

IMMEDIATE

PS / No 10 Downing St

GRB 510
CONFIDENTIAL
FM CAPE TOWN
TO DESKBY 171800Z FCO
TELNO 0327
OF 171535Z JUNE 86

CONFIDENTIAL

DISTRIBUTION SELECTORS
FILE COPY

YOUR TELNO 167: MISC 118

1. THIS IS A SPECIALISED FIELD IN WHICH WE ARE FAR FROM BEING EXPERT HERE. BUT MY BEST GUESS IN ANSWER TO YOUR QUESTIONS IS THAT:

(A) SOUTH AFRICAN RETALIATION BY WITHHOLDING STRATEGIC MINERALS IS UNLIKELY BUT SHOULD NOT BE EXCLUDED. IN THE CASE OF RELATIVELY SYMBOLIC WESTERN MEASURES THEY WOULD PROBABLY REACT IN A WAY WHICH DID LITTLE HARM TO THEMSELVES. THE MORE PAINFUL THE WESTERN MEASURES WERE, THE MORE LIKELY THAT THEY WOULD CONSIDER HITTING THE WEST WHERE IT HURTS. NEVERTHELESS THEY WOULD THINK TWICE BEFORE WITHHOLDING ANY STRATEGIC MINERALS BECAUSE MINERAL PRODUCTION AS A WHOLE IS SUCH AN IMPORTANT SOUTH AFRICAN EXPORT AND THEY WOULD NOT WANT NEEDLESSLY TO REINFORCE CUSTOMER DOUBTS AS TO SOUTH AFRICA'S UNRELIABILITY AS A SUPPLIER. ON THE OTHER HAND, THE SOUTH AFRICANS IN THEIR PRESENT MOOD ARE CERTAINLY CAPABLE OF TAKING ACTION WHICH CARRIES SOME DISADVANTAGE FOR THEMSELVES WHILE DAMAGING OTHER PEOPLE EVEN MORE. AN EXAMPLE WHICH I MENTIONED IN MY PREVIOUS COMMENTS IS ALMOST CERTAINLY THEIR READINESS TO EXPEL FOREIGN MINE WORKERS IF NEIGHBOURING COUNTRIES JOIN IN SANCTIONS AGAINST THEM. NOR WOULD THE FACT OF MEASURES BEING APPLIED BY ALL WESTERN POWERS BE A COMPLETE PROTECTION AGAINST RETALIATION OVER STRATEGIC MINERALS. THE SOUTH AFRICANS WOULD BE CAPABLE OF DECLARING AN EMBARGO ON EXPORT OF A CERTAIN KEY MINERAL WHILE COUNTING ON ITS SCARCITY ENABLING THEM TO SELL REDUCED AMOUNTS 'ROUND THE CORNER' TO CUSTOMERS DESPERATE ENOUGH TO PAY INFLATED PRICES.

(B) I THINK IT WOULD TAKE A SUBSTANTIAL PACKAGE OF MEASURES WHICH REALLY HURT THE SOUTH AFRICANS BEFORE THEY IMPOSED COUNTER MEASURES OVER STRATEGIC MINERALS. I CANNOT SEE THEM DOING THIS FOR INSTANCE OVER VISAS OR FURTHER TIGHTENING OF SPORTING CONTACTS. THE MOST OBVIOUS FIELD WOULD BE WESTERN MEASURES TO BOYCOTT SOUTH AFRICAN EXPORTS. FOR INSTANCE A COMPLETE BAN ON ALL SOUTH AFRICAN AGRICULTURAL PRODUCE, ESPECIALLY IF ACCOMPANIED BY OTHER MEASURES, COULD TRIGGER OFF A RESPONSE IN ANOTHER TYPE OF SOUTH AFRICAN EXPORT ON WHICH THE WEST DEPENDS. I DOUBT IF A SIMPLE BAN ON SOUTH AFRICAN FRUIT, VEGETABLES AND WINE WOULD BE ENOUGH BY ITSELF TO CAUSE THIS BUT ONE CANNOT TOTALLY EXCLUDE IT. ANOTHER AREA WHICH THE SOUTH AFRICANS COULD FEEL STRONGLY WOULD BE AIR LINKS. THEY MIGHT REACT TO SAA BEING BANNED BY RAISING THE CHARGES HERE FOR OTHER AIR LINES AND INCREASING THE COST OF THEIR REMITTING PROFITS. A TOTAL BAN ON ALL AIR LINKS WOULD BE MUCH MORE SERIOUS AND COULD MAKE THEM SHOW THAT SUCH ACTION WAS NOT WITHOUT PAIN FOR THE WEST.

CONFIDENTIAL

\ (c)

(C) I WOULD EXPECT THEM TO BE SELECTIVE IN APPLYING ANY BAN ON KEY MINERAL EXPORTS. THEY WOULD GO FOR ONE OR ONES WHERE THE WEST WAS MOST DEPENDANT ON SOUTH AFRICA YET WHICH PENALISED THE SOUTH AFRICANS LEAST IN LOST EXPORT EARNINGS. YOU WILL BE ABLE TO TELL BETTER THAN I CAN TO WHICH MINERALS THIS MIGHT POINT. IT BE HARD TO IMAGINE THEM WITHHOLDING ALL REPEAT ALL THE STRATEGIC MINERALS OF WHICH SOUTH AFRICA IS A MAJOR SUPPLIER EXCEPT IN THE MOST EXTREME CASE. AND THEY COULD PRESUMABLY TURN THE TAP ON AGAIN AS EASILY AS THEY HAD TURNED IT OFF, THUS MAKING ANY BAN ONLY TEMPORARY. ANOTHER POSSIBILITY WOULD BE TO STOP SHORT OF AN ACTUAL BAN BY INTRODUCING SELECTIVE DELAYS OR QUOTAS IN THE HOPE OF GETTING THE BEST OF BOTH WORLDS.

MOBERLY

LIMITED

SAFD

ERD

PS

MR FERGUSON

MR REEVE

COPIES TO:

MR MALLABY GAB OFFICE

PS/N°10 DOWNING STR. ✓

-2-

CONFIDENTIAL