



*File Ece  
Sir P Cradock*

*SUBJECT cc MASTER*

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*From the Private Secretary*

18 June 1986

SOUTH AFRICA

The Prime Minister held a meeting to discuss South Africa this morning. The Foreign Secretary, the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Chief Whip, the Minister for Trade, Sir Robert Armstrong and Sir Percy Cradock were present.

The Foreign Secretary pointed to the irony that the United Kingdom probably had in place more measures against South Africa than any other industrialised country yet seemed to be perceived in the Commonwealth as having less. Nonetheless we had established a clear policy line: we wanted to see fundamental change achieved in South Africa through negotiation, were prepared to consider effective measures which would help bring this about and would consult with our partners about such steps. We were not prepared to take measures such as a comprehensive trade and economic embargo which would be destructive of the South African economy. Over the next few weeks, we should find ourselves under pressure in the European Community, the Commonwealth and the United Nations to agree additional measures. Ideally we would prefer the Community to stay its hand until the Commonwealth Heads of Government Meeting in early August but this was not practicable. We should therefore need to hold some measures back at the European Council on 26/27 June for use at the Commonwealth meeting. The measures should be those least likely to be damaging to the United Kingdom, though none would be without some penalty. At the same time we should give thought to how to advance the process of negotiation in South Africa. One way would be to make some measures prospective, with the possibility of their not being introduced if there were positive developments in South Africa.

In discussion a number of points were made:

- (i) it was arguable that measures against South Africa would never be more than marginal in their effect. The longer-term prognosis for South Africa was gloomy and we should not believe that we could greatly influence the outcome. The main reason for joining in measures against South Africa was basically a negative one of avoiding the political costs of failing to join in them. This pointed to

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selecting measures with the least economic cost to the United Kingdom.

- (ii) by taking measures we risked losing influence with the South African Government and damaging those in South Africa, such as the business community, who were most firmly committed to change. Against this, the measures which we had taken so far did not seem to have affected our influence significantly.
- (iii) it was unlikely that all the countries which advocated sanctions would apply them in practice and many of them were scarcely models of democracy and racial or tribal equality.
- (iv) the best hope of avoiding or curtailing a bloodbath in South Africa was by negotiations on the basis envisaged by the Eminent Persons Group. There was still a prospect of achieving this, and we should not give up hope. Effective measures could play a useful role.
- (v) consideration of measures should be linked with other steps to encourage negotiation such as a visit to South Africa by the Foreign Secretary in his EC Presidency role following the June European Council. It was recognised that such a visit might be by the Troika, though it would be preferable to avoid this.
- (vi) discreet efforts should be made to encourage businessmen and liberals in South Africa as well as black leaders such as Chief Buthelezi to come out with more forceful statements about the damage which would be inflicted by sanctions.
- (vii) we should not necessarily conclude that all other Community member states would insist on the adoption of measures at the forthcoming European Council. We should make discreet soundings to see whether others such as the Germans might be prepared at least to postpone decisions until the July Foreign Affairs Council.
- (viii) the Prime Minister might send a message to President Botha shortly urging him to lift the state of emergency and release Mandela before the Commonwealth meeting in early August. The chances of such a message finding a positive echo would, however, be much reduced if in the meantime we embarked on measures against South Africa.
- (ix) limited measures against South Africa would probably be acceptable to the Conservative Party as a whole. But it would be best to avoid measures which would require primary legislation.
- (x) in considering measures, it would be necessary to



take fully into account the risk of retaliation against United Kingdom economic interests to which H.M. Ambassador Capetown had drawn attention.

- (xi) it should also be clear that adoption of measures was dependent on other industrialised countries following suit, so that the United Kingdom did not alone bear the costs.

The meeting also considered particular measures which might be adopted. It was noted:

- (i) a prohibition on new investment was on the Commonwealth list of measures and would have a negligible impact on United Kingdom economic interests. There was some risk of retaliation but this was not high. However there were considerable practical difficulties in the way of imposing a legal ban. It would not be acceptable to revoke the Exchange Control (General Exemption) Order 1979. A ban would therefore probably have to be voluntary.
- (ii) three further measures identified by MISC 118 which would have only a minimal impact on United Kingdom economic interests would be a ban on import of uranium, steel and coal from South Africa (although coal might be held in reserve).
- (iii) not all Community countries appeared to be operating a ban on imports of Krugerrands and proteas as was the United Kingdom. We should therefore propose them for inclusion in a Community package.
- (iv) a ban on the promotion of tourism in South Africa could also be contemplated.
- (v) introduction of a visa regime for South Africans might be included in measures to be taken in a Commonwealth context.
- (vi) the likelihood of retaliation against a ban on government procurement was high. This option should not be pursued.
- (vii) similarly there were objections to a ban on air travel, though restrictions on landing rights for South African Airways alone might cause fewer problems. This should be held over for further examination.
- (viii) we were likely to be under particular pressure to agree to a ban on the import of fruit, wine and vegetables from South Africa. This had wide support in the Community, and indeed would be to the positive advantage of some member states. But it would bear particularly hard on rural blacks in South Africa. The Prime Minister made clear that

she was strongly opposed to adoption of this measure.

- (ix) consideration could also be given to termination of Double Taxation Agreements, though we should need to ascertain whether this would not affect United Kingdom businessmen more severely than South Africans.

It was noted that any action on the basis of the above measures involving a suspension of trade would apply only to new contracts.

Finally, it was suggested that a study should be made of the immigration problem which would arise were a large number of white South Africans to exercise their right to come to the United Kingdom.

The Prime Minister concluded that the results of the discussion as reflected above should be incorporated in a paper for further consideration by the Group on 23 June and subsequently by OD on 24 June and Cabinet on 25 June. We should need to sound out the intentions of other Governments, but should be careful not to reveal our own hand in advance of full Ministerial consideration, and in order to retain the maximum scope for manoeuvre at the European Council.

I am copying this letter to the Private Secretaries to the Lord President, the Chancellor of the Exchequer, the Secretary of State for Trade and Industry, the Chancellor of the Duchy of Lancaster, the Chief Whip and Sir Robert Armstrong.

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