



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

19 October, 1989.

Dear Stephen,

CHOGM: SOUTH AFRICA

You may like to have a note of the Prime Minister's intervention in the debate on South Africa at CHOGM this afternoon. She used virtually all the material in the enclosed speaking note, but elaborated on it in some respects.

The Prime Minister began by picking up a point from an earlier speaker to the effect that Bishop Tutu supported sanctions. She found this ironic since he had attacked the use of sanctions against Panama, because they cause poverty and misery. Britain spent its time trying to relieve poverty and misery in Africa - she reeled off a list of countries to which we gave emergency aid - and she found it distasteful to be part of a Conference which seemed intent on increasing poverty in South Africa. Sanctions were punitive in their effect. South Africa's population was growing very rapidly, and the country needed 2½% per annum growth simply to keep pace with the increase in population. By trying to prevent access for South Africa to external financing, CHOGM was deliberately putting this target out of range.

The Prime Minister continued that she did not deny that sanctions had an economic effect. She read aloud from a letter she had recently received from a British company which had invested in pineapple canning in South Africa, but found its export markets in the USA and Canada closed by sanctions and had therefore been forced to close. The result had been that 1,100 black South Africans and 40 white South Africans had lost their jobs. That was 1,140 families deprived of an income. Yes, in that sense sanctions worked. But they did not affect policies, at least not in the way intended. Indeed they were counter-productive. Moreover, it was very difficult to reconcile some of the speeches made with actual performance. The Prime Minister quoted figures to show that Britain's share of South Africa's imports and exports had fallen further over the last eight years than that of the rest of the Commonwealth. Our share had been largely picked up by Japan and Germany.

The Prime Minister said that she had no doubt at all about her credentials to speak on the subject of apartheid and South Africa. Some harsh things had been said during the debate. She was perfectly used to that, and capable of defending herself. On the subject of racialism, she would like to remind some of those who had spoken that two African Governments had expelled all their Asian citizens some years ago, and it had been left to Britain to take them in. In addition, we had brought Zimbabwe to independence, and subsequently provided military training to create a new Zimbabwe army. We did not believe in sanctions which punished the poor. We preferred a constructive course. We were providing substantial help for black South Africans: for their education, for their housing, for projects in rural areas, for refugees from Mozambique, for aid to the Front Line States. We were also assisting Operation Hunger in South Africa. We did not want people to be without food: but the aim of many others at CHOGM seemed to be to multiply the number of those who were hungry.

The Prime Minister continued that she wanted to make quite clear that we would have nothing to do with further sanctions or pressure on South Africa in the present situation. We would use all our influence to help get rid of apartheid, but not to punish the weakest and poorest members of South Africa's population. The rescheduling by the banks of South Africa's loans had been a perfectly straightforward transaction, in line with their legal obligations to their shareholders. It showed the folly of talking of financial sanctions.

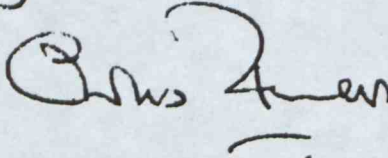
The Prime Minister said that the way forward was to hold strictly to the EPG concept, exactly as it had been set down at Nassau. This was very different to the Harare Declaration which tried to tell the people of South Africa what they should do and with whom they should negotiate. It was not for outsiders to do this, as the Commonwealth had agreed at Nassau. There was not a Head of Government in the room who would take orders from the Commonwealth on how to run his country. That was why she could not possibly accept the five points proposed by Mr. Hawke, which she had only just seen. As the ex-colonial power, we were only too well aware of the sensitivity of Governments to instructions and advice from outside.

The Prime Minister continued that we should offer South Africa some positive incentives to change. She was not suggesting that we should remove existing sanctions or other measures at this stage. But as things improved in South Africa, we should be ready to do so. This was the way to secure real leverage over the South African Government.

