

SUBJECT  
cc Master  
ops.



10 DOWNING STREET

Je J1  
cc Press  
C fu  
PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 35/86

THE PRIME MINISTER

17 February 1986

Dear Premier Swa.

I have seen a copy of your letter to the Governor of 9 December requesting the introduction of certain limited sanctions against South Africa.

As you know, I have left President Botha in no doubt of my own feelings and the strong feelings of the British people on the evils of apartheid. We have made clear to the South African Government our view that urgent and fundamental reforms are needed if South Africa's problems are to be resolved peacefully.

The Commonwealth Heads of Government Meeting (CHOGM) in Nassau last October underlined the extent to which the members of the Commonwealth share these objectives. They decided that a Group of Eminent Persons, drawn from the Commonwealth, should seek to promote dialogue between the parties in South Africa. The Group is now beginning its work and is expected to visit South Africa shortly. It was also agreed at Nassau that after six months there would be a review of the situation to consider whether adequate progress had been made in South Africa and what more could be done.

sc

As I explained at our meeting in Hamilton and subsequently at the Commonwealth Heads of Government Meeting at Nassau, we remain firmly opposed to economic and trade boycotts. We believe that the steps outlined in the Commonwealth Heads of Government Meeting Accord of 20 October represent the soundest basis for achieving progress towards peace and democracy in South Africa, leaving the South African Government in no doubt about the need for reform, while not damaging the South African economy on which the livelihood of all its peoples depend. On the basis of that agreement we would have no objection to the Bermuda Government's continuing its long-standing policy of not investing Government funds in South Africa. However, it will be immediately clear to you that the proposal to ban all imports from South Africa would go further not only than any measures we have taken ourselves but also than anything contained in the Commonwealth Accord, which continues to be the basis for our policies. It would also be incompatible with our GATT obligations, which extend to Bermuda. I understand that the Governor has already explained these difficulties to you.

The issue of a ban on the importation of Krugerrands is again one of compatibility with our obligations under the GATT. This is currently under examination by officials in London, and I have given instructions that the Governor should be informed once the position is clearer.

Meanwhile our close association does mean, of course, that Bermuda joins with Britain in accepting the wide range of measures agreed to in the Commonwealth Accord.

I greatly value our exchanges on international problems, and I realise that this advice will come as something of a disappointment to you. I recognise the strength of feeling in Bermuda about the situation in South Africa and the urgent

desire to make some contribution towards changing it for the better. We share that objective. However, I remain firmly convinced that it can be most effectively achieved by adopting the measured approach agreed at Nassau.

Yours sincerely  
Margaret Thatcher

---

The Hon. John W.D. Swan, J.P., M.P.



c/c

SPW  
55

10 DOWNING STREET

*From the Private Secretary*

27 February 1986

**BERMUDA: SANCTIONS AGAINST SOUTH AFRICA**

Thank you for your letter of 26 February reporting Premier Swan's request that he should be allowed to publish the Prime Minister's letter of 17 February to him about the Bermuda Government's wish to enforce certain economic measures against South Africa.

The Prime Minister is content for the letter to be published.

(C. D. POWELL)

Robert Culshaw, Esq.,  
Foreign and Commonwealth Office.

UPC  
①

COVERING RESTRICTED



Foreign and Commonwealth Office

London SW1A 2AH

26 February 1986

*Sean Charles*

*Prime Minister  
Agree to publication  
of your letter to Premier  
Swan?*

Bermuda: Sanctions Against South Africa

Premier Swan has sought our <sup>at 11ap</sup> agreement to his publishing the Prime Minister's letter of 17 February to him about the Bermuda Government's wish to enforce certain economic measures against South Africa (Hamilton telno 19 of 21 February, copy enclosed).

*CDP  
26/2*

We believe that it is in HMG's best interest to agree to Premier Swan's suggestion.

The Prime Minister's letter contains a firm and lucid explanation of HMG's views which, while expressing sympathy with the strength of Bermudian feelings on apartheid, explains why we cannot approve all the measures the Bermuda Government would like to take. It is inevitable that Premier Swan will refer to this letter in responding to Parliamentary and other enquiries about the outcome of his consultations with HMG on the sanctions issue. It is also probable, however much we may wish otherwise, that the question of sanctions may be linked in discussion in Bermuda with the quite separate issue of the proposed independence referendum. In the circumstances Premier Swan's suggestion that the Prime Minister's letter be allowed to speak for itself has merit: publication of the letter would avoid the risks of misunderstanding or misinterpretation of its contents arising from selective quotations or paraphrases, which might embarrass HMG not only in our relations with Bermuda but in the wider international (particularly Commonwealth) context.

*Yours ever,*

*R N Culshaw*

(R N Culshaw)  
Private Secretary

C D Powell Esq  
PS/10 Downing Street

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RESTRICTED

GKS 197

RESTRICTED AND PERSONAL  
FM HAMILTON  
TO IMMEDIATE DESKBY 240930Z FCO  
TELNO 19  
OF 213945Z FEBRUARY 1,86

BERMUDA : SANCTION AGAINST SOUTH AFRICA

YOUR TELNO PERSONAL 2

1. I HANDED LATE YESTERDAY THE PRIME MINISTER'S LETTER OF 17 FEBRUARY TO PREMIER SWAN IN ORIGINAL. HE RECEIVED IT CALMLY AND I MADE THE POINT ABOUT THE UNDESIRABILITY OF IT BECOMING ENTANGLED WITH THE ISSUE OF REFERENDUM ON INDEPENDENCE.
2. WHILE HE WILL DO HIS BEST, IT IS NOT REALISTIC TO SUPPOSE THAT SOME PEOPLE AT LEAST WILL NOT DRAW A CONNECTION BETWEEN THE TWO ISSUES. ONE OF THE NEWSPAPERS HAS ALREADY DONE SO IN NOT A VERY PROMINENT WAY THIS MORNING.
3. SWAN HAS SUGGESTED THAT AN EFFECTIVE WAY OF LETTING MRS THATCHER'S LETTER SPEAK FOR ITSELF IS TO PUBLISH IT. HE WOULD BE GLAD TO DO THIS IN THE MIDDLE OF NEXT WEEK IF THIS WAS ACCEPTABLE.
4. I SHOULD BE GRATEFUL FOR ADVICE ON THIS PREFERABLY NO LATER THAN 1600Z ON WEDNESDAY, 26TH.

DUNROSSIL

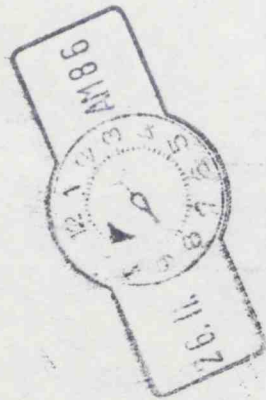
LIMITED  
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FCO (E)  
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P3  
P3 | LADY YOUNG  
P3 | MRS CHALKER.  
P3 | PUS  
SIR W. HARDING  
MR FERGUSSON  
MR JOHNSON

COPIES TO  
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RESTRICTED

SOUTH AFRICA

Relation PT8



Prime Minister

CONFIDENTIAL

cc/PC  
①



You queried whether it was wise to try to prevent Bermuda from imposing a ban on all imports from South Africa.

Foreign and Commonwealth Office

London SW1A 2AH

Re FCO argue that failure to do so would erode our authority as the administering power in the dependent territories: and cause us some political embarrassment.

14 February 1986

I think the advice is sound.

Bermuda : Sanctions against South Africa

If you agree with it, would you please sign the attached letter to Premier Swan.

Your letter of 21 January asked whether there would be wider policy or constitutional implications involved in allowing Bermuda to ban all imports from South Africa.

