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TELNO 2263

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OF 041900Z SEPTEMBER 86
INFO PRIORITY PRETORIA
INFO ROUTINE LUSAKA, HARARE, UKMIS NEW YORK, GABORONE, MAPUTO
LUANDA, MASERU, LILONGWE, MBABANE

M I P T: US/SOUTH AFRICA: SANCTIONS

SUMMARY

1. UNCERTAINTY ABOUT NEXT US STEPS PERSIST. CONGRESS MAY MOVE FAST. IF ADMINISTRATION MAINTAIN THEIR OPPOSITION TO PRESENT SANCTIONS PROPOSALS, THEY MAY STILL NEED TO TABLE THEIR OWN INITIATIVE QUICKLY.

DETAIL

2. WITH MOST OF THE KEY ADMINISTRATION AND CONGRESSIONAL PLAYERS STILL OUT OF WASHINGTON THERE IS WIDESPREAD UNCERTAINTY HERE ABOUT NEXT STEPS ON SANCTIONS. BUT YOUR VISIT NEXT WEEK SEEMS CERTAIN TO COINCIDE WITH A SHARP REVIVAL OF DOMESTIC US INTEREST IN THE ISSUE.

3. TODAY'S ANNOUNCEMENT (MIPT) IS SIGNIFICANT MAINLY FOR WHAT IT DOES NOT SAY. CLEARLY - AS WHITEHEAD (MY TELNO 2227) AND CROCKER (YOUR TELNO 1531) HAD SUGGESTED - THE ADMINISTRATION DECIDED AGAINST TRYING TO PRE-EMPT THE HILL WITH A NEW PACKAGE OF THEIR OWN BEFORE CONGRESS RESUMES. THIS WOULD ALWAYS HAVE BEEN A LONG SHOT (LUGAR'S OFFICE, FOR EXAMPLE, HAVE ALWAYS MAINTAINED TO US THAT SUCH A TACTIC WOULD BE DOOMED FROM THE OUTSET), AND PRESUMABLY THE PRESIDENT'S ADVISERS CONCLUDED IN THE LIGHT OF CONGRESSIONAL REACTIONS TO THE PRE-EMPTIVE KITE THEY FLEW THAT THE DOMESTIC POLITICAL RISKS OF A GAMBIT THAT FAILED TO DEFLECT CONGRESS WOULD BE TOO GREAT.

4. THE FOCUS NOW SHIFTS TO CONGRESS WHICH RECONVENES ON 8 OCTOBER. WE HAVE SO FAR UNEARTHED NO EVIDENCE OF A REPUBLICAN/DEMOCRAT OR HOUSE/SENATE DEAL STRUCK DURING THE RECESS. BUT THERE IS A GOOD DEAL OF SPECULATION THAT THE HOUSE CONFEREES, KEEN TO PUT THE MAXIMUM PRESSURE ON THE ADMINISTRATION, WILL CAVE IN QUICKLY AND ACCEPT THE SENATE BILL VIRTUALLY AS IT STANDS (CONCEIVABLY THE HOUSE MIGHT EVEN CHOOSE TO VOTE IN FAVOUR OF THE SENATE BILL, THEREBY DISPENSING WITH A CONFERENCE ALTOGETHER). A BILL COULD THEREFORE BE ON ITS WAY TO THE WHITE HOUSE IN RELATIVELY SHORT ORDER. ONE WAY OR ANOTHER, IT IS LIKELY TO BE VERY LIKE THE SENATE VERSION, THOUGH THE ADMINISTRATION, IF THEY CHOSE TO LOBBY, MIGHT SUCCEED IN DELETING ONE OR TWO OF ITS MOST OBJECTIONABLE PROVISIONS, ON THE UNDERSTANDING THAT THEY WOULD THEN ACCEPT IT.

