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TO DESKBY 100700Z FCO

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INFO DESKBY 100700Z LUXEMBOURG (FOR PS/MR RIFKIND)

INFO IMMEDIATE LAGOS (FOR PRIVATE SECRETARY)

PRIORITY OTHER EC POSTS, PRETORIA, HARARE, LUSAKA, LUANDA,
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MY TELNO 2535: US/SOUTH AFRICA

SUMMARY

1. PRESIDENT REAGAN SIGNS EXECUTIVE ORDER PROHIBITING TRADE AND CERTAIN OTHER TRANSACTIONS INVOLVING SOUTH AFRICA.

DETAIL

2. IN AN EXECUTIVE ORDER SIGNED ON 9 SEPTEMBER PRESIDENT REAGAN DECLARED A NATIONAL EMERGENCY TO DEAL WITH THE THREAT POSED TO THE FOREIGN POLICY AND ECONOMY OF THE UNITED STATES BY THE POLICIES AND ACTIONS OF THE GOVERNMENT OF SOUTH AFRICA.

3. THE ORDER PROHIBITS THE FOLLOWING TRANSACTIONS WITH EFFECT FROM 11 OCTOBER, UNLESS OTHERWISE PROVIDED,

- (A) THE MAKING OR APPROVAL OF ANY LOANS BY US FINANCIAL INSTITUTIONS TO THE SOUTH AFRICAN GOVERNMENT OR TO ENTITIES OWNED OR CONTROLLED BY THAT GOVERNMENT. THIS PROHIBITION TAKES EFFECT ON 11 NOVEMBER. IT DOES NOT APPLY TO LOANS OR CREDIT FOR ANY EDUCATIONAL, HOUSING OR HEALTH FACILITY AVAILABLE TO ALL PERSONS ON A NON-DISCRIMINATORY BASIS AND LOCATED IN AN AREA ACCESSIBLE TO ALL POPULATION GROUPS WITHOUT LEGAL OR ADMINISTRATIVE RESTRICTIONS, OR TO ANY LOAN OR EXTENSION OF CREDIT ALREADY AGREED.
- (B) ALL EXPORTS OF COMPUTERS, COMPUTER SOFTWARE, OR GOODS OR TECHNOLOGY INTENDED TO SERVICE COMPUTERS TO OR FOR USE BY MILITARY OR SECURITY AGENCIES OF THE SOUTH AFRICAN GOVERNMENT; ARMSCOR, THE ADMINISTERING AUTHORITIES FOR PASS CONTROLS AND ANY APARTHEID ENFORCING AGENCY.
- (C) THE EXPORT OR RE-TRANSFER TO SOUTH AFRICA OF ANY NUCLEAR-RELATED MATERIAL OR OF GOODS OR TECHNOLOGY TO BE USED IN A NUCLEAR PRODUCTION OR UTILISATION FACILITY. THIS

RELATED MATERIAL OR OF GOODS OR TECHNOLOGY TO BE USED IN A NUCLEAR PRODUCTION OR UTILISATION FACILITY. THIS DOES NOT PRECLUDE ASSISTANCE FOR IAEA SAFEGUARDS OR IAEA PROGRAMMES GENERALLY AVAILABLE TO ITS MEMBER STATES, OR FOR TECHNICAL PROGRAMMES FOR THE PURPOSE OF REDUCING PROLIFERATION OF RISKS OR FOR EXPORTS NECESSARY FOR HUMANITARIAN REASONS TO PROTECT PUBLIC HEALTH AND SAFETY.

(D) THE IMPORT TO THE US OF ANY ARMS, AMMUNITION OR MILITARY VEHICLES PRODUCED IN SOUTH AFRICA OR OF MANUFACTURING DATA FOR SUCH ARTICLES.

4. THE ORDER OUTLINES THE SULLIVAN FAIR LABOR PRINCIPLES AND STATES US POLICY TO ENCOURAGE STRONGLY ALL US FIRMS IN SOUTH AFRICA TO ADHERE TO THEM. THE ORDER BANS US GOVERNMENT EXPORT ASSISTANCE TO ANY AMERICAN FIRM IN SOUTH AFRICA EMPLOYING MORE THAN 25 PERSONS WHICH DOES NOT ADHERE TO THESE PRINCIPLES BY THE END OF THIS YEAR. SUCH FIRMS ARE ALSO ENCOURAGED TO TAKE REASONABLE MEASURES TO EXTEND THEIR INFLUENCE ON ACTIVITIES OUTSIDE THE WORKPLACE EG BY SUPPORTING THE RIGHT OF ALL BUSINESSES TO LOCATE IN URBAN AREAS, BY INFLUENCING OTHER COMPANIES TO OBSERVE THE SULLIVAN PRINCIPLES, BY SUPPORTING THE FREEDOM OF MOBILITY OF ALL WORKERS REGARDLESS OF RACE AND BY PROVIDING ADEQUATE HOUSING FOR EMPLOYEES' FAMILIES NEAR THE EMPLOYEES PLACE OF WORK. THE STATE DEPARTMENT AND OTHER US GOVERNMENT AGENCIES ARE INSTRUCTED TO APPLY THE SULLIVAN PRINCIPLES TO THEIR SOUTH AFRICAN EMPLOYEES AND, IN PROCURING GOODS OR SERVICES IN SOUTH AFRICA, TO MAKE THE MAXIMUM AFFIRMATIVE EFFORT TO ASSIST BUSINESS ENTERPRISE HAVING MAJORITY BENEFICIAL OWNERSHIP BY NON-WHITES.

