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Western Europe: Government Policies Toward South Africa

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An Intelligence Assessment

PROJECT NUMBER EURA-0111-86

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PAGE NUMBERS 24 *UB*

TOTAL NUMBER OF COPIES 580

DISSEM DATE 86/07/31

EXTRA COPIES 453-479

RECORD CENTER 480-529

JOB NUMBER 425-843 *0003*

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Western Europe: Government Policies Toward South Africa



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An Intelligence Assessment

This paper was prepared by [redacted] Office
of European Analysis, with contributions from [redacted]
[redacted] Office of Global
Issues; and the South Africa Branch, Office of
African and Latin American Analysis. [redacted]

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Comments and queries are welcome and may be
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**Western Europe:
Government Policies
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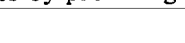


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Key Judgments

*Information available
as of 7 July 1986
was used in this report.*

West European countries abhor apartheid, but most are ambivalent about how to deal with South Africa:

- Although they want to push Pretoria toward meaningful reforms, most have taken only limited punitive measures such as recalling military attaches, freezing official contacts in the sporting and security spheres, or discouraging the import of fruits and vegetables. The collapse of the Commonwealth initiative to find a basis for negotiations and Pretoria's imposition of a state of emergency in June escalate pressures on all capitals to do more.
- A major inhibition to stronger action is that many have a significant economic stake in South Africa and do not want to risk damage to their own economies. Even while avoiding imposition of strict economic sanctions, however, West European business interests have cut back on their South African investments, a factor in Pretoria's ongoing debt crisis.
- At the same time, West European governments are promoting good relations with the South African black majority and the surrounding black states by providing them educational, humanitarian, and development aid. 

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Most West European countries prefer to take any punitive actions within a multilateral context such as the European Community and the Nordic Council, and to wrap their decisions in the mantle of the United Nations. Predictably, states with the closest economic, cultural, and political relationships with South Africa are the least inclined to take harsh measures:

- The EC states vary in their approach from a fairly hard-line stance by the Danish to strong resistance to further measures by the British and West Germans. Belgium and Portugal have large expatriate communities in South Africa and fear that their interests in former colonies in southern Africa could be damaged by the ripple effect of a besieged South African economy. France, which under the Socialists was in the forefront of sanctions supporters, has taken a softer stance under the center-right government elected in March. We believe these differences preclude more than modest new EC sanctions unless the situation in South Africa deteriorates significantly.

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- The Nordic states are the most enthusiastic about sanctions and have steadily increased their scope. In our view, they will continue to push for a Security Council resolution calling for binding sanctions among UN member states.

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Limited polling evidence indicates that West European publics are undecided about whether their countries' businesses should continue to operate in South Africa and whether sanctions would be effective in forcing Pretoria to make reforms. A USIA poll taken late last year in the United Kingdom, West Germany, the Netherlands, Italy, and France, however, shows that the better educated in these countries generally favor sanctions. We believe, therefore, that, if violence escalates in South Africa, this group's role as an opinion leader would eventually increase public pressure on governments to do more. Indeed, lobbying groups have already emerged in many countries, and individual organizations—particularly labor unions—are voluntarily boycotting South African goods.

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We, therefore, believe that, if Pretoria institutes a massive crackdown to quell black unrest, West European governments would come under great domestic pressure to increase pressure on Pretoria. In the unlikely event that Pretoria initiated meaningful political discussions with black leaders, the Europeans would probably respond guardedly and remain skeptical of white intentions. They would probably, however, be more inclined than previously to help negotiate a settlement.

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As long as Pretoria keeps domestic unrest largely in check, the West Europeans will probably continue trading with South Africa and will focus their already curtailed investment on short-term profits. Some of the states with more at stake, like the United Kingdom and West Germany, will continue to use their influence for moderation and to urge reform on Pretoria.

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West European trade with South Africa is not large in terms of the Europeans' overall trade, but is still significant. Outside of the trade in gold and strategic minerals, for which we have incomplete statistics, a complete trade embargo on South Africa would affect less than 1 percent of the exports and imports of most West European countries, according to 1984 United Nations figures. Even the United Kingdom imports only slightly more than one percent—about \$1.1 billion—of these commodities from South Africa, while exporting about \$1.6 billion to that country.

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A recent analysis of the effect of comprehensive economic sanctions on South Africa concludes that Pretoria is prepared for—and probably capable of weathering—such strictures for several years. In addition, Pretoria relies on gold and diamond sales for about 60 percent of its export

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earnings, and we believe that even in the event of strict sanctions South Africa would be able to continue to trade these high-value commodities by disguising points of origin and selling through third countries.

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Outside of trade aspects, many West European countries worry that sanctions could affect domestic employment. Both Prime Minister Thatcher and Foreign Minister Howe, for instance, claim that 120,000 British jobs would be jeopardized by full-scale economic sanctions against Pretoria. Denmark, which banned trade with South Africa in June, could see about 2,000 jobs affected, according to employers. In addition, the British hold assets worth more than \$15 billion in South Africa, according to press reports, and fear these could be at risk from South African retaliation if London imposes sanctions.

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Although British Prime Minister Thatcher adamantly opposes sanctions, over the past year she has agreed to new measures under both the EC and the Commonwealth aegis. Her usual tactic is to agree to mild new measures while proposing diplomatic initiatives, but she probably needs some concessions from South Africa to keep this tactic viable. In the absence of such concessions she will be increasingly pressed, not least by changes in the domestic climate, to take a tougher stance. Nevertheless, we continue to believe that Thatcher will resist more than mild new measures unless the US imposes tough sanctions.

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The EC as an organization is also likely to seek negotiated solutions to the turmoil in South Africa. In general, however, these states tacitly acknowledge US primacy in this area and will tend to provide quiet support for US initiatives and take their cues from Washington on further sanctions.

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**Western Europe:
Government Policies
Toward South Africa**

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Introduction

West European governments have watched the turmoil in South Africa over the past year with some ambivalence. For years they had been concerned with the struggle over Namibia, usually in the UN context, and had imposed an arms embargo in 1977 against South Africa in response to Security Council Resolution 418. Several joined the United States in the Contact Group—the United Kingdom, France, West Germany, Canada, and the United States—which tried to find a negotiated solution to end South Africa’s control over Namibia. Although some had long urged the United States to do more, most acquiesced in the United States policy of “constructive engagement” aimed at encouraging change in South Africa through a quiet dialogue with the white minority regime and the judicious employment of carrots and sticks. But the increase in social strife and violence in South Africa, which brought the United States to advocate a tougher policy toward Pretoria, also prodded West European governments into action. In the last year they have enacted some new punitive measures that range from fairly stiff bans on new investment and promotion of trade in the Nordic countries, to milder measures such as recalling military attaches, freezing official contacts in the sporting and security spheres, discouraging the import of fruits and vegetables, and canceling cultural and scientific agreements.¹ [Redacted]

than from sanctions. Nonetheless, the imposition of even mildly punitive sanctions, as well as the threat of harsher measures, has contributed to the loss of investor confidence, slowed economic recovery, and helped trigger a debt crisis that threatens South Africa’s access to international financial markets.

[Redacted]

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Differences in political and economic relations with Pretoria inhibit unanimity of view on what else, if anything, Western Europe should do. Some countries, like the United Kingdom and West Germany, which have both large trading and investment interests and also former colonial ties to South Africa, oppose further sanctions on the grounds that these would do more harm to black interests than to the white government. The Nordic countries disagree and seem willing to impose stronger sanctions, but only if their own economies would not be much affected. Former colonial powers in the region, which include Great Britain, Portugal, Belgium, and West Germany, usually still see themselves as having some special relationship with their former colonies. They are often pulled in two directions, therefore, because they do not want to alienate the black states in the region, the blacks in South Africa, or the white regime. [Redacted]

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So far, Western punitive measures have been designed to have more political than economic effect on South Africa—what one *Times of London* columnist in late November tagged “symbolic pinpricks.”² On balance, we agree that the sanctions imposed have been largely symbolic. South Africa’s recent economic troubles have stemmed more from stagnant export revenues

What has evolved from all these differing points of view, differing relationships, and differing equities is basically a two-pronged—occasionally three-pronged—policy in West European capitals. Most countries, along with the punitive measures against Pretoria, offer educational and humanitarian aid to the black majority such as university scholarships, teacher training, and refugee assistance. The Nordic states, for instance, allocate about 35 percent of their total bilateral assistance to southern Africa. Great Britain, West Germany, and France have also tried to facilitate negotiations through the Contact Group between the Frontline States—Angola, Botswana,

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¹ See appendix for comprehensive list of actions taken by the West European governments. [Redacted]

[Redacted]

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Table 1
Western Europe: Exports to South Africa ^a

Million US \$

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Western Europe ^b	4,541	3,925	3,592	4,548	5,074	7,792	8,554	7,054	5,845	6,399
Germany	1,383	1,253	1,126	1,546	1,718	2,536	2,734	2,549	1,960	2,359
United Kingdom	1,491	1,167	1,025	1,293	1,545	2,345	2,482	2,107	1,696	1,640
Italy	339	269	265	315	325	594	729	549	485	525
France	433	493	497	606	531	965	1,082	631	509	507
Netherlands	220	192	146	185	213	264	320	237	236	274
Belgium/Luxembourg	148	116	135	148	174	256	304	231	224	252
Switzerland	200	151	148	206	233	301	344	265	235	239
Sweden	138	97	80	93	121	182	201	162	141	194
Finland	30	36	24	29	34	51	55	70	77	92
Norway	38	38	34	31	51	98	72	56	75	87
Austria	55	52	51	43	60	86	91	75	70	78
Denmark	32	28	22	26	33	58	66	58	62	68
Ireland	16	10	11	14	17	23	35	34	40	42
Portugal	14	19	24	11	14	27	30	23	30	35
Greece	5	4	4	3	7	5	6	5	4	5
Turkey	1	0	0	0	0	0	1	1	2	1

^a UN trade statistics, excluding gold trade.^b Because of rounding, components may not add to totals shown.