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5. AS CROCKER TOLD YOU ON 1 SEPTEMBER, HIS POCKET VETO PLOY NOW LOOKS LESS PROBABLE THAN EVER. THE ADMINISTRATION MAY THEREFORE HAVE TO CHOOSE BETWEEN TWO UNATTRACTIVE OPTIONS LATER THIS MONTH. THEY COULD ACCEPT THE HILL'S BILL, THUS AVOIDING THE UNWELCOME PRE-ELECTION PUBLICITY THAT WOULD BE BOUND TO FOLLOW A VETO, LET ALONE THE RISK OF THAT VETO NOT BEING SUSTAINED. OR THEY COULD REACT TO THE BILL WITH A NEW SET OF POSITIVE AND RESTRICTIVE MEASURES OF THEIR OWN. THE VEHICLE MIGHT BE A SECOND EXECUTIVE ORDER AND THE PLAN WOULD BE SO TO DEMONSTRATE DECISIVE PRESIDENTIAL ACTION AS TO PERSUADE AT LEAST 34 SENATORS NOT TO OVERRIDE A VETO.

6. NSC CONTACTS ACKNOWLEDGE THAT THESE VOTES AT PRESENT LOOK HARD TO FIND, BUT THERE WILL BE A NUMBER OF REPUBLICAN SENATORS WHO WOULD ON THE DAY FIND IT HARD TO CHOOSE BETWEEN VOTING AGAINST A POPULAR BILL, WHICH THEY HAD PREVIOUSLY SUPPORTED, AND A POPULAR PRESIDENT, WHOSE CAMPAIGNING SUPPORT THEY WANT THIS AUTUMN. THEY MIGHT TRY TO GET OFF THE HOOK BY (A) SUPPORTING SOME DELETIONS FROM THE PRESENT BILL (PARA 4 ABOVE) AND (B) PLAYING UP THE PRESIDENT'S OWN MEASURES, (PARA 5 ABOVE) AND DECLARING VICTORY.

7. BY THE TIME YOU ARRIVE THE WHITE HOUSE, STATE, AND THE REPUBLICAN CONGRESSIONAL LEADERSHIP SHOULD HAVE REACHED SOME AGREEMENT ON TACTICS, IF NOT POLICY. YOUR CONTACTS SHOULD THEREFORE PRODUCE A RATHER CLEARER IDEA OF NEXT STEPS. BUT AT PRESENT WE JUDGE THAT THE APPEAL OF THESE TWO OPTIONS IS FAIRLY FINELY BALANCED, WITH SOME ON THE DOMESTIC SIDE OF THE WHITE HOUSE UNENTHUSIASTIC ABOUT RAISING THE PRESIDENT'S PROFILE ONCE AGAIN ON A NO-WIN ISSUE AND THUS DISPOSED - ALBEIT RELUCTANTLY - TO LET CONGRESS HAVE THEIR WAY AND TO MAKE THE BEST OF A BAD JOB. OTHERS (INCLUDING THE AFRICANISTS) SEE MERIT IN A CAREFULLY-CONSTRUCTED PRESIDENTIAL INITIATIVE COUPLED WITH A VETO (SOME CONTACTS HAVE SUGGESTED TO US THAT THIS INITIATIVE COULD COME SOONER RATHER THAN LATER IF THE CONGRESSIONAL CONFERENCE WAS TO TAKE AN ALARMING TURN).

8. A PRESIDENTIAL INITIATIVE WOULD STILL HAVE TO GO A GOOD WAY TOWARDS THE SUBSTANCE AND MOOD OF THE SENATE BILL IF IT WERE TO MAKE FOR A SUSTAINABLE VETO. IT WOULD MEAN THE PRESIDENT REVERSING A GOOD DEAL OF THE STANCE HE TOOK IN HIS 22 JULY SPEECH. BUT HE CAN BE UNDER NO ILLUSIONS ABOUT THE REACTIONS TO THAT SPEECH, AND COULD PRESUMABLY PERSUADE HIMSELF THAT CONDITIONS HAD SINCE CHANGED (VIOLENCE IN SOUTH AFRICA, LACK OF PROGRESS ON THE REFORM FRONT, EC AND COMMONWEALTH SANCTIONS). WHAT IS LESS CERTAIN IS WHETHER, IN VIEW OF THE UNCERTAIN WHITE HOUSE HANDLING OF THIS ISSUE, ITS STRONG DOMESTIC DIMENSION, AND THE PRESIDENT'S OWN EVIDENT UNEASE ON THE SUBJECT, THE MIX OF INGREDIENTS IN ANY INITIATIVE WILL BE SUFFICIENTLY WELL-JUDGED TO HOLD THE CONGRESSIONAL LINE OR THAT THE INTERNATIONAL OR SOUTH AFRICAN REPERCUSSIONS WILL BE FULLY TAKEN INTO ACCOUNT.

