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Kenya: UK Relation
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RECORD OF THE PRIME MINISTER'S TALKS WITH PRESIDENT DANIEL ARAP MOI
OF KENYA, IN PLENARY SESSION AT 10 DOWNING STREET ON 13 JUNE 1979
AT 1130 HOURS

Present:

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| Prime Minister | His Excellency The Honourable Danile arap Moi |
| Secretary of State for Foreign and Commonwealth Affairs | The Honourable Charles Njonjo |
| Secretary of State for Defence | The Honourable Dr. Munyua Waiyaki |
| Secretary of State for Trade | Mr. Philip Ndegwa |
| Mr Neil Marten MP (Minister of State, Foreign and Commonwealth Office) | His Excellency Mr. Shadrack K. Kimalel |
| Sir Stanley Fingland KCMG (UK High Commissioner, Nairobi) | Dr. Robert Ouko |
| Sir Antony Duff KCMG (Deputy Under Secretary, Foreign and Commonwealth Office) | Mr. J.G. Kiereini |
| Mr. John Williams (Foreign and Commonwealth Office) | |
| Mr. Bryan Cartledge | |
| Mr. Henry James | |

After repeating her formal welcome to President Moi, the Prime Minister asked which subjects he would like to cover during their plenary session of talks. President Moi said that he would first like to say how grateful he was for the wonderful welcome which he had been given by the British Government since his arrival in London. Kenya's long association with the United Kingdom was continuing in the same spirit as it had always done.

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Since charity began at home, however, he would first like to say something about the domestic situation in his country.

President Moi said that the Kenyan people were in general very happy with the policies which the Government were pursuing. Helped by three successive good rainy seasons, Kenyans had enough to eat and, despite the instability which surrounded the country and which always had a tendency to spread, the situation in Kenya itself was stable. The Kenyan economy, however, had been seriously affected by the rise in oil prices and by the fall in the world price of coffee and tea. The high expenditure on defence equipment in which the Government had been obliged to engage had also created problems. Kenya's reserves had been drained and the Government now had little room for manoeuvre and little means of restoring the economic position. The Kenyan Government was committed to payments of £113m. to the UK for defence equipment during the period up to 1987; if one added interest rates and escalation costs to this, the total could very well be as much as £160-170m. The situation was similar with regard to France and West Germany, where Kenya's liabilities for defence purchases amounted to over £80m, which could rise to £100m. Altogether, Kenya was committed to spending £250m. on defence equipment between now and 1987. This was the background to his request for assistance from the UK. If Kenya could be helped over her defence purchases, she could try to overcome her remaining problems through her own efforts. President Moi noted that the UK had already agreed to provide £80m. in project aid from 1979-82.

The Prime Minister said that the UK had indeed made this offer and, as she had told President Moi during their tête-à-tête discussion, the British Government could also offer to transfer £15m. from project aid to programme aid in order to accelerate the payments. The President had told her of the difficulty which Kenya faced in making the payments on defence contracts

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which would become due in four months time. She had herself mentioned the £68 million in repayments on previous loans which the UK had already waived and had asked the President to let her have a note of Kenya's obligations to UK suppliers of arms and defence material. She had also pointed out that Kenya was already up to the limits which ECGD were required to observe. The Secretary of State for Trade explained that these limits were internationally agreed within OECD. The Prime Minister said that the British Government were themselves cutting down on their expenditure commitments and would have to find from other sources the £15 million which was being switched from programme aid. Mr. Marten said that these questions could be pursued further by officials.

President Moi told the Prime Minister that his objective was to maintain political stability in Kenya and thus encourage foreign investment. The Prime Minister said that she hoped that the switched £15 million would have the effect of bringing forward other monies which could be used to meet Kenya's liabilities. President Moi acknowledged this but said that he wished to maintain Kenya's credit-worthiness. Mr. Nott mentioned a useful meeting which had taken place earlier in the morning with British businessmen and industrialists, including representatives of ICI, Shell and Dunlop, who were planning to invest in projects in Kenya. If these projects were acceptable to the Kenyan Government, he offered to do what he could to encourage the UK companies concerned to bring them forward as fast as possible. Mr. Nott pointed out that the Government had already approved the easement of exchange controls of investment overseas.