Mozambique, Tanzania, Zambia, and Zimbabwe—and South Africa over the independence of Namibia. At the same time, countries like the United Kingdom and West Germany also try to keep lines open to the South African Government to be able to use their influence for moderation. [redacted]

The Economic Stake

Although West European trade with South Africa is not large in comparison to the trade these countries conduct with each other, it does put South Africa in the same league with other significant trading partners (see tables 1 through 4). According to US diplomatic reporting, Western Europe remained South Africa's largest trading partner in 1985, exporting goods worth \$4.6 billion to Pretoria and buying about \$3.8 billion of South African goods. According to *The Economist*, the United Kingdom and West Germany together supply more than 25

percent of South Africa's imports. The French, who took a more critical attitude toward the South African regime under the Socialists, supply less than 4 percent. Even countries with relatively small bilateral trade are loath to curtail it, although sanctions and boycotts are chipping away at parts of it, especially coal. France has announced it will not renew contracts for South African coal, and Denmark—which has been Pretoria's largest coal customer—will begin phasing out its purchases this year. [redacted]

West European governments worry, however, about their dependence on South Africa for most of their strategic minerals—chromium, manganese, vanadium, and the platinum group. Our figures are incomplete, but we estimate that Western Europe imports

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Table 2
South African Share of West European Exports^a

Percent

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Western Europe^b	1.29	1.01	0.80	0.84	0.75	1.00	1.19	1.02	0.86	0.92
United Kingdom	3.42	2.54	1.78	1.81	1.71	2.05	2.43	2.18	1.86	1.74
Germany	1.54	1.23	0.96	1.09	1.00	1.32	1.56	1.45	1.16	1.38
Switzerland	1.54	1.03	0.85	0.88	0.88	1.02	1.29	1.04	0.93	0.93
Italy	0.97	0.73	0.59	0.56	0.45	0.76	0.97	0.75	0.67	0.72
Finland	0.54	0.56	0.31	0.34	0.30	0.36	0.39	0.54	0.61	0.69
Portugal	0.71	1.05	1.17	0.45	0.41	0.57	0.73	0.55	0.66	0.67
Sweden	0.79	0.53	0.42	0.43	0.44	0.59	0.71	0.61	0.52	0.66
France	0.84	0.89	0.78	0.79	0.54	0.87	1.07	0.68	0.56	0.54
Austria	0.73	0.61	0.52	0.35	0.38	0.49	0.58	0.48	0.45	0.50
Belgium/Luxembourg	0.52	0.35	0.36	0.33	0.31	0.40	0.55	0.45	0.43	0.49
Norway	0.52	0.48	0.39	0.31	0.38	0.53	0.40	0.32	0.42	0.46
Denmark	0.37	0.31	0.23	0.23	0.23	0.36	0.42	0.39	0.40	0.44
Ireland	0.49	0.30	0.24	0.24	0.24	0.27	0.45	0.42	0.47	0.44
Netherlands	0.63	0.48	0.34	0.37	0.34	0.36	0.47	0.36	0.36	0.42
Greece	0.20	0.15	0.15	0.09	0.17	0.09	0.15	0.12	0.09	0.10
Turkey	0.05	0.02	0.01	0.02	0.01	0.01	0.01	0.02	0.04	0.01

^a UN trade statistics, excluding gold trade.

^b Because of rounding, components may not add to totals shown.

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from 92 to 100 percent of its requirements for these minerals from South Africa. South African officials, including President Botha, have hinted they might retaliate for sanctions by cutting off the supply. According to the US Embassy in Pretoria, officials of the South African Minerals Bureau have argued, however, that such a move would be counterproductive over the long term because industrial nations could find other sources of supply and develop substitutes. [redacted] 25X1

Aside from limited stockpiling of some minerals such as vanadium and platinum, the West Europeans do not in fact appear to take Pretoria's rumblings too seriously, possibly because these minerals are available—at higher prices—from other sources, including the Soviet Union.³ In any case, it would be relatively [redacted] 25X1

simple to bypass South African export restrictions by using third-country transactions that obscure points of origin and intended destinations. [redacted] 25X1

West European investment in South Africa is significant, although precise figures are hard to obtain because many governments, like the United Kingdom and West Germany, do not require disclosure. The British have the largest share, and, according to press reports, hold about \$17 billion of the total \$44 billion in foreign investment. West German investment, as estimated by the US Embassy in 1985, is about \$408 million; press estimates go as high as \$2.6 billion. Belgians hold about \$400 million in direct and about \$1 billion in indirect investment, with about 20 percent of the latter in gold stocks. The French have been [redacted] 25X1

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Table 3
Western Europe: Imports From South Africa ^a

Million US \$

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Western Europe ^b	2,371	3,071	3,942	4,363	5,087	6,041	4,992	4,643	4,006	4,200
United Kingdom	823	1,248	1,669	1,555	1,300	1,721	1,354	1,409	1,292	1,132
Germany	585	692	817	943	1,160	1,365	1,041	1,037	899	972
France	232	294	482	705	951	1,162	1,002	739	583	660
Italy	198	214	248	292	559	657	616	496	415	523
Belgium/Luxembourg	223	251	298	334	429	445	394	389	315	298
Netherlands	72	99	124	188	250	190	217	157	113	151
Turkey	2	4	5	7	6	5	26	29	35	90
Switzerland	31	29	54	63	87	126	79	77	92	88
Austria	47	54	69	78	88	109	67	65	55	70
Sweden	38	41	29	41	56	62	49	58	53	51
Norway	46	53	32	39	37	35	33	46	32	45
Portugal	24	29	43	49	61	54	42	46	35	37
Greece	13	20	29	28	51	54	21	27	41	30
Finland	10	9	8	10	13	17	22	33	14	21
Ireland	14	15	19	19	25	25	18	21	17	19
Denmark	14	19	16	14	14	13	11	17	14	13

^a UN trade statistics, excluding gold trade.

^b Because of rounding, components may not add to totals shown.

reducing their share holdings for several years; diplomatic reporting indicates they have about \$1.6 billion in direct investments in South Africa. Austria, Sweden, and other states also have investment holdings there. Indirect investment is especially hard to quantify because much of it is channeled through foreign banks and multinationals. Whatever their stake, not a single West European government has advocated a policy of disinvestment in South Africa, although several have banned new investment. Nevertheless, the press documents over 30 multinational businesses that have either reduced their stakes in South Africa or have left altogether. Even British firms, which seem more committed to staying than businesses from elsewhere, have cut back. Over the past decade, South Africa has received little, if any, new long-term direct investment capital from abroad.

Pretoria is prepared for, and could probably weather, even comprehensive economic sanctions for several years. Over the longer term, strong sanctions would impede growth and intensify domestic political conflict. Since the 1960s, Pretoria has pursued a program of import substitution and stockpiling that has included trade subterfuges. South Africa has also tried to limit its vulnerability to foreign investment withdrawal by ensuring that most capital investment—currently about 90 percent—remains in South African hands.

As a consequence, South Africa probably could meet basic needs in food, clothing, housing, and medical care indefinitely, and its largely self-contained industrial system could operate with minimal imports for as

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Table 4
South African Share of West European Imports ^a

Percent

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Western Europe ^b	0.64	0.73	0.83	0.78	0.70	0.70	0.65	0.64	0.57	0.59
United Kingdom	1.54	2.23	2.62	1.98	1.27	1.46	1.34	1.42	1.30	1.07
Turkey	0.05	0.08	0.09	0.16	0.12	0.07	0.29	0.33	0.40	0.85
Italy	0.52	0.50	0.53	0.53	0.73	0.67	0.69	0.59	0.53	0.64
France	0.43	0.46	0.69	0.86	0.89	0.87	0.83	0.64	0.55	0.64
Germany	0.79	0.79	0.81	0.78	0.74	0.73	0.64	0.67	0.59	0.64
Belgium/Luxembourg	0.74	0.71	0.74	0.69	0.71	0.63	0.64	0.68	0.59	0.54
Portugal	0.63	0.68	0.86	0.94	0.93	0.58	0.43	0.51	0.43	0.48
Austria	0.50	0.47	0.49	0.49	0.43	0.45	0.32	0.33	0.28	0.36
Norway	0.47	0.47	0.25	0.34	0.27	0.21	0.21	0.30	0.24	0.32
Greece	0.25	0.33	0.42	0.37	0.53	0.51	0.24	0.27	0.43	0.31
Switzerland	0.23	0.20	0.30	0.26	0.30	0.35	0.26	0.27	0.32	0.30
Netherlands	0.21	0.25	0.27	0.35	0.37	0.25	0.33	0.25	0.18	0.24
Ireland	0.36	0.37	0.36	0.27	0.26	0.22	0.17	0.21	0.19	0.20
Sweden	0.21	0.21	0.14	0.20	0.20	0.19	0.17	0.21	0.20	0.19
Finland	0.13	0.13	0.11	0.13	0.11	0.11	0.15	0.24	0.11	0.17
Denmark	0.13	0.15	0.12	0.09	0.08	0.07	0.06	0.10	0.09	0.08

^a UN trade statistics, excluding gold trade.

