



Foreign and Commonwealth Office

London SW1A 2AH

Charles Powell Esq
No 10 Downing Street

13 September 1986

Dear Powell,

FOREIGN AFFAIRS COUNCIL: 15/16 SEPTEMBER: SOUTH AFRICA

Thank you for your letter of 5 September, in which you indicated that you expected the Prime Minister to wish to be consulted again before the Foreign Affairs Council on 15/16 September.

At Broomfield Hall most EC Foreign Ministers argued that The Hague European Council had given rise to international expectations and had set a timeframe for decisions; and that since the South African Government had taken none of the steps for which the Twelve had called at The Hague we should, before 27 September, implement at least those measures included in The Hague Communiqué in order not to prejudice the credibility of the Twelve. This line was endorsed with slightly different emphases by the Foreign Ministers of the Netherlands, Belgium, Spain, Denmark, Ireland, Italy, France and Greece, several of whom expressed the hope that a decision could be formalised on 15/16 September in the margins of the Foreign Affairs Council.

The Portuguese Deputy Foreign Minister made known his Government's reservations about the effectiveness of sanctions and stressed that Portugal would prefer to pursue other kinds of pressure. However Snr Soares made clear that Portugal would not resist agreement on the Hague package, and Sir Geoffrey Howe would expect the Portuguese to join a consensus should one emerge on 15/16 September.

As for the Germans, Herr Genscher did not exclude adoption of the measures listed in the Hague Communiqué within the timeframe laid down at The Hague, and stated that a decision of principle on 15/16 September might be acceptable. On 12 September however he telephoned the Foreign Secretary to inform him that while the FRG could support Community action to ban the import of gold

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coins, steel and iron, and a voluntary ban on new investment, they could not go along with a ban on the import of coal. It was clear from a discussion with the US Ambassador in Bonn that the Americans would not join in banning South African coal; nor would the Japanese. That being so, it would make no sense for the Community to implement such a ban, which Genscher believed would cause unacceptable levels of unemployment among black mineworkers.

The Foreign Secretary told Herr Genscher that he accepted that the US and Japanese attitude on coal was relevant. The UK could of course go along with exclusion from the the measures identified in The Hague Communiqué of the ban on coal imports, and in our national capacity we understood the German position. But if coal were dropped from the European package other member states would press for a ban on fruit and vegetables, which for the UK was at least as objectionable (the Prime Minister and Foreign Secretary have in fact, as you know, consistently viewed a ban on fruit and vegetables as less acceptable than a ban on coal). In that event, the Presidency could be obliged to conclude that the only way to achieve consensus would be to return to The Hague Communiqué package, including the coal ban.

Herr Genscher then reverted to the need for concertation of measures against South Africa with the Western Allies. This is something to which, as the Prime Minister knows, Chancellor Kohl attaches particular importance for domestic political reasons. Genscher argued that the phrase in The Hague Communiqué about consultations with other industrial countries carried in it the implication that the substance of the Twelve's position should be as close as possible to those of the US and Japan.

The Foreign Secretary has considerable sympathy for the German position. But he believes that the Germans have misjudged both the feasibility of precise co-ordination and the likely US position. During his visit to Washington neither Vice-President Bush nor Mr Shultz was sanguine about the Administration's chances of resisting Congressional pressure for measures going beyond what the EC could accept. The House of Representatives and Senate have now agreed on joint proposals which include a ban on coal, and Shultz did not believe that the EC position would have a significant

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influence on thinking in Congress. It has equally become clear from our consultations that neither US nor Japan shares the problems of the Twelve over a ban on air links, which President Reagan may well espouse. The Foreign Secretary and Mr Shultz concluded that we should have to settle for concertation with the Americans and Japanese in terms of similar kinds of measures taken on a broadly similar timescale.

Nor is it clear that the Administration will in the end be able to resist a ban on South African coal. Congressional pressure is very strong, and President Reagan will find it difficult to sustain a veto if he insists on a significant watering down of the wide-ranging bill now agreed by both houses of Congress. The Japanese also have problems with a coal ban, but are likely to fall in with whatever the Americans eventually decide.

The Foreign Secretary considers that it would prove very difficult to unpick The Hague package. He does not believe that our partners would accept the deletion of coal from the package without exacting some price for it. As he told Genscher, they would want it replaced by a measure of equivalent weight: fruit and vegetables is the obvious choice.

