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PRIME MINISTER

MEETING WITH SIR ROBIN RENWICK

Robin Renwick is back in London for consultations and is coming to see you tomorrow morning. He will bring you up to date on developments in South Africa since CHOGM last October. The main points to discuss are:

- release of Nelson Mandela. It seems increasingly clear that this is now imminent, probably only weeks away. It is crucial that we get our response right. Assuming he is released without restrictions, we should move promptly to rescind some of the bilateral measures we have taken against South Africa and to encourage others to embark on the process of dismantling sanctions. You have already asked the Foreign Office to do some work on this, but they need constant prodding: there is a reluctance to get ahead of others. You will find Robin Renwick sympathetic to your point of view on this and able to advise on which measures we should relax to gain most impact;

- reform in South Africa. You might explore with him how rapidly he expects the South African government to dismantle apartheid legislation, notably the Separate Amenities and Group Areas Act (and, probably in the longer term, the Population Registration Act). In some ways more important still, how far has de Klerk developed his thinking on constitutional reform? Is there some contribution we can make from here? The impression one gets is that there is no catalyst within South Africa around which a scheme of constitutional development can be worked out. They don't want outside interference, but they do need help;

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- your possible visit to South Africa. You will want to consult Robin on how quickly we should go about proposing a visit by you to South Africa after Mandela's release. We do not want to appear to be jumping aboard a bandwagon or rushing in to claim credit. Rather, we want a visit to give a signal to the rest of the international community on the need for a positive response to developments within South Africa. It may not be too early for Robin to begin to discuss this with trusted contacts in South Africa;

- Namibia. He will be able to give you an account of progress since the elections with drawing up a constitution which adequately safeguards the interests of all groups. We have, of course, offered military training.

I am seeing Robin Renwick tonight and will let you know if there are other points he wants to raise.

C.D.R.

C. D. POWELL

8 January 1990

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SOUTH AFRICA: ANNUAL REVIEW: 1989

SUMMARY

A year of positive change. Obstacles in the Namibia independence process overcome (paras 1-5). De Klerk makes strongly reformist start to his Presidency (paras 6-10). Difficulties ahead in getting negotiations underway (paras 11-13). South African debts re-scheduled; some major contracts won (paras 14-15). South Africa now in phase of glasnost with attendant problems of unrealistic expectations. But real transformation over the past year (para 16).

The Rt Hon Douglas Hurd MP
Foreign and Commonwealth Office
London SW1

BRITISH EMBASSY
CAPE TOWN
3 January 1989

SOUTH AFRICA: ANNUAL REVIEW: 1989

Sir,

1989 was a year of positive change in Southern Africa.

NAMIBIA

2. The year opened with the agreement on the implementation of United Nations Security Council Resolution 435 in Namibia and the withdrawal of Cuban forces from Angola having been signed in New York, but with many obstacles to be overcome in the implementation process. A high proportion of our diplomatic effort throughout the year had to be devoted to holding the South African Government to the terms of the

agreement and pushing them into removing a number of obstacles which threatened to de-rail it.

3. The Prime Minister decided to visit Namibia on the first day of implementation - 1 April 1989 - to show her support for the settlement. On the night of 31 March, 1500 members of the military wing of SWAPO crossed the Angolan border with their weapons. With the South Africans on the verge of taking unilateral action, the Prime Minister was able to persuade the UN Special Representative, Ahtisaari, and General Prem Chand that there must be a response and Mr Pik Botha that the South African Government should not act until authorised to do so by the UN. The incursions brought a full-scale renewal of the war in northern Namibia and the next task was to bring the fighting to an end. After an abortive attempt to provide assembly points for the SWAPO forces in Owamboland, the South African forces were persuaded to stand back for forty eight hours to allow a withdrawal to take place. Mr Glaze in Luanda played a crucial role throughout in relaying messages between the South Africans, Angolans and Cubans and helping to secure a breakthrough when Nujoma ordered his forces to withdraw.

4. This crisis overcome, there were a number of other issues that had to be dealt with throughout the process, notably the continued activities of the "Koevoet" counter-insurgency police. Under pressure from us and the Americans, the South Africans eventually agreed first to confine these forces to their bases and, subsequently, to disband them entirely. It took months to get this problem resolved and, meanwhile, there were constant scares about the alleged continued presence of SWAPO military elements in southern Angola.