Turning to Namibia, the Prime Minister said that she had not been at all happy with the report of the Commonwealth Observer Group. The Commonwealth's duty was to give unequivocal

support to the UN Secretary-General. She had been in Namibia on 1 April when SWAPO had come over the border, and it was just as well - no other member of the Commonwealth would have carried sufficient influence with South Africa to stop them from retaliating, thus ensuring the demise of the UN plan. She found the Commonwealth Report very far from objective, with virtually no reference to SWAPO's breaches of the Agreement, or to the fact that the UN was unable to monitor SWAPO forces in Angola or to SWAPO atrocities against its detainees. The Prime Minister quoted a number of vivid descriptions of these. It was the UN's responsibility to run elections, and the interim period that would follow. Only the Secretary-General could certify that the elections had been free and fair, and others must accept his judgement. When she heard some delegations say that there would be violence if SWAPO did not win a two-thirds majority, she was appalled. All parties were bound by the UN Resolution, and must support the verdict reached by the Secretary-General. Meanwhile, we remained ready to give the UN any practical help which they needed.

Summing up, the Prime Minister said that the United Kingdom would do everything possible to get rid of apartheid, but also wanted to ensure that the new South Africa which would emerge inherited a strong economy. In Namibia we should stick to the UN Agreement just as the UK had stuck faithfully to its obligations in relation to Zimbabwe's independence.

Yours sincerely,


(C.D. Powell)

Stephen Wall, Esq.,
Foreign and Commonwealth Office.

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FINAL DRAFT PREPARED BY THE AD HOC COMMITTEE
OF FOREIGN MINISTERS

SOUTHERN AFRICA: THE WAY AHEAD

THE KUALA LUMPUR STATEMENT

South Africa

1. Heads of Government continued to view the system of apartheid in South Africa as a serious challenge to the values and principles of the Commonwealth and reaffirmed that its total eradication remained their shared responsibility and common goal.

2. Heads of Government reviewed the situation in South Africa against the possibility that significant changes in approach on the part of the South African regime, for which the Commonwealth had striven for so long, may yet prove to be within reach. In recent weeks, the regime had accepted a degree of peaceful political activity by the black majority and on the eve of this Meeting had released from prison eight political leaders.

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3. However, they noted that the state of emergency remained in force; the ANC, the PAC and many other organisations remained banned; Nelson Mandela and other political prisoners remained incarcerated; many more continued to be detained without trial; and executions in political cases had not stopped. There had also been no action to indicate that the new South African Government was prepared to dismantle the pillars of apartheid, especially the Group Areas Act, the Population Registration Act, the Bantustan 'homelands' policy and the system of separate education.

4. Heads of Government agreed that such encouraging signs as there had been were very much the product of a combination of internal and external pressures. In this context they welcomed the role now being played by the Mass Democratic Movement in its sustained, disciplined and peaceful opposition to apartheid. They attached importance to acceptance of peaceful demonstrations and political manifestations as a test of the sincerity of the new Government and its professed desire for change.

5. In considering the way forward, Heads of Government reiterated their preference for a negotiated and peaceful

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settlement and in this context reaffirmed the continuing validity of the EPG's 'Possible Negotiating Concept'. Among other measures, that Concept calls for

- "On the part of the (South African) Government:
 - (a) Removal of the military from the townships, providing for freedom of assembly and discussion and suspension of detention without trial.
 - (b) The release of Nelson Mandela and other political prisoners and detainees.
 - (c) The unbanning of the ANC and PAC and the permitting of normal political activity.

- On the part of the ANC and others:
 - Entering negotiations and suspending violence.

They noted with satisfaction the strong preference for the path of negotiated and peaceful settlement also inherent in the 1989 Harare Declaration of the Ad Hoc Committee of the Organisation of African Unity on Southern Africa endorsed by the Non-Aligned Movement at its Belgrade Summit last month. It is agreed on all sides that the South African Government and the authentic representatives of the majority population should come to the table prepared to negotiate the future of the country and its people in good faith, in an atmosphere free of violence from either side.

6. Heads of Government had recognised in their Nassau Accord that the constitutional system was a matter for all the people of South Africa to decide. They continued to believe that the Commonwealth's role in this regard was essentially to facilitate the opening of negotiations between the South African authorities and authentic black leaders.