^b Because of rounding, components may not add to totals shown.

long as four years. Official data show that the government spent some \$2 billion between 1960 and 1979 building and maintaining nonmilitary strategic stockpiles. Pretoria's strategic oil reserve reportedly would last more than three years at present rates of consumption, and [redacted]

[redacted] government stocks of industrial spare parts and other critical items now equal about one year's consumption. Pretoria still relies heavily on imports for new and replacement capital goods and machinery, including computers, and the South African chemical industry cannot produce many essential catalysts and compounds essential to mining and agriculture. [redacted]

[redacted] a partial boycott of South African exports would have a significant, but not crippling, effect on earnings. Gold and diamonds account for 60 percent of export earnings, and we believe South Africa would be able to circumvent

sanctions on these items by obfuscating their point of origin. Sales of gold and diamonds are already hard to trace, and they can be airlifted to overseas markets. Coal, steel, and agricultural exports are more easily traced, but they account for only 20 percent of South Africa's export earnings. [redacted]

Over the longer term, comprehensive sanctions, or the cumulative effect of gradually expanding measures, would stifle growth as resources were diverted to replace embargoed goods and as capital goods wore out. A disruption of international financing combined with lower export earnings also probably would sharply reduce South Africa's capacity to buy imports needed for production. [redacted]

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The Arms Trade

West European trade in arms with South Africa has largely ended, and what remains has gone underground. Since the UN mandatory arms embargo was enacted in 1977, South Africa has pursued a policy of military self-sufficiency, producing equipment sufficient to meet the needs of its ground forces and some of those of its naval and air forces, according to various open-source publications. However, more sophisticated weapons technology and component parts, and some spares and ammunition, still must be obtained abroad. The arms embargo, while increasing the difficulty and cost of procuring foreign arms, has not isolated South Africa from traditional suppliers such as France and the United Kingdom. [redacted]

There is some evidence that Western firms that were former suppliers of major air and naval weapons systems continue to meet South Africa's needs for spare parts and technical services. While not in direct violation of the arms embargo, these military/industrial firms skirt the letter of the law. In November, for instance, the French press reported that even the government-controlled firm Aerospatiale helped set up channels to funnel spare parts to South Africa through third countries, maintained and upgraded to military standards commercial helicopters sold before the arms embargo, and helped South Africa set up its own helicopter industry. We believe, [redacted]

[redacted] that the article is essentially accurate. Certain gaskets, tubing, washers, and other specialized components critical to the operation of South Africa's Mirage aircraft cannot be produced in South Africa. [redacted]

The Foot Draggers

The imposition by Pretoria of the state of emergency in July 1985 in the wake of increased black violence and US sanctions impelled even reluctant European capitals to take additional punitive measures. The drift toward sanctions is most dramatically illustrated by the United Kingdom. [redacted]

The United Kingdom. Although Prime Minister Thatcher protested that she would never agree to economic sanctions, the British agreed in September to join with the European Community in steps against Pretoria (see inset). In October, Thatcher reluctantly

became a party to another set of measures agreed to at the annual Commonwealth Heads of Government Meeting. Many of the Commonwealth penalties echoed EC measures, but in addition called for:

- A ban on all new government loans to the South African Government and its agencies.
- A ban on the importation of Krugerrands.
- No government funding for trade missions or for participation in exhibitions and trade fairs in South Africa.
- A ban on the sale and export of computer equipment capable of use by military, police, or security forces.

[redacted]

Thatcher continued to maintain that sanctions are not effective politically, hurt the blacks disproportionately, and remove an important lever for influence, but she was not willing to be the only holdout in either the EC or the Commonwealth, particularly after the United States announced punitive measures. [redacted]

Thatcher faces pressure to take further measures under the Commonwealth aegis. At the October meeting member states set up a committee of "wise men" to monitor the pace of South African reform measures for six months—later extended to June 1986—and propose possible further measures if Pretoria seems dilatory. The Eminent Persons Group (EPG) pronounced its mission a failure in June and warned that the lack of further economic pressure on South Africa would "hasten a descent into bloody conflict." A Commonwealth minisummit will meet in London in August to debate the report and Thatcher may be hard pressed to refuse any proposed further action. President Kaunda of Zambia is even preparing a "censure" package for individual Commonwealth states to implement if Thatcher stands firm, according to press reporting, including breaking off diplomatic relations with the United Kingdom, expelling British diplomats, and taking action against British industries in their countries. [redacted]

Pressure is also growing within the EC since June to take further measures, but those leaders who oppose such action—including Thatcher—managed to hold

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The European Community Position

The EC meeting in Luxembourg in September 1985 agreed to maintain pressure on South Africa by:

- *Embargoing arms imports and exports between EC states and South Africa.*
- *Banning military cooperation.*
- *Recalling military attaches from South Africa and refusing to grant accreditation to military attaches from South Africa.*
- *Discouraging cultural and scientific agreements unless these would contribute to ending apartheid or have no possible role in supporting it.*
- *Freezing official contacts and international agreements in the sporting and security spheres.*
- *Ending oil exports to South Africa.*
- *Ending exports of sensitive equipment destined for the police and armed forces of South Africa.*
- *Prohibiting all new collaboration in the nuclear sector.*

In addition, the EC agreed to such positive measures as:

- *Adapting, reinforcing, and publicizing the code of conduct for businesses in South Africa.*
- *Assisting nonviolent and antiapartheid organizations, particularly the churches.*
- *Expanding educational aid programs for blacks, including grants for study in Western Europe.*
- *Establishing more contacts with the nonwhite community in the political, trade union, business, cultural, scientific, and sporting sectors.*
- *Expanding programs to assist the Southern African Development Coordination Conference— established in April 1980 by the leaders of Tanzania, Zambia, Angola, Mozambique, Zimbabwe, Malawi, Botswana, Lesotho, and Swaziland to work together to become more independent of South Africa—and the Frontline States.*

- *Expanding programs to increase awareness among citizens of the EC states resident in South Africa.*

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The EC Code of Conduct for European firms in South Africa dates from 1977 and is built on the Code of Practice already in operation for British firms. The Code, similar to the voluntary US Sullivan principles, enjoins employers:

- *To allow nonwhite employees to choose representative organizations freely and, if they choose a trade union, to recognize it.*
- *To do what they can to counter the bad effects of the migrant labor system.*
- *To pay initially at least 50 percent above the minimum subsistence level.*
- *To give equal pay for equal work.*
- *To introduce training schools to promote black advancement.*
- *To set aside funds for black hiring and education and other fringe benefits.*
- *To desegregate places of work.*
- *To publish a detailed annual report on progress in applying the Code.*

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In November 1985, in accordance with its agreement in September, the EC issued a stiffer Code that recommended:

- *Recognition of black trade unions.*
- *Promotion of blacks to "managerial posts."*
- *Relocating workers' families nearer the firm.*
- *Facilitating regular renewal of labor contracts.*
- *Setting up insurance and pension schemes for black workers.*
- *Elimination of all discriminatory practices on the job, in canteens, and in the fields of education and professional training.*
- *Encouraging the creation and development of black businesses through subcontracting.*

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off further sanctions for three months until a European delegation could try again to influence South Africa to release Nelson Mandela and open a dialogue with the black community. With the United Kingdom holding the EC presidency for the rest of the year, Thatcher must demonstrate that she can coax some concessions from Pretoria. If the dialogue with Pretoria fails, however, we believe that Thatcher will be willing to impose the full scope of the proposed EC measures—a ban on new investments in South Africa and on imports of South African coal, iron, steel, and gold coins. [redacted]

The British have the strongest ties to South Africa of the West European countries, with wide-ranging interests in cultural, ethnic, economic, and strategic affairs there. Great Britain has been the chief source of white immigrants to South Africa since the early 19th century. Even in the 1974-78 period, Britain supplied 64 percent of the immigrants to South Africa from outside Africa. The reverse flow was equally strong, with 44 percent of South African emigrants during that time going to the United Kingdom (where they often became politically active in antiapartheid circles.) Economic ties have also remained strong. Diplomatic reporting indicates that perhaps 10 percent of British overseas investment is in South Africa, and both Thatcher and Foreign Secretary Howe claim that 120,000 British jobs would be jeopardized if the United Kingdom participated in full-scale economic sanctions against Pretoria. The figure may be an exaggeration but it underlines the strength of the economic relationship. [redacted]