CDD  
14/2

We have carefully reconsidered this difficult question. Our view remains that in the context of our policy towards South Africa, agreement to Bermuda's request could be potentially very damaging.

The pressure within the Commonwealth for us to adopt further sanctions against South Africa is likely to increase in the light of the June 1986 review of the Commonwealth Accord. A decision now to allow Bermuda to impose sanctions would undermine our ability to resist such pressure (since it could be seen as presaging a change of policy on our part). There would also be the embarrassment of defending such Bermudian action (which would be in contravention of GATT rules) publicly in the GATT, where the UK speaks on behalf of Bermuda.

In addition to these difficulties, there would be constitutional implications. Bermuda, in common with other Dependent Territories under the Crown, enjoys a wide measure of internal autonomy, but the UK Government retains special powers in certain areas essential to the fulfilment of the UK's obligations as the administering power. These include the territory's external relations, into which category the question of economic sanctions by the Bermuda Government falls. Under the Bermuda Constitution Order 1968 the Governor would require the Secretary of State's authority before assenting on behalf of HM The Queen to legislation by the Bermuda Government to enforce the proposed measures against South Africa. In giving any such authority, the Secretary of State would be held to endorse Bermuda's action.

/If HMG

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If HMG did allow the Bermuda Government to pursue policies in the external relations field which conflicted with our own, this would set a precedent which would become known not only in the Commonwealth but also in our other dependent territories. Demands from other dependent territories' governments for similar concessions could be expected to follow. Such pressure could prove difficult to resist, but yielding could set in progress erosion of our authority as the administering power in our dependent territories.

Another complication is that we have learned that the Bermudians intend to introduce legislation into their Senate on 19 February for a referendum on the question of independence. This question has been aired on a number of occasions in recent years, but there has never so far been evidence of a public majority in favour of independence. However, the Bermudian Premier feels that the issue should be debated again. We would not wish to stand in the way of independence if that were clearly the wish of the Bermudian people. However, since we have important defence and other interests to secure in Bermuda (it falls into the NATO area and contains vital air and naval facilities for SACLANT) it would not be to our advantage for the question of sanctions to become entangled with the question of independence.

We therefore recommend that the Prime Minister should write to Premier Swan as in the enclosed draft. If the Prime Minister particularly wished this to be delivered by an emissary Sir William Harding could do this, since he will be returning to UK after talks in Washington on 18 February and could break his journey at Bermuda. On the other hand the Prime Minister may prefer to ask the Governor to deliver the message in the usual way, and to hold in reserve the possibility of sending a senior official or Minister to Bermuda.

I am copying this letter to John Moss.

*Yours ever*

(R N Culshaw)

C D Powell Esq  
No.10 Downing Street

CONFIDENTIAL

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

*ATG*

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

The Hon J W Swan JP MP

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

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/As I explained

Enclosures—flag(s).....

As I explained at our Hamilton <sup>in 2</sup> meeting and subsequently at the CHOGM at Nassau, we remain firmly opposed to economic and trade boycotts. We believe that the steps outlined in the CHOGM Accord of 20 October represent the soundest basis for achieving progress towards peace and democracy in South Africa, leaving the South African Government in no doubt about the need for reform, while not damaging the South African economy on which the livelihood of all its peoples depend. On the basis of that agreement we would have no objective <sup>on</sup> to the Bermuda Government's continuing its long-standing policy of not investing Government funds in South Africa. However, it will be immediately clear to you that the proposal to ban all imports from South Africa would go further not only than any measures we have taken ourselves but also than anything contained in the Commonwealth Accord, which continues to be the basis for our policies. It would also be incompatible with our GATT obligations, which extend to Bermuda. I understand that the Governor has already explained these difficulties to you.

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/I greatly

I greatly value our exchanges on international problems, and I realise that this advice will come as something of a disappointment to you. I recognise the strength of feeling in Bermuda about the situation in South Africa and the urgent desire to make some contribution towards changing it for the better. We share that objective. However, I remain firmly convinced that it can be most effectively achieved by adopting the measured approach agreed at Nassau.

