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OD(80) 5th Meeting

COPY NO

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CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

MINUTES of a Meeting held at
10 Downing Street on
THURSDAY 21 FEBRUARY 1980 at 4.00 pm

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the
Home Department

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Lord Carrington
Secretary of State for Foreign
and Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Francis Pym MP
Secretary of State for Defence

The Rt Hon Sir Ian Gilmour MP
Lord Privy Seal

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Michael Heseltine MP
Secretary of State for the
Environment
(Item 2)

The Rt Hon George Younger MP
Secretary of State for Scotland
(Items 2 and 3)

The Rt Hon David Howell MP
Secretary of State for Energy
(Items 2 and 3)

The Rt Hon Sir Michael Havers QC MP
Attorney General
(Items 2 and 3)

SECRETARIAT

Sir Robert Armstrong
Mr R L Wade-Gery
Mr R M Hastie-Smith

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1. THE ARAB/ISRAEL DISPUTE

The Committee considered a memorandum by the Foreign and Commonwealth Secretary (OD(80) 13) proposing international contacts on a possible British initiative in the UN Security Council over the Arab/Israel dispute; they also had before them a minute of 14 February from the Lord Chancellor to the Prime Minister expressing doubt about such an initiative.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the policy described in his memorandum was one to which the Government were already committed. The point for decision was whether a British initiative should now be taken to further it. As had been made clear to him during his recent visit to the Middle East, the Arab/Israel dispute was a major obstacle to the maintenance of united and whole-hearted Islamic hostility to the Soviet Union following the invasion of Afghanistan. This was contrary to the interests of Israel, of Britain and of the West in general. The initiative he had in mind might be in Britain's name or the European Community's. It could not be expected to lead to general agreement, but it might offer a way forward. The draft Security Council resolution he proposed to canvas was even-handed, in that it would simultaneously require the Palestine Liberation Organisation (PLO) to recognise Israel's right to exist and Israel to recognise the Palestinians' rights. There was no intention of undermining the Israeli-Egyptian negotiations flowing from the Camp David Agreement, but those negotiations were likely to break down by mid-summer. The United States Government's freedom of action was limited by the approaching Presidential Elections. The President's National Security Adviser, Dr Brzezinski, had hinted that an initiative from a European quarter would not be unwelcome. The attitude of the State Department was uncertain and would need to be clarified in discussion with the Secretary of State, Mr Vance. But the first step should be to discuss the matter with other members of the European Community.

In discussion it was acknowledged that for many Arabs the Israelis' occupation of Arab territory was as much to be condemned as the Russians' occupation of Afghanistan; that nothing could do more for the security of the Middle East than a settlement of the Arab/Israel dispute; and that it was important for Britain not to seem to the Arabs to be less well-disposed than her European partners. At the same time doubt was expressed about the wisdom of a United Kingdom initiative, given the many other problems which the country at present faced,

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eg in Northern Ireland; and about the dangers involved in alienating Israel's supporters, particularly over such sensitive issues as recognition of the PLO and the future of Jerusalem. The value of Israel to the West in a crisis should not be underestimated. It was in any case not easy to envisage any feasible solution to the problem of the Palestinians; and further study would need to be given to this if a new international initiative was to be undertaken. The return of the 1948 Arab refugees, though envisaged in UN Security Resolution 242, was almost certainly impracticable; and demilitarisation would be essential if any Palestinian entity were established on the West Bank, since Israel's 1967 frontiers were militarily impossible to defend.

THE PRIME MINISTER, summing up the discussion, said the Committee agreed that any possible initiative should be discussed with other members of the European Community. The Foreign and Commonwealth Secretary should, however, take account of the reservations which had been expressed. The approach should be confidential and tentative; and it should not be taken for granted that Britain would take the lead if a public initiative were decided on. The draft resolution should be redrafted so as to be explicitly as well as implicitly even-handed as between Israel and Arab interests. Members of the Committee would wish to be consulted, in the light of European reactions, before further steps were undertaken.

The Committee -

Invited the Foreign and Commonwealth Secretary to consult other members of the European Community on the basis indicated by the Prime Minister in his summing up of their discussion, and to report the outcome.

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2. MOSCOW OLYMPICS

Previous Reference: CC(80) 6th Conclusions, Item 2

The Committee considered a Note by the Secretaries (OD(80) 14) to which was attached a Report by Officials dealing with a number of subsidiary issues arising from the Cabinet's decision to advise British athletes not to attend the Moscow Olympics.

THE FOREIGN AND COMMONWEALTH SECRETARY said that President Carter had now decided that American athletes should not go to the Moscow Olympics and the United States Olympic Committee appeared to have accepted this decision. The United States Government were hoping that this lead would be followed in other countries. They had already discussed the matter at a meeting with the British, Canