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Special National Intelligence Estimate

# South Africa's Changing Policy Agenda: Implications for US-South African Relations

## Key Judgments

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SOUTH AFRICA'S CHANGING POLICY  
AGENDA: IMPLICATIONS FOR  
US-SOUTH AFRICAN RELATIONS

KEY JUDGMENTS

*The full text of this Estimate  
is being published separately  
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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

*The following intelligence organizations participated in the preparation of the Estimate:*

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organizations of the Departments of State and the Treasury.

*Also Participating:*

The Assistant Chief of Staff for Intelligence, Department of the Army  
The Director of Naval Intelligence, Department of the Navy  
The Assistant Chief of Staff, Intelligence, Department of the Air Force  
The Director of Intelligence, Headquarters, Marine Corps  
The Department of Commerce

## KEY JUDGMENTS

Changed perspectives and policies in Pretoria are likely to continue straining US-South African bilateral relations. We believe this deterioration will continue for the next several months as Washington and Pretoria react to each other's statements and actions. There is a reasonable likelihood, however, that after a few months renewed cooperation on matters of shared interest will resume. Nevertheless, given South Africa's volatile domestic and regional problems, any present judgment must be tentative, and we do not rule out a sharper deterioration that could last for a longer period.

While the freedom of action of the Botha government to undertake internal actions that would ease the strain in bilateral relations is limited—given its preoccupation with restoring domestic order—it could pursue certain actions that would have this effect. The most fundamental of these would be to make substantial progress in resolving the issue at the root of domestic disorder in South Africa: the exclusion of blacks from national political life. One key development would be winning the agreement of Zulu Chief Minister Buthelezi and other major black leaders to participate in the government's reform process. Approval of Buthelezi's plan for multiracial administration of Natal Province would help, but Buthelezi and others have also made clear that the government must give a statement of intent, recognize South African citizenship for all blacks, and release the imprisoned African National Congress (ANC) leader Nelson Mandela. New South African Government actions and reforms that would essentially meet these conditions would diminish opposition to the government and be a positive stimulus to bilateral relations.

Pretoria's perceptions of US statements and actions are also important to restoration of cooperative relations. The Botha administration appreciates that Washington condemns apartheid and desires sociopolitical change in South Africa, but it is sensitive to US actions that derive from that condemnation, such as possible new economic sanctions. Successful efforts to block or diminish such proposed new sanctions would alleviate South African concern. Continued efforts by the United States to persuade the surrounding states that the presence of ANC guerrillas fosters insecurity, and consequent aggressive behavior, in Pretoria would speak to Pretoria's perception that Washington does not understand its legitimate concerns. Renewed efforts to assist the

Mozambique Government and encourage additional European support would respond to frequent complaints by South Africa that the West has not helped it to strengthen the Nkomati Accord as a key element in regional stability. Similarly in Angola, any action by the United States that would improve the prospects for Cuban troop withdrawal or an accommodation between the ruling Popular Movement for the Liberation of Angola (MPLA) and the insurgent National Union for the Total Independence of Angola (UNITA) would also be seen as underscoring US appreciation of broad security concerns in southern Africa.

In the 1983-84 period, the South African Government pursued policies that acknowledged the United States as an important interlocutor in regional events. Examples include the Nkomati and Lusaka agreements with Mozambique and Angola in 1984. Pretoria also appeared to pay greater heed to US suggestions, criticisms, and quiet pressures to speed domestic political and social reforms. The government's willingness to undertake new initiatives was based in part on its reading of the attitudes of the new US administration, the recognized utility of US diplomacy in resolving persistent regional problems, increasing concern over Soviet Bloc threats, and the belief that conservative governments in Washington as well as London could offer a unique opportunity to blunt South Africa's growing international isolation.

Revised and changed South African perceptions of regional events and domestic pressures have led Pretoria to policy adjustments in 1985. Domestically, it has become preoccupied with the need to reassert order over its black population and reassure its white electorate in the face of black protests, riots, strikes, and general dissidence.

Regionally, the South African Government has lowered its expectations as to the usefulness of collaboration with US regional diplomatic efforts, and it has moved to reassert its interests through unilateral actions, including a return to overtly coercive actions such as the June 1985 raids into Botswana and Angola. Pretoria sees the Namibia/Angola negotiations as at an impasse and is disappointed that the Lusaka Agreement and the subsequent South African withdrawal from Angola were not followed by any agreement by the MPLA to patrol the Namibian-Angolan border to control incursions by the South-West Africa People's Organization (SWAPO).

Foremost among Pretoria's responses are increased and heavyhanded efforts to curb protest and intimidate dissenters, to strike at the ANC, both internally and regionally, and to continue efforts to win over leaders of black opinion in order to persuade them to begin consultations with the Botha government and participate in the government-ordered political process. Relations with neighboring states as well as

international relations have been subordinated to these domestic concerns. Heightened white resentment of Western criticism and threats of sanctions have reduced the Botha government's receptivity to US and Western demarches and attempted interventions to change specific South African domestic actions. While it still desires constructive relations with Washington, Pretoria's expectations in terms of using the United States to break out of isolation or to advance its regional security interests have been diminished and may be further reduced if Washington should increase its criticism or even invoke sanctions.