Even in Britain, however, a large minority supports further action. The British press reports a growing boycott of South African goods by retail chains, sparked by requests from the Trades Union Congress. According to the *Times* newspaper, the companies involved would normally place orders worth “tens of millions of pounds” with South Africa. An all-party group of members of parliament returned from South Africa in June unanimously calling for further measures against Pretoria. The Labor Party, in particular, criticizes the government position and argues for a tougher stance, and, if it were to gain power in the next national election—which must be held by early 1988—we believe that British policies would shift

accordingly. Labor leader Neil Kinnock invited exiled African National Congress leader Oliver Tambo to speak at last year’s party conference, and he is likely to continue a pro-ANC stance. The Labor Party pledged in mid-June, for instance, to impose financial sanctions on South Africa—no new loans, no new investment, no recycling of South Africa’s foreign debt, and no new South African business in British financial institutions—if there were no progress toward dismantling apartheid by the time the party next won power. [redacted]

West Germany. Like Britain, West Germany is also resisting economic sanctions against South Africa. It is Pretoria’s only major Western trading partner that has limited economic sanctions—other than the EC-sponsored measures—to the area of military sales. The German Government arguments against sanctions are similar to those of the British. This position is shared by the opposition Social Democratic Party (SPD), which is otherwise very critical of government’s policies toward South Africa. However, the press reports that SPD Chairman Willy Brandt returned from a “disappointing” trip to South Africa in late April calling for economic sanctions and greater cooperation with resistance movements. The Chairman of the German trade union federation in April also supported the introduction of sanctions. According to the US Embassy in Bonn, Chancellor Kohl is also under some pressure by Free Democrats in his cabinet to harden Bonn’s stance. [redacted]

Like the British, the West Germans have considerable economic interests at stake. West Germany has a favorable balance of trade with South Africa, exporting in the neighborhood of \$2.3 billion and importing about \$1 billion in 1984. Private direct investment at the level estimated by the US Embassy in 1985 would total just over 1 percent of West German private domestic investment abroad, and most of the big names in West German industry are represented among the 283 subsidiaries of West German firms there. The US Embassy in Pretoria reported that as of late 1985 West Germany was South Africa’s third-largest overseas trading partner, behind the United

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States and Japan. And as sanctions continue to whittle away at Western trade with South Africa, German economic ties to South Africa probably will grow in importance. [redacted]

Both London and Bonn worry that their position will become untenable if Washington takes further measures against South Africa; they carefully monitor current US thinking and work in concert to urge Pretoria toward reform. Both governments are also concerned that their lenient stance will be undermined by further heavyhandedness in Pretoria toward continued black unrest. In particular, London almost certainly worries that this would force it to proceed along the sanctions path in the name of Commonwealth unity. For their part, the Germans do not wish to be seen as the last holdouts against any EC consensus on the subject. For instance, Bonn let Thatcher take all the adverse publicity for initially refusing to endorse the EC sanctions package during the September Community negotiations even though the Germans were also reluctant to go along with it.

[redacted]

The Sanctions Advocates

France and the Nordic countries, in response to socialist constituencies and a large human-rights-oriented public, have led the West European contingent that argues for imposing sanctions. Although the center-right government of Prime Minister Chirac has softened the French stance toward South Africa since its election in March, it is constrained by the effect its actions produce within the Nonaligned Movement and among the former French colonies in Africa. The Nordic countries also value the opinion of the Nonaligned, but also think that sanctions are the most practical way to convince South Africa to refrain from continuing human rights abuses. So far, however, the Nordic governments have shied away from measures that would markedly hurt their own economies. [redacted]

France. The most recent series of French measures was sparked by Pretoria's imposition of a state of emergency last July while the Socialist Party still led the government. Within a week, Prime Minister

Fabius announced that Paris was recalling its ambassador, suspending all new investments in South Africa, and proposing measures to the United Nations Security Council to reflect international condemnation. Other Western states—the British in particular—were furious that the French had not coordinated their UN actions, according to diplomatic reporting, even though Paris pointed out that its call for voluntary sanctions preempted what would certainly have been a much stronger draft from the African states. After making its proposals in the United Nations, France then began an internal study to determine how much they could cost, concluding in late August that the ban on new investment would cost neither Paris nor Pretoria much of anything since new French investment was already on the wane in light of South Africa's faltering economy. Although Paris announced last November that it would no longer buy coal from Pretoria—an action that the Prime Minister's office reported could cost about \$14 million in price differentials—the US Embassy in Paris notes that French need for coal imports should decline in 1986, so the decision does not open significant opportunities for other suppliers. [redacted]

[redacted]

The Socialist government also hardened its line in the United Nations, voting last December for a Nordic-sponsored resolution that called for the Security Council to adopt mandatory sanctions and taking a similar stance in other forums such as the Franco-phone summit, the grouping of French-speaking states that met in Paris this February. This attitude is already changing under the conservative parliament elected in March. Jacques Chirac, the neo-Gaullist prime minister, told the US Ambassador before the election that France would “turn around 180 degrees” on South Africa under a conservative government and would favor dialogue over sanctions. Chirac returned the French Ambassador to Pretoria in early May,

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after a seven-month absence, and allowed the South African military attache to return to Paris. However, Chirac is moving slowly in reversing other Socialist policies because he wants to avoid offending the leaders of Francophone African states and he needs time to sort out his relationship with Socialist President Mitterrand, whose office traditionally dominates foreign policy. In a tug of war between the Prime Minister/National Assembly and the President, we think major policy shifts will not occur, especially since there is some evidence that many conservatives support Mitterrand's tougher stance. [redacted]

The Nordic States. The Nordic countries take the most hardline attitude toward sanctions. They have acted together, as in the Nordic foreign ministers' meeting in Oslo last October, and individually, as in Denmark's cosponsorship of the French UN initiative last July, and seem to be moving toward ever-harsher measures in the belief that only such sanctions will lead to peaceful change in South Africa. Some businessmen object to measures that impinge on their interests and ignore "voluntary" sanctions, but labor unions, parliaments, and some opposition parties are pressing their governments to be even tougher. In Finland, for instance, in addition to government action in urging voluntary trade restrictions, the Finnish Transport Workers Union last October announced a boycott for an indefinite period that essentially eliminated all trade in goods between Finland and South Africa. Norwegian, Danish, and Swedish labor unions have proclaimed similar boycotts. The Nordic states take pride in "taking the lead" against apartheid. The Danes note that they have been in the forefront of the sanctions movement for over 20 years and that their parliament voted in December to cut off all trade with South Africa. Sweden ended all state export credit programs to South Africa as far back as 1965, and Norway has strictly enforced a 1976 ban on foreign currency licenses for investments in South Africa. [redacted]

Nevertheless, there are limits beyond which the Nordic states are not yet prepared to go. According to the US Embassy in Oslo, the Nordic foreign ministers in their October meeting declined to issue a call for disinvestment in South Africa or go beyond "recommending" to private companies that they curtail

business there. They were unwilling to take steps that would hurt their domestic economies unless such actions also promised to have a major political and economic impact on Pretoria. The Embassy points out that none of the proposals (see inset) agreed to in Oslo, such as a ban on loans to South Africa and a ban on state support for all promotion of trade with that state, are likely to cost jobs or cut profits significantly in Nordic nations in the near term. In the case of Denmark, where the parliament voted a harder stance than the government proposed, the ban on trade with South Africa could cost about 2,000 jobs, according to Danish employers. Other Nordic states have almost nothing to lose. Iceland, for example, has no known investments in South Africa, and two-way trade is minuscule. [redacted]

The business community clearly lacks the enthusiasm for economic sanctions evidenced by politicians and the public in the Nordic countries. In Sweden, which is the largest Nordic market for South African goods—with bilateral trade worth \$245 million in 1984—the Swedish Trade Board reports that the country's imports from South Africa increased by 57 percent in the first five months of 1985 because of South Africa's low prices. Government pressure to reduce bilateral trade with Pretoria caused a downturn in these figures in the last quarter of 1985, according to press reports, but the government unveiled plans in April to put further roadblocks in the path of trade relations. The business community also has not reduced its investments in South Africa, despite the 1979 investment ban. Investment has remained at the 1979 level of about \$60 million, according to a report submitted to parliament at the end of 1984. According to diplomatic reporting, Swedish companies were able to maintain this level only by a liberal application of the 1979 law's waiver procedures and by such means as leasing—rather than buying—new equipment. The tightening of the ban last year and the government's decision to refuse waivers, along with continued public pressure from antiapartheid groups, will make it difficult for Swedish firms to maintain this level of investment [redacted]

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Nordic Program

The Nordic program of action against South Africa announced in March 1978, includes:

- *Discouragement of investments in South Africa.*
- *Discouragement of sports and cultural contacts with South Africa.*
- *A commitment to work within the United Nations to get the Security Council to adopt resolutions against trade with, and new investments in, South Africa.*
- *An increase in humanitarian aid to the victims of apartheid and in economic aid to the Frontline States.* [redacted]

The Nordic foreign ministers, in their 17-18 October 1985 meeting, adopted additional measures to reduce economic and other ties to Pretoria:

- *Discouraging new Nordic investments in South Africa.*
- *Negotiations with Nordic companies to persuade them to limit their production in South Africa.*
- *Requests to Nordic companies that traders with South Africa seek other markets and suppliers.*
- *A ban on imports of arms, ammunition, and military vehicles produced in South Africa.*
- *A ban on the importation of krugerrand gold coins.*
- *A ban on new contacts in the nuclear field.*
- *A ban on the export of computer equipment with military or police applications.*
- *A ban on state purchases from South Africa and on state promotion of trade with South Africa.*
- *A ban on loans to South Africa, including participation in international loans. IMF loans to South Africa should be opposed under IMF rules.*
- *A ban on leasing to companies in South Africa.*
- *A ban on the transfer of patent or production rights.*
- *Further restrictions on sporting, cultural, and scientific contacts.*
- *Tougher guidelines for granting visas to South Africans.* [redacted]

The foreign ministers also agreed to increase humanitarian aid to African refugees and liberation movements and to the victims and opponents of apartheid, and to increase aid to the Frontline States. [redacted]

In Denmark, too, according to diplomatic reporting, the minority government and shipowners vigorously fought an opposition motion to include a ban on all shipping to South Africa in a bill that bans all other trade. The insertion would cause serious problems for one major Danish firm. In addition, the government claims that such a restriction could potentially cost "several tens of millions" of dollars in lost earnings, and, without an international shipping boycott, would have no effect on South Africa. [redacted]

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The Consensus Seekers

Other European governments, such as the Netherlands and Ireland, occupy the middle ground of supporting consensus policies and only change their stance when it is part of either an EC or a UN agreement. Some, such as Belgium and Portugal, are also constrained by previous colonial ties. Several of them rely heavily on trade for their economic well-being and oppose sanctions in principle. What measures they support against South Africa they justify as being part of a worldwide UN action. [redacted]

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Italy lacks enthusiasm for further EC action but is keeping an eye on domestic public opinion as the situation develops. *Ireland* and *Spain* lean toward a tougher EC position but do not want to lead the charge. The *Netherlands* has a large domestic pool of human rights activists, but the government so far has dampened pressures for further sanctions. [redacted]

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Portugal's new government is reluctant to take any action that will endanger its large expatriate community in South Africa or the remittances they send home, but also has special interests arising from its former colonial role in Angola and Mozambique. Lisbon probably will abide by current EC guidelines but will resist further action. [redacted]

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Belgium also endorses the current EC posture but opposes further sanctions because, according to diplomatic reporting, it worries that the collapse of South Africa would be a disaster for the entire region, including its former colony, Zaire. In addition, Belgium has extensive business interests in South Africa

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and a large Belgian expatriate community there, and Flemish Belgians feel a cultural affinity with Afrikanners. [redacted]

Most of the European neutral states have taken some punitive measures against South Africa. *Finland* and *Ireland* are party to the Nordic and EC actions, respectively. *Austria* formerly eschewed sanctions, but Foreign Minister Gratz announced tough sanctions last September and explained this about-face as in keeping with the UN position. According to the US Embassy in Vienna, Gratz's sudden shift was more likely a result of his dismay at events in South Africa, pressure from within the ruling Socialist Party, and growing public concern. The new policy will have little impact on the Austrian economy, however, because bilateral trade and investment are small. [redacted]

Only *Switzerland* has held out against sanctions. Its traditional no-sanctions policy is buttressed in this case by its considerable gold, diamond, and banking dealings with South Africa, and the government easily beat back an opposition Socialist Party motion last September to tighten Swiss capital exports. A Swiss official told US Embassy officers that only a UN Security Council call for sanctions would be likely to induce his government to change its policy. [redacted]

Public Opinion and Government Policy

Government policy on many issues in Western Europe is heavily influenced by public opinion, and we believe the question of sanctions against South Africa has the potential to be one of these issues. Because polls suggest most European publics are divided or lack familiarity with the South African issue, we suspect that public opinion has not yet played a major role in government decisions, except perhaps in the Nordic countries. Although we have no poll results on this issue there, the tough measures called for within the Nordic foreign ministers council have considerable popular support, according to diplomatic reporting. We have limited polling evidence on public opinion in the United Kingdom, France, West Germany, Italy, and the Netherlands provided by the United States Information Agency last fall (see figures 1 through 4). [redacted]

When asked if foreign investment helps or hurts the blacks in South Africa, publics in Great Britain, France, and West Germany had difficulty deciding. In each of these countries, as many people thought it hurt as thought it helped. About half the people in France and West Germany could not decide. In Italy and the Netherlands, pluralities thought investment hurt the blacks. The better educated in every country were much more likely to have an opinion. Pluralities of the better educated in France, Great Britain, West Germany, and Italy, and a majority in the Netherlands, believed that investment hurts the blacks because it strengthens the power of the white minority government and the apartheid system. [redacted]

When asked if foreign businesses—including those of their own countries—should continue or stop investment and other activities in South Africa, about one-third of the Dutch and West Germans did not know or were unwilling to say. Only bare pluralities opted for stopping such activities. Larger pluralities in the United Kingdom and Italy thought businesses should continue to operate in South Africa, while over one-third of the publics thought they should stop. The French were nearly equally divided. [redacted]

The better educated segment echoed these responses. Despite a prevailing belief that continued investment and business activities hurt the blacks, about half the better educated Britons and Italians thought businesses should continue their activities, with 40 percent of the British and one-third of the Italians disagreeing. Nearly 60 percent of the better educated French and Dutch respondents thought businesses should stop operating in South Africa, as did over 50 percent of the Germans. [redacted]

The general publics differed from country to country on the question of whether sanctions can force an end to apartheid. Only in the Netherlands did a plurality think sanctions could work; in West Germany most people said they did not know, Italian and French publics were evenly divided over the question, and nearly half in the United Kingdom thought sanctions were useless. Among the better educated, however, a

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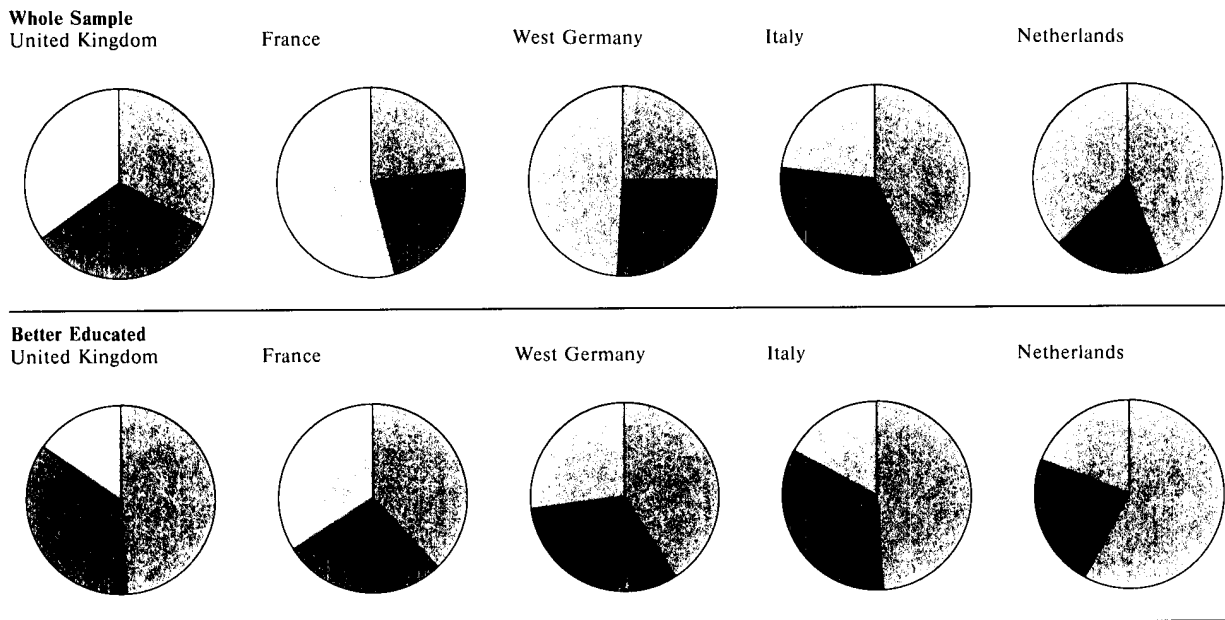
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Figure 1
Effect of Foreign Investments on Blacks

- Does hurt
- Doesn't hurt
- Haven't heard/don't know



Question: Some people say that foreign investment in South Africa helps the blacks because it provides jobs at higher pay and better working conditions than South African firms provide. Others say that foreign investment hurts the blacks

because it strengthens the power of the white minority government and the apartheid system. On balance, do you think that foreign investment in South Africa does or does not hurt the blacks, or haven't you heard enough to say?

Source: Fall 1985 USIA poll

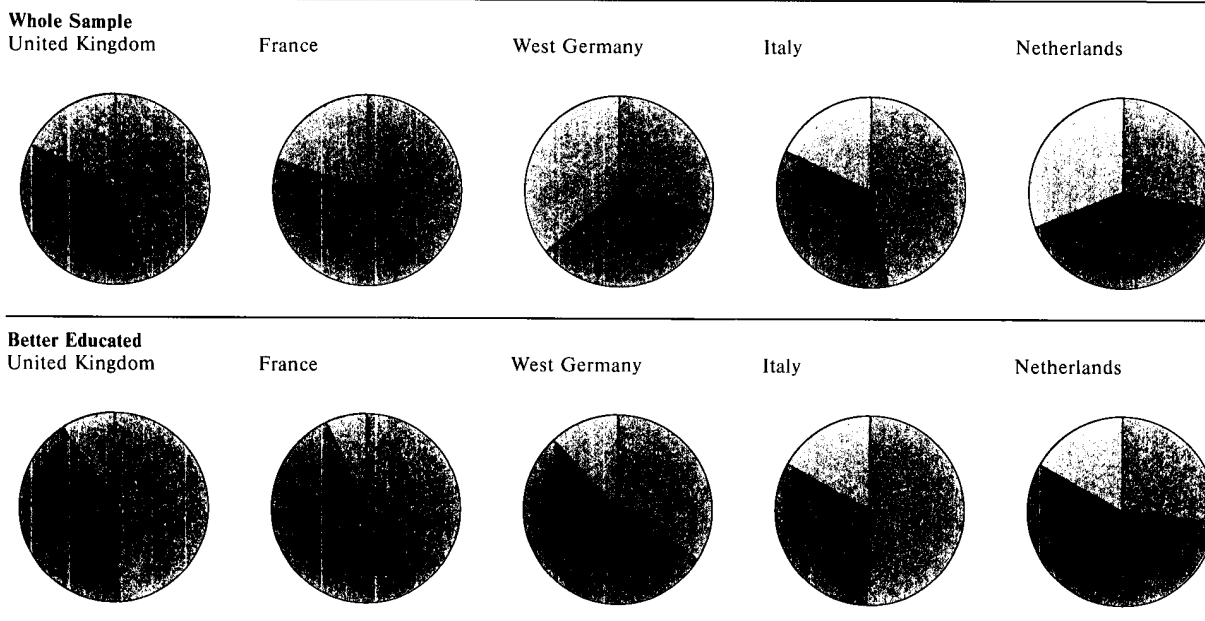
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Figure 2
Foreign Investment

- Continue business
- Discontinue business
- Don't know



Question: Do you think that foreign businesses—including those from our own country—should continue to invest or do business in South Africa, or do you think they should stop investing and doing business there?

Source: Fall 1985 USIA poll

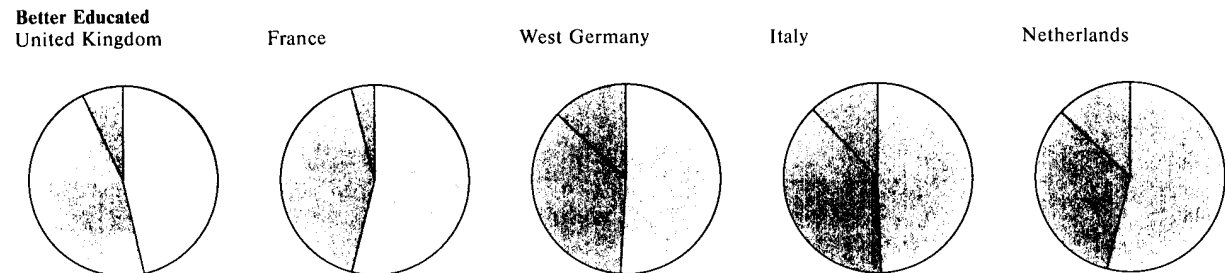
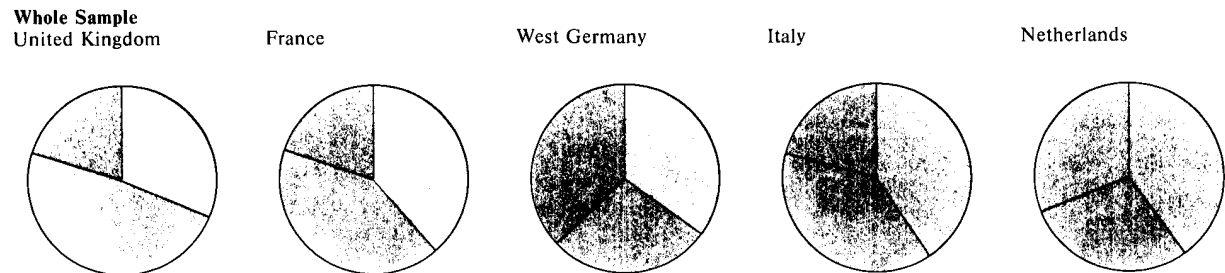
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Figure 3
Sanctions and Reform

- Economic sanctions will work
- Economic sanctions will not work
- Don't know



Question: Some people say that economic sanctions by the United States and other Western nations can force the South African Government to make major reforms in its system of apartheid. Others say that the South African white population will never accept basic reform of apartheid regardless of outside pressures. Which view is closer to your own?

Source: Fall 1985 USIA poll

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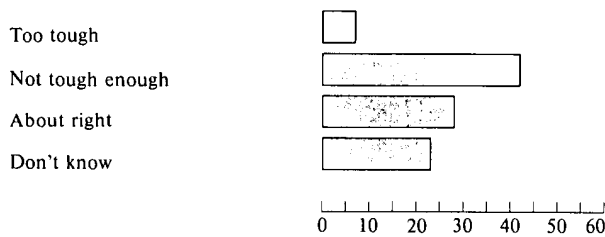
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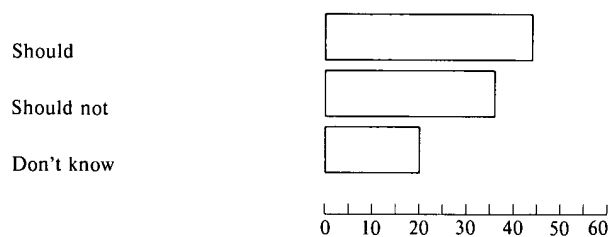
Figure 4
United Kingdom: Evaluation of Government's South African Policy

Percent

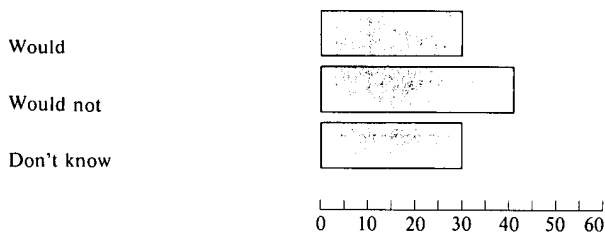
Do you think that the government's policy toward South Africa is too tough, not tough enough, or about right?



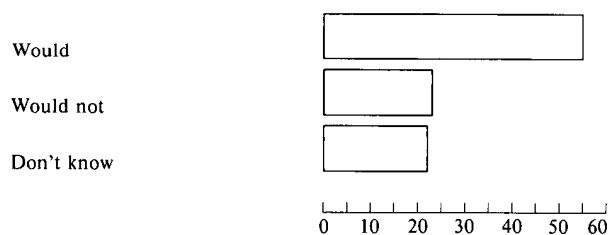
Do you think we should or should not apply economic sanctions against South Africa, such as boycotting their goods or withholding finance?



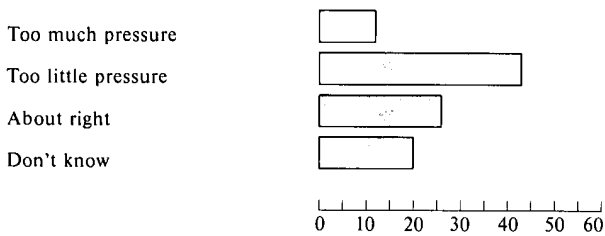
If economic sanctions were applied against South Africa, do you think they would or would not lead to a relaxation in South Africa's apartheid policy?



Do you think sanctions would or would not cause more hardships to South African blacks?



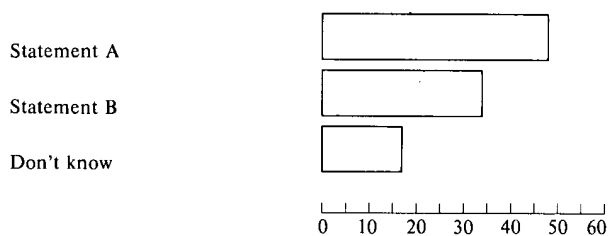
Do you think the United Kingdom has put too much pressure on South Africa to reform its system of racial segregation, too little pressure, or about the right amount?



What is more important:

A. Giving South African blacks more freedom at the risk of weakening stability and ties to the West?

B. Maintaining South Africa as a stable Western ally even if it means a delay in giving blacks more freedom?



Source: Social Surveys (Gallup Poll) Ltd.