At the Foreign Affairs Council the Foreign Secretary intends to make clear, in response to the new German position, the UK's willingness to drop coal if others agree. If however others refuse to do so without replacing it with an alternative, such as a ban on fruit and vegetable imports, then he believes the right course will be to work for agreement on the measures in The Hague Communiqué, on the grounds that they form a delicately balanced package which was agreed only with great difficulty by Heads of State and Government. If Herr Genscher declines to accept this, and the rest still threaten to ride off in a different direction which we cannot accept, the Foreign Secretary believes that at the Anglo-German Summit the Prime Minister may need:

- (a) to encourage Chancellor Kohl to stay with the delicate balance struck in The Hague Communiqué measures,
- (b) to explain that our extensive consultations have shown that varying national interests preclude precise co-ordination between EC/US/Japan, and

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(c) in her Presidency capacity impress upon him the serious implications for the Twelve should they fail to agree on further measures against South Africa before 27 September (she could also, in her UK capacity, point to the risk that failure to seal a package within the three-month period would lead to renewed pressure from others for the addition of extra measures).

I am copying this letter to the Private Secretaries to members of OD, and to Michael Stark (Cabinet Office).

Yours ever,
Michael John Sand
(Resident Clerk)

for C R Budd

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10 DOWNING STREET

From the Private Secretary

5 September 1986

Dear Colin,

EC FOREIGN MINISTERS' INFORMAL WEEKEND: SOUTH AFRICA

Your letter of 4 September set out the Foreign Secretary's thinking on the handling of discussion within the European Community of further restrictive measures against South Africa. I am sending this up to the Prime Minister at Balmoral this weekend.

I should record that I have talked on the telephone to Herr Teltschik in the Federal Chancellery. We spoke just after he had seen Julian Bullard and Patrick Wright and you will no doubt also be getting an account of their talk with him. Teltschik stressed to me three points:

- that Chancellor Kohl was not yet ready to endorse formally further restrictive measures against South Africa;
- nor was his mind closed to alternatives to the measures listed in the conclusions of the Hague European Council. The implication was that something less than the Hague measures might still be an option;
- the crucial consideration for Kohl was close co-ordination with the United States and Japan. For this reason the Chancellor would not want to reach any decision until he had considered the outcome of the Foreign Secretary's visit to Washington next week.

Teltschik said that it was therefore a matter of fundamental importance to Chancellor Kohl that no conclusions should be reached or decisions taken at the Informal Meeting of Foreign Ministers at Brompton Hall this weekend. Rather that there should be a further round of Anglo/German contacts following the Foreign Secretary's return from Washington. Teltschik added that, at one stage, the Germans had considered proposing a special meeting of Heads of Government but now realised that this was not feasible.

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I shall be letting the Prime Minister know of this account of Chancellor Kohl's views. I would expect her to want us to give full weight to them so far as avoiding any definite conclusions this weekend are concerned. Your letter speaks of coming to an "informal understanding" at Brocket Hall on the adoption of measures. You will wish to consider, in the light of this account of German views, whether we should avoid even this. I should add that I would expect the Prime Minister to want to be consulted again on the handling of this issue following the Foreign Secretary's visit to Washington at the Foreign Affairs Council on 14/15 September.

Yours sincerely,
C.D. Powell
(C.D. POWELL)

Colin Budd, Esq.,
Foreign and Commonwealth Office

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PRIME MINISTER

EC FOREIGN MINISTERS' INFORMAL WEEKEND: SOUTH AFRICA

The Foreign Secretary's letter (attached) sets out how he proposes we handle the question of restrictive measures against South Africa within the Community over the next two or three weeks. His recommendation in brief is that we should go for rapid adoption of the Hague measures at the Foreign Affairs Council on 15/16 September. He believes that it is best to get the decision out of the way as far ahead of the Party Conference as possible.

I spoke to Herr Teltschik in Chancellor Kohl's office to see how this suits the Germans. Teltschik stressed to me three points:

- that Chancellor Kohl was not yet ready to endorse formally further restrictive measures against South Africa;
- nor was his mind closed to alternatives to the measures listed in the conclusions of the Hague European Council. The implication was that something less than the Hague measures might still be an option;
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a special meeting of Heads of Government but now realised that this was not feasible.

I have passed this on to the Foreign Secretary, saying that I think that you would want full weight to be given to Chancellor Kohl's views. My strong impression is that the Germans will accept the Hague measures but do not want to be ~~rashed~~ and attach particular importance to further consultation with the US. Anyway, it would be far better not to re-open the Hague package, otherwise there will be attempts to add all sorts of additional measures. Our line should therefore be to give the Germans time and avoid any attempt to get the Community to reach premature conclusions (ie this weekend) even though the majority will want to do so.

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CHARLES POWELL

5 September 1986

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Foreign and Commonwealth Office

London SW1A 2AH

4 September 1986

Dear Charles,

EC Foreign Ministers' Informal Weekend: South Africa

South Africa is bound to feature prominently in discussion among EC Foreign Ministers at Brompton Hall this weekend. The Foreign Secretary intends to concentrate his colleagues' minds on how the EC can play a constructive role and on what further efforts can be made to promote genuine dialogue in South Africa. However, given the lack of any real evidence that the South African Government are prepared to take the steps called for in The Hague European Council communique, the further restrictive measures listed therein will undoubtedly be discussed.