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7. They agreed that the only justification for sanctions against South Africa was the pressure they created for fundamental political change. Their purpose was not punitive, but to abolish apartheid by bringing Pretoria to the negotiating table and keeping it there until that change was irreversibly secured. In this respect Heads of Government noted that leading personalities in the South African Government had themselves acknowledged the increasing pressures on the South African economy, and that those pressures would not be diminished until fundamental political change had taken place.

8. Heads of Government, other than Britain, also acknowledged that the impact of sanctions had begun to influence the policies of the South African regime. The effectiveness of sanctions in this regard had also been demonstrated by the Report on Sanctions commissioned by the Commonwealth Committee of Foreign Ministers on Southern Africa and prepared by a group of independent experts which was before the Meeting. They considered that the Report had made a significant contribution towards public understanding of the issues, and that its recommendations would need to be considered in the light of developments in South Africa and the region.

9. In considering what further steps they might take to advance the prospects for negotiations, Heads of Government

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expressed the view that this was not the time to consider any relaxation of existing sanctions and pressures. That would have to await evidence of clear and irreversible change. In the meantime, they agreed that all existing sanctions and measures should be maintained, and they called upon the wider international community to do likewise.

10. They also agreed, with the exception of Britain, that such measures should be tightened, and decided in this context

(a) to develop new forms of financial pressure on the Pretoria regime by seeking to intensify and extend financial sanctions, in particular by

- calling on all relevant banks and financial institutions to impose tougher conditions on day-to-day trade financing, specifically through reducing the maximum credit terms to 90 days; and
- calling on relevant governments to make trade credits harder to get by taking South Africa "off cover" with official government agencies for official trade credit and insurance purposes,

and agreed that their Chairman should communicate these decisions to the relevant financial institutions and to other governments; and

(b) to support the initiative developed by the Commonwealth Committee of Foreign Ministers on Southern Africa to strengthen the arms embargo, and continue to pursue it at the United Nations in the 421 Committee.

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11. Heads of Government recognised the importance of South Africa's dealings with the international financial community and therefore, with the exception of Britain, endorsed the establishment of an independent agency to review and report on South Africa's international financial links on a regular basis, and to gather and publicise factual information on financial flows to, and policies towards, South Africa. They welcomed the offer of the Government of Australia to provide substantial initial funding.

12. Heads of Government noted that the longer apartheid remained in South Africa, the greater the challenge that would face a future government in rebuilding the South African economy. In particular they noted that the resumption of international lending to South Africa would not be automatic and that an international effort to assist in the mobilisation of resources would probably be necessary. They agreed to ask appropriate international financial institutions, and in particular the IMF, to examine now how resources might be mobilised upon evidence of clear and irreversible change.

13. Heads of Government welcomed increasing instances of dialogue among South Africans across the racial divide. They were encouraged by the proposals for negotiations, many elements of which reflected Commonwealth concepts, which had

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been advanced by leaders of the black majority. In this regard, they agreed to continue, individually and collectively, to take advantage of all opportunities to promote dialogue among South Africans.

14. They agreed that the Commonwealth should continue to provide support to the victims and opponents of apartheid within South Africa. Of importance were educational programmes, including in particular the Nassau Fellowships, legal and humanitarian assistance to detainees and their families, support for the trade union movement, and economic and social development programmes including low-cost housing projects.

15. They attached importance to the work of the newly established Commonwealth network of non-governmental organisations, "Skills for South Africa", to provide high-level training and work experience for victims of apartheid and so contribute both to the process of change in South Africa and the development of the skills required in a post-apartheid society. They undertook to provide support and resources to assist in the implementation and co-ordination of this work.

16. Heads of Government reaffirmed the continuing high priority of the Commonwealth effort to expose the truth about apartheid and to counter South African propaganda and

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censorship. They welcomed the Commonwealth strategy prepared by the Working Party set up as part of the Okanagan Programme of Action. They noted that a number of countries had already implemented and funded national action plans. They stressed the particular importance of the support being given to the embattled alternative press and other groups in South Africa resisting censorship.