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majority in every country but the United Kingdom believed that sanctions would work; the British were evenly split. But more than one-third of the better educated in all countries thought that South African whites will never accept basic reform of apartheid regardless of outside pressures. [redacted]

The picture that emerges from these few questions is one of indecision, both about how European actions affect the internal South African scene and about how they affect the South African Government. The better educated—likely also to be opinion leaders—usually take a somewhat more unified position on the questions, but even here there are large minorities that disagree. We think it is significant, however, that the better educated nearly everywhere lean toward the idea that economic sanctions by Western nations can induce reform in South Africa. We think it likely that continued widespread publicity of unrest in South Africa will strengthen this perception. More than 80 percent of the well-educated segment follows the news about events in South Africa (except in West Germany, where the figure is 64 percent) and, according to the USIA poll, is more likely than the public at large to think that what happens there is important to their country's interests. If so, and if the better educated help mold public opinion, then government leaders eventually may face stronger internal pressures to implement economic sanctions. [redacted]

A Gallup poll taken in the United Kingdom last November tends to support the view that the public stance is shifting. Although the different phrasing of questions reduces comparability, the Gallup findings suggest a hardening of public attitudes toward Pretoria since the USIA poll in September. The general public still thought that sanctions would not lead to a relaxation of South Africa's apartheid policy, but the Gallup poll nevertheless found that a plurality (44 percent) thought the United Kingdom should apply sanctions (up from 37 percent in the USIA poll); 36 percent in the Gallup sample were against sanctions (43 percent in the USIA poll). Moreover, a plurality thought that the government has not placed enough pressure for reform on Pretoria even though a majority thought sanctions would cause more hardship to South African blacks. When asked to choose between giving blacks more freedom even if it were at the

expense of instability and loosened ties to the West or maintaining South Africa as a stable Western ally even if it meant a delay in black freedoms, 48 percent chose the former and only 34 percent opted for a delay. A poll published in June shows a continuation of this trend, with almost half of Britons supporting sanctions. [redacted]

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A poll taken in West Germany in October shows results consistent with the USIA poll in the few questions that are similar. The public showed considerable sympathy for blacks in South Africa and tended to think West Germans should not buy South African goods even though a majority thought blacks would be adversely affected by such a move. [redacted]

Outlook

West European policies toward South Africa over the next few years will be determined largely by the direction of the black-white struggle there and, in many cases, by US policies in the region. In all cases, the general pattern in Western Europe will be for the Nordic states to take a more activist stance, both in adopting policies of their own and in prodding other countries to follow suit. Except for its propaganda potential with domestic antiapartheid groups, however, the actions of the Nordic states will have little effect on the rest of Western Europe. The EC states will tend to provide more support for US action in the area by working with Washington to develop and carry out policy, helping occasionally to add weight to US demarches, and by generally taking their cues from Washington on sanctions. [redacted]

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West European governments sharpened their focus on South Africa in June following the collapse of the Commonwealth Eminent Persons Group initiative and Pretoria's reimposition of the state of emergency. The question of imposing further measures will dominate several high-level meetings over the summer. Nevertheless, if things continue as they are now, with widespread black violence, government repression, and piecemeal reforms, we believe most West European states will be reluctant to go much further along the sanctions route. They will, however, continue to

urge Pretoria to institute reform measures that can be endorsed by the black majority. Although individual states such as Denmark might act on their own from time to time, most will prefer to work within multilateral frameworks like the UN, the EC, or the Nordic Council. Depending on the framework, their actions can be expected to both complement and complicate Washington's efforts in southern Africa. At the United Nations, for instance, the Nordic countries are likely to continue their campaign, as they did in 1984 and 1985, to pass a resolution in the General Assembly that urges the Security Council to adopt mandatory sanctions against South Africa. This was the only one of eight apartheid resolutions addressed in both these years in which the US position received less support the second time around. According to the US Mission to the United Nations, the decline was directly attributable to the French shift from an abstention to a "Yes" vote. The French decision induced Italy, Luxembourg, Portugal, and Belgium to follow suit. The vote switch probably reflected both growing frustration in these capitals with Pretoria's intransigence and some degree of rationalization that the Security Council is not bound to follow a General Assembly vote in any case. In the absence of significant improvement in the South African situation, similar language this year is likely to elicit a similar result. [redacted]

The Nordic Council is likely to continue to take a harder line toward South Africa than other European institutions. Nordic countries will meet in August to consider additions to their already lengthy list of sanctions. In the meantime, according to press reports, they plan to step up economic and cultural cooperation, including technical assistance, investment, trade, and cultural exchanges, with the Frontline States. [redacted]

Within the EC, there are differences of opinion as to how much further to go regarding sanctions against South Africa. Although some countries in the EC would be willing to tighten sanctions, the United Kingdom, West Germany, Belgium, Portugal, and recently, France, are certain to vote against any more than mild additional measures. The rotating EC presidency will mean shifts of emphasis from time to time, however. The Dutch, for instance, who held the chair through June, appeared eager to make their mark. While they were sensitive to US concerns and

were willing to coordinate their actions with Washington, they looked at southern Africa as an issue where they could exercise leadership. Accordingly, at a meeting between EC foreign ministers and ministers of the Frontline States in Lusaka in early February, the Dutch successfully pressed for a joint communique that called for dialogue between all parties in South Africa, and a similar dialogue between the parties involved in the Namibia question. On the other hand, the Europeans sidestepped specific promises about increasing their sanctions against South Africa or their economic aid to Frontline States. [redacted]

The British presidency, which runs through the end of the year, is more interested in fending off the South African sanctions issue. According to diplomatic reporting, the British expect to have to give some ground, but Dutch officials point out that support for a go-slow position is fairly widespread among EC governments. [redacted]

Government Crackdown. If the situation in South Africa were to deteriorate markedly, with an escalation of brutality on both sides, and especially if the white regime were to institute a massive security crackdown to squash black militancy, we believe most West European capitals would be forced to contemplate harsher punitive measures. The Nordic states would again take the lead, while the EC would be slower to act as a result of foot-dragging by the United Kingdom, West Germany, Belgium, and Portugal. Prime Minister Thatcher, for one, would be likely to argue that further sanctions would only strengthen Pretoria's "laager" or siege mentality, and that maintaining existing relations allows London to influence the actions of the South African Government. Some EC members, such as Denmark, would take actions on their own or as members of another group, like the Nordic Council. The EC will closely monitor US intentions, and will seek to work in concert with Washington on any actions taken. At the same time, the West Europeans would probably step up their assistance to the Frontline States and the more moderate South African black nationalist organizations. [redacted]

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Namibia and the United Nations

Although public attention has focused largely on South Africa's internal policies and problems, West European relations with South Africa have been influenced by Pretoria's continuing struggle with the United Nations over the future of South-West Africa, or Namibia. This struggle dates from the inception of the United Nations, sparked largely by Third World nations pressing to free Namibia from the League of Nations mandate administered by South Africa since 1920. Although Pretoria was prevented by the terms of the mandate from annexing Namibia, it administered the territory as though it were a fifth state in the South African union, including the introduction of pass laws and other measures of apartheid. For many years, South Africa refused to accept the position of the United Nations that it had inherited the League of Nations mandate system—renamed trusteeships—and that Pretoria should allow the United Nations some say in the future of Namibia. The controversy has produced many UN resolutions—by 1982 the General Assembly had adopted 112 resolutions on Namibia and the Security Council 18—but little forward motion toward Namibian independence. Not until 1972 did Pretoria grudgingly consent to consultations with UN Secretary General Kurt Waldheim. South African Prime Minister Vorster subsequently described in a memorandum his government's policy toward Namibia as one of "self-determination and independence." This statement followed a 1971 ruling by the International Court of Justice (with dissenting votes from the judges from the United Kingdom and France) that the South African presence in Namibia was illegal and South Africa should leave "immediately." This ruling was adopted later that same year by the Security Council, again with the United Kingdom and France abstaining. [redacted]

The breakup of the Portuguese African empire in 1974, the subsequent civil wars, and the introduction of Marxist regimes in Angola and Mozambique focused the attention of Western governments more sharply on the South African/Namibian struggle. At

the United Nations, the Western states became more critical of South African policies. Security Council Resolution 366 (1974), passed unanimously, demanded that South Africa comply with the 1971 Security Council resolutions, withdraw from Namibia, and—pending the transfer of power—end racial discrimination in Namibia and release political prisoners there. In January 1976, the Security Council unanimously adopted Resolution 385 calling for free elections in Namibia under the supervision and control of the United Nations. The following year, five Western members of the Security Council—Canada, France, West Germany, the United Kingdom, and the United States—offered to help negotiate terms for the independence of Namibia on the basis of Resolution 385. In April 1978, after consultations with the South West Africa People's Organization (SWAPO), South Africa, the UN Secretary General, the Frontline States (Angola, Botswana, Mozambique, Tanzania, Zimbabwe, and Zambia) and Nigeria, the Western Contact Group submitted a proposal for a Namibian settlement to the Security Council which called for UN-supervised elections after sufficient time for political organization and election machinery to be established; the appointment of a UN special representative for Namibia to ensure that elections were free and fair; and the release of Namibian political prisoners, the cessation of hostilities, and the confinement of South African and SWAPO military forces to their bases. South Africa announced its acceptance in principle of the Western proposal on 25 April 1978; SWAPO, on 12 July. The plan was endorsed by Security Council Resolution 435 on 29 September. Pretoria, nevertheless, decided to proceed with unilateral elections in Namibia in December 1978. UN Security Council Resolution 439 condemned the South African decision, declared the election null and void, and stated that organs or representatives established by the election would not be recognized by the United Nations or any member state. These resolutions are still cited as the basis for any settlement in Namibia. [redacted]

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Appendix

Positions of West European Governments Toward South Africa

Austria

New sanctions announced before the UNGA in September 1985 include:

- A ban on investment by nationalized industries.
- A ban on kruggerand gold coin imports.
- Reduction in cultural and sporting contacts.
- Suspension of government export credits.
- A ban on exports of nuclear technology.
- A ban on exports of computer equipment to South African police and military.