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9. WITH THE DEBATE NOW LARGELY OUT OF THE AFRICANISTS' HANDS, IT IS NOT EASY TO FORECAST WHAT MEASURES MIGHT FIND THEIR WAY INTO A NEW ADMINISTRATION-LED PACKAGE. CONTACTS WITH ADMINISTRATION AVIATION OFFICIALS HERE HAVE REVEALED A GENERAL ASSUMPTION THAT CUTTING AIR-LINKS IS A NEAR-CERTAINTY. WHILE CROCKER HAS MADE CLEAR THE ADMINISTRATION'S OPPOSITION TO COAL AND SIMILAR IMPORT BANS, THE DEPARTMENT OF COMMERCE, NOT PERHAPS PLAYERS OF MUCH SIGNIFICANCE IN THE PRESENT EXERCISE, WERE MORE RELAXED ABOUT COAL, STEEL OR TEXTILE BANS. THE US BUSINESS COMMUNITY, DESPITE SOME DISCREET LOBBYING, SEEM CERTAIN TO WISH TO KEEP A LOW PUBLIC PROFILE: THEY WILL RELY ON STATE TO MAKE THE ANTI-DISINVESTMENT CASE FOR THEM. TREASURY CONTACTS, MEANWHILE, SEEM RECONCILED TO THE INEVITABILITY OF SOME NEW FINANCIAL MEASURES. OF THE RELEVANT PROVISIONS IN THE SENATE BILL, THEY HAVE IN THE PAST OPPOSED (A) A PROHIBITION ON NEW INVESTMENT AND BANK LOANS TO THE PRIVATE SECTOR, AND (B) THE TERMINATION OF THE BILATERAL TAX TREATY (PARTLY BECAUSE BOTH WOULD DAMAGE US FIRMS). THEY HAVE ARGUED IN THE PAST THAT (C) A BAN ON NEW LOANS TO THE SAG, AND (D) A BAN ON KRUGERRAND IMPORTS ARE UNNECESSARY, BECAUSE LARGELY COVERED IN THE EXISTING EXECUTIVE ORDER. THEIR ATTITUDE TO (E) PROHIBITING SAG BANK ACCOUNTS HERE, AND (F) REQUIRING EX-IM BANK ACTIVELY TO ASSIST BLACK SOUTH AFRICAN BUSINESSES, IS NOT YET CLEAR, BUT OPPOSITION TO (F) SEEMS UNLIKELY. (BAKER WILL BE BRIEFED TO GIVE YOU AN UP-TO-DATE TREASURY ASSESSMENT OF THIS FIELD ON 9 SEPTEMBER.)

10. THESE SOUNDINGS SUGGEST THAT, APART FROM CROCKER AND CO, WHOSE INFLUENCE IS AT A LOW EBB, FEW HERE ARE LIKELY TO MAKE A STRONG PITCH WITHIN THE ADMINISTRATION AGAINST SPECIFIC MEASURES. SUCH PASSIVITY, COUPLED WITH MOUNTING PRESSURE FROM CONGRESS, COULD PRODUCE SOME SURPRISES. IT WOULD THEREFORE BE WELL WORTH WHILE YOUR SPELLING OUT TO YOUR INTERLOCUTORS WHAT US MEASURES (OVER AND ABOVE CUTTING AIR-LINKS) WOULD CAUSE US SERIOUS CONCERN.

