

PRIME MINISTER

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The Foreign Secretary's meetings in Washington seem to have been satisfactory. The Americans do not want punitive economic sanctions. They think they can avoid any further measures until September (9 September is a crucial date, because that is when the President's Executive Order expires). Shultz will be testifying in this sense next week. However, they may have to impose some additional limited measures then. The only factor likely to affect this timetable is further South African cross-border raids, which would, in effect, make it impossible for the President to veto action by Congress. The President authorised the Foreign Secretary to tell President Botha that. Among selective measures which the Americans are considering, first place is being given to action on air services. The Foreign Secretary argued strongly against this.

The Americans asked us not to say anything public about their intentions in advance of Shultz's testimony next week. I am telling Bernard to stick to the line that there was useful co-ordination.

There are telegrams coming from Washington. I will have them mufaxed down to you during the day.

CHARLES POWELL

19 July 1986