

PRIME MINISTER

OD: SOUTH AFRICA

The FCO paper is not marvellous but its better. The conclusions suggested in the first paragraph of the Cabinet Office brief should be obtainable. But no need surely to go firm on all the measures suggested. If we have to agree something, we should try for uranium (to block fruit and veg.) and iron/steel, and keep a voluntary ban on investment in reserve.

You will also want to look at the Cabinet Office paper on possible South African retaliation.

C.D.P.

Charles Powell

23 June 1986

PRIME MINISTER

OD: 24 JUNE: SOUTH AFRICA

Cabinet Office has suggested that the Secretaries of State for Energy and Employment should be invited to attend the OD discussion on South Africa on 24 June. I can see a good reason for the Secretary of State for Employment to be there. The case for the Energy Secretary presumably rests on the likelihood that we shall discuss a possible ban on uranium and coal. But I am a bit worried about the overall political balance given that both the Defence Secretary, the Lord Chancellor, the Northern Ireland Secretary and the Chancellor of the Duchy cannot attend the meeting. Indeed, I am inclined to wonder whether it would not be better to go direct from the ad hoc group meeting of Ministers on Monday to Cabinet of Wednesday without an OD in between.

Agree to this?

*Yes no*

*C.D.P.*

CHARLES POWELL

19 June 1986



CC/UP



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B.07463

PRIME MINISTER

c Sir Robert Armstrong

OD Meeting 24 June: South Africa

CONCLUSION

Subject to discussion, the Committee might conclude that the Foreign and Commonwealth Secretary should recommend to Cabinet on the following morning that our position at the European Council should be:

- to work against decisions now on the selection of any negative measures;
- to concentrate discussion as much as possible on positive measures to help blacks in South Africa;
- to explore the idea of a European mission to South Africa in the coming weeks;
- if some negative measures have to be selected, to resist import bans on fruit, vegetables and wine and on coal; and work for import bans on iron and steel and on uranium, for three Nassau measures (Krugerrands, no Government-to-Government loans, and no Government funds for trade missions or trade fairs), and possibly for a voluntary ban on new investment.

BACKGROUND

2. The Committee will consider a memorandum by the Foreign and Commonwealth Secretary (OD(86)10) and a note by officials (OD(86)11) covering two papers discussing possible measures against South Africa (MISC 118(86)12 and MISC 118(86)16) and a



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new note by officials on South African scope for retaliation (MISC 118(86)18).

3. The Foreign and Commonwealth Secretary's memorandum takes account of the discussion among Ministers this morning. It gives in paragraph 3 the purpose of decisions on South Africa, namely to encourage the South African Government to pursue a wide-ranging dialogue with representatives of the non-white communities across the political spectrum and to move towards fundamental reform. There is no undue stress here on the ANC or call for one man one vote. The memorandum now puts the accent on our trying to persuade others to stay in step with us (paragraph 5), and on our working at the European Council for postponement of final decisions (paragraphs 11 and 12). It gives more emphasis to positive measures (paragraph 12) and to our pressing on the European Council the measures we conceded at Nassau and arguing for a ban on imports of South African uranium (paragraph 15). In paragraph 19 it recognises that the United States Administration should be able to hold the line against further measures for the time being.

4. The members of the Committee who will be present are the Lord President, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Lord Privy Seal.\* The Home Secretary, the Energy, Employment and Transport Secretaries and the Chief Whip will also attend. The Trade and Industry Secretary will be represented by the Minister of State for Trade (Mr Clark) and the Defence Secretary by the Minister for the Armed Forces (Mr Stanley).


