

CONFIDENTIAL

PRIME MINISTER

SOUTH AFRICA

I think we need to galvanize the Foreign Office into taking steps to start the process of rolling back measures against South Africa. It is quite clear from President de Klerk's further message to you that he will be bitterly disappointed if we cannot say something about lifting the voluntary ban on new investment when Mandela is released. This was agreed in an EC context, but because it is voluntary, is not covered by any binding regulation. De Klerk will be even more interested in getting access to funds from the World Bank and the IMF. This is not within our gift and the Americans will be crucial here. Once again we should start to be active, through messages from you to various Heads of Government.

I would like to write in terms of the attached letter to the Foreign Office. Would you be content with this?

CDP

(CHARLES POWELL)

3 February 1990

Yes not

very good

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10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

3 February 1990

*Dear Stephen,*

SOUTH AFRICA

You will have noticed that in her remarks to the press yesterday, following President de Klerk's speech, the Prime Minister said that we would be considering how further we could respond to the proposals in the speech, because we believed in carrots as well as sticks. The Prime Minister added that she would be in touch with some of her fellow Heads of Government to see what we can do to relax some of the minor sanctions against South Africa.

The Prime Minister would now like to see these points followed up rapidly. It is quite clear from President de Klerk's further message that what matters most to the South Africans is access to foreign investment. It is in this area that we should start to relax restrictions, once Mandela is released, and it is clear that the remaining aspects of the Emergency will be lifted. The Prime Minister's view is that, as soon as these conditions are fulfilled, we should announce that we shall no longer subscribe to the voluntary ban on investment and will encourage other EC countries to do likewise. Although the EC ban derives from a decision of the Council of Ministers, it is voluntary and we should not necessarily wait for other members of the EC before taking action. We should also say that we would support restoration of South Africa's access to World Bank and IMF funds and will be in touch with other governments about this.

The Prime Minister hopes the Foreign Secretary will raise these matters within the European Community at Monday's Council of Ministers, proposing that not only the voluntary ban on new investment but other EC restrictions, e.g. those on Krugerrands and coal and steel should be lifted as soon as our conditions are met. The Prime Minister would also like to send messages to selected Heads of Government about South Africa's access to international funds and the way ahead more generally in the present situation. She has in mind particularly President Bush, Chancellor Kohl and President Mitterrand. It would be helpful to have advice on Commonwealth Heads of Government to whom she might also send early messages, referring to the commitment in the conclusions of the last Commonwealth Conference to start lifting measures as soon as the EPG conditions were fulfilled.

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I am copying this letter to John Gieve (HM Treasury) and Neil Thornton (Department of Trade and Industry).

Yours sincerely,  
*C.D. Powell*

C.D. POWELL

J.S. Wall, Esq.  
Foreign and Commonwealth Office.

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faxed to  
Chearers 3/2

~~PRIME MINISTER~~

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3 February 1990

*Dear Steph,*

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You will have noticed that in her remarks to the press yesterday, following President de Klerk's speech, the Prime Minister said that we would be considering how further we could respond to the proposals in the speech, because we believed in carrots as well as sticks. The Prime Minister added that she would be in touch with some of her fellow Heads of Government to see what we can do to relax some of the minor sanctions against South Africa.

The Prime Minister would now like to see these points followed up rapidly. It is quite clear from President de Klerk's further message that what matters most to the South Africans is access to foreign investment. It is in this area that we should start to relax restrictions, once Mandela is released, and it is clear that the remaining aspects of the Emergency will be lifted. The Prime Minister's view is that, as soon as these conditions are fulfilled, we should announce that we shall no longer subscribe to the voluntary ban on investment and will encourage other EC countries to do likewise. Although the EC ban derives from a decision of the Council of Ministers, it is voluntary and we should not necessarily wait for other members of the EC before taking action. We should also say that we would support restoration of South Africa's access to World Bank and IMF funds and will be in touch with other governments about this.

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