During the next 12 months, several volatile factors could work to further strain US-South African bilateral relations. These include:

- The South African Government's determination to regain control over the increasingly militant black population, leading to use of repressive tactics that in turn would provoke new outcries in the West and demands on Washington to take punitive actions.
- A continuing South African recession that hits hardest at the black population by raising unemployment and cutting government services.
- Heightened concern in South Africa for its sovereignty, which could cause greater scrutiny or interdiction of official and private US efforts to fund and promote activities inside the country. US programs that provide assistance to education, human rights groups, and nonwhite trade unions could suffer.
- Continuing ANC and SWAPO programs of sabotage and terrorism that will generate demands among the government's most important constituencies to strike back at home and in the region.

At the same time, however, other factors will work to limit the bilateral fallout and stabilize relations. These include:

- The Botha government's continuing recognition that it must avoid total isolation from the West, a view shared by the increasingly influential business community. Concern about the psychological effect of Western sanctions and increased isolation on white citizens also will temper South African reactions.
- The Botha government's continuing implementation of socio-political reform and pursuit of dialogue with black opinion leaders, including even discreet contacts with ANC President Tambo. This will work to Pretoria's favor even if talks do not bear immediate fruit.

- US and Western dependence on South African minerals as well as South Africa's need for Western markets, which will not lessen in the next 12 months.
- The concern shared by Pretoria and Washington about Soviet Bloc activities in Africa and their common goals of circumscribing and rolling back Soviet advances.
- The increased diplomatic interaction and cooperative exchanges with some African states, particularly the Frontline States, which South Africa's diplomatic efforts have brought are gains that the regime will be reluctant to forsake. They provide a variety of opportunities for South Africa to exercise influence and seek to achieve its regional and domestic goals through behind-the-scenes exchanges with black African leaders.

Whether relations stabilize after some months or continue to deteriorate, the current attenuation of US-South African relations contains important implications for the United States. Over the next several months:

- Pretoria will become increasingly nonreceptive to US advice, requests, pressures, and efforts to consult.
- There will be increasing domestic pressure on the Botha government to retaliate against US criticism and possible sanctions, but Pretoria will attempt to defuse such pressures primarily by rhetoric. The harassment or interdiction of official US programs such as scholarship, human rights, or trade union financial aid programs cannot be ruled out.
- The momentum for voluntary disinvestment by US companies in South Africa is likely to accelerate.
- Continuing heavyhanded repression by South Africa of domestic dissent and attacks on ANC facilities outside its borders will create new pressures on Washington to "punish" South Africa. At a minimum, new UN Security Council resolutions proposing Chapter VII mandatory sanctions may be expected.
- Any new restrictions on US nuclear technology transfer to South Africa could derail discussions concerning further increase of International Atomic Energy Agency (IAEA) surveillance and safeguarding of South African nuclear production.



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# South Africa's Changing Policy Agenda: Implications for US-South African Relations

Special National Intelligence Estimate

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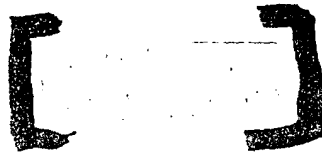
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Information available as of 17 July 1985 was used  
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## DISCUSSION

1. Recent South African Government actions have strained US-South African relations and altered the pattern of relations prevalent during the 1983-84 period. In our judgment, these stresses and changes have been caused by changes in South Africa's perceptions and priorities and have driven corresponding changes in its policies.

2. A recent National Intelligence Estimate<sup>1</sup> described the South African Government's determination to exploit its potential as the dominant regional economic and military power and, at the same time, reshape its domestic society and polity. In recent years, South Africa has followed a variety of policies in pursuing these goals; the period 1980-83 featured a heavy use of coercion regionally, combined with the beginnings of systemic domestic reform. During the 1983-84 period, South Africa pursued cooperation with US regional diplomatic efforts and at least a modicum of attentiveness to US concerns regarding domestic developments. In 1985 there has been a revival of the use of coercion, both regionally and domestically, a continuation of reform efforts, and a deemphasis on the utility of US regional diplomacy.

### Bases for Increased Cooperation

3. Shortly after assuming office in 1978, South African State President (then Prime Minister) P. W. Botha emphasized the importance for South Africa of breaking out of its increased isolation from the West. Senior South African officials repeatedly stated—and apparently believed—that Pretoria was facing a "total onslaught" by the growing strength of Soviet Bloc forces in the region and that, unless relations with the West were improved, South Africa ultimately would have to face the "onslaught" alone.<sup>2</sup> In 1978, P. W. Botha also sketched out a regional policy proposing a "constellation of states" that would be economically interdependent and joined by mutual nonaggression pacts.

<sup>1</sup> NIE 73-84, *South Africa and Its Regional Policies Through the 1990s*, November 1984.

<sup>2</sup> NIE 11/70-85, *Soviet Policies in Southern Africa*, February 1985.

