLIAMENT AND THAT NEW ARRANGEMENTS WILL BE INTRODUCED TO MAKE AGRICULTURAL CREDITS AVAILABLE TO BLACK FARMERS. DE KLERK IS COMMITTED ALSO TO THE REPEAL OF THE GROUP AREAS ACT NEXT YEAR. THAT WOULD LEAVE THE POPULATION REGISTRATION ACT AS THE REMAINING LEGISLATIVE PILLAR OF APARTHEID. THAT WILL DISAPPEAR WITH AGREEMENT ON A NEW CONSTITUTION. STATE EDUCATION REMAINS SEGREGATED BUT THE GOVERNMENT HAS STARTED TO MOVE TOWARDS THE PARTIAL OPENING OF SOME STATE SCHOOLS. THE COUNTRY WILL HAVE TO END UP WITH A UNIFIED STATE SCHOOL SYSTEM, BUT THIS REMAINS VERY SENSITIVE VIS A VIS THE WHITE ELECTORATE.

5. THE PRIME MINISTER WILL WISH TO ASK DE KLERK HOW HE SEES THE WAY FORWARD. IT MAY BE WORTH ENCOURAGING HIM IN THE IDEA THAT, DEPENDING ON WHAT HAPPENS MEANWHILE, HE SHOULD BE ABLE TO MAKE ANOTHER MAJOR FORWARD MOVEMENT IN HIS SPEECH AT THE BEGINNING OF PARLIAMENT NEXT YEAR. IF HE ANNOUNCES THE REPEAL OF THE LAND ACTS AND GROUP AREAS ACT AND REITERATES THAT HE IS COMMITTED TO A NEW CONSTITUTION BASED ON ONE PERSON ONE VOTE, WITH PROTECTION FOR MINORITIES, AND THAT THIS MUST COMMAND THE SUPPORT OF THE MAJORITY OF SOUTH AFRICANS, THAT COULD MAKE A MAJOR IMPACT IN BRINGING ABOUT A FURTHER NORMALISATION OF SOUTH AFRICA'S RELATIONS WITH THE INTERNATIONAL COMMUNITY. IT WILL BE WORTH PROBING DE KLERK'S THINKING ABOUT THE FUTURE CONSTITUTION, MAKING CLEAR THAT WE WILL SUPPORT PROTECTION FOR MINORITIES BUT NO RACIALLY-BASED VETO. WE HOPE THAT HE WILL BE ABLE TO FIND A WAY IN DUE COURSE TO LIFT THE STATE OF EMERGENCY ALSO IN NATAL.

6. SO LONG AS DE KLERK GOES ON MOVING AHEAD IN THIS FASHION HE WILL CONTINUE PROGRESSIVELY TO UNDO THE ENTIRE EXTERNAL SANCTIONS MOVEMENT. PRESIDENT BUSH HAS JUST ASSURED HIM THAT AS THE CONDITIONS

LAI D DOWN UNDER THE CAAA ARE FULFILLED (ENDING OF THE STATE OF EMERGENCY, RELEASE OF POLITICAL PRISONERS, ELIMINATION OF APARTHEID LAWS, AND NEGOTIATIONS WITH ALL THE PARTIES) HE WILL NOT ALLOW THE GOAL-POSTS TO BE MOVED. WHILE MANY STATES WILL NOT FORMALLY RESCIND SANCTIONS UNTIL THE ANC AGREE, TRADE MEASURES AGAINST SOUTH AFRICA ARE BARELY BEING ENFORCED ANYMORE EXCEPT BY THE UNITED STATES, SCANDINAVIA, CANADA AND AUSTRALIA. THE SOUTH AFRICANS HAVE JUST SIGNED A FREE TRADE AGREEMENT WITH HUNGARY. POLISH AND HUNGARIAN TRADE REPRESENTATIVES ARE NOW STATIONED IN JOHANNESBURG. SOUTH AFRICA IS NOW TRADING OPENLY WITH THE WHOLE OF AFRICA AND WITH MOST OF EASTERN EUROPE. DE KLERK HAS MET AND MADE A VERY FAVOURABLE IMPRESSION ON MOST OF THE OTHER AFRICAN PRESIDENTS. KENYA IS RESUMING AIR LINKS AND THE SOUTH AFRICAN TRADE MINISTER HAS JUST MADE A SUCCESSFUL VISIT TO THE SOVIET UNION. WE ARE THE ONLY EC COUNTRY FORMALLY TO HAVE LIFTED THE BAN ON NEW INVESTMENT AND SOME BRITISH COMPANIES (INCLUDING GLAXO, RTZ AND JOHNSON MATTEY) ARE INVESTING HERE. BUT THE ITALIANS HAVE ABANDONED THEIR BAN WITHOUT TELLING ANYONE AND THE GERMAN 'VOLUNTARY' BAN HAS NEVER REALLY OPERATED.

