Subject: U.S. Policy Toward South Africa (U)

Recent developments in South Africa point to the strong possibility that the key parties will reach within four to six months a political agreement that would chart the path to nonracial democracy. An early step on this path would be the establishment of a multi-party transitional executive council possibly as early as this summer to oversee key government functions to ensure a "level playing field" in the lead-up to the country's first elections open to all South Africans. Given the political, economic and strategic importance of South Africa to the United States and its impact on all of southern Africa, a policy review is called for in order to determine how we can best support the democratization process, ensure its success and normalize and enhance our relations with a post-apartheid South Africa.

Part I: Assessment

As the process of democratization continues to evolve in South Africa, the USG must decide what steps it will take to support this political evolution and at what point, or points, in the process it will take them. Once a political agreement has been reached and the USG has decided to become more engaged, it should give appropriate recognition to and facilitate these developments by working to:

-- support South Africa's economic recovery and its eventual reintegration into the international economic community,

-- resolve nonproliferation concerns regarding South Africa's nuclear activities and missile development programs.
assist the security forces in making the transition to post-apartheid realities, and 

remove South Africa from the FBI National Security Threat List. 

Part II: Options for Policy

This policy review should address the whole range of policy options toward South Africa including the following issues:

OVERALL:

-- What are U.S. interests in South Africa? What steps can be taken to enhance the prospects for success of South Africa's transition to democracy? What steps should be taken now? At what point should the other steps be taken?

-- What steps need to occur before we agree to lift remaining sanctions and support South Africa's reacceptance into the international community? Is the establishment of the Transitional Executive Council adequate? Or do we need to wait for elections while holding out as leverage our remaining sanctions?

-- What is the appropriate timing for an initiative? What developments in South Africa are required to establish a supportive political environment both in the U.S. and in South Africa?

NEGOTIATIONS PROCESS:

-- Once a decision to re-engage is made, what can the U.S. and the international community do to support the negotiating process, especially if the talks bog down over deep divisions on fundamental issues? Can we play a mediating role? How can we best support the elections?

ECONOMIC ISSUES:

-- What legislative actions will be needed to terminate/modify restrictions on U.S. involvement in South Africa, e.g., Evans Amendment, Fair Labor Standards, GSP exclusion, limitations on use of AID funding, others? Or to provide additional resources? What is our strategy for achieving legislative action?

-- What appropriate actions can the Executive Branch take, e.g., Gramm Amendment, OPIC bilateral agreement, EXIM activity, tax treaty, Peace Corps, others?

-- How should U.S. efforts relate to those of other donors, e.g., World Bank, G-7?
How can we best promote the mobilization of private sector resources? When should we do so? How should we be organized to do so? Can we make further positive contributions to South African policy formulation? How should we address the lifting of state and local sanctions?

What are the remaining State and local sanctions? Under what conditions should we press for their removal, when and how?

How could all these measures to support South Africa's economic recovery be coordinated effectively?

Discuss the pros and cons of establishing a South African Development Bank, as well as the mechanisms to do so.

NONPROLIFERATION:

Taking advantage of recent revelations of South Africa's past nuclear weapons activities, how can we move to resolve outstanding questions concerning South Africa's compliance with its NPT obligations? How do we address most effectively Section 129 of the Atomic Energy Act and other legal concerns arising from South Africa's nuclear activities? How/when/under what circumstances should we remove South Africa from Export Administration Regulations Supplement 4 "Special Country List" of countries about which we have nuclear-related concerns?

How/when do we proceed with concluding a nuclear cooperation agreement with South Africa? What kinds of cooperation do we seek -- sale of nuclear fuel and equipment, research and development, safe waste disposal, other? How do we proceed with buying HEU?

How do we pursue our missile nonproliferation policies if South Africa continues pursuit of a space launch vehicle?

What, if anything, can be done to address the SAG's concerns about the court case in Philadelphia against ARMSCOR?

SECURITY ISSUES:

How can we best assist in integrating the security forces and otherwise prepare them for the "new" South Africa? What laws/policies need to be changed to enable us to do so?

INTELLIGENCE/COUNTERINTELLIGENCE ISSUES:

How/when should we remove South Africa from the FBI National Security Threat List?

Should an intelligence liaison relationship be established with the ANC and, if so, at what point? What type of relationship is appropriate with a transitional government?
Part III: Tasking

The IWG on Africa, under the chair of the Department of State, should carry out this review and work to draw up its conclusions by May 15. (U)

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