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cc: PCPM/86/037THE PRIME MINISTERUK Policy towards South Africa

1. The failure of the Commonwealth Group of Eminent Persons Group Mission raises important questions for the handling of our policy towards South Africa. The Group's Report is highly critical of the South African Government and calls for concerted, effective action by the Commonwealth. Their clear implication is that such action should include economic measures.
2. The Group do not seek to make a case for any specific measures: but they point out that South Africa has itself used economic sanctions with some effect as an extension of diplomacy and argue that the absence of the fear of sanctions leads the South African Government to defer change.
3. Cabinet on 12 June agreed that ^{the} immediate objective should be to hold the situation so as to allow discussion with other industrialised countries before the 3-5 August Commonwealth Review Meeting; and that the report by officials on possible further measures should be considered initially by a group of the Ministers most closely concerned.
4. We must keep in mind that the purpose of any such measures must be to put pressure on the South African Government to return to dialogue and to undertake the reforms which are needed. We have the strongest interest in promoting such developments, not only because of the considerable economic stake we have in the area, but also to avert the longer term danger of a Marxist

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takeover in Southern Africa. Further measures are most likely to be an effective inducement to change if they are carefully thought out and selected, and if they are applied collectively by all or most of South Africa's trading partners.

5. We must also take account of our wider political and economic interests elsewhere in the world, and of domestic opinion.

6. There are already strong feelings on the subject in the Commonwealth (eg Zambia, Zimbabwe, India). The Canadians have just announced some new measures (see Annex). Both Australia and New Zealand favour sanctions. Pressure is also building in the US Congress. The House Foreign Affairs Committee voted on 10 June to approve the Kennedy/Gray Sanctions Bill (see Annex). Shultz has told me privately that he believes some further measures are inevitable. The Dutch Presidency have proposed new measures for the Twelve to consider (see Annex). The Danes have already legislated to ban trade with South Africa and the Irish have banned the import of agricultural products. The French, Germans and Portuguese, like us, have been arguing against precipitate action by the Twelve. Privately, however, the Germans (and Italians) have indicated that they think some measures will be necessary. The French, despite Chirac's criticisms of sanctions, failed to vote against a recent draft Security Council resolution (which we and the US vetoed) calling for selective mandatory sanctions. While most of our partners can, I believe, be counted on to resist calls for comprehensive sanctions they are looking for some more limited action which they can take along with others. In some cases concerted action of this kind is privately admitted as necessary to stave off domestic pressures for anything stronger.

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7. It goes without saying that quite apart from the possibility of measures of that kind we must go on doing all we can to bring about political dialogue and a suspension of violence. Some new political mechanism to promote dialogue is now badly needed to take the place of the Commonwealth Group. In the present atmosphere it will be extremely difficult to make this kind of progress, but we must try to keep the door open. I agree with you that we should consider the possibility of a further personal message from you to President Botha to see whether the South African Government can be induced to make some new move in this direction. We have set in hand the preparation of a draft.

8. Our general aim must be to seek to remain in control of events. If we are to manage the period until some new initiative can be engineered - and in my view this could take a considerable time - we shall need to be ready at the right time and place to come forward with proposals of our own. Taking action in this way, along with our major industrial partners, is likely to have more impact at a lower cost than possibly more far-reaching action forced out of us at a later stage. Clearly we must try to confine such proposals to measures that do as little damage as possible to British economic interests. We should also need to choose ones that would minimise the risk of South African retaliation and as far as possible avoid serious damage either to the South African economy or subsequently to the economies of the Front Line States. (We must recognise that virtually no measure is likely to fulfil all these criteria in full).



9. It is far from easy to identify suitable measures; moreover it may be necessary to produce different measures for use in different contexts. There should, however, be scope for us in some cases to play the same card more than once, by acquiescing in certain measures - eg a ban on the import of gold coins, which we but not all our major industrial partners have already put into effect - first in one forum and then another.

10. Notwithstanding the difficulties I suggest that our aim, on the basis of the work done by Misc 118 (see the attached paper), must be to settle on a suitable range of measures, and on that basis discuss a common approach with our main Western partners (the Community and the Summit Seven) well in advance of the Commonwealth review meeting. We should also consider with friendly countries whether we could adopt any measures which could act as a material inducement to the South African Government to seek reform, and whether an indication of the circumstances in which other measures could be lifted could also act in such an inducement. We should of course seek to make the most of the leadership inherent in our Presidency of the EC.

11. We cannot afford to take long over this. Quite apart from the Commonwealth Review meeting, developments long before then oblige us to take rapid decisions. In South Africa there is the risk of serious violence over the period of the Soweto anniversary (16 June) following yesterday's reimposition by the South African Government of the State of Emergency. A major clash would lead to a highly charged debate in the UN Security Council, possibly leading to a draft resolution calling for limited sanctions. We should need to consider very carefully, and probably at very short notice, whether or not to veto such a resolution or negotiate about its contents.

12. I hope that it may be possible at the meeting on 18 June to give a clear steer to this work.

13. I am copying this minute to the Chancellor, Chancellor of the Duchy of Lancaster, Chief Whip, Secretary of State for Trade and Industry and the Lord President.



ANNEX: RECENT PROPOSALS IN OTHER COUNTRIES FOR FURTHER MEASURES AGAINST SOUTH AFRICA

US

1. The following measures are contained in the Kennedy/Gray "Anti-Apartheid Bill" currently under consideration in Congress, having been adopted by the House Foreign Affairs Committee on 10 June:

- Bans on loans and new investments in South Africa;
 - Ban on importation of South African uranium, coal and steel;
 - Phased disinvestment from the computer industry and ban on all computer sales to South Africa unless all political prisoners are released and apartheid is dismantled within one year;
 - Prohibition on landing rights for South African Aircraft.
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Canada

2. Mr Joe Clark announced the following additional measures in a statement to the Commons in Ottawa on 12 June:

- End to Government procurement of South African products (referred to in CHOGM Accord);
- Ban on promotion of tourism to South Africa (CHOGM Accord further measure);
- Withdrawal of accreditation from (non-resident) South African specialist attaches in fields of science, agriculture, mining and labour.

EC

3. At the Political Committee meeting on 12 June, the Presidency urged partners to consider the following measures which ^{it was claimed} had been put to the Dutch Foreign Minister by the

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COMGEP Co-Chairmen:

- Suspension of air links;
- Withdrawal of consular facilities for South Africans at EC missions in South Africa;
- Ban on banking facilities for South Africans outside South Africa;
- Ban on the import of agricultural produce from South Africa;
- Ban on the import of bulk commodities such as coal, uranium and steel from South Africa.