In October, the Minister's Council approved an ordinance forbidding the export to South Africa of any kind of weapons and ammunition.

Belgium

Various "restrictive measures" imposed over the years include:

- Reduced level of diplomatic representation in South Africa.
- Visa requirements and restrictive issuance policy.
- Suspension of the bilateral cultural accord.
- Prohibition of official sports contacts.
- Official discouragement of emigration to South Africa.
- Suspension of official support for Belgian investment and for medium- and long-term state-guaranteed export credits; short-term (90 day) credits may still qualify for government guarantees.
- Prohibition of arms, ammunition, and military equipment trade (in both directions) with South Africa and a termination of military cooperation.
- An embargo of sensitive equipment destined for the police.
- A mandatory code of conduct for major Belgian firms operating in South Africa.

Denmark

As of 1985, Copenhagen had implemented the following sanctions:

- A ban on new investment in South Africa.
- A gradual phaseout of South African coal imports before 1990.

- A ban on official export promotion programs for exports to South Africa.
- No export credit guarantees for exports to South Africa (implemented in 1978, at which time the Danes also recalled the official responsible for export promotions in Johannesburg).
- A ban on the procurement of South African products by government departments, like the Danish State Railways and the Royal Greenland Trade Department.

- The suspension of civil aviation ties, including an end to flights to South Africa of Scandinavian Airlines Systems (SAS), jointly owned with Norway and Sweden.
- The closure of its only diplomatic post, a consulate general in Johannesburg.

In addition, all Danish banks have voluntarily stopped sales of kruggerands. On 6 May 1986 the Danish Parliament banned all coal imports from South Africa and Namibia, with a six-month phaseout period for Danish power plants. On 30 May, the parliament voted to break off all trade with South Africa, as of 15 June. Denmark also is a party to the sanctions agreed to by the Nordic foreign ministers at their meeting in mid-October.

Finland

As of 1985, the government had already urged voluntary trade restrictions that include:

- A total ban on imports of fresh fruits and vegetables, canned fruits, and base metals.
- A total ban on imports of raw materials and semi-finished goods from South Africa.
- A recommendation from the Finnish Shipowners Association that no member participate in any cargo traffic between Finland and South Africa.

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On 31 December 1985, the Finnish President signed a special powers law that limits economic relations with South Africa, including a ban on credits and guarantees and the passing of patents. Another decree banned investments in South Africa. In addition, on 13 September 1985 the Finnish Government abrogated its extradition treaty with South Africa.

France

On 8 January the French cabinet formally adopted the economic sanctions agreed to by the EC foreign ministers in September. It had already:

- Imposed a freeze on new investments as of July 1985.
- Recalled its ambassador to South Africa. (The Ambassador returned to Pretoria in May, as part of a measured thaw in relations instigated by the Chirac government.)
- Imposed an arms embargo.
- Prohibited the importation of krugerrands (in the late 1960s).
- Banned amateur athletic exchanges with South Africa.

A press release in mid-November announced that France will buy no more coal from South Africa as long as Pretoria maintains its apartheid policy; the Chirac government has not rescinded this policy.

France also took the lead in submitting a draft UN Security Council resolution late last July calling for various trade, investment, and credit sanctions by UN members against South Africa in response to Pretoria's 20 July State of Emergency declaration.

West Germany

Although Bonn continues to oppose economic sanctions, it agreed to implement the EC measures adopted in September. It has also taken other measures, including:

- Suspension of the 1962 cultural agreement.
- Imposing a 50-million-mark limit (\$17 million) per transaction on export insurance coverage available to South Africa.
- Embargoing paramilitary weapons and other equipment that could have police or crowd-control applications.
- Refusal to transship or sell oil to South Africa.
- Prohibiting the export of nuclear energy technology to South Africa.

Greece

According to diplomatic reporting, the Greek Government sees no need to restrict its relations with South Africa because they are already at a very low level. Except for some limited krugerrand transactions, which Athens plans to continue, the Greeks were already in compliance with suggested EC "restrictive measures" because they had not been engaged in these activities.

Iceland

The Government of Iceland has not imposed any sanctions or restrictions against South Africa, but plans to propose legislation to implement the October 1985 Nordic program of action.

Ireland

Dublin follows policies consistent with the EC declaration, but has so little to do with South Africa that most of the provisions do not apply. As a matter of policy, Ireland has no diplomatic relations with South Africa and discourages sporting, cultural, and business contacts between the two countries. Ireland provides humanitarian aid to programs intended to assist victims of apartheid. In March 1986 the government announced a ban on the import of fruits and vegetables from South Africa, to phase in on 1 October and be in full force by 1 January 1987.

Italy

Rome restricts sports contact with Pretoria and will comply with last September's EC decision.

The Netherlands

The Dutch comply with the EC declaration.

Norway

Norway is a party to the Nordic sanctions programs agreed to in March 1978 and October 1985. Additionally, Oslo:

- Refuses foreign currency licenses for Norwegian investments in South Africa (since June 1976).
- Provides no credit guarantees for export to South Africa.
- Refrains from export-promoting activities toward South Africa.

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- Sells no Norwegian oil to South Africa.
- As one of three government owners of SAS, decided last June to end flights to South Africa.

In February, the government asked parliament to take further unilateral measures, including:

- The introduction of a licensing requirement for all Norwegian exports to South Africa retroactive to 1 January.
- Automatic denial of import licenses for South African fresh and processed fruits and vegetables effective 27 January.
- Government assistance to help Norwegian firms negatively affected by the measures to find other sources of supply or new export markets.
- Agreement by the Norwegian Shipowners Association to register, on a quarterly basis, with the government the deadweight tonnage and number of calls to South Africa by Norwegian-owned oil tankers.
- Active work at the United Nations with other Scandinavian countries for the implementation of binding Security Council sanctions, especially a transportation boycott.
- Consultations with individual members of the Security Council to work toward a resolution requiring the registration of all ships carrying oil to South Africa.
- Introduction of a law prohibiting the sale of Norwegian crude oil to South Africa.

In addition, Norway provides humanitarian aid to liberation movements, refugees, and other victims of apartheid which reached about \$10 million in 1985. Norway also provides money—about \$18 million in 1985—for programs of the Southern African Development Coordination Conference (SADCC) designed to reduce the economic dependence of black states on South Africa, and another \$110 million directly to these black states.

Portugal

Portugal adheres to the EC declaration.

Spain

Madrid, which was already observing the arms embargo against Pretoria, adheres to the EC declaration.

Sweden

Stockholm leads the Europeans in imposing measures against Pretoria:

- In 1965, Sweden ended all state export credit programs to South Africa.
- In 1977, it enforced the UN Security Council resolution prohibiting the export of arms and related materials to South African military and police authorities.
- In 1979 the government banned all new investment and prohibited loans and credits to South African companies.
- In 1985, Sweden tightened loopholes in its investment ban, prohibited loans and credits to South African Government authorities, required the registration of all transfer or licensing of technology to South Africa, and banned the importation of South African agricultural commodities and krugerrands.
- In April 1986, Stockholm announced it was considering an executive order to completely ban the transfer of technology to South Africa through patent or licensing arrangements.
- In June the Swedish Government decided to introduce import licenses for all goods from South Africa.

Sweden has also implemented multilateral measures with other Nordic states, including:

- The March 1978 Nordic action plan.
- The October 1985 Nordic measures.

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- As one of the three government owners of the SAS, the abrogation last summer of a civil aviation agreement with South Africa and, by September, an end to air service between the nations.

Sweden also announced last November a special contribution of \$652,000 in humanitarian aid for the African National Congress (ANC), an amount that will bring Stockholm's total contribution to the ANC to \$5.7 million since 1972. The Swedes intend to give about \$265 million in aid to southern Africa, mostly to the Frontline States in the year starting July 1986.

Switzerland

Switzerland has restricted Swiss capital exports to South Africa since 1974; the current ceiling is \$122 million per year. On 30 September the Federal Council issued a statement reaffirming its "permanent practice" not to participate in sanctions.

Turkey

Ankara has had no diplomatic relations with Pretoria since 1961, and has neither economic, military, nor cultural links to it.

United Kingdom

The British Government has refused to agree to economic sanctions against South Africa, but joins other countries in banning:

- Military cooperation.
- Arms trade.
- Nuclear cooperation.
- The export of crude oil.

In addition, the United Kingdom:

- Has agreed to abide by the EC declaration.
- Subscribes to the EC code of conduct on employment.
- Joined last October in the Commonwealth program of common action.



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