

PRIME MINISTER

SOUTH AFRICA

We have problems.

Chancellor Kohl is still anxious to talk to you on the telephone. The only convenient time for him is Sunday evening and I have agreed in principle that you will telephone him at 8 p.m. You will find, I think, that he will urge you strongly to help him get coal dropped from the EC sanctions package when the Foreign Affairs Council meets on Monday and Tuesday.

At the same time I have been telephoned on a personal basis with a message from the White House to the effect that the Foreign Secretary's discussion of South Africa with Shultz was far from a meeting of minds. The impression gained in Washington was that the Community was moving full speed ahead to implement the Hague package. Chancellor Kohl was being reluctantly forced along by us. He understood that he would have to implement some of the Hague measures but was very keen to exempt coal. The US Administration agreed that coal should be exempted. So did the Japanese. Could we not also agree?

The political aspects of all this in Washington are complex. The House is expected to pass the Senate bill overwhelmingly today. This of course includes a number of substantial measures, among them a ban on the import of coal. The bill will go to the President this weekend. His intention as of today is to veto it and at the same time to put in place a more limited series of measures which would not include coal. It would help him in this if the Community were also to avoid a decision on coal for the time being. Of course, there is no guarantee that Congress will not override the President's veto. But the assessment in Washington is that he might get away with a more limited package.

Prime Minister
Re Foreign Secretary
has now put his views
on paper (attached).
You will need to telephone him
about this (as well as about the
Green Pound) on Sunday. CDP 14/9.

The FCO are aware that the Germans are now anxious to avoid a ban on the import of coal. But the Foreign Secretary is fearful that if coal is exempted from the package, the others will press for the inclusion of fruit and vegetables.

My own view is that you can't let Kohl down. We should say at the Foreign Affairs Council that we can accept the exclusion of coal since there is clearly not unanimous agreement to include it; and we would block the inclusion of fruit and vegetables with German support (which you will need to settle with Kohl). This is consistent with what we said at the Commonwealth Meeting: we are committed to action only when all the Member States of the Community are agreed.

C.D.P.

Charles Powell

12 September 1986