It was clear from discussion in the Political Committee on 2 September that most of our EC partners favour early adoption of at least these further measures, and will be pressing for an agreement at Brompton Hall. Given our commitment at the Commonwealth Review Meeting, we shall be obliged to accept and implement any EC decision to ban new investment as well as imports of South African coal, iron, steel and gold coins (we have, of course, already decided on voluntary bans on new investment and the promotion of tourism, and have taken action to prevent the import of gold coins). If, therefore, there is a consensus amongst our partners to adopt these measures, the Foreign Secretary sees advantage in coming to an informal understanding which would be confirmed by the Foreign Ministers meeting in political cooperation at the time of the Foreign Affairs Council in Brussels on 15-16 September, the last date to which we shall be able to postpone these decisions. It is at that stage that announcements would be made, although in the case of iron, steel and coal we should have to prepare the necessary instruments only by 27 September, the end of the three month period decided upon by the European Council.

/Sir Geoffrey

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Sir Geoffrey Howe believes there is a strong case for getting the political decisions, which can be expected to attract the lion's share of the publicity, out of the way well before the Party Conference. Also, Dr Chester Crocker told the Foreign Secretary on 2 September that the US Administration would welcome early EC decisions. The eventual Congressional Sanctions Bill is bound to be far more extreme than anything the Twelve adopt, so that EC decisions at this stage should strengthen the President's hand as he contemplates the possibility of using his power of veto.

There is a potential problem with the Germans. Chancellor Kohl wishes to be associated with any decision on further measures, to ensure the support of all parties within the coalition. In the Foreign Secretary's view, an extraordinary European Council is neither practical nor desirable, given the fresh burst of intense publicity and expectations it would create for sanctions on the eve of the Party Conference. Nor does it appear necessary. Sir Geoffrey has it in mind to suggest to Herr Genscher at their bilateral meeting today that he (and any other Foreign Ministers who need to do so) should use the period between Broomfield Hall and the FAC on 15-16 September to consult his Head of Government about whatever package begins to emerge there. It could then be made clear on 15/16 September that the decision taken in political cooperation was made on the authority of Heads of Government. If that is not good enough for Chancellor Kohl, he will have the opportunity to give his agreement to the Prime Minister, in her capacity as President of the European Council, when they meet on 16 September.

I am copying this letter to the Private Secretaries to members of OD and to Michael Stark (Cabinet Office).

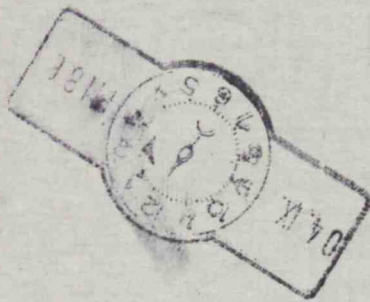
Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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DEPARTMENT OF TRADE AND INDUSTRY

1-19 VICTORIA STREET

LONDON SW1H 0ET 5422

Telephone (Direct dialling) 01-215

GTN 215

(Switchboard) 01-215 7877

PS/ Secretary of State for Trade and Industry.

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5 September 1986

Colin Budd Esq
Private Secretary to the
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON
SW1

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Dear Colin,

Thank you for copying me your letter of 5 September to Charles Powell.

My Secretary of State is generally content with the FCO proposals. We are not at all sure that if decisions of principle can be reached on 15-16 September there is anything to be gained from making use of our freedom to delay decisions until the end of the month.

There is a detailed point we would make. Your letter rightly refers to our obligation to accept and implement any EC decision to ban imports of certain stated products. There is however a strong case, as we see it, for this ban, in the case of iron and steel, only applying to products which fall within the Treaty of Paris and not those such as pipes and tubes, coil, fabricated structurals and cold rolled narrow strips which fall within the Treaty of Rome. The advantage of limiting the definition at this point is that the distinction is defensible and also it avoids the need for Parliamentary scrutiny and therefore debate.

Your letter rightly referred to the importance of the US dimension. If we had to move from the position set out above, the only other defensible line in our view is that drawn in the EC/US quota agreement (which includes a number of the products excluded from the Treaty of Paris definition). We would strongly oppose any enlargement of the embargo to cover such products, and my Secretary

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of State would recommend that if the subject is raised in detail this weekend, the Foreign Secretary should argue for the narrower definition. We should not, however, exclude entirely a wider definition based on the EC/US quota agreement. We should seek to make sure we avoid a situation where the EC adopted a narrower definition than the US: otherwise there is a strong risk that South African exports of steel pipes and tubes etc to the US would simply be diverted to the EC, to the detriment of our own industry.

I am copying this letter to the members of OD and to Michael Stark at the Cabinet Office.

Yours ever,
Michael

MICHAEL GILBERTSON
Private Secretary