4. The Botha government<sup>3</sup> also perceived the need to make changes to accommodate rising black aspirations—changes that clearly ran the risk of further dividing and polarizing the white electorate and undermining the traditional bases of support for the ruling National Party. While not retreating from continuing white control of decisionmaking, P. W. Botha lectured his white constituents that they must "adapt or die" and began a series of reforms that included granting limited political rights to Colored and Indian minorities and the relaxation or abolition of provocative racist social laws in an effort to co-opt large elements of the nonwhite population.

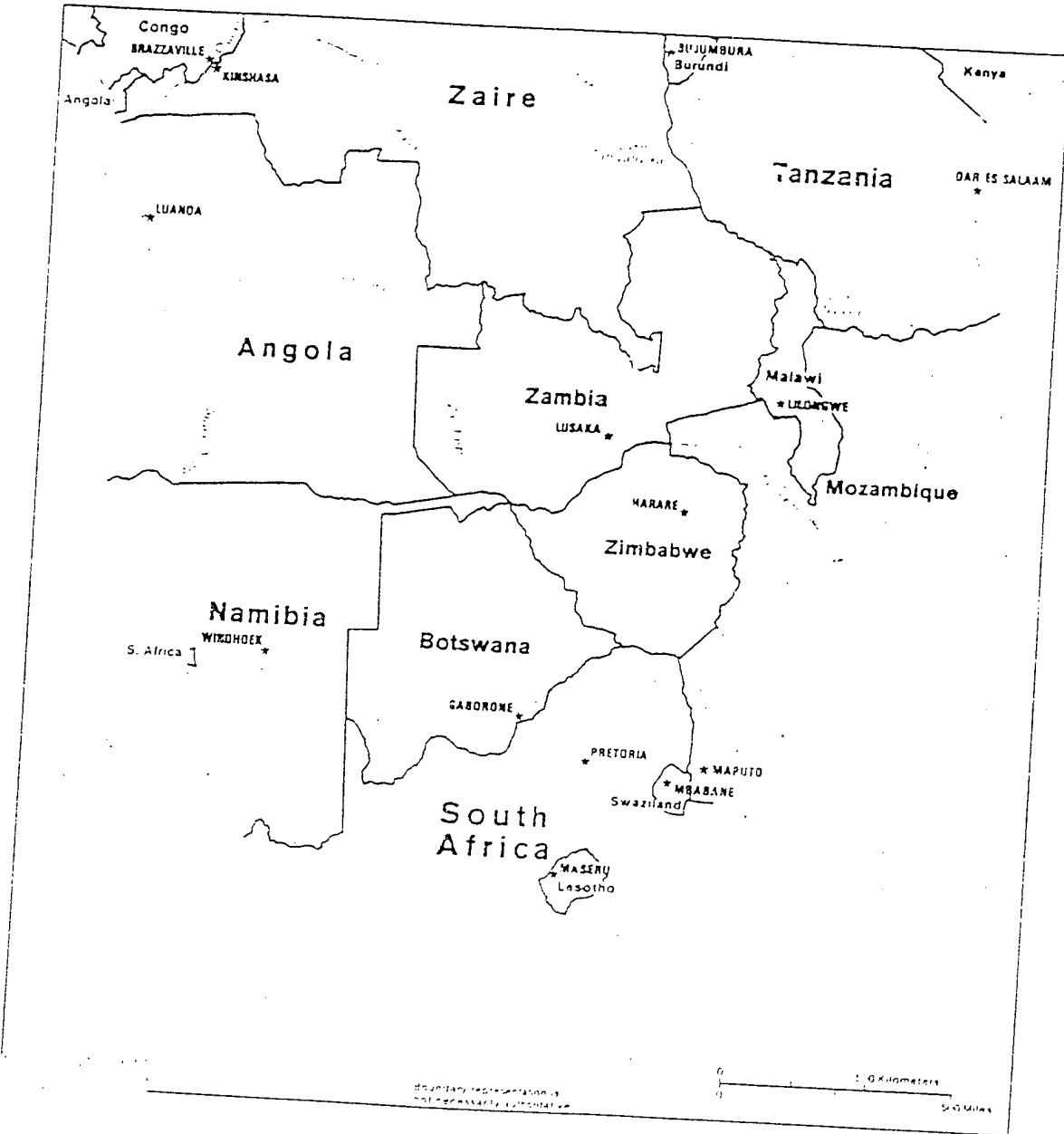
5. South Africa's neighbors gave no support to the 1978 Botha plan of a "constellation of states" and formed the Southern African Development Coordination Conference, a regional organization excluding South Africa that was designed to eliminate black states' economic dependence on South Africa.

6. In 1981, from South Africa's perspective, the new US administration, as well as the Conservative Thatcher government in the United Kingdom, was seen as sympathetic to South Africa's conservative, anti-Communist, anti-Soviet attitudes. Pretoria saw this as a unique opportunity to establish closer cooperative relations with Western governments, escape from the growing isolation, and at the same time better resist Soviet encroachments.