7. DE KLERK DESERVES STRONG ENCOURAGEMENT IN WHAT HE IS TRYING TO DO. HE IS GRATEFUL FOR THE ACTION WE HAVE TAKEN AND HE REALISES THAT WE HAVE TO WORK CAREFULLY TO GET OTHER PEOPLE'S SANCTIONS LIFTED. IT WOULD NOT HELP HIM TO HAVE A MAJOR CHARGE ON THIS SUBJECT WHICH FAILED. IT WILL BE WORTH TELLING HIM THAT THE KEY TO A FORMAL CHANGE IN THE EC POSITION WILL BE CHANCELLOR KOHL. SO FAR HE HAS FAILED TO SUPPORT FORMALLY LIFTING THE INVESTMENT BAN, BUT AFTER THE GERMAN ELECTIONS HE MAY BE PREPARED TO ADVOCATE THAT. AS DE KLERK CONTINUES TO MOVE FORWARD, EC SANCTIONS ARE LIKELY PROGRESSIVELY TO FALL AWAY, THOUGH THE DANES AND IRISH WILL CONTINUE TO LOOK FOR SOME SIGNAL FROM THE ANC. THE ANC THEMSELVES ARE BEGINNING TO REALISE THAT IF THEY DO NOT RE-THINK THEIR POSITION, SANCTIONS WILL SIMPLY CRUMBLE AROUND THEM. MANDELA AND MBEKI HAVE BEEN SAYING THAT AS THE RACIALLY DISCRIMINATORY LEGISLATION IS REPEALED AND IF THE GOVERNMENT IS PREPARED TO MAKE SOME DECLARATION OF INTENT ABOUT A NEW CONSTITUTION, THEY MAY THEMSELVES CALL FOR THE SUSPENSION OF SANCTIONS. THIS WILL BE DIVISIVE WITHIN THE ANC AND IT WILL BE INTERESTING TO KNOW WHAT DE KLERK THINKS OF THE PROSPECTS OF THEIR MOVING TO THAT POSITION.

8. A KEY SOUTH AFRICAN REQUIREMENT IS TO RE-GAIN ACCESS TO IMF LENDING (PLEASE SEE MY TELNO 350). THIS IS NOT LIKELY TO BE POSSIBLE UNTIL THE SECOND HALF OF NEXT YEAR. THE UNITED STATES POSITION WILL REMAIN THE KEY AND THERE WAS PROGRESS ON THIS DURING DE KLERK'S VISIT TO WASHINGTON. BUT DE KLERK WILL BE LOOKING FOR ASSURANCES THAT WE WOULD OURSELVES SUPPORT ANY APPLICATION FROM SOUTH AFRICA BEING DEALT

WITH ON ITS MERITS AND WITHOUT ANY POLITICAL INHIBITIONS. THE C
OF SOUTH AFRICA REGARDING ACCESS TO THE INTERNATIONAL FINANCIAL
INSTITUTIONS ARE NOW MUCH BETTER THAN BEFORE, PROVIDED PROGRESS
CONTINUES WITH NEGOTIATIONS.

9. SO FAR AS RELATIONS WITH THE ANC ARE CONCERNED IT IS WORTH NOTING
THAT OF THE FOUR MAIN POINTS PUT BY THE PRIME MINISTER TO MANDELA IN
LONDON IN JUNE - THE NEED TO SUSPEND THE 'ARMED STRUGGLE', NOT TO TRY
TO INSIST ON A CONSTITUENT ASSEMBLY, TO DROP TALK ABOUT
NATIONALISATION AND TO TRY TO MOVE TOWARDS A MEETING WITH BUTHELEZI -
MANDELA HAS MADE SOME EFFORT TO MOVE ON ALL OF THEM. HE HAS MADE
CLEAR THAT HE VALUES THE RELATIONSHIP HE FEELS HE HAS ESTABLISHED
WITH THE PRIME MINISTER AND THIS DOES ENABLE US TO GET SOME USEFUL
MESSAGES THROUGH TO HIM. IN PRIVATE DISCUSSIONS HE CONTINUES TO MAKE
FAR MORE SENSE THAN IN SOME OF HIS PUBLIC UTTERANCES. THE SOUTH
AFRICAN GOVERNMENT VALUE OUR ACCESS TO HIM.