The Prime Minister said that the UK valued and admired Kenya's political stability and regarded it as an example to the rest of Africa. She referred to her earlier discussion with President Moi about Rhodesia and asked him how he saw the prospects for the Commonwealth Heads of Government meeting in Lusaka.

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President Moi said that Kenya thought that stability was essential; the African continent was bleeding and its people were tired of war. Kenya believed in the principle of one man, one vote, and thought that power should come from the ballot box and not from the barrel of a gun. The elections in Zimbabwe/Rhodesia had created a new situation: but Kenya rejected the present constitution in that country because a transfer of power to the African majority had not been affected. Bishop Muzorewa could not be brushed aside but his position did not embody real power. Progress could only be made through discussions conducted on the basis of understanding and the love of peace. Kenya's own experience in forming a constitution had shown that guarantees could be formulated which removed all fears: under the Kenyan constitution every individual was protected and there were now more Europeans in Kenya than at the time of independence. In Nairobi, there was no feeling of pressure and, President Moi said, he would like to see the same situation brought about in Zimbabwe/Rhodesia.

President Moi went on to say that before the meeting of Commonwealth Heads of Government took place in Lusaka there would be a Conference of the OAU in Liberia. He himself would be on a visit to Malawi at the time of the OAU meeting but his Vice-President would attend instead. By the time the Lusaka meeting took place, all views would have been expressed and everybody would see what had to be done. President Moi said that he hoped that the British Government could convince Mr. Smith that discussions must take place in order to stop the bloodshed and achieve a genuine transfer of power; this was what President Nyerere, too, wanted. The present Zimbabwe/Rhodesia constitution created the possibility of attacks on the communities who were given entrenched rights under it. It was much better to rely on the protection of the property and rights of individuals rather than of groups. It was essential to generate confidence; elections could not be held in an atmosphere of hate.

At the Prime Minister's invitation, the Foreign and Commonwealth Secretary described the objectives of Lord Harlech's mission to Southern Africa. Kenya was certainly the prototype of how things should be done. Lord Carrington said that he nevertheless thought

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it a mistake to underestimate the extent to which power had been transferred in Salisbury. The British representative in Salisbury, whose presence there did not constitute recognition of the Muzorewa Government, had given a vivid description of the extent to which Bishop Muzorewa was now operating at the centre of Government whereas Mr. Smith was relegated to a subordinate and inactive position. He recognised that this view was not generally accepted outside Zimbabwe and that Bishop Muzorewa must be seen to be running the country. The purpose of Mr. Day's mission in Salisbury was, not to recognise the regime, but to influence Bishop Muzorewa in this direction. Lord Carrington said that some countries, particularly Nigeria, had been very critical of the elections but it was impossible to ignore a turn-out of nearly 65%. Lord Harlech's purpose would be to see if there was any room for flexibility in the positions of the Front Line Presidents; he would also try to move Bishop Muzorewa and bring him closer to the other African leaders. The present constitution was not one that he himself would have written; it was worth remembering, however, that the constitution had not been imposed on the Africans but negotiated with Bishop Muzorewa, Mr. Sithole and Chief Chirau. Lord Carrington pointed out that in 1974 Joshua Nkomo had been prepared to accept an almost identical constitution.

President Moi said that the British Government seemed to be looking for an escape route. The two leaders at present outside Zimbabwe enjoyed substantial support inside the country and they could not be expected to come back straightaway. This meant that there would continue to be unnecessary loss of life. The elections had now created a situation and the next move had to be decided. Support for Bishop Muzorewa would not necessarily bring stability to the area but it could prolong the war. Lord Carrington pointed out that Nkomo and Mugabe might not necessarily have won much support in the April election, had they chosen to take part in it. He hoped that President Nyerere would be helpful. As President Moi knew, sanctions would come up for renewal by the British Parliament in November and it had to be faced that it would not be possible to secure Parliamentary agreement to this.

