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SUBJECT CC MASTER

10 DOWNING STREET

From the Private Secretary

24 June, 1986.

Dear Colin,

PRIME MINISTER'S CONVERSATION WITH MR. LUBBERS

The Prime Minister had a word on the telephone this morning with Mr. Lubbers about the forthcoming European Council, and in particular the handling of discussion of South Africa.

The Prime Minister said that the United Kingdom had a particular problem in that we also had to cope with a meeting of Commonwealth Heads of Government on the same subject at the beginning of August. She did not wish to be in a position where she agreed to one set of measures in the Community, and was then faced with demands for more in the Commonwealth context. She hoped, therefore, that at the European Council there could be agreement on positive measures in the form of additional aid to the Black African community, combined with a further attempt to see if progress could be made with the South African Government along the lines charted by the Eminent Persons' Group. One possibility would be for the Foreign Secretary, representing the Presidency of the Community, to visit South Africa either alone or with Mr. van den Broek to urge further steps towards negotiations between the South African Government and representatives of the Black community. While this mission was in progress, it would be inappropriate for the Community to take decisions on economic measures against South Africa. Such measures would in any case undermine the capacity of moderates in South Africa to go on working for reform. The Prime Minister said that she was very anxious that the Community should not be split on the issue of measures against South Africa at the European Council. Her proposal would defer decisions and avoid this.

Mr. Lubbers said that he saw no difficulty with proposals for positive measures to help South Africa or for a fresh diplomatic initiative. But he thought it would be necessary to take some additional economic measures as well as a way of putting pressure on the South African Government. He did not think it feasible to leave the question of such measures entirely open. He saw no alternative means of bringing the South African Government to a reasonable position. He could envisage three possible

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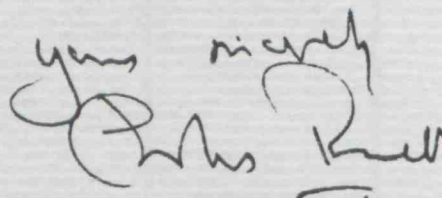
outcomes to the discussion at the European Council:

1. an agreement to disagree. Some member States would announce a decision to take measures, others would not. He hoped this could be avoided. The Prime Minister agreed;
 2. agreement on some relatively mild economic measures to bring pressure to bear on South Africa;
- or,
3. a decision to launch a fresh diplomatic initiative, but to say that if it did not produce results within a specific time, the Community would take additional economic measures.

The Prime Minister said that she was grateful to Mr. Lubbers for setting out the position clearly. She could go along with much of what he said. But she doubted whether the South African Government would agree to receive a deputation from the European Community if at the same time the Community announced its intention to take additional measures against South Africa. It would be better to say that a deputation would be sent, and the Community would decide on the next steps in the light of the results of its visit. Mr. Lubbers doubted whether this would be enough for other Community countries.

Mr. Lubbers repeated that the Presidency's aim at the Council would be positive action, and they were not seeking in any sense a boycott of South Africa. In the final analysis some way had to be found to persuade the South African Government to sit at the table with black representatives. But he believed there had to be a combination of carrot and stick. The Prime Minister said that she remained convinced that measures directed against the South African economy would actually make reform more difficult. Mr. Lubbers said that he would reflect on the Prime Minister's remarks. Mr. van den Broek would talk further to the Foreign Secretary.

I am sending copies of this letter, on a personal basis, to the Private Secretaries to the Lord President, the Chancellor of the Exchequer, the Secretary of State for Trade and Industry, the Chancellor of the Duchy of Lancaster, the Chief Whip, and Sir Robert Armstrong.

Yours sincerely


C.D. Powell

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