10. THE PRIME MINISTER MAY WISH TO MENTION TO DE KLERK AN ISSUE THAT
IS GOING TO STIMULATE CONCERN IN PARLIAMENT. THIS IS THE DETENTION OF
ONE ANC LEADER, MAC MAHARAJ, SINCE 26 JULY. THE POLICE CLAIM TO HAVE
EVIDENCE OF HIS INVOLVEMENT IN PLANNING FOR RENEWED MILITARY
ACTIVITY. IF THAT IS SO, HE SHOULD BE CHARGED AND NOT KEPT IN
DETENTION INDEFINITELY WITHOUT ACCESS TO A LAWYER. FOLLOWING
DE KLERK'S SUCCESSFUL MEETING WITH MANDELA IN CAPE TOWN YESTERDAY, I
WOULD EXPECT THIS ISSUE TO BE RESOLVED SOON ANYWAY.

F.C.O. PLEASE PASS TO NO. 10

RENWICK

YYYY

DISTRIBUTION

11

ADVANCE 11

PS
PS/NO 10,
PS/MR WALDEGRAVE
PS/PUS
MR FAIRWEATHER
MR HEMANS

HD/SAFD
HD/CAFD
HD/UND
HD/NEWS
MR APPELYARD CABINET OFFICE

UNN

PAGE 4
CONFIDENTIAL



CONFIDENTIAL

CONFIDENTIAL / DESIP

TOP COPY

DE DIP

FM PRETORIA

TO IMMEDIATE FCO

NO 350

OF 080900Z OCTOBER 90

INFO IMMEDIATE WASHINGTON

GRS 1053

cc PUSI (CN)

MY TELNO 343: SOUTH AFRICA: SANCTIONS AND THE IMF

1. I HAD A PRIVATE TALK WITH THE SOUTH AFRICAN FINANCE MINISTER ABOUT HIS MEETINGS IN WASHINGTON AND EUROPE. BAREND DU PLESSIS SAID THAT HE HAD COME BACK REASONABLY ENCOURAGED. A YEAR AGO HE HAD EXPLAINED TO BAKER THAT THE PROSPECTS FOR SUSTAINED GROWTH IN THE SOUTH AFRICAN ECONOMY DEPENDED IN PART ON SOUTH AFRICA RE-GAINING ACCESS TO IMF LENDING. BAKER HAD SUBSEQUENTLY TOLD PIK BOTHA THAT THE US ATTITUDE WOULD HAVE TO BE GOVERNED BY THE PROVISIONS OF THE COMPREHENSIVE ANTI-APARTHEID ACT AS WELL AS THE GRAMM AMENDMENT SPECIFICALLY ON THE IMF (THIS STIPULATES THAT THE UNITED STATES COULD ONLY CONSIDER VOTING IN FAVOUR OF AN IMF LOAN TO SOUTH AFRICA IF THIS WOULD REDUCE CONSTRAINTS ON LABOUR AND CAPITAL MOBILITY THROUGH SUCH MEASURES AS INCREASING EDUCATION, WOULD REDUCE OTHER LABOUR AND CAPITAL DISTORTIONS, WOULD ECONOMICALLY BENEFIT THE MAJORITY OF THE PEOPLE OF THE COUNTRY AND WOULD BE NECESSARY BECAUSE THE COUNTRY WAS SUFFERING FROM A GENUINE BALANCE OF PAYMENTS PROBLEM). THE US ADMINISTRATION WERE NOW INDICATING THAT THEY WOULD NOT TRY TO INSIST ON ALL THE CAAA CONDITIONS BEING MET BEFORE AN APPLICATION TO THE IMF COULD BE CONSIDERED, THOUGH THEY WERE LOOKING FOR VERY SUBSTANTIAL PROGRESS TOWARDS MEETING THOSE CONDITIONS TO BE MADE. THE US ADMINISTRATION HAD EMPHASISED THAT THEY COULD NOT TACKLE THIS ISSUE BEFORE THE MIDDLE OF NEXT YEAR BECAUSE OF THE NEED FIRST TO SECURE CONGRESSIONAL AGREEMENT TO IMF REPLENISHMENT.