7. Pretoria's regional agenda during this period emphasized coercive measures. Military incursions, paramilitary raids, and not very clandestine support of insurgents were hallmarks of this policy, which continued through 1983.

<sup>3</sup> Despite its Western parliamentary democracy structure, the South African leader, State President P. W. Botha, is an autocrat who relies on ad hoc consultations with trusted lieutenants, Afrikaner society and business leaders, and military/security advisers at the expense of those in more formal structures such as the Cabinet, the State Security Council, or the caucus of the ruling National Party. Intelligence on this process is sketchy, but it is clear that major decisions are made primarily by P. W. Botha. The ad hoc nature of this decisionmaking process helps explain the occasional appearance that the government is pursuing contradictory policy lines.

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### 1983-84: Cooperation With the United States

8. For a number of reasons South Africa changed its tactics in late 1983 to capitalize on past coercion and utilize US diplomatic efforts to achieve its regional objectives—which have remained constant throughout. This shift was very likely based on the following considerations:

- Belief that the United States could “deliver” neighboring states into public agreements consistent with core South African interests at a lower cost and more effectively than previous strictly coercive policies.
- Belief in the need for regional tranquillity while undertaking contentious domestic reforms, including a major constitutional change.
- Concern about the costs of the continued administration of Namibia and the lack of a credible alternative policy there.
- Concern about where the paramilitary involvement in Mozambique was ultimately leading South Africa in terms of an open-ended commitment of resources and end-game vision.
- Satisfaction that earlier diplomatic efforts, which appeared in synchrony with US regional efforts, were producing results in terms of economic and security understandings with Swaziland, Botswana, and Zimbabwe.
- Hope that increased regional cooperation could draw South Africa closer to the United States and the West, breaking out, to at least some degree, of the previous pattern of increasing isolation from the West.

9. Domestically during this period, the Botha administration also began to implement substantive reforms it hoped would have a beneficial side effect of appearing responsive to US calls for societal change. While no South African Government has ever welcomed outside criticism or suggestions for domestic change, at least some effort was made to accommodate specific expressions of US concern on individual human and civil rights cases.

### 1985: Changing South African Perceptions

10. South African policies and perceptions have changed in 1985 to the detriment of US-South African relations. In particular, Pretoria appears to view US diplomacy in southern Africa as less relevant to its core interests. Confronted with growing black unrest, the South African leadership has focused its attention on

domestic concerns, especially the need to restore order, suppress dissent, and reassure the white electorate that reforms will not result in the loss of white control. New arrests, detentions, and trials of dissident figures—many of whom are considered in the United States and Europe to be part of the legitimate political opposition—and the heavyhanded suppression of riots and demonstrations have provoked Western outcries of protest. The South African military also has renewed attacks into neighboring states designed to curb the activities of the African National Congress (ANC) and the South-West Africa People's Organization (SWAPO).

11. In Namibia, the South African Government installed a new, pliable “transitional” regime and has become more ambiguous in its commitment to the US-sponsored negotiations seeking a Namibia/Angola settlement. The Botha administration sees the Namibia/Angola negotiations as at an impasse, with the Americans unable to “deliver” the Angolan regime—under the Popular Movement for the Liberation of Angola (MPLA)—either on a Cuban troop withdrawal proposal satisfactory to South Africa or a follow-on border control agreement to supplement and replace the 1964 Lusaka Agreement.

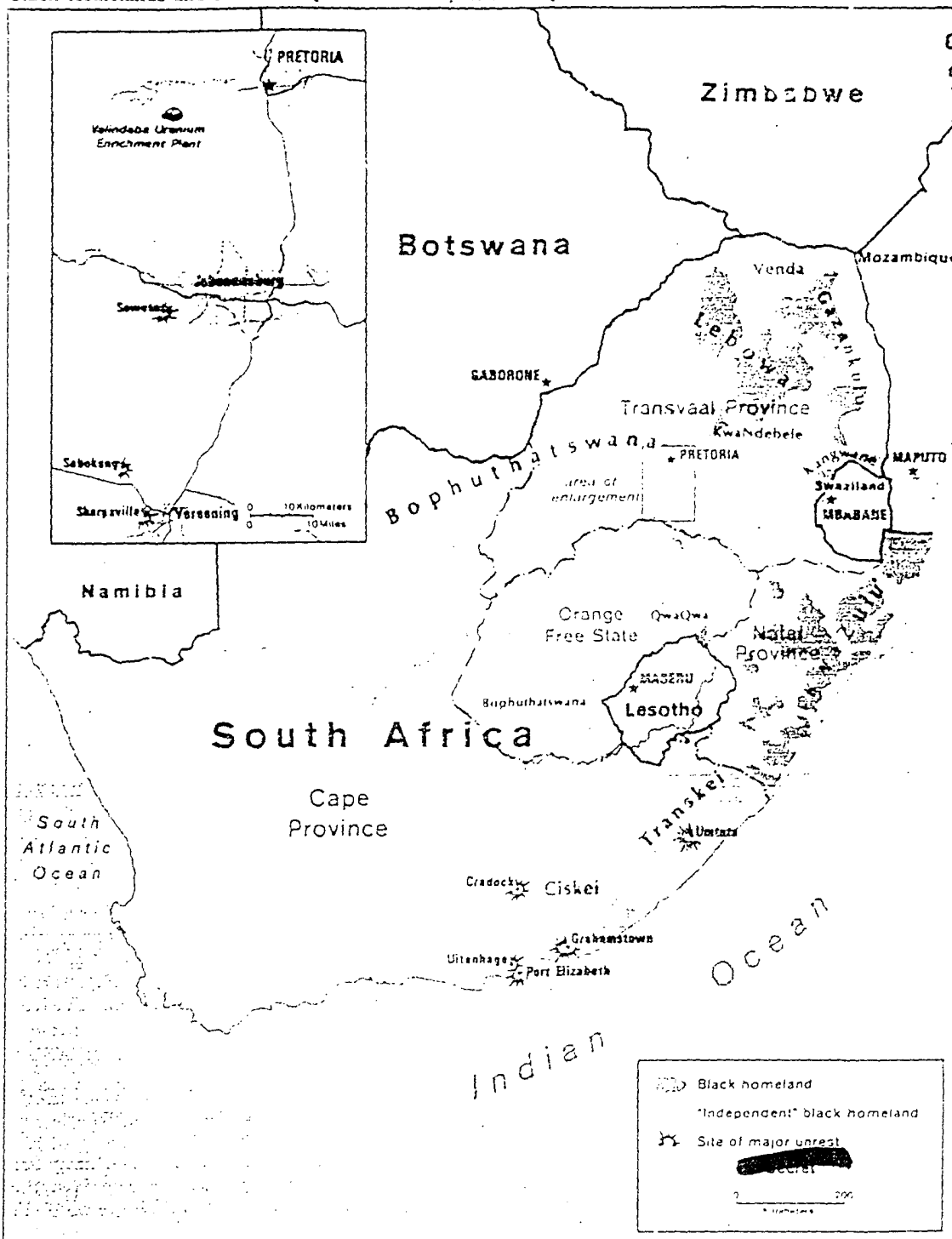
12. There has been a reevaluation by South African security officials that the Soviet Bloc threat was neither so massive nor so imminent as previously believed; senior South African intelligence officials now state that the Soviets are on the defensive in much of Africa.

13. There also has been a growing perception in Pretoria that US domestic pressure eventually would force Washington to alter its policy and support some economic sanctions against South Africa. This belief was fostered late last year by the burgeoning anti-apartheid campaign in the United States and Washington's strong public condemnations of Pretoria's methods to counter increasing black unrest. It has been reinforced this year by the number of sanction bills introduced in Congress and by Washington's responses to continued heavyhanded South African police tactics and to military and paramilitary forays into Angola and Botswana.

### Changing South African Policy Agenda

14. In recent months the South African policy response to these changed circumstances and perceptions has become increasingly discernible. While the component elements of this policy agenda are not new, the mix and emphases now given to domestic

Black Homelands and Sites of Major Unrest, July 1984-July 1985



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concerns mark a significant shift from those in the period from 1981 to early 1985. The driving force is a renewed preoccupation with internal developments, particularly the continuing black unrest and outright opposition to President Botha's reform measures. The major government effort to give black residents local self-government, which began in 1983, has collapsed in the face of black boycotts and intimidation and the murder of black participants (29 of 32 town councils are no longer functioning). Black violence, particularly in the Eastern Cape region but prevalent in other areas as well, has resulted in the murder and intimidation of those blacks perceived as collaborators with the government—policemen, civil servants, and businessmen. The South African Government continues to ascribe many of its troubles to the machinations of external illegal organizations such as the ANC. In any case, the government sees itself as having no choice but to respond to the triggering of the deep-seated white fear of losing control of the black population. The government's response thus far has included:

- Suppression of domestic black dissent by intimidation, including arrests, detentions, and trials of those perceived by the government to be leaders of the dissent.
- A preoccupation with the ANC—objectively an overpreoccupation, given its limited resources and membership—and determined efforts to suppress it both domestically and regionally. Relations with neighboring states increasingly are driven by real or imagined support such states lend to South African dissident organizations. Supporters of military and paramilitary operations against the ANC, SWAPO, and the Pan-African Congress (PAC)—previously balanced by, if not subordinate to, those in government who argue that a more balanced approach should drive regional policy—now appear to be once again in the ascendancy. Evidence of this can be seen in the June 1985 raid on ANC facilities in Botswana and the June 1985 brief incursion into southern Angola by armed forces in hot pursuit of SWAPO guerrillas.
- New government efforts and reforms designed to lure blacks into participating in local and regional government. As these efforts continue to be rejected by blacks as inadequate, the government may pay more attention to the tribal homeland black leaders and those township "leaders" who are more or less responsive to South African Government pressures.

- Increased testiness with and negative reaction to international criticism as the South African Government retreats into the "laager" mentality (referring to the circle of Boer pioneer wagons used as a defensive formation against native attacks). This response results in intemperate government statements and includes a refusal to acknowledge even the most egregious excesses. This will inhibit at least for a time the government's ability and willingness to cooperate or even discuss certain issues with the United States and the West.