5. It was predictable that, on the eve of the elections, those within the South African forces who had always opposed the settlement would attempt to make a last stand against it. This took the less easily foreseeable form of a series of messages purporting to come from intercepted UNTAG radio communications and to show that SWAPO military elements were about to cross the border. The UK signals contingent with UNTAG were able quickly to discredit these messages and the crisis brought a clear re-affirmation from President de Klerk of his determination to see the settlement process through. The SWAPO victory in the elections caused little

surprise here and success in holding them to the 1982 constitutional principles helped to calm the South Africans down. They have made clear that they are ready to engage in practical cooperation with a SWAPO-led government in Windhoek. They will not negotiate about sovereignty over Walvis Bay, but Namibia will have unimpeded use of the port. Economic assistance from South Africa will depend on how SWAPO behave. SWAPO are now asking us to assist with military and police training after independence. Ahtisaari deserves great credit for what has been achieved.

INTERNAL

6. Within South Africa, the year began equally dramatically with President Botha suffering a stroke on 18 January and deciding to hand over the leadership of the National Party, who immediately elected F W de Klerk. The only sensible course thereafter was for P W Botha to retire gracefully from the scene. But he never was noted for doing almost anything sensibly, still less gracefully. He continued to try to cling on grimly to power until, in the end, the National Party leaders told him that he would not be their candidate for the Presidency in the next election. P W

Botha was forced to agree to elections in September, with de Klerk leading the Party in the campaign. In his embittered and isolated state, P W Botha objected to de Klerk's proposed meeting with President Kaunda and, to everyone's relief, resigned.

7. In the elections the National Party faced for the first time since 1948 a serious challenge to their hold on power. Their share of the vote dropped to 48 per cent and their overall majority to 22 votes. The right wing Conservative Party won 31 per cent of the vote (and nearly as much Afrikaner support as the National Party got). The new Democratic Party, consisting of an alliance between the old Progressive Federal Party and the Independents, won 20 per cent of the vote and 33 seats.

8. In the course of the year the Prime Minister and Sir Geoffrey Howe had a series of meetings in London with South African leaders - Pik Botha in March, Barend du Plessis in April and de Klerk in June. These helped to influence the thinking of the new government. The election was accompanied by a defiance campaign, organised by the "Mass

Democratic Movement" (MDM), acting as the internal wing of the African National Congress. Riots in the townships around Cape Town during election week were repressed brutally by the police and a number of people were killed. Archbishop Tutu and Boesak planned to hold a large protest march in Cape Town on 13 September, on the eve of the opening of Parliament. De Klerk was persuaded to permit this and other large peaceful demonstrations in the other major centres without interference from the police - a fundamental departure from the policy of his predecessors.

9. In the run-up to the Commonwealth Conference, our efforts were directed to trying to secure the release of Mandela and the other long-term security prisoners. De Klerk was adamant that Mandela could not be freed until a climate had been created in which his release would not be likely to be followed by serious disturbances. But on 10 October he announced the release of Walter Sisulu and the other Rivonia trialists imprisoned with Mandela, and of Oscar Mpetha. Sisulu and his colleagues were permitted to hold what amounted to a large ANC rally in Soweto on 29 October and honoured their undertaking that it would pass

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off peacefully. In November de Klerk announced the repeal of the Separate Amenities Act and the ending of beach apartheid. He also scrapped the National Security Management System, through which the security force chiefs dominated the government under P W Botha, and ordered a halt to SADF support for RENAMO but declined to establish a judicial enquiry into allegations of the assassination of ANC activists by elements of the police. These are to be pursued through the courts. The number of detainees has been reduced to a handful. Military service has been cut to one year.

10. By South African standards, these were pretty amazing events. De Klerk had shown himself prepared to go further and faster than many had thought likely. He is genuine in his commitment to reform in South Africa and to better relations with the neighbouring states. He has acted skilfully in attempting to pin on the extra-parliamentary opposition part of the responsibility for ensuring that the country remains calm enough to enable further reform steps to be taken. The Minister responsible for negotiations on a new constitution, Dr Viljoen, has met the key homeland leaders, and got a positive response from Buthelezi, in his efforts to get negotiations going.

