

CLPC



From the Minister for Trade

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Dear Charles

POLICY TOWARDS SOUTH AFRICA

Thank you for sending me a copy of your letter of 14 September to Len Appleyard about points for follow-up action as a result of the Chequers Seminar.

Officials here have already discussed the division of labour with their counterparts at the FCO. Clearly we have a central role to play and we have agreed to contribute a major part of the factual material which the FCO have agreed to co-ordinate, documenting the benefits of British involvement in South Africa. We shall take the lead and have indeed already made a start in encouraging companies to be more active, both on this front and in pressing for political reform. Both the CBI and the Chairman of UKSATA have accepted the need for British business to contribute to the more effective presentation of our case and to support their South African counterparts in pressing for reform.

We shall not be aiming solely at the production of a single statement, although we shall certainly wish to explore the possibility of an early "key note" pronouncement, putting the views of British business on the record. It will be important to maintain the pressure and to mount a sustained campaign if we are to make a lasting impact on opinion in the UK, South Africa and elsewhere. I understand that the FCO will be considering the question of a major Government statement and Mr Channon is ready to assist in the work of supplying his colleagues with material which they might be urged to incorporate into speeches, articles etc, on appropriate occasions. He will also be calling in UKSATA and the CBI in the very near future to discuss the action which we would like them to take.

Despite the encouraging initial responses from UKSATA and the CBI, both organisations have indicated that they will need to convince many of their members of their interests in co-operating with our campaign. Many firms have hitherto preferred to maintain a low profile and not to draw attention to their South African operations for fear of creating difficulties in Black African markets. A major change of attitude on their part would be involved



and even where firms can be persuaded to provide us with factual information about their activities, they may still prefer that in drawing on it, we do not mention them by name.

On the Code of Conduct we have already, as you may know, tabled with our EC partners, proposals for certain changes, including some relating to the reporting and monitoring procedures. Here our first objective is to bring all Member States up to our own standards of implementation in view of the perhaps surprising fact that at present only the Dutch and the Germans make both national analyses and individual company reports fully available to their domestic and the South African public, as we do.

We are also seeking to identify "backsliders", although we should be reluctant to depart from our long standing policy of refusing to comment (publicly) on individual company performances under the Code. It would hardly encourage companies to co-operate with a voluntary Code if they found themselves taken to task in public for inadequacies revealed in their returns. However, we shall certainly consider, on a case-by-case basis, whether and how representations might be made to backsliders in private. Here again, it might not always be appropriate for Government itself to intervene and we might therefore wish to enlist the help of the trade associations or prominent British businessmen, such as those attending the Chequers Seminar, to point out the damage which the culprits' actions (or inaction) were doing to the credibility of the Code and the case for continued commercial involvement in South Africa.

Finally, two of the three companies mentioned at Chequers as backsliders, Cadbury-Schweppes and BTR, in fact have a good record of compliance with the requirements of the Code, although the latter company has a small number of workers below the recommended pay levels. They are, of course, not alone in this regard. Cadburys are said to have plans to reduce employment following a modernisation programme. More significantly, BTR have recently had serious problems involving violent scenes, with a local trade union to whose escalating demands the company was unwilling to concede. But, in both cases, the management's right to manage was to a greater or lesser extent involved, and although the latter company may have acted insensitively, I doubt whether the issues were ones on which the Government would have wished to intervene if the events had taken place in the UK. The Sun Alliance case is much simpler: they have hitherto refused to report under the Code. We shall maintain and consider ways of stepping up the pressure on the diminishing band of non-reporters who are, of course, listed in the analysis of company returns which we publish annually.

I am copying this letter to the other recipients of yours.

Yours sincerely

Matthew Cocks

MATTHEW COCKS
Private Secretary to the
Minister for Trade (Paul Channon)

Relations: S. Africa. P66



and over which there can be discussed to provide us with factual information about their activities, they may still prefer that in drawing on it, we do not mention them by name.

On the Code of Conduct we have already, as you may know, tabled with the EC partners, proposals for certain changes, including some relating to reporting and monitoring procedures. There our first objective is to bring all member states up to our own standards of book-keeping in view of the various surprising fact that at present only the Dutch and the Germans make both national analyses and individual company reports fully available to their domestic and the South African public, as we do.



We are also seeking to identify "backwaters", i.e. companies which are not yet fully integrated into the (public) or industrial company networks. We particularly encourage companies to co-operate with local themselves taken to task in public for instance. However, we will certainly consider, on a case-by-case basis, whether and how responsibilities might be shared to backwaters in private. We are also trying to bring not only the attention of government but also that of the public to the fact that we are not only trying to bring the public into the picture but also to bring the public into the picture. We are also trying to bring the public into the picture. We are also trying to bring the public into the picture.

Finally, two of the three companies mentioned at meetings at backwaters, Cadbury-Schweppes and B&W, in fact have a good record of compliance with the requirements of the Code, although the latter company has a small number of workers below the recommended pay levels. They are, of course, not alone in this regard. Cadburys are said to have plans to reduce employment following a modernisation programme. What is particularly interesting is that Cadburys have recently had serious problems involving violent scenes, with a local union to whose escalation demands the company was unwilling to concede. In both cases, the management's right to manage was to a certain extent being exercised, and although the latter company may have acted irresponsibly, I doubt whether the level was one of which the government would have wanted to interfere. If the events had taken place in the past, the South African case is much sadder: they have insisted on refusal to take any action. We shall therefore and consider ways of standing up to the pressure of the declining rate of co-operation which we, of course, listed in the analysis of company returns which we publish annually.

I am copying this letter to the other recipients of yours.

MATTHEW BUCK
Private Secretary to the
Minister for Trade (Jan Channon)