#### Relations-Damaging Variables

15. We believe there are several factors at play in South Africa and between South Africa and the United States that could work to further strain bilateral relations and drive South Africa into an even more isolated, "laager" mentality reminiscent of its international stance in the 1960s:

- As Washington and other Western capitals consider new economic sanctions (see annex) against and measures to increase the isolation of the South African Government, that government and the white electorate will react and respond at a minimum by verbal outbursts against the "offending" governments. In addition, Pretoria is likely to decrease the depth of diplomatic dialogue with the "offenders." It is quite likely that US and other Western missions in Pretoria will be "sent to Coventry" for a time in terms of senior official contacts. This will come at a time when pressures from the aggrieved states and in the United Nations are demanding that the United States and other Western states curb South Africa's regional aggressiveness.
- Increasing Western public criticism of specific policies and actions of the South African Government will make it even more difficult to amend or reform such policies and practices, for fear of being seen by the white constituency as giving in to external public pressure. The operative word is *public*, given that South African leaders have shown some responsiveness to discreet, nonpublic external pressures.
- South African Government efforts to regain control over black dissidence—including arrests, detentions, and trials of black political figures well known in the West and new cross-border raids—will escalate the rhetoric on all sides, making it all the more difficult to find a "middle" ground.

- The continuing South African economic recession and the desire for budgetary austerity to fight a 15-percent inflation rate will limit the growth of government services to black residents at a time when demands for education and housing are increasing. Black unemployment—already about 25 percent—will increase, especially among young, already alienated blacks just entering the job market.
- Continuing and probably increased ANC, PAC, and SWAPO sabotage and terrorism—as witnessed by the high-visibility June 1985 Transkei bombings—will add to the pressure to strike out.

Relations-Stabilizing Factors

16. We also note that [REDACTED] number of factors will work to stabilize relations:

- The Botha government remains concerned about the impact of further isolation from the West. This concern is based in part on the psychological needs of the white electorate, and in part on the government's frustration over its perception that the West does not appreciate South Africa's importance as a bastion of European "civilization" [REDACTED] and an outpost for Western, Christian, democratic, and anti-Communist values. The government also recognizes the potential for new Western investment to improve mediocre economic prospects as well as the need for Western markets for South African products. While the need for general Western imports is less acute, Pretoria still depends on the West for advanced technologies.
- The increasing willingness of important South African business leaders—including Afrikaners with access to government leaders—to pressure the Botha government to continue political reforms will work to blunt differences between the West and South Africa.
- The Botha government continues to show a determination to pursue political, economic, and social reforms despite domestic opposition and the lack of favorable international recognition. The pace and nature of reforms in the last few years is breakneck by South African standards. Furthermore, reforms that ultimately could produce power sharing with blacks at local and regional levels may yet garner at least private acknowledgment and encouragement from some Western observers.

- US and West European dependence on South Africa's minerals will limit to some extent the ability and willingness of the West to impose punitive sanctions against it just as South Africa is constrained by its dependence on Western markets. South Africa, for example, accounts for 90 percent of non-Communist production of platinum-group metals, about 60 percent of vanadium, 50 percent of chromium, and 25 percent of manganese. It is the world's third-largest producer of uranium and the largest producer of gold. South Africa provides the United States with one-half or more of its supplies of chromium and platinum and roughly one-fourth of its industrial diamonds, manganese, vanadium, tin ore, and fluor spar. We do not see this dependence lessening in the next 12 months, although stockpiling and new technologies attenuate it to a small degree.

- The extent of West European investment in and sales to South Africa also will inhibit a unified Western approach. West European investment and loans total \$16 billion, and annual trade is valued at \$11 billion. Over 200,000 British jobs, for example, are estimated to be directly related to exports to South Africa. US investment and loans in South Africa total almost \$7 billion; annual trade is valued at nearly \$5 billion.

- There remains a fundamental shared concern about Soviet Bloc activity in Africa that includes an interest in circumscribing and rolling back Soviet Bloc gains.

- The South African Government—frustrated as it is—is unlikely to abandon all regional diplomatic efforts or attempt to completely deny the United States a regional role. Botha recognizes, for example, that the diplomatic efforts of the past few years have brought his government some successes and recognition.

- The increased diplomatic interaction and cooperative exchanges with some African states—particularly the Frontline States—that South Africa's diplomatic efforts have brought are gains the regime will be reluctant to forsake. They provide a variety of opportunities for South Africa to



exercise influence and seek to achieve its regional and domestic goals through behind-the-scenes exchanges with black African leaders.

- Elsewhere, statements by Foreign Minister R. F. Botha indicate that an "internal solution" option in Namibia is not really viable. As a consequence, South Africa is likely to continue to participate in US efforts to seek a Namibia solution within the framework of United Nations Security Council Resolution 435, while continuing to explore what we see as the unlikely option of luring SWAPO—or a faction of SWAPO—into a coalition government outside the ambit of that Resolution.

