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PRIME MINISTER

MINISTERIAL MEETING: SOUTH AFRICA

You are to have a meeting tomorrow on South Africa. The Foreign Secretary, the Chancellor, the Chairman, the Chief Whip and Alan Clark will be present (the Lord President is at Ascot). Sir Percy Cradock and Mr. Mallaby (who chaired MISC 118) will also be present. You read the basic papers over the weekend.

You have carved out a good position for us. We are firmly against comprehensive economic and trade sanctions. We are not interested in moral gestures or in hitting out. But we are prepared to consider effective measures which will help get rid of apartheid and promote peaceful negotiations. To be effective, measures must have the support of all the main industrialised countries. We shall not be rushed into any action but will consult with the EC, the Economic Summit seven and the Commonwealth.

We now need to decide how to apply this policy in practice at the European Council on 26/27 June and in the run up to the Commonwealth Heads of Government meeting.

There are a number of points which the meeting should consider:

1. the need to retain our influence with the South African government. The hope of actually achieving some progress in South Africa continues to rest quite significantly on your influence over the South African government. Whatever the pressures for 'measures', we must keep in mind the need to conserve that influence. In the short term you should send a message to President Botha spelling out what we believe now needs to be done (early end to the emergency measures, release of Mandela with satisfactory assurances about suspension of violence).

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2. handling of consultations with others. Given the stress which we have laid on consultations, we need some visible activity with the US, Japan and others. Should the Foreign Secretary go to Washington (and Ottawa and Tokyo)? Should another Foreign Office Minister be sent to non-EC European countries such as Switzerland? Timing is important. Should such visits be paid before the European Council? Or should we work for an outcome at the European Council which involves agreement to consult formally with the US, Japan etc on possible measures (without explicit agreement at the Council itself to adopt measures).

3. nature of measures. To operate effectively we need to make up our minds soon what measures we are prepared to adopt (provided others adopt them too). There are three categories:

- measures designed to bring pressure on the South African government either directly or through the white population without inflicting serious damage on the South African economy or black South Africans or job losses in this country. Inevitably there are very few which meet all these criteria. But possible candidates are: a visa regime for South Africans; a ban on new investment; an end to government procurement; a ban on promotion of tourism (all except visas were mentioned in the Commonwealth Accord).
- positive measures to help the black population in South Africa. This mostly means spending money, though the EC Code of Conduct might be strengthened further.
- political gestures. One possibility here is to step up slightly the level of our contacts with the ANC, for instance by arranging for Mrs Chalker to meet Tambo when he visits London shortly. This would put the ANC on the same footing as the PLO. (But effect on

South African government?)

The question is: could we hold the line on a package of measures with these ingredients? Or are we going to have to be prepared to go further? One possible tactic if we need to go further is to distinguish between measures which we are prepared to apply now (i.e. those suggested above); and those which we would apply in a year's time in the absence of progress in South Africa. Such an approach might diminish immediate pressure on us. But it would set us firmly on the slippery slope, would be seen by the South African government as an ultimatum, and raises the tricky problem of who would define "progress" (it would have to be left to individual governments to decide).

This raises another question. Should we not also offer incentives to the South African government, by holding out the prospect of removing existing measures provided they take certain steps?

4. handling the European Council. Clearly there will be pressure to agree at the European Council on some specific measures. What are the prospects of maintaining German and Portuguese support for resisting any measures, and for insisting on consultations with other industrialised countries before firm decisions are reached? As the future EC Presidency, it would fall to us to conduct these consultations. And as the only country which is a member of the EC, the Economic Summit Seven and the Commonwealth, we are well placed to do so. Or shall we be in a stronger position if we secure agreement at the European Council on specific measures and an undertaking not to go beyond them? Is it possible to expect to get such agreement without conceding more drastic measures than we are prepared to concede? Would an agreement stick anyway?

5. Parliamentary considerations. The main point here is when do we reach decisions on measures. If it is at the European Council there is no problem, since Parliament is sitting. But if we delay decisions until the Commonwealth Heads of Government meeting in August, the House will be in recess. Will this cause problems?

You will also wish to see the attached note by Percy Cradock.

C.D.P.

CDP

17 June 1986

SECRET

17 June 1986

MR POWELL

Prime Minister  
CDP  
17/6  
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SOUTH AFRICA

... 1. You will wish to see Mr Mallaby's minute, attached, in advance of Wednesday's meeting.

2. His paragraphs 5 and 6 are interesting. I myself doubt whether there are any measures we can take that will actually promote reform in South Africa: the South African mentality will ensure that. But I think it right that we should try to present any measures in that context.

Otherwise we should be avowedly acting merely out of a wish to indulge and protect ourselves: (indulge, by expressing our anger and moral disapproval; protect, by guarding against damage to our relations with the Commonwealth and black Africa). I also agree we should indicate the changes which would justify ending of the measures (paragraph 6).

Otherwise they are an entirely blunt instrument. Moreover we wish to leave open the possibility of resumed negotiations at some stage. I would not, however, hint at further measures in a year's time (paragraph 5b): the pressure for us to move down the slippery slope to more severe measures will be great enough without that. I am also hesitant about action on air links: it is a big step and I wonder whether we would get the unanimity needed to make it work.