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The Prime Minister said that this explained the British Government's concern to achieve an early settlement. Despite the time factor, however, the Government wished to consult their Commonwealth partners and to carry their friends along with them. The price of a peaceful settlement was enormous. The Prime Minister asked President Moi to what extent he thought that Ian Smith posed an obstacle to a settlement. President Moi said that, however little Government work Mr. Smith might be doing in Salisbury, he was certainly an obstacle. He was not responsible to anybody except himself. Lord Carrington commented that Ian Smith saw himself as a card to be played; he would leave if recognition and the lifting of sanctions could be secured. President Moi commented that Mr. Smith did not wish to go unrecognised.

The Prime Minister referred to President Moi's forthcoming visit to Saudi Arabia. President Moi said that he would be discussing oil and regional stability with King Khalid and Prince Fahd. He thought that The Queen's visit to Saudi Arabia had made a great impact and had considerably improved the atmosphere there. The Prime Minister said that Saudi Arabia was the only country which could really help the world situation, by increasing her output of oil and flooding the market. The political situation in the Middle East, however, made this difficult for her. The Prime Minister said that the British Government was also very concerned about events in the Horn of Africa and in the Yemen. President Moi commented that the situation in Ethiopia derived from social problems which the Russians could actively exploit. Kenya was on good terms with Ethiopia and would do her best to improve the position. Lord Carrington pointed out that the Soviet Union was pouring arms into Ethiopia but was giving her no aid. There were also 80,000 Cubans there.

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Turning to Uganda, President Moi said that President Lule needed help in reconstructing his country. It was important to remember that aid required good management and that Uganda had at present no Civil Service. President Nyerere had asked him to tell the Prime Minister about the need for British help in Uganda. Lord Carrington pointed out that everybody had recognised President Lule's Government although there had been no election in Uganda! President Moi said that President Nyerere had been anxious to explain the reasons for his invasion of Uganda: Nigeria, in particular, had been very concerned by the precedent which this created and by its implications. President Moi recalled that once President Olympio of Togo had been murdered in 1963 and a coup effected, coups had taken place in Togo at frequent intervals ever since, following the OAU's precipitate recognition of the first one.

President Moi said that he had at an earlier stage invited the Angolan leaders to come to Nairobi in order to compose their differences in the interests of the Angolan nation. They had not done so, with the result that the situation in Angola was still unstable. He did not wish a similar situation to be created in Zimbabwe.

The Prime Minister asked President Moi to say a word about internal developments in Kenya. President Moi said that the Government were reclaiming marginal lands for agricultural production and were very grateful to the UK for the £50,000 which had been provided for a model village project. The Government wished to improve the quality of rural life in Kenya, in order to halt the drift of the population into the towns. For the same reason, Kenya needed access to EEC markets for her horticultural products. Mr. Marten mentioned that there were 700 UK technical advisers in Kenya helping to administer aid. President Moi said that Kenya badly needed more judges

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to man the courts, where there were at present very long delays in hearing cases. He confirmed, in response to the Prime Minister's question, that much of the inward investment in Kenya would be devoted to fertiliser plants.

Turning to Namibia, the Prime Minister told President Moi that the UK was still trying to keep the Five Power initiative alive. Lord Carrington said that, if successful, this could have a positive spin-off both for Zimbabwe/Rhodesia and for Angola, since a Namibia settlement would cut off South Africa's supplies of arms to UNITA and enable Angola to achieve stability. If the Five Power solution were abandoned, there could be chaos in Southern Africa and a call for sanctions.

Mr. Ndegwa said that he would like to spell out once more the impact on Kenya of the fall in coffee prices. The Kenyan Government could not achieve its development plans without a better balance of payments. He hoped that official discussions could take place on the Kenyan request for £30m. of additional programme assistance; Kenya was already engaged in talks with the World Bank and the IMF. Unless the Government could achieve greater flexibility in its balance of payments position, all its programmes would be in jeopardy. The Prime Minister agreed that the suggestion of discussions at official level could be followed up; the first step was for the Kenyan side to produce a paper setting out the facts. The Prime Minister pointed out, however, that the UK's own balance of payments situation was not good - the UK had been down by £1,000 million for the first four months of the year.

The plenary session concluded with a discussion of a press statement, and a text was agreed. The meeting ended at 1235.

John

13 June 1979

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