#### Alternative Scenarios

17. The interplay of variables tending to disrupt US-South African relations and those that work to promote more stable ties suggests two plausible scenarios during the next 12 months: (1) a finite decline followed by restabilization of relations or (2) a more precipitate decline as South Africa retreats into the "laager." Overall, we believe the first scenario more likely and envision a deterioration of relations for some months followed by a stabilization that will permit renewed cooperation on matters of shared interest. In our judgment, relations will not deteriorate to the level of 1977, when then Prime Minister B. J. Vorster stated that the United States presented a greater threat to South Africa than international Communism. But this period of deterioration could last through much of the next 12 months, and there is a real possibility that the interplay of factors, particularly the action-reaction possibilities described below, could deepen and extend it beyond our Estimate.

#### Restabilization

18. We envision a stabilization scenario similar to two earlier periods of stress in US-South African relations. Following the 1960 Sharpeville massacre and the enactment of draconian security laws, the United States imposed unilateral sanctions (banning arms sales, naval visits, and Export-Import Bank financing of exports to South Africa). Similarly, following the 1976 Soweto riots and subsequent security crackdown, the United Nations in 1977 imposed mandatory sanctions on arms sales and the United States imposed new unilateral bans on sales of all goods and services to the South African military and police. The US Government also endorsed the Sullivan Code of fair employment practices for US businesses in South Africa. In both cases the initial period of mutual recriminations and somewhat frigid relations was followed by quietly

resumed dialogue and cooperation. The "stabilization factors" were instrumental in both situations in the thawing of bilateral relations. Factors that promote this scenario would include:

- Continued public posturing against US criticism and sanctions by South Africa's leaders to appease domestic constituences, but no substantive retaliation. Diplomatic contacts, for example, would quietly continue while public contacts and associations were temporarily cut back.
- Severe limitation of South African cross-border military and paramilitary attacks into neighboring regions. South Africa may give private assurances that its military goals are limited and have been achieved. Except in cases of egregious and highly visible terrorism, we would look for the government to rely on public and private pressure to energize neighboring states to take measures against ANC, PAC, and SWAPO activities.
- An effort to draw the United States back into a more active diplomatic dialogue, perhaps emphasizing shared concerns about Soviet interests in the region.
- Following a hiatus, a renewed, high-level reception of US diplomatic personnel in South Africa, perhaps establishing channels using Cabinet members considered relatively liberal by South African standards.
- Decline in black township violence or signs that some black leaders were moving toward acceptance of government reforms. To cite only one possibility, Zulu leader Buthelezi's acceptance of some form of coadministration of Natal Province would encourage the government to keep trying. The semiclandestine dialogue by emissaries of the Botha government with ANC President Tambo in Lusaka, Zambia, and with consideration by Botha of a possible release from prison of ANC leader Nelson Mandela, should they result in some prospect of Western reconciliation, also could change perceptions of the regime's commitment to significant domestic reform.
- New US actions in the region that Pretoria would interpret as supportive of South African concerns. Examples of such actions that would have a positive impact would include: a strong effort to deflect or diminish punitive economic measures; continued efforts to persuade southern African states not to tolerate the presence of ANC or SWAPO guerrillas; renewed efforts to assist the

Mozambique Government; or actions in regard to Angola that would be perceived in Pretoria as improving prospects for Cuban troop withdrawal or UNITA-MPLA accommodation.

#### Serious Deterioration

19. Under this scenario we see an action-reaction sequence that could precipitate a sharp and continuing deterioration in bilateral relations. Widespread disinvestment, for example, could force Pretoria to reimpose restrictions on the financial outflows of foreign companies in South Africa. Such restrictions could prompt further Western economic sanctions. Another sequence could stem from South African Government efforts to restore order and restrain black dissent. Further "massacres" such as occurred at Uitenhage last March by security forces or the detaining of Nobel Peace Prize winner Bishop Desmond Tutu—a not implausible scenario given Tutu's outspokenness and political activism—most certainly would generate demands in the West for tougher action. Likewise, sizable or frequent South African cross-border raids most certainly would further alienate moderate African leaders and give rise to immense pressures on the United States to react forcefully. Factors that would promote this scenario include:

- An intensification of South Africa's preoccupation with restoring domestic order and regionally attacking ANC, PAC, and SWAPO. This would be done at the expense of internal reforms and regional dialogue. The South African Government's historical inability to distinguish between legitimate dissent and subversion would be magnified by increasing arrests, detentions, and trials of nonwhite opinion leaders. Government use of police and military forces, ill trained in nonlethal riot control, to suppress demonstrations and riots could cause considerable civilian casualties.
- A decision by South Africa to react to threats of sanctions or new sanctions by threatening or carrying out retaliation and passing on the effects of sanctions to neighboring states. For example, South Africa could restrict repatriation of capital of foreign companies and could expel non-South African blacks from jobs in South Africa.
- Heightened concern in South Africa for its sovereignty, which would cause greater scrutiny or interdiction of official and private US efforts to fund and promote activities inside the country. US measures such as disbursing greatly increased funds for education and human rights, and exist-

ing programs that provide assistance to education, human rights groups, and nonwhite trade unions could suffer.