2. BAREND DU PLESSIS SAID THAT THIS FITTED IN WITH HIS OWN TIME-SCALE. TO PROTECT THE BALANCE OF PAYMENTS AND FINANCE DEBT REPAYMENT THE SOUTH AFRICAN GOVERNMENT HAD TAKEN DRASTIC ACTION THROUGH HIGH REAL INTEREST RATES AND OTHER MEANS TO CUT BACK REAL GROWTH IN GDP TO ZERO THIS YEAR. SOUTH AFRICA WAS NOW AT THE BOTTOM OF THE BUSINESS CYCLE. BY THE MIDDLE OF NEXT YEAR THERE WOULD BE SOME RESUMPTION OF GROWTH AND THAT WOULD START TO PUT PRESSURE ON THE BALANCE OF PAYMENTS. IF THE SOUTH AFRICANS COULD GET ACCESS TO IMF LENDING IN THE LATTER PART OF NEXT YEAR, THIS WOULD ENABLE THEM TO

CONFIDENTIAL

PLAN FOR SUSTAINED GROWTH AND INCREASED SPENDING ON BLACK EDUCATION AND HOUSING. IF NOT, THEY WOULD HAVE TO PUT THE BRAKES ON AGAIN AND THE RESULT WOULD BE A FURTHER INCREASE IN UNEMPLOYMENT. THE CONDITIONS OF THE GRAMM AMENDMENT COULD BE MET BY THE LATTER PART OF NEXT YEAR, BY WHICH TIME THERE ALSO WOULD HAVE BEEN FURTHER SUBSTANTIAL PROGRESS IN KNOCKING OUT THE PROVISIONS OF THE CAAA THROUGH REPEAL OF THE LAND ACTS, GROUP AREAS ACT ETC AND, HE HOPED, LIFTING OF THE STATE OF EMERGENCY IN NATAL.

3. THE US TREASURY SECRETARY HAD AGREED, WITH THE US REPRESENTATIVE TO THE IMF PRESENT, THAT THE SOUTH AFRICANS SHOULD ENGAGE IN TECHNICAL DISCUSSIONS WITH THE IMF TO JUSTIFY THEIR EVENTUAL APPLICATION FOR A LOAN. THE AMOUNT OF DEBT IN THE STANDSTILL 'NET' HAD BEEN REDUCED SINCE 1986 FROM US DOLLARS FOURTEEN TO DOLLARS SEVEN BILLION. AS SOON AS SOUTH AFRICA REGAINED ACCESS TO IMF LENDING, THEY WOULD BE ABLE TO END FORTHWITH THE DEBT STANDSTILL, AND THAT WOULD TRIGGER FRESH LENDING BY THE WESTERN COMMERCIAL BANKS.

4. DU PLESSIS ADDED THAT ALTHOUGH THE ANC WERE STILL SEEKING FORMALLY TO INSIST ON THE MAINTENANCE OF EXISTING SANCTIONS, THABO MBEKI WAS NOW TALKING IN PRIVATE OF A RELAXATION OF THIS POSITION NEXT YEAR. I POINTED OUT THAT PRESIDENT DE KLERK SHOULD BE IN A POSITION TO MAKE ANOTHER SPEECH AT THE OPENING OF PARLIAMENT ON 1 FEBRUARY NEXT YEAR, ANNOUNCING THE REPEAL OF THE REMAINING APARTHEID LEGISLATION EXCEPT FOR THE POULATION REGISTRATION ACT, WHICH WOULD DISAPPEAR WITH AGREEMENT ON A NEW CONSTITUTION. IF PROGRESS ALSO COULD BE MADE TOWARDS AGREEING PRINCIPLES GOVERNING A FUTURE CONSTITUTION, THAT WOULD GIVE A FURTHER STRONG IMPETUS TO THE NORMALISATION OF SOUTH AFRICA'S RELATIONS WITH THE REST OF THE INTERNATIONAL COMMUNITY. WE HOPED THAT THERE WOULD FURTHER MOVEMENT IN THE EC AT THE EUROPEAN COUNCIL IN DECEMBER, BUT THAT DID NOT DEPEND ONLY ON US. DU PLESSIS AGREED THAT IT WOULD NOT BE HELPFUL FOR A HIGHLY PUBLICISED BRITISH BID TO GET EC SANCTIONS LIFTED TO BE MADE IF IT THEN FAILED. THAT WOULD HAVE A NEGATIVE POLITICAL EFFECT HERE. WHAT WOULD HAVE A POSITIVE POLITICAL EFFECT HERE WOULD BE A CLEAR SIGNAL FROM THE EUROPEAN COUNCIL THAT THE ENDING OF EC SANCTIONS WAS IN SIGHT.