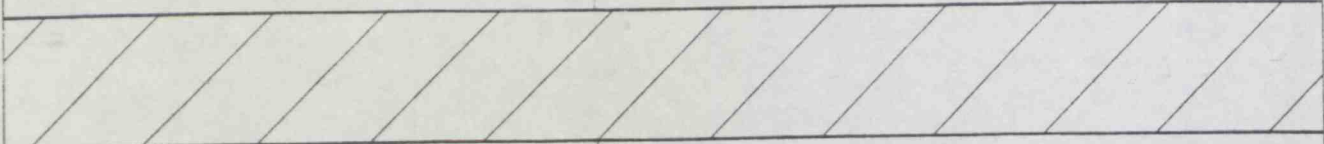
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# OUT TELEGRAM

		Classification <b>CONFIDENTIAL</b>	Caveat	Precedence <b>IMMEDIATE</b>
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2	CONFIDENTIAL
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4	FM FCO
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7	OF                      FEBRUARY 86
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9	
10	PERSONAL FOR GOVERNOR
11	BERMUDA : SANCTIONS AGAINST SOUTH AFRICA
12	1. The proposal contained in the Bermudian Premier's letter to
13	you of 9 December, sent to us under cover of Deputy Governor's
14	letter of 18 December, has as you know caused us considerable
15	difficulty. While there can be no objection to a ban on any
16	Government investment in South Africa we are unable to respond
17	fully to Bermudian wishes over Krugerrands and not at all over
18	the proposal for a ban on all commercial imports from South Africa.
19	2. Our difficulties in both respects are explained in a letter
20	from the Prime Minister to Premier Swan (text in MIFT, signed
21	original follows by bag) which you should deliver as soon as
22	you judge appropriate after the independence legislation has
23	been introduced into the Senate.
24	3. We have also been conscious of the risk that the question
25	of sanctions may, unless carefully handled, become entangled
26	with the issue of a referendum over independence, <del>draft</del>
27	<del>legislation for which is to be introduced into the Bermudian</del>
28	<del>Senate on 19 February.</del> There appears to be a strong majority of
29	Bermudians in favour of sanctions against South Africa and our



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		Catchword:            inability	
File number	Dept Pr Off	Drafted by (Block capitals) Culshaw	Telephone no
Authorised for despatch by:		Initials	Date/time
For COD use only	Comcen reference	Telegram number	Processed by

OUT TELEGRAM (CONT)

	Classification CONFIDENTIAL	Caveat	Precedence IMMEDIATE
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1 <<<<  
 2 inability to agree to all the measures imposed might be seized on  
 3 by those in favour of independence as an example of the UK's  
 4 capacity to frustrate legitimate Bermudian objectives. It is not  
 5 in our interests that the sanctions issue should play a part in  
 6 any eventual Bermudian decision to move towards independence.

8 HOWE

11 YYYY

12 MAIN

13 PS

14 PS/Lady Young

15 PS/Mrs Chalker

16 PS/PUS

17 Sir W Harding

18 Mr Fergusson

19 Mr Johnson

20 WIAD

21 ECD(E)

22 SAFD

23 Defence Dept

24 Legal Advisers

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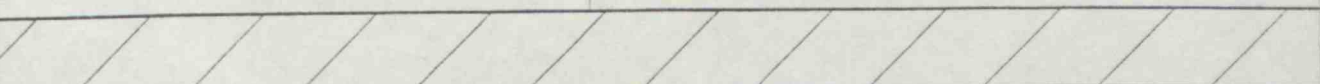
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For distribution order see Page      Catchword:



DEPUTY  
GOVERNOR'S OFFICE

DEC 12 1985

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*Premier* HAMILTON, BERMUDA

*The Cabinet Office  
Hamilton 5-24, Bermuda*

9th December, 1985.