- Increased clandestine and semiclandestine activities in the United States designed to promote South Africa's point of view. Such actions could run from paid trips to South Africa to the covert funding of individuals and groups acting as unregistered lobbies and propagandists. A similar program was exposed in South Africa in 1978 and served as the basis of the "Muldergate" scandal.

#### Implications for the United States

20. Both scenarios—a decline followed by a stabilization, or a rapid deterioration in relations—carry significant implications for the United States. While we believe US interests and leverage will suffer most should the second scenario unfold, we anticipate a distancing between Pretoria and Washington for the next several months during which:

- Pretoria will become increasingly nonreceptive to US advice, requests, and pressures and, at minimum, will engage in more vociferous anti-American public rhetoric as well as mandate a decrease in visible official contacts and consultations.
- There will be increased pressure from hostile domestic audiences for the South African leadership to react to US criticism with concrete countermeasures. Pretoria will attempt to defuse these pressures by rhetoric rather than substance. However, official and private US programs assisting nonwhite South Africans—probably including assistance to black students, trade unions, and civil and human rights groups—could be put on hold by the South African Government.
- The impetus for private US companies to sell off their investments and branches in South Africa could pick up steam in the face of growing domestic US pressure and South African retaliation. The 350 US companies, with a total investment of \$2.3 billion and employing a work force of 100,000 to 150,000, collectively have served as a positive force for reforms including fair employment and housing practices, and also have played an important role in breaking down apartheid in terms of housing, job training, and education of black employees and families. Their departure would remove a significant force for

nonviolent change in South Africa as well as reduce overall US leverage on the South African Government.

— New sanctions or restrictions on transfer of nuclear technology to South Africa could undo recent discussions designed to bring the semi-commercial-scale Valindaba Uranium Enrichment Plant under International Atomic Energy Agency (IAEA) safeguards. They could also reverse the progress made in reducing South Africa's incentive to proceed with developing sensitive new capabilities in the nuclear fuel cycle such as spent fuel reprocessing. New restrictions would discourage future South African IAEA cooperation and could provide an incentive for South Africa to proceed unilaterally with

developing new nuclear capabilities that would have serious adverse effects on proliferation.\*

— The United States will come under increasing international pressure to unilaterally and collectively "punish" South Africa if Pretoria steps up efforts to suppress domestic dissent by arrests, detention trials, and security force "order-restoring" measures in black residential areas, or if it carries out more military and paramilitary cross-border incursions. The United States, for example, would almost certainly be forced to deal with new Security Council resolutions mandating Chapter VII mandatory sanctions against South Africa.

\* See SNIE 73/5-84, *Trends in South Africa's Nuclear Security Policies and Practices*, October 1984 (Limited Dissemination).

## ANNEX

### Impact of New Economic Sanctions

Pretoria has long faced economic sanctions intended to influence its internal racial policies and end its control of Namibia. In 1962, for example, the UN General Assembly accepted a resolution recommending extensive economic sanctions. In 1973, the Arab members of OPEC imposed an oil embargo against South Africa that remains officially in force, and a mandatory arms embargo resolution was passed by the UN General Assembly in 1977. In each case South Africa responded with programs of circumvention, import substitution, and strategic stockpiling. It has avoided heavy borrowing overseas that might provide leverage to foreign critics of its policies and has been willing to clamp down on economic growth if necessary to conserve foreign exchange by slowing imports.

As a result, the South African economy is reasonably well prepared to weather even widespread and comprehensive economic sanctions for several years. With some exceptions, stockpiles and existing industrial capacity probably are adequate to provide basic needs for an indefinite period, as well as many of the luxuries that whites have enjoyed. South Africa has enough oil reserves to last six years with moderate conservation measures and an expansion of coal-to-oil facilities. Pretoria's experience and expertise in circumventing embargoes probably would allow it to stretch stockpiles of oil and other key imports even further.

Widespread bans on new loans or investment would have little impact during the current recession, but over the long haul they would undermine Pretoria's

efforts to diversify exports away from minerals and grains and thus slow economic growth. Blacks would suffer most because a 5- to 6-percent real economic growth rate is needed even to hold black unemployment at its present 25-percent rate. Bans on loans or investments imposed by only one or two of South Africa's trading partners probably would have a negligible long-term impact.

Forcing Western companies to sell existing operations in South Africa would not add substantially to the effects of a ban on new investment. The sale of these subsidiaries almost certainly would hurt current owners more than the South African economy, which would retain the productive facilities. At most, a massive sell-off of foreign investments probably would temporarily disrupt normal financial transactions in the country as South African companies scrambled to purchase foreign interests at bargain prices.

A cutoff of sales of South Africa's Krugerrand gold coins to the United States—which accounted for half of Krugerrand sales or about 8 percent of total South African gold exports in 1984, according to press reports—might lower slightly the world price of gold and South African foreign earnings to the extent that US demand for other gold coins did not immediately replace demand for Krugerrands. Over time, gold coins minted in other countries probably would replace the Krugerrand sales, and thus cancel even this minor dampening effect on the world gold price.

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