5. THE SECRETARY OF STATE AND THE US TRADE REPRESENTATIVE ARE DIRECTED TO CONSULT WITH OTHER PARTIES TO GATT WITH A VIEW TOWARD ADOPTING A PROHIBITION ON IMPORT OF KRUGERRANDS. THE TREASURY SECRETARY IS DIRECTED TO CONDUCT A STUDY WITHIN 60 DAYS OF THE FEASIBILITY OF MINTING AND ISSUING A US GOLD COIN.

6. THE SECRETARY OF STATE IS TO ESTABLISH AN ADVISORY COMMITTEE ON SOUTH AFRICA TO PROVIDE RECOMMENDATIONS ON MEASURES TO ENCOURAGE PEACEFUL CHANGE IN THAT COUNTRY. THE COMMITTEE IS TO PROVIDE ITS INITIAL REPORT WITHIN 12 MONTHS.

7. THE SECRETARY OF STATE IS ALSO DIRECTED TO TAKE THE NECESSARY STEPS TO USE THE FUNDS AVAILABLE FOR SCHOLARSHIPS FOR NON-WHITES IN SOUTH AFRICA AND TO UPHOLD HUMAN RIGHTS IN THAT COUNTRY EG BY PROVIDING LEGAL ASSISTANCE.

8. IN HIS PRESS STATEMENT INTRODUCING THESE MEASURES, PRESIDENT REAGAN CONDEMNED APARTHEID. THE QUESTION WAS HOW TO USE THE UNITED STATES' LIMITED INFLUENCE OVER SOUTH AFRICAN SOCIETY. IN HIS VIEW, THE US SHOULD WORK FOR PEACEFUL EVOLUTION AND REFORM. QUOTE OUR AIM CANNOT BE TO PUNISH SOUTH AFRICA WITH ECONOMIC SANCTIONS THAT WOULD INJURE THE VERY PEOPLE WE'RE TRYING TO HELP UNQUOTE. US POLICY THROUGH SEVERAL ADMINISTRATIONS HAD BEEN TO USE ITS INFLUENCE AND LEVERAGE AGAINST APARTHEID NOT AGAINST THE INNOCENT VICTIMS OF APARTHEID. THE MEASURES HE WAS INTRODUCING WERE DESIGNED AGAINST THE MACHINERY OF APARTHEID WITHOUT INDISCRIMINATINGLY PUNISHING THE PEOPLE WHO WERE VICTIMS OF THAT

SYSTEM: THEY WOULD DISSOCIATE THE US FROM APARTHEID BUT ASSOCIATE THE US POSITIVELY WITH PEACEFUL CHANGE.

9. IN REPLY TO PRESS QUESTIONS, PRESIDENT REAGAN ASSERTED THAT THE MEASURES HE WAS INTRODUCING WERE NOT SANCTIONS OF THE KIND CALLED FOR BY THE LEGISLATION BEFORE THE SENATE. HE DID NOT BELIEVE THAT THEY WOULD HURT THE SOUTH AFRICAN ECONOMY. HIS POLICY COULD BE DESCRIBED AS ACTIVE CONSTRUCTIVE ENGAGEMENT. HE DECLINED TO BE DRAWN ON WHAT ACTION BY THE SOUTH AFRICANS MIGHT JUSTIFY THE LIFTING OF THESE MEASURES. THE MESSAGE HE INTENDED TO SEND TO SOUTH AFRICA WAS MUCH THE SAME AS HAD BEEN SENT BEFORE PERSUASION BUT A CLEAR INDICATION OF THE IMPATIENCE OF THE US PEOPLE FOR THE NEEDED CHANGES IN SOUTH AFRICAN SOCIETY.

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10. PRESIDENT REAGAN ALSO ANNOUNCED THAT HE WAS SENDING THE US AMBASSADOR BACK TO SOUTH AFRICA WITH A MESSAGE TO PRESIDENT BOTHA QUOTE UNDERLINING OUR GRAVE VIEW OF THE CURRENT CRISIS AND OUR ASSESSMENT OF WHAT IS NEEDED TO RESTORE CONFIDENCE ABROAD AND MOVE FROM CONFRONTATION TO NEGOTIATION AT HOME UNQUOTE.

11. FULL TEXT OF STATEMENT AND EXECUTIVE ORDER SENT BY MOFAX TO S AF.D.

WRIGHT

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