His Excellency the Governor

Your Excellency,

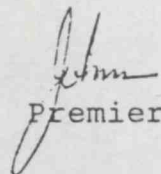
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Sanctions Against South Africa

As you are aware, this matter was considered by Cabinet on Tuesday, 3rd December, 1985, and Cabinet asked that strong representations be made through you to Her Majesty's Government to permit Bermuda Government to pass, and you to assent to, legislation to implement the limited sanctions against South Africa which are outlined in the memorandum attached.

Bermuda Government believes that the introduction of limited sanctions on South Africa has the overwhelming support of Bermudians. Therefore, if Government is to maintain its integrity, it is imperative that it implements the limited sanctions proposed.

I would be grateful to meet with you, at your earliest convenience, to amplify Bermuda Government views on this matter.

  
Premier

Statement by the Premier, The Hon. John W. Swan on South Africa

Let me once again state my Government's profound opposition to apartheid and the abhorrence and concern we feel over the continuing human suffering caused by this system which we strongly condemn.

Over the last few weeks, I have met and consulted with a wide cross-section of the community over what Bermuda might do in encouraging reforms and the dismantling of the system of apartheid in South Africa.

As a small country there is little that we can do alone beyond emphasising our disapproval of apartheid. However, those actions that we take together with the actions of many other countries could serve to bring about reforms.

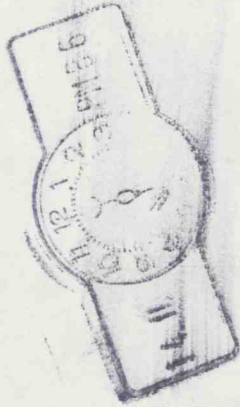
At this time Government therefore proposes to -

- (1) Prohibit the importation of all commercial goods from South Africa;
- (2) Prohibit the purchase and importation of the Kruggerrand; and
- (3) Continue its long-standing policy of not investing funds in South Africa.

The Cabinet Offi  
3.10.85



South Africa; Rels 118



CONFIDENTIAL



10 DOWNING STREET

*From the Private Secretary*

21 January 1986

**BERMUDA: SANCTIONS AGAINST SOUTH AFRICA**

Thank you for your letter of 20 January enclosing a draft letter from the Prime Minister to Premier Swan, dealing with the latter's request to allow Bermuda to take certain economic measures against South Africa.

The Prime Minister has questioned the wisdom of preventing Premier Swan from acting as he wishes. She would like to know whether there would be wider policy or constitutional implications involved in allowing Bermuda to ban all imports from South Africa. Your letter speaks of embarrassment to HMG from having to agree to legislation banning imports from South Africa. She wonders how extensive such embarrassment would really be: and whether the embarrassment of refusing the request might not be as great or greater.

I should emphasise that the Prime Minister's mind is not made up. She would like to see the issues examined rather more fully.

C D POWELL

Robert Culshaw, Esq.,  
Foreign and Commonwealth Office

CONFIDENTIAL



10 DOWNING STREET

THE PRIME MINISTER

NOT SENT  
FURTHER DRAFT  
REQUESTED.

As you well know, I personally abhor apartheid and have left President Botha in no doubt of my own feelings and the strong feelings of the British public on this subject. We have made it very clear to the South African Government that urgent and fundamental reforms must be made if South Africa's problems are to be resolved peacefully. The Commonwealth Heads of Government Meeting (CHOGM) in Nassau last October underlined the extent to which the members of the Commonwealth share these objectives.

However, as I explained at our Nassau meeting, the United Kingdom remains firmly opposed to economic and trade boycotts. We believe that the steps outlined in the CHOGM Accord of 20 October represent the soundest basis for achieving progress towards peace and democracy in South Africa, leaving the South African Government in no doubt about the need for reform, while not damaging the South African economy on which the livelihood of all its peoples depend.

