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Foreign and Commonwealth Office

London SW1A 2AH

27 July 1987

Home Office
CDP
20/7.

Dear Charles,

South Africa : Blowpipe and Gallant Ordnance

Thank you for your letter of 23 June. The Foreign Secretary shares the Prime Minister's view that we should do everything in our power to prevent breaches by UK companies of the UN arms embargo. The case of Gallant is complicated by the fact that their Blowpipe deal (and their other South African activities so far identified) would not involve any breach of the UN embargo by the UK (though the Blowpipe sale would represent a breach by Chile). Nor would Gallant be breaking UK law. I attach a note which sets out the legal position in more detail. It is relatively clear cut. The Foreign Secretary does not therefore see any need to consult the Law Officers.

As far as we can establish, Gallant's Blowpipe deal remains blocked and we are reasonably confident that the Chileans will abide by the undertakings they have given us that they will not sell the missiles to South Africa. We took the opportunity of a recent call by Admiral Merino on Mr Eggar to reinforce our earlier representations. Unless new evidence emerges of a change of heart on the Chilean part, there are no further steps we can usefully take with them for the time being.

The Foreign Secretary has considered whether we should also make a direct approach to Gallant. The main problem with this has always been the lack of any evidence that the Blowpipe deal involves breaking UK law, together with the lack of any other effective leverage (eg withdrawal of major government business) with which to pressure them into compliance with the UK arms embargo. The firm are unethical, but they have so far taken great care to keep just within the law. We have looked at whether Gallant's licence to deal in arms could be withdrawn; unfortunately this could only be done if there were grounds for suspicion that they were committing an offence under UK law. Nor, for the same reason, has it been possible for Customs and Excise to inspect the firm's books, or for Special Branch to enter their premises.



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We do not believe that a direct approach to the firm's Managing Director would have any effect, given his close personal links with South Africa and the South African authorities: the firm would carry on with its South African arms trade in third countries in the knowledge that we lack the legal powers to compel them to stop.

The Foreign Secretary nevertheless considers that we must take some action with Gallant. He has therefore looked once more at the question of an approach to General Acland. He considers that an approach confined to the issue of trading with South Africa would be justifiable, as we have no evidence of any illegality in this respect. He therefore proposes to ask him to call on a senior FCO official who would tell him,

that we

know of Gallant's efforts to arrange the sale of Blowpipe to South Africa and their involvement in arms trade with South Africa more generally, and that we expect them to desist.

This would, in the Foreign Secretary's view, meet the former objections to contact with General Acland (Robert Culshaw's letter of 22 June). Our objective would be to get General Acland to use his influence to stop the firm trading with South Africa; not to warn him to disassociate himself from the firm in view of its shadowier dealings.

A further point is that although Gallant have so far had little direct contact with HMG, there are recent indications that they are interested in developing the non-South African side of their business and, in particular, in tendering for government contracts. Gallant probably regard General Acland as having a potentially important role in this. They also need to apply for export licences from time to time. This may give us some further leverage.

However, *L Parker*

(L Parker)
Private Secretary

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South Africa : Implementation of UN Arms Embargo
in UK Law

Security Council Resolution 418 of 1977 requires States to cease providing arms and related material to South Africa. SCR 418 does not however require States to prevent the sale of arms from third countries. The legal provision we have made to give effect to our obligations under SCR 418 is accordingly limited to exports from the UK and our dependent territories. It does not seek to prevent a UK firm from marketing arms from a third country to South Africa.

A further UN Resolution - SCR 591 - was adopted by consensus last November. The UK supported this voluntary resolution on the understanding that it was an interpretation or clarification, not an extension, of the mandatory provisions of SCR 418.

SCR 591 urges States to ensure that components of embargoed items do not reach the South African military establishment and police through third countries. This provision is hortatory, not mandatory. It reinforces in political terms the desirability of doing what we can to discourage British companies from trading in arms to South Africa; but it does not impose any legal obligation to prevent such transactions.