5. DU PLESSIS HAD JUST RETURNED FROM ADDRESSING THE WORLD ECONOMIC FORUM IN GENEVA, TOGETHER WITH BUTHELEZI AND MBEKI FOR THE ANC. DU PLESSIS SAID THAT HE WAS NOW IN REGULAR CONTACT WITH MBEKI. WHILE THE ANC'S NEW ECONOMIC POLICY DOCUMENT WAS STILL A MISH-MASH FULL OF IDEAS ABOUT ALL-PERVASIVE STATE CONTROL AND OLD-STYLE COLLECTIVIST

THINKING, IT DID REPRESENT A SUBSTANTIAL RETREAT FROM THEIR EARLIER POSITION, PARTICULARLY ON NATIONALISATION. AS I WOULD REALISE, THE SOUTH AFRICAN GOVERNMENT WERE NOT GOING TO GIVE WAY ON THE ISSUE OF MAINTAINING A FREE ENTERPRISE ECONOMY. OTHERWISE THERE WOULD BE NO FUTURE FOR SOUTH AFRICA OR THE REGION.

6. DU PLESSIS ADDED THAT HE WAS PLEASED THAT IT HAD BEEN POSSIBLE TO GET THROUGH QUITE SMOOTHLY WHAT POTENTIALLY MIGHT HAVE BEEN THE MOST DIFFICULT PERIOD IN SOUTH AFRICA'S DEBT REPAYMENT PROGRAMME IN THE SECOND QUARTER OF THIS YEAR. IT HAD BEEN POSSIBLE TO ROLL FORWARD NEARLY U.S. DOLLARS HALF A BILLION OF THE DEBT. THAT REFLECTED CHANGED POLITICAL PERCEPTIONS ABOUT SOUTH AFRICA. BANKING AND BUSINESS SENTIMENT WAS NOW MUCH BETTER TOWARDS SOUTH AFRICA BUT THAT WOULD DEPEND ON INTRA-BLACK VIOLENCE BEING CONTAINED, AS THE GOVERNMENT FIRMLY INTENDED TO DO. DU PLESSIS ADDED THAT HE HAD PERSUADED HIS CABINET COLLEAGUES THAT, TAKING ADVANTAGE OF ITS IMPROVED INTERNATIONAL SITUATION, SOUTH AFRICA SHOULD NOW START TO REDUCE THE VERY LARGE STRATEGIC OIL STOCK-PILE. THAT WOULD HELP TO CUSHION THE IMPACT OF THE SURGE IN OIL PRICES FOLLOWING THE IRAQI INVASION OF KUWAIT.

7. DU PLESSIS SAID THAT HE WOULD BE VISITING BRITAIN AGAIN IN NOVEMBER AND WILL BE IN TOUCH ABOUT APPOINTMENTS DURING THAT VISIT.

FCO PLEASE PASS TO NO. 10 AND HM TREASURY.

RENWICK

NO DISTRIBUTION

HD/SAFD

HD/ERD

HD/ECD(E)

PS

PS/MR WALDEGRAVE

PS/PUS

MR WESTON

MR FAIRWEATHER

MR HEMANS

MR BROADBENT CH ECON ADV

MR GANTLEY ECON ADVR

PS/NO 10 DOWNING ST

MR MOUNTFIELD HM TSY

NO: 55 (OCTOBER 1990) : DE KLERK'S ACHIEVEMENT

Pres de Klerk and Nelson Mandela between them have taken South Africa out of apartheid into the new post-apartheid era. And there should be no doubting the importance of their continued presence for the successful conclusion to this process. Yet, quite surprising is how the public perception of their roles has changed since 11 February (when Nelson Mandela was released).