#### HANDLING

5. After the Foreign and Commonwealth Secretary has introduced his memorandum, you might structure the discussion to:



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- note the importance of positive measures (paragraph 14 of the Foreign and Commonwealth Secretary's memorandum);
- consider the pros and cons of an EC mission featuring the Foreign and Commonwealth Secretary, presumably in July. Could it influence the South African Government towards reform? If it failed to do this, would we come under pressure for more far-reaching measures than at present?
- Negative measures: the criteria in paragraph 9 of the Foreign and Commonwealth Secretary's memorandum and the individual measures discussed in paragraph 15. A ban on imports of fruit, vegetables and wine would pose a greater threat to black and coloured employment in South Africa than a ban on imports of coal or iron and steel. But a ban on coal imports would affect BP and Shell, who accounted in 1985 for about a quarter of South Africa's 40 million tonnes of coal exports, and would put at risk our sales of mining equipment to South Africa which in 1985 were £16 million. Paragraph 15 of the Foreign and Commonwealth Secretary's memorandum seems to assume that we import uranium from Namibia; that is not so, although some of our partners probably do.
- Conditionality: the purpose of all our decisions must be to promote reform in South Africa. Any negative measures should therefore be limited strictly to a single year and we should make clear that the question of their continuation would depend on developments during that year in South Africa.
- Retaliation: MISC 118(86)18 shows the scope for South African retaliation. No one can foresee how far South Africa would make use of that scope



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in the event of new negative measures. But most officials consider on balance that any South African retaliation in the face of the limited measures now being considered would not be far-reaching.

*C L G Mallaby*

C L G Mallaby

23 June 1986



Mr Powell (OD)

OD 4.15 pm 24 June.

Attending: Lord President  
Foreign Secretary  
Chancellor Exchequer  
Lord Privy Seal  
Chief Whip  
S/S Employment  
" Energy  
" Transport  
Home Secretary

Mr Clark representing Mr Channon.  
Mr Tebbit  
Lord Chancellor:

Absentees:

S/S Trade + Industry - Germany.

S/S Defence - USA

Lord Chancellor - in judiciary.

S/S N. Ireland - N. Ireland.

S/S Environment - with HM Queen.

If you approve Mr Stanley could be invited  
to represent MOD, and if necessary a representative  
from Environment could be asked to attend.

Christopher Cloke.

23 June 1986

x 8319.

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Foreign and Commonwealth Office

London SW1A 2AH

23 June 1986

*EDP  
23/6*

*Dear Charles,*

SOUTH AFRICA

Thank you for your letter of 18 June. In preparation for the further meeting of the group of Ministers on South Africa arranged for 23 June, I submit a draft OD paper which the Foreign Secretary has approved.

I am copying this letter and its enclosures 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, Sir Percy Cradock and Sir Robert Armstrong.

*Yours sincerely,  
David Richmond (Resident Clerk)*

*for* A C Galsworthy

C D Powell Esq  
10 Downing Street.

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OD(86)

COPY NO

JUNE 1986

D R A F T

CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

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SOUTH AFRICA

Memorandum by the Secretary of State for Foreign and Commonwealth Affairs

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Introduction

1. The problem of South Africa has troubled successive British governments. This is bound to remain the case unless there is fundamental reform. Without a clear commitment to abolish apartheid completely, the cycle of violence will continue, bringing with it increasing international pressure for punitive action against the South African Government.
2. The objective is the replacement of apartheid by a non-racial society with democratic, representative government and with proper safeguards for all minorities: this may take many years. But the precise form of such a government is not for us to pronounce on: it is something for the people of South Africa themselves to decide.

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3. Recent developments have not been wholly in the wrong direction. In January this year President Botha publicly described apartheid as "outmoded". This inadequate and belated acceptance of the need to abandon racial domination is nonetheless something on which to build. Some not insignificant steps have been taken towards dismantling the formal apparatus of apartheid. But these have been offset by other measures which have reinforced black suspicions that the changes introduced by the South African Government have not shifted the foundations of apartheid. More important, there is no evidence that the Government intends to grant meaningful political rights to blacks.

A bit  
judging.