Namibia

17. Heads of Government welcomed the implementing of Resolution 435, and looked forward to the holding of free and fair elections leading to the emergence of a genuinely independent Namibia. They reaffirmed their full support for the United Nations Secretary-General, and the UN's efforts to ensure the integrity of the Settlement Plan. Heads of Government looked forward to welcoming a free Namibia into the Commonwealth.

18. They noted that the Report of the Commonwealth Observer Group on Namibia had identified a number of areas of urgent need if an independent Government emerging from the Resolution 435 process was to be able to govern effectively. They accordingly called for the provision of a special and enlarged multilateral package of assistance in addition to bilateral aid. To this end they requested the Commonwealth Secretary-General to send a small team of experts to Namibia

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as soon as practicable after the elections to advise on possible Commonwealth assistance.

19. Heads of Government also noted that the Report drew attention to what the Group had viewed as moves by the South African Government to retain a continuing ability to destabilise an independent Namibia, and they were of the view that any steps taken by South Africa to this end would inevitably call into question its declarations of good faith in respect of these and other matters, and particularly its expressed desire now to seek peaceful co-existence with its neighbours.

20. Heads of Government called on all the parties to the Resolution 435 Settlement Plan and all political groups within Namibia to fully meet their respective responsibilities and obligations, including full co-operation with the UN authorities, to conclude the process of bringing into being a free, independent and stable Namibia.

21. Heads of Government expressed their concern that a post-independence Namibia be able fully to realise its economic potential and contribute to the development of the larger Southern Africa region. In this respect, they expressed the hope that the early re-integration of Walvis Bay into Namibia in accordance with Security Council

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Resolution 432 (1978) would be able to be achieved, noting that compliance with this by South Africa would be a convincing demonstration of its good faith and commitment to the long-term viability of its newly independent neighbour.

Other Developments in the Southern African Region

22. Heads of Government noted that notwithstanding international condemnation, South Africa's campaign of destabilisation against its neighbours had resulted in untold misery and destruction and was graphically documented in The Destabilisation Report.

23. Despite some welcome improvement in the security situation in the south-west of the African continent, Heads of Government observed that the MNR's murderous activities continued on a major scale in Mozambique and elsewhere; and destabilisation remained a major factor in the region's security crisis. Heads of Government unreservedly condemned South Africa's support for the MNR and other acts of destabilisation. Heads of Government reiterated the view, however, that only the eradication of apartheid in South Africa would enable the region to develop in peace.

24. Special efforts were needed to strengthen and develop the economies of Southern Africa so as to relieve them of South African economic domination. Heads of Government

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considered that the Southern African Development Co-ordination Conference (SADCC), deserved particular support and encouragement. To that end, they mandated the Secretary-General to carry out an Action Plan in consultation with SADCC, the Africa Fund, the Preferential Trade Area and the interested states in the region and elsewhere, to promote trade and investment in the Front-Line and neighbouring states. In the provision of assistance to SADCC countries, efforts should also be made, where possible, to purchase capital goods and services from within the region thus stimulating regional production, employment, trade and transportation.

25. Heads of Government identified a continuing need for assistance to the Front-Line States. While there had been significant contributions in this area by a number of Commonwealth and other governments, much remained to be done to meet the security needs identified in the special report by General Olusegun Obasanjo, commissioned by the Vancouver Meeting.

26. Heads of Government welcomed the successful establishment of the Special Commonwealth Fund for Mozambique, which had augmented bilateral contributions from Commonwealth countries including those of the Front-Line states. Heads of Government recognised the importance of continuing contributions to the Fund in view of Mozambique's key geographical position and its role in Southern Africa.

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Continuing Review

27. With the exception of Britain, Heads of Government commended the Commonwealth Committee of Foreign Ministers established by the Okanagan Statement for its reports, and agreed that it should continue with its work, under the chairmanship of the Canadian Secretary of State for External Affairs; that the Foreign Minister of Malaysia be added to its members; and that it report again when Heads of Government next meet. They expressed the wish that it reconvene in April, some six months after the new administration in Pretoria took office.

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