3. In general the drawback to prospective measures (ie we will do thus and thus unless you amend your ways) is that they will be criticised as a further evasion and playing for time. But we should not be deterred by such arguments; and they might be deflected by the adoption of immediate cosmetic measures (paragraph 5c).

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4. But above all we must start at as low a point in the scale as is negotiable and tenable with our partners. The probability is that the South African situation will prove beyond peaceful resolution, with or without our measures. It is a tragedy which will play for a long time. Meanwhile international pressures for further measures and the consequent risk to our relations with the Commonwealth and black Africa will grow. As always in this game, we are buying time.

*h*

PERCY CRADOCK

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SECRET

bc Sir Percy Cradock



CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-233 8220

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16 June 1986

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*Dear Owen*

Measures against South Africa

Following the completion of the Official Group's report on possible further measures against South Africa (MISC 118(86)12), I have been reflecting on the questions of which measures would do no serious harm to British interests and of which, if any, could actually influence South Africa towards reform. I enclose, in case it may be helpful in your further thinking, a note of the views I have formed so far.

*Yours ever*  
*Christopher*  
C L G Mallaby

E A J Fergusson Esq  
FOREIGN & COMMONWEALTH OFFICE

Copies: A C Galsworthy Esq CMG, FCO  
M C Stark Esq, Cabinet Office

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Possible Further Measures against South Africa

The report by officials (MISC 118(86)12) suggests that, from the point of view of the direct effects on the United Kingdom, various measures could be contemplated. We could look at some of the following:

- a ban on new investment (US considering);
- a ban on agricultural imports;
- a ban on government procurement (adopted by Canada);
- a ban on South African promotion of tourism (adopted by Canada);
- a ban on imports of uranium from South Africa)
- a ban on imports of coal from South Africa ) US considering
- a ban on imports of steel from South Africa )
- a ban on exports of oil products to South Africa;
- stricter implementation of the Gleneagles Agreement.

2. The diplomatic measures discussed on pages 37 to 42 could also be considered.

3. In general, the measures which would not greatly harm the United Kingdom are also likely to be tolerable for other industrialised countries and thus to be negotiable among the EC and the Summit Seven.

4. As regards air links, we could consider terminating our Air Services Agreement with South Africa, which would free our hands to stop South African Airlines services to the United Kingdom. South Africa would then be free to terminate British Airways services but, assuming that all SAA links were covered by this measure, might possibly not choose to do so. The Air Service Agreement can be terminated only after 2 months' consultation and 12 months' notice. Most other countries flying to South Africa would have to give 6 months' notice but we would not be alone in having to give 12 months. If other African countries denied British Airways over-flying rights to South Africa, BA could divert long



haul aircraft and maintain the services by flying over the sea. This would increase costs. But higher load factors, following the termination of SAA flights, would presumably offset them in part.

5. It is much harder to identify measures which would actually promote reform in South Africa. To achieve this effect, which ought to be our main purpose in any new measures, we might seek to negotiate in the EC and the Summit Seven an arrangement on the following lines -

(a) Notice that we would terminate our Air Services Agreement in 12-14 months' time unless certain changes had been made in South Africa by then. This would seek to make a virtue of the necessity of having to give a year's notice.

(b) We might add that we would also consider other measures in a year's time, unless there were changes in South Africa.

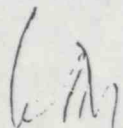
(c) If it was necessary to adopt some measures now, we could select one or two which would have more symbolic than material effect, such as a ban on new investment and on government procurement, and perhaps one or two with long-term effect, such as a ban on the transfer of patents and licences. We would say that these would be in force for one year, and that their continuation would be reviewed at the same time as we decided on (a) and (b) above.

6. The reforms we would require of the South African Government would include the release of Mandela and other political prisoners, a commitment to non-violence (pre-negotiated with the ANC), the unbanning of the ANC, lifting of the state of emergency and possible repeal of the Population Registration Act and/or the Group Areas Act.

7. We could also consider "positive" measures such as a tightening of the EC Code of Conduct. This voluntary Code has just been reviewed. A White Paper updating the guidance to British companies is ready for publication. The tightening of the requirements under the Code and of the procedures for reporting by companies is not great. In the present political atmosphere concerning South Africa, the changes might

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be criticised as inadequate. One option would be to publish these changes now, so that they would be in force for the next reporting year, beginning on 1 July, but also to announce that the EC will undertake a further fundamental review in the coming months. It would be less difficult for such a second review to add further requirements on companies than it would be to make the Code mandatory. Mandatory requirements on overseas subsidiaries of British firms would represent the kind of extra-territorial reach which we have opposed on the part of the United States.



C L G Mallaby  
Cabinet Office  
16 June 1986



Free 5

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

17 June 1986

The Foreign Secretary may like to have strictly for his personal information the note which I have done for the Prime Minister for tomorrow's meeting on South Africa. I should be grateful, however, if you would not refer to it or brandish it during the meeting nor show it more widely in the office.

Charles Powell

Colin Budd Esq  
Foreign and Commonwealth Office.

Jo VC  
c PC

PRIME MINISTER

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[This just has some random comments  
on the MISC 118 paper]:

CDP

17 June 1986