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11. De Klerk met Mandela in December, but still has to decide the timing of his release. He does want to achieve this and to try to move towards lifting the state of emergency, though on this and other issues the Government will continue to encounter resistance from the security establishment. Mandela has been permitted to meet a wide spectrum of black leaders from the MDM and the rival Africanist groups here. In his attitude to Buthelezi and other black opposition groups, Mandela has shown himself to be more pragmatic and less sectarian than other ANC/MDM leaders, who have been showing some anxiety about his views. But he certainly is not going to move away from the ANC.

12. Buthelezi in the next phase will be in a key position, as the Government cannot hope to make progress without him.

✓ A Buthelezi only solution will not solve South Africa's problems. Buthelezi is after Mandela the most important black political leader, but he has no non-Zulu support.

There have been several hundred more deaths over the past year in violence between Inkatha and the ANC "comrades" in Natal. An effort will be made to draw the ANC into negotiations. The internal wing of the ANC is now virtually unbanned. The ANC have reduced the level of violence and attacks on civilian targets. But in the Harare declaration

they sought to lay down conditions going beyond those of the EPG which must be fulfilled before negotiations can begin. They want elections to a constituent assembly and an interim government in which power would be shared between them and the present Government. These demands - if they stuck to them - would leave them spending the next decade in Lusaka. On the Government side, there still is a determination to try to base a new constitution on racially defined groups and to ensure that the ultimate levers of power (the police and army) remain under white control. The Government is not ready to contemplate a transfer of power to the black majority, nor will it be for many years to come. They are ready to negotiate greater power-sharing. They will not accept internationally prescribed solutions, least of all from the UN. De Klerk and Viljoen insist that change can only be brought about progressively and incrementally and that they are not going to "reform themselves out of power". Nor are they prepared to start losing control. In the event of a renewal of violence, the brakes will be slammed on hard.

13. The Government is now thinking of repealing the Land Acts, which reserve agricultural land for whites, and is committed to a further opening up of the Group Areas. But

these reforms will be partial as the National Party are convinced that the complete scrapping of residential segregation or segregated state schools would hand the next election (or referendum on a new constitution) to the Conservative Party. Rather there will be further erosion of these remaining pillars of apartheid.

ECONOMIC

14. On the eve of the Commonwealth Conference, the South Africans were able to reach agreement with the Western creditor banks on a further rescheduling of the repayment of their outstanding debts. Since the debt crisis of 1985, South Africa has been unable to attract new bank lending or significant new investment, though total debt has been reduced to 75 per cent of exports. After two years of quite strong economic growth the South African Government had to take action, mainly through very high interest rates, to slow down the economy in order to generate a sufficiently large trade surplus (over US dollars five billion) to finance debt re-payments and other capital out-flows. Growth in GDP may still have been about two per cent in 1989 but will be lower in 1990. The government's priorities are to protect the balance of payments, try to build up the reserves and bring down the unacceptably high rate of

inflation (15 per cent). The economy was helped by a strong export performance and an improvement in the gold price towards the end of the year. But higher rates of growth will not be attainable without renewed access to external capital. South Africa faces the same demographic explosion as the rest of Africa: the population through the 1990s will be increasing by one million a year.

15. British exports again ran at over £1 billion and we won some important contracts, with seven new Airbuses ordered by South African Airways, Rolls Royce engines for the new SAA Boeings and GEC locomotives for South African railways. Invisible earnings also were over £1 billion and we have good prospects of winning further important contracts in the next few months.

PROSPECTS

16. A major task in the New Year will be helping to ensure that the last stages of the Namibia independence process pass off smoothly and to help stabilise relations between South Africa and Namibia in the post-independence phase. Externally, with the South African military under firmer control, there are prospects of calmer relations with the neighbouring states and of progress towards South Africa's signature of the NPT. Within South Africa our task must be to try to push the South African Government towards releasing Mandela, ending the state of emergency and

unbanning the ANC if they can be persuaded to suspend violence and join in negotiations. Progress will be laborious and could be set back decisively by any new outbreak of violence. South Africa now is in a phase of glasnost with all the attendant problems in terms of the gap between what is likely to happen and the expectations that have been aroused. We have been able to do more to encourage these developments by maintaining an effective dialogue with the South African government than we could possibly have hoped to do if we had joined others in seeking to isolate them.

17. A note on our objectives and the extent to which they have been met is appended to this despatch, which I am copying to HM Representatives in Washington, New York and the neighbouring posts.

I am, Sir,

Yours faithfully

Robin Renwick

(Robin Renwick)