The general expectation was that, after a relatively short period during which the two leaders would move more or less in tandem, Mandela would move onto a higher plane. That has not happened. On the contrary, it is de Klerk who has actually moved into a new orbit, leaving Mandela behind. This is not a personal impression, but an impression which is widely held and (significantly) shared also by persons who may be assumed to be sympathetic to the ANC and its leader.

What seems to be the case is that, whereas de Klerk is acting on the basis of a new political reality, Mandela and the ANC simply have not adjusted to the post-2 February situation. Two issues which dramatically illustrate this are the handling of the violence and South Africa's changing international relations.

On the unrest in black areas, Mandela and the ANC have failed to provide leadership. Thus, not the ANC leadership but the Zulu king and the Transkei President drew thousands at a "peace Rally" in Johannesburg. These are men, as one observer remarked, who only a couple of months ago were thought to be insignificant.

Instead, Mandela has vacillated between blaming the unrest on the security force, and the police in particular, and then calling on de Klerk to use the security forces to end the unrest. When de Klerk did take action with the so-called "Iron Fist" exercise, Mandela criticised him on grounds of excessive action.

The perception is that it was the Government and not the ANC which ended the violence. The "Iron Fist" strategy worked. Thus Thami Mazwai, a black columnist on Finance Week (October 11-17) writes: "Unless black organisations take the initiative in defusing township political violence, they stand to lose much of their popular appeal. Denouncing Government for the measures it takes, however unacceptable, is not enough." He goes on to say that de Klerk "is thus beginning to enjoy grudgingly-given sympathy, or even support, from blacks."

On the international relations front, De Klerk went to Washington with the purpose obviously of influencing US perceptions of the South African situation. But he was also not unmindful of the fact that he would be improving his credibility back home. And that is exactly what happened.

De Klerk exacted from Bush what he wanted - namely the acknowledgement that the process of change in South Africa is

"irreversible"; and de Klerk got this notwithstanding Mandela's and the ANC's contrary view.

This is not to say that the repeal of the CAAA is around the corner: Congress will want a go-ahead from Mandela. But there is no doubt that Western Governments in general are adopting a more flexible attitude toward South Africa, and this is an issue on which Mandela and the ANC are perceived to be failing. Yet Mandela's only response is to call for the further isolation of South Africa in rather tired rhetoric.

Few things illustrate the changing attitude toward South Africa, and the increasing reactionary nature of the ANC's position as the reception which the South African Minister of Labour, Eli Louw, received when he visited the ILO late last month. This followed agreement between representatives of trade unions, employer organisations and the Government on a new proposed Labour Relations Act. If the ANC's case for isolation was still holding, here is an organisation which would not give a South African Minister of Labour the time of day. Yet he was well-received.

The key to de Klerk's success is the sweeping nature of his actions. Having decided that South Africa needed a new start, that it had to move out of apartheid, de Klerk has acted without flinching, without any qualification. Thus he realised that he had to normalise the situation politically, which involved unbanning the ANC, the PAC and other organisations. His predecessor (P W Botha) also understood this, but coupled the recognition with the requirement that the ANC renounce violence first.

De Klerk brushed all this aside. To have unbanned the ANC and the PAC without reference to the "armed struggle" was dramatic; to have unbanned the SACP in the same breath, was spectacular.

De Klerk has adopted the same approach in relation to the ending of statutory discrimination. One major pillar of apartheid has gone after the other; and while there still are apartheid laws, most blacks accept that their repeal is also just a matter of time. De Klerk's sincerity and integrity are accepted.

The upshot of de Klerk's performance is that he could emerge as the primary reformer on the political scene. In fact, a leading political sociologist suggested two weeks ago that the NP under de Klerk could expect to play a balancing role in the new political situation. This is remarkable turn around. And de

Klerk must be given full credit.

12 OCTOBER 1990

\POSPAPER\12OCT90



FILE

KK

c/Foreign Goede

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 October 1990

Thank you for your letter of 9 October about the arrangements for President de Klerk's visit on 14 October.