I sympathise with the objectives set out in your note to the Governor of 9 December. We of course have no objection to the Bermuda Government continuing its longstanding policy of not investing Government funds in South Africa. But the proposal to ban all imports from South

Africa goes further not only than any measures we have taken ourselves but also than anything contained in the Commonwealth Accord.

As to the question of a ban on the importation of Krugerrands the question here is one of compatibility with our obligations under the GATT which also extend to Bermuda. This is currently under examination by officials in London and I have given instructions that the Governor should be informed once the position is clearer.

I recognise the strength of feeling in Bermuda about the situation in South Africa and the urgent desire to make some contribution towards bringing about the fundamental reforms we all wish to see. However, I remain firmly convinced that these can be most effectively achieved by adopting the measured approach agreed at Nassau and that Bermuda will be acting in the best interests of all concerned by adhering to that policy.

With best wishes,

The Honourable J.W. Swan, J.P., M.P.



10 DOWNING STREET

THE PRIME MINISTER

*Dear Premier Swar,*

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view. Could not have been if he  
wishes?*

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With best wishes,

The Honourable J.W. Swan, J.P., M.P.

CONFIDENTIAL

*cc/c*



Foreign and Commonwealth Office

London SW1A 2AH

20 January 1986

*Joan Charles,*

Bermuda: Sanctions Against South Africa

The Prime Minister of Bermuda has submitted a formal request that the Governor should represent to HMG the Bermuda Government's case for enforcing certain economic measures against South Africa. (Mr Swan's letter of 9 December 1985 to the Governor, copy enclosed.) Two of the measures in question would necessitate local legislation requiring the agreement of HMG.

It would clearly be embarrassing for HMG to agree to a dependent territory passing legislation imposing a trade boycott against South Africa. It would be equally difficult - and perhaps a shade invidious - for us to veto measures which are part of the CHOGM Accord (Krugerrand) or are already HMG's policy (Government investment). There appears to be strong support in Bermuda for some form of action against South Africa and a negative attitude on our own part could have an adverse effect on international (particularly Commonwealth) perceptions of our policy towards South Africa.

We therefore believe that it is in HMG's best interests to respond as sympathetically as possible to Mr Swan's approach. It is clear that we could not countenance a ban on South African imports into Bermuda, but we would have no objection to the Bermuda Government's continuing its longstanding policy of not investing Government funds in South Africa. It would be difficult to resist the Bermudan wish to take steps to prevent the import of Krugerrands in accordance with the CHOGM agreement, although the modalities and international aspects (eg in the GATT) would need further inter-departmental consideration.

The Prime Minister has established a friendly relationship with Mr Swan and their meeting on Bermuda on 16 October will undoubtedly have influenced his thinking on HMG's likely attitude to the sanctions question. The Prime Minister may therefore wish to respond to Mr Swan's letter. I attach a draft reply for her signature.

I am copying this letter to John Mogg in the DTI.

*Joan Charles*

*(R N Culshaw)*

(R N Culshaw)  
Private Secretary

C D Powell Esq  
10 Downing Street

BM2ABZ

DRAFT: ~~minute~~/letter/teleletter/despatch/minute

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

The Honourable J W Swan JP MP

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

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Enclosures—flag(s).....

/While



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*with best wishes.*

*E.D.D.*

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DEPUTY  
GOVERNOR'S OFFICE

DEC 12

24

02078

*Premier* HAMILTON, BERMUDA

*The Cabinet Office*

*Hamilton 5-24, Bermuda*

9th December, 1985.

His Excellency the Governor

Your Excellency,

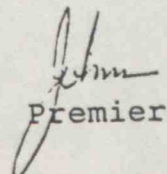
see (13)

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I would be grateful to meet with you, at your earliest convenience, to amplify Bermuda Government views on this matter.

  
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At this time Government therefore proposes to -

- (1) Prohibit the importation of all commercial goods from South Africa;
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