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MEETING WITH SECRETARY OF STATE SHULTZ DURING A WORKING LUNCH AT
THE DEPARTMENT OF STATE, WASHINGTON, D.C. ON 26 NOVEMBER 1982

PRESENT:

South Africa:

The Hon. R F Botha
Mr J van Dalsen
Ambassador B G Fourie
Mr K von Schirnding
Mr J A Eksteen
Mr L Manley
Mr C Wessels
Miss A Prinsloo

United States:

The Hon. G Shultz
Mr J Damm
Mr L Eagleburger
Dr C Crocker
Mr E Kennedy
Mr Abrams
Mr D Simpson
Mr D Delouhy

After MINISTER BOTHA had briefed Secretary of State Shultz in detail about the views of French Foreign Minister Cheysson on an alleged secret agreement to be conveyed to South Africa by Secretary of State Shultz and the time limit of three weeks for South Africa to either accept or reject it, Secretary of State Shultz assured the Minister in emphatic terms that it was an absolute blank and that there was nothing in it whatsoever.

SECRETARY OF STATE SHULTZ then referred to the fact that the United States Government was not yet in a position to make any statement on Cuban withdrawal from Angola. His government was, however, working on it and Dr Crocker would brief Minister Botha on the visit of the American delegation to Luanda which was due to take place before Christmas.

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MINISTER BOTHA explained in detail the internal situation in South West Africa and referred to the fact that the South African Government was hoping that there might be some indication by the end of February 1983 on Cuban withdrawal. By that time the South African Government would have to take a decision on the Government of the Territory. It would not be possible for the South African Government to place the Administrator-General in full command of legislative and executive powers for an indefinite period without having an election for internal purposes.

SECRETARY OF STATE SHULTZ asked, with reference to the possibility of some movement on Cuban withdrawal by the end of February 1983, whether Dr Crocker could indicate whether the next three months would be a reasonable period of time to expect something.

DR CROCKER responded by saying that by then the United States Government would know more. He added that the United States Government was however not interested in any deadlines. It had not used deadlines before and was not interested in introducing them now. An internal election would certainly be misinterpreted as an indication that South Africa was walking away from the settlement.

MINISTER BOTHA agreed that that would be the interpretation, but South Africa had come to the United States at an early time and in an open manner to explain the situation in South West Africa as well as the dilemma of the South African Government so that the situation it was facing could be understood. The South African Government could not continue taking all the decisions in South West Africa. Leaders must be elected so that the United States and South Africa could have an effective machine to work with. If by the end of February 1983 South Africa and the United States realised and knew that Cuban withdrawal would take some time the question would then arise why the possibility of having an internal election could not be explored. The end of February 1983 would not be a deadline, but at that time the situation should be looked at anew. If, after consultation with the United States, the latter indicated that no settlement or Cuban withdrawal would be possible

during 1983, then South Africa would certainly want to continue with an internal election. South West Africa was costing the South African Government a lot of money. The financial loss of the South African Railways in South West Africa during the past year was more than R70 million. In addition to that there were drought relief and contributions to the customs pool. In the past the South African Government had approached the United States for help in financing its assistance to South West Africa. The South African Government had hoped that the United States and others in the Contact Group would understand and assist it.

SECRETARY OF STATE SHULTZ remarked that the initiative in which the United States was engaged was designed to get South Africa off the hook and thus not spending that amount in the Territory.

MINISTER BOTHA observed that South Africa saw that to be the case with the United States to get South Africa off the hook.

SECRETARY OF STATE SHULTZ said that when a settlement plan was implemented the United States would have to find a lot of money - \$200 million, i.e. \$200 per Namibian - to pay its assessed contribution for UNTAG. (United States contribution to the U.N. budget is 25 per cent.) The United States Government considered the Namibian people as expensive. Because the United States viewed South Africa as a strategic part of the world, it was in the interest of the United States to diminish Soviet influence in Southern Africa and to work with South Africa as the key government in that area. In response to Minister Botha's direct question whether it would not be possible for the United States Government to contribute financially towards the administration of South West Africa, he emphatically said that that was impossible. In no way could the United States do that. When a settlement was on hand it could be done, but not before that time. The economic situation in the United States at the present time militated against that. He then turned to the economic situation in the United States about which he was optimistic insofar as he was expecting an upturn in 1983, possibly within six months. He based his optimism firstly on the success the United States was experiencing in pushing down interest

rates and also by keeping the rate of inflation down. He expected the rate of inflation to remain almost at its present level during 1983 - at best about 5% but possibly between 5 - 10%, remaining closer to 5%. An important aspect was the strength of the dollar. Those who believed that the dollar was strong because of high interest rates had been proved wrong. Interest rates had declined and were now at 10% but the strength of the dollar had been left unimpaired. He attributed this inter alia to the fact that people around the world regarded the dollar as a haven of safety. In support of his expectation of an upturn in the economy he mentioned the increase in home building which had been encouraged by lower bond rates and automobile sales. The latter were also strongly affected by interest rates. He attached considerable importance to the state of inventories. They have been allowed to run down and once the public starts buying it would have an accumulative effect - the demand would have to be met and inventory stock would have to be built up. Because of the strength of the dollar the effect of the economic revival would at the beginning be of considerable direct advantage to the trading partners of the United States. While the dollar remained high it would be profitable for trading partners to sell to the United States whereas buying in the United States would remain expensive until adjustments in the rate of exchange had taken place. In conclusion he declared that the United States had a long term and deep interest in Southern Africa and in South Africa and the United States was assuming that the South West Africa issue could be resolved successfully. When that happened the United States could continue to do things to help stabilise Southern Africa.

MINISTER BOTHA thanked Secretary of State Shultz for the reception given him and for the understanding showed so far by the United States Government. If the standards set by the United States Government had not been complied with by South Africa, the United States should be patient and bear in mind the facts in respect of South Africa which he had presented at the meeting before lunch.