11. IT WOULD ALSO BE WORTH SPENDING SOME TIME DISCUSSING POSITIVE MEASURES. ANY PRESIDENTIAL INITIATIVE SEEMS CERTAIN TO EMPHASISE CONSTRUCTIVE AS WELL AS PUNITIVE STEPS, AND WE SHOULD BE PREPARED FOR SOME ATTENTION-GRABBING DEVICES, PRIMARILY FOR DOMESTIC PURPOSES, BUT POSSIBLY WITH ILL-EXPLORED INTERNATIONAL RAMIFICATIONS. FOR EXAMPLE, THE ADMINISTRATION MAY WANT TO SPIKE JESSE JACKSON'S CALL FOR A REAGAN/FLS SUMMIT: AN ANNOUNCEMENT OF SHULTZ'S PROPOSED OCTOBER VISIT TO AFRICA WOULD FIT THE BILL, BUT THERE COULD ALSO BE CALLS FOR INTENSIFIED INTERNATIONAL ACTIVITY INVOLVING US ALLIES. THERE WILL ALSO, PRESUMABLY, BE AN ANNOUNCEMENT OF A NEW, BLACK, US AMBASSADOR (PROBABLY PERKINS, EX-LIBERIA) AS WELL AS OF INCREASED US/ANC CONTACTS AND OF YET MORE HELP FOR SOUTH AFRICAN BLACKS.

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12. HOWEVER THE ADMINISTRATION MANAGE THE DOMESTIC PRESSURES IN THE COMING WEEKS, IT SEEMS UNLIKELY THAT THEY WILL HAVE MUCH CONSTRUCTIVE EFFECT IN THE REGION, OR CONTRIBUTE TOWARDS THE EMERGENCE OF A CONSIDERED US POLICY POST-CONSTRUCTIVE ENGAGEMENT. THERE WILL BE A GOOD MANY PIECES TO PICK UP LATER IN THE YEAR.

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INFO ROUTINE MASERU, LILONGWE, LUANDA, MAPUTO

US/SOUTH AFRICA: SANCTIONS

1. THE PRESIDENT ANNOUNCED ON 4 SEPTEMBER THAT HE WAS RENEWING HIS 9 SEPTEMBER 1985 DECLARATION OF A NATIONAL EMERGENCY TO DEAL WITH THE THREAT TO THE US ARISING FROM THE ACTIONS AND POLICIES OF THE SOUTH AFRICAN GOVERNMENT.
2. THIS DECLARATION FORMED THE BASIS FOR THE PRESIDENT'S 1985 EXECUTIVE ORDER. THE EFFECT OF TODAY'S ANNOUNCEMENT IS TO RENEW THAT ORDER. THE ANNOUNCEMENT ALSO SAID QUOTE ADDITIONAL MEASURES TO DEAL WITH THIS THREAT WILL BE CONSIDERED UPON THE COMPLETION OF CONSULTATIONS WITH KEY ALLIES ON JOINT, EFFECTIVE MEASURES TO ELIMINATE APARTHEID AND ENCOURAGE NEGOTIATIONS FOR PEACEFUL CHANGE IN SOUTH AFRICA UNQUOTE.
3. THE WHITE HOUSE SPOKESMAN WOULD NOT BE DRAWN ON NEXT ADMINISTRATION STEPS. HE CONFIRMED THAT, BY RENEWING A STATE OF EMERGENCY WHICH WOULD OTHERWISE HAVE LAPSED ON 8 SEPTEMBER, THE PRESIDENT'S 1985 EXECUTIVE ORDER COULD CONTINUE AUTOMATICALLY. ALTERNATIVELY, THE PRESIDENT COULD MODIFY THAT EXECUTIVE ORDER OR INTRODUCE A NEW EXECUTIVE ORDER IN DUE COURSE. ASKED ABOUT CONSULTATIONS WITH US ALLIES, THE SPOKESMAN SAID THAT ANY NEW US SANCTIONS WOULD NOT HAVE TO BE CARBON COPIES OF MEASURES TAKEN BY OTHERS.
4. THE SPOKESMAN ACKNOWLEDGED THAT THE 1985 EXECUTIVE ORDER HAD NOT HAD THE DESIRED EFFECT. THERE HAD BEEN SOME PROGRESS IN SOUTH AFRICA, BUT NOT NEARLY ENOUGH.
5. SEE MIFT.

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