I am sorry to be awkward, but I am afraid we cannot cope with another two people at Chequers. We simply have to impose these restrictions and find that most people manage to live within them: including in recent times, President Gorbachev, President Mitterrand and Chancellor Kohl. I promise you we will look after the President well, despite our limited resources!

(C. D. POWELL)

Mr. Justus de Goede

JK



South African Embassy
Trafalgar Square
LONDON WC2N 5DP

9 October 1990

Mr Charles Powell
Private Secretary to the Prime Minister
10 Downing Street
London SW1A 2AA

Dear Charles,

Thank you for your confirmation of the arrangements for the visit of 14 October. We have been liaising closely with the Foreign Office on the detail.

If you see no problem, we would like to place two officers from the Mission on the helicopter taking the President and Mrs de Klerk to Chequers. They will be very happy to join the security officers at the Bernard Arms and will help supervise the departure in the afternoon.

Yours sincerely,

Justus

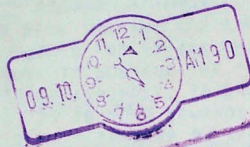
Justus de Goede
MINISTER

*P.S. Thank you for the advice on the matter
24/10.*

J



British Overseas Airways
Travel Agents
LONDON WC2N 5DP



9 October 1950

Mr Charles Powell
Private Secretary to the Prime Minister
10 Downing Street
London SW1A 2AA

Dear Charles,

Thank you for your confirmation of the arrangements for the visit of 14 October. We have been liaising closely with the Foreign Office on the details.

If you see no problem, we would like to place two officers from the Mission on the helicopter taking the President and Mrs de Klerk to Chagners. They will be very happy to join the security officers at the Bernard Arms and will help supervise the departure in the afternoon.

Yours sincerely,

Patrick

JUSTUS DE GOEDE
MINISTER

Mr. Thank you for the advice on the mission
Right

2

CONFIDENTIAL



*me slow
call*

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

8 August 1990

low stroke.

SOUTH AFRICA

The South Africans have been in touch to say that President and Mrs. de Klerk will be visiting Britain on Sunday 14 October, arriving by ship at Southampton at 0800 and leaving again by air in the afternoon. They ask whether the Prime Minister could see President de Klerk for a courtesy call. The Prime Minister is likely to be at Chequers that day but would be happy to see the President, possibly over lunch if that fits in with his other timings. We might need to helicopter him from Southampton to Chequers. You may like to pursue this with Mr. de Goede of the South African Embassy.

*you dicomh,
P. de Klerk*

(C. D. POWELL)

Stephen Wall, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

hm



File DSS

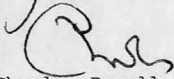
10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

8 August 1990

Dear Tusk,

Thank you for your letter of 7 August about the visit of President and Mrs. de Klerk on 14 October. The Prime Minister will be very happy to see President and Mrs. de Klerk that day. She is likely to be at Chequers, so we shall have to devise arrangements to bring the President there and to return him to Heathrow. We can discuss these in the autumn. Meanwhile I am informing the Foreign Office.

Yours sincerely,

Charles Powell

Mr. J. de Goede

CONFIDENTIAL



①

SOUTH AFRICAN EMBASSY,
TRAFALGAR SQUARE,
LONDON,
WC2N 5DP.



Confidential

Prime Minister

This would mean
7 August 1990

seeing him at
Chequers. You are
free. Agree?
COT
HP

Mr Charles Powell
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
WC1A 2AL

Dear Charles,

Yes Mr

Further to my telephone call to you earlier today, I have been informed that State President and Mrs de Klerk will be visiting Britain on Sunday 14 October. They will be arriving by ship at Southampton at approximately 08h00 on that day and will leave again by air in the afternoon.

I should like to enquire whether it would be possible for the State President to make a courtesy call on the Prime Minister during his visit. If so, I could discuss details at your convenience.

Yours sincerely,

J de Goede

J DE GOEDE
MINISTER

10, WHITE HALL PLACE,
LONDON, W.1



Mr Charles Powell,
Foreign Secretary,
Foreign Office,
Whitehall,
London, W.1

I should like to enquire whether it would
be possible for the Vice President to
make a courtesy call on the Prime Minister
during his visit. If so, I would discuss
details at your convenience.

J DE GORDON
MINISTER