#### UK Policy

4. Our consistent policy has been to encourage the South African Government to pursue a policy of dialogue and to undertake the reforms which are needed. We have an important interest in doing all we can to ensure that the South Africa that eventually emerges from the present conflict should not be hostile towards Britain and the West. The danger of this will be greatly increased if the non-white communities in South Africa believe that they have been pursuing their struggle in the face of opposition from Britain or the West. We have for many years adopted a policy mix of measures both positive and negative, affecting economic, sporting, cultural and military relations with South Africa: see list at Annex A.

5. The choice has not been and is not now simply between supporting or opposing "sanctions". It is a question of what further measures can most effectively meet the several needs of the situation.



6. The last two rounds of measures (Luxembourg and Nassau, September and October 1985) were agreed in concert with our European and Commonwealth partners. There is real value in trying to move in convoy, as this serves to protect our interests both in the Third World and against South African retaliation.

#### Commonwealth Initiative

7. During the past six months, the search for a solution via a process of dialogue has been stepped up through the Commonwealth initiative. In the event, the South African Government were unwilling to take forward the negotiating concept offered by the Eminent Persons Group (EPG), or to take the steps for which the Commonwealth had called at Nassau. In particular they were not ready to release Nelson Mandela and others imprisoned for opposition to apartheid, or to initiate, in the context of a suspension of violence on all sides, a process of dialogue (with a view to establishing a non-racial and representative government). *M* Though we should certainly be prepared to consider similar negotiating initiatives, we have to accept that the mission of the EPG is over, at least in its present form. Meanwhile the EPG has now called for concerted, effective action by the Commonwealth; the clear implication is that such action should include further economic measures.

*effective for what?*

#### Consequences

8. In recent months we have been able to deflect pressure for further measures against South Africa by reliance upon the

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Commonwealth initiative. The implications of its failure are now being considered in the European Community and Commonwealth. Independently, events in South Africa and actions by the South African Government, such as fresh raids on its neighbours, mean that we may need to take up a position in the Security Council at any time.

9. At Luxembourg, and again at Nassau (and additionally at the Lusaka meeting in February of Foreign Ministers of the Twelve and the front line States) we agreed that, in the absence of sufficient movement by the South African Government, we would be ready to consider further measures. In the light of these commitments, and of the manifest failure of the Commonwealth initiative, we clearly have to be ready to accept some movement on both the European and Commonwealth fronts. Whatever is agreed among the Twelve, the Commonwealth leaders present at the Review Meeting of Heads of Government in early August will press to go further than the European Council next week. It would therefore be prudent to keep some measures in reserve if possible.

10. We should continue to argue against any move to comprehensive sanctions and a trade boycott. But even the limited development of our policy which flows from our earlier commitment must involve some costs. In considering individual measures, our aims should be:

- i. to do as little damage as possible to British economic interests;
- ii. to choose measures which are credible in their political impact;

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- iii. to minimise the risk of South African retaliation;
- iv. to avoid serious damage to the economies of South Africa and her neighbours;
- v. to avoid presenting competitive advantages to others. We should insist that measures be applied by the widest possible range of countries (notably the members of the European Community and of the Economic Summit).

In making our judgment on all these matters we should take some account of the priorities suggested by other possible partners.

11. There are two subsidiary points. One way to emphasize that our aim is to exert leverage for reform in South Africa might be to propose in the EC and elsewhere that there should be an element of explicit conditionality: ie if there is progress in South Africa, measures might be lifted. We could also propose to limit the application of any further measures to an initial period of one year, so that their continuation could then be considered in the light of developments in South Africa.

#### Tactics

12. If we are to manage the period between now and the Commonwealth Review Meeting, we shall need to try to exercise control over the discussion of further measures. One possibility is that we might seek to postpone the adoption or at least implementation of EC measures until, or as near as we can to the date of, the Commonwealth Review Meeting on 3-5 August. The

mechanics are not easy: apart from the European Council on 26-27 June, the next regular Foreign Affairs Council takes place 10 days ahead of the Review Meeting.

13. The mainstream of EC opinion (with Portugal and perhaps Germany as the only significant exceptions) will be looking for a further package of measures to emerge from the European Council.

*[This should be the main thrust of the paper]*

One possible way of countering this would be to argue that while there should be a full discussion of possible measures, final decisions should be deferred while consultations were carried out by the incoming British Presidency with the United States, Japan and other OECD countries. A further argument for delay which we might deploy is the possibility of a visit by me to South Africa in my Presidency role, if necessary with the Foreign Ministers of the Netherlands and Belgium representing the preceding and succeeding Presidencies.

14. The prospects for such a mission are not promising. The mood in South Africa is truculent and hostile to anything which smacks of foreign interference. Having steeled themselves to frustrate the Commonwealth initiative, the South Africans are unlikely to be receptive in the near term. This could point to a visit later rather than sooner. But the Foreign Affairs Council and Commonwealth Review Meeting place severe constraints on our freedom of manoeuvre.

#### European Council

15. Discussion in the Political Committee on 20 June narrowed the field of possible restrictive measures from a starting list of 18 to a short list of four possible import bans:



? Uranium

- fruit, vegetables and wine;
- coal;
- iron and steel;
- gold coins.

Uranium

We have already adopted the last of these measures. To this we could if necessary add two measures that we have already conceded in the Commonwealth forum at Nassau: namely no government to government loans and no government funds for Trade Missions or Trade Fairs.

16. There are also one or two other relatively painless extras which we could if necessary concede. They include

- expulsion of South African military attaches,
- some tightening of the Gleneagles Agreement on sporting contacts,
- a ban on new investment in South Africa
- the possible imposition of a visa regime (though the latter would have resource costs for which the FCO would require additional funds).

However, we would need to hold some of these measures in reserve for use if necessary at the Commonwealth meeting in August.

Details of the implications of possible measures, including all those listed above, are contained in two papers by officials (MISC 118(86) 12 and 16) which are being circulated separately.

17. Foreign Ministers have been called to an advance meeting on the morning of the European Council (26 June). At this and at the Council itself we could hope to draw some support from others (eg the Portuguese and perhaps the Germans - though Genscher does

not plan to be present and they were silent at the Political Committee Meeting on 20 June). We might have a greater chance of achieving some delay if we were ready to offer the suggested Presidency mission. But in deciding how to play our hand in the Community, we need to be aware of the real risk that our emergence as apparently the sole obstacle to a Community conclusion could subsequently provoke an increase in pressure from the Commonwealth and elsewhere.

[Plots what really worries him]

#### Commonwealth Review Meeting

18. Whatever the EC may decide, our Commonwealth partners will press at the Review Meeting for some further measures. The Nassau supplementary list (see Annex B) offers a quarry. The Canadians have already taken some additional measures. It is clear from my meeting on 20 June with Foreign Minister Joe Clark that they appreciate that our practical problems are more substantial than theirs, but are looking to us for some further measures to offset what they see as the Commonwealth impression of "British absolutism".

#### US and Japan

19. We are in consultation with the United States and Japan. Some further move by the United States Administration is likely in due course. The timing is unpredictable. But Congressional pressure is building up. Our aim should be to keep in step, on substance if not on timing (because that will be difficult).

#### Positive measures

20. We should also consider further positive measures (on which the French are very keen). We are considering with the ODA a



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further bilateral contribution to black education. A programme of this kind could be of real value to the Black community in South Africa. There might be scope for a UK initiative at the European Council which, by challenging others to match our contribution, could dilute pressure for further restrictive measures. But we should not count on it to be more than a useful make weight in the general political debate, whether at The Hague or at the Commonwealth Review Meeting.

Conclusion

21. I invite colleagues to agree that the Government, while doing all we can to delay action at least until the Commonwealth Review Meeting in August, should be willing if necessary in the European Community and the Commonwealth to take some further measures on the basis of paragraph 10 above.

Geoffrey Howe

Foreign and Commonwealth Office

June 1986

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Existing British Measures

To add weight to its case, the British Government has for many years followed a policy of both restrictive and positive measures in regard to South Africa. Since 1977 Britain has fully implemented the United Nations Arms Embargo on exports to South Africa (SCR 418) and the Gleneagles Agreement on sporting contacts with South Africa. We have also long refused to collaborate in the military and nuclear fields.

At Luxembourg in 1985 Foreign Ministers of the European Community agreed on a list of restrictive measures:

- a ban on all trade in arms with South Africa and a refusal to co-operate in the military sphere;
- a ban on the export of oil to South Africa;
- a ban on the export of sensitive equipment to the Police or the Armed Forces in South Africa;
- no new collaboration with South Africa in the nuclear field;
- the withdrawal of Military Attachés from Pretoria and a decision not to accredit new South African Military Attachés in EC capitals;
- to discourage scientific and cultural contacts with South Africa except where these could have no part in promoting apartheid.

At the Commonwealth Heads of Government Meeting at Nassau in October 1985 Britain and her Commonwealth partners drew up the Commonwealth Accord including a programme of action which included a number of restrictive measures in addition to those already adopted in the European Community package:

- a ban on all new Government loans to the South African Government and its agencies;
- readiness to take unilaterally what action may be possible to preclude the import of Krugerrands;

/- an end





- an end to Government funding for trade missions to South Africa or participation in any exhibitions and trade fairs in South Africa.

On 23 May 1986 Britain implemented a ban on the import of all gold coins, including Krugerrands, from South Africa.

The economic advancement of Blacks is a prime motor for political change and the collapse of apartheid and we have implemented a series of positive measures to encourage that process:

- with our European partners we have strengthened the Code of Conduct to improve the wages and prospects of black workers employed by European companies in South Africa;
- we have expanded our Aid programme (mostly aimed at improving black education) by 80 per cent in 1986-87. This will include contributions to a proposed Commonwealth scholarship fund for black South Africans;
- assisting the training of black South African trade unionists;
- with our European partners, we are launching a new programme to assist the victims of apartheid.

SOUTH AFRICA: FURTHER MEASURES: COMPARISON OF ATTITUDES  
BETWEEN COMMONWEALTH, EC AND UK

<u>PROPOSED BY DUTCH</u>	<u>LISTED IN CHOGM ACCORD</u>	<u>FOR POSSIBLE CONSIDERATION BY UK</u>
-----	-----	Uranium
-----	-----	Expel SA Military Attaches
-----	-----	Visa regime
Ban on new investment	Ban on new investment	Ban on new investment
Double Taxation Agreements	Double Taxation Agreements	Double Taxation Agreements
Promotion of Tourism	Promotion of Tourism	Promotion of Tourism
Coal, iron, steel	-----	Coal, iron, steel
Fruit, wine, vegetables	Agricultural produce	-----
Credit facilities and loans/trade promotion	Assistance to trade and investment	-----
Air links	Air links	-----
Government procurement	Government procurement	-----
Gold/precious metals	-----	-----
Bank Accounts	-----	-----
-----	Krugerrands	Gold coins*
-----	Trade Missions/Fairs	Trade Missions/ Fairs*
-----	Govt to Govt loans	Govt to Govt loans*

DIPLOMATIC MEASURES PROPOSED BY DUTCH

1. Recall of Ambassadors for consultations.
2. Lowering diplomatic status of EC Missions in South Africa.
3. Withdrawal of Consular facilities for South Africans in SA.

\* = (taken by us but not by EC)



Mr Powell

OO: 24 June

I should be grateful for your approval that the Secretaries of State for Energy and Employment may be invited to attend the above meeting.

You should also be aware that the following will be absent:

- (a) S/S Trade and Industry - Germany (To be represented by the Minister for Trade, Mr Clark)
- (b) S/S Defence - USA
- (c) Lord Chancellor - in judiciary
- (d) S/S N. Ireland - N. Ireland
- (e) Chancellor of the Duchy of Lancaster - maringhose.

Christopher Cloke

APS / Sir Robert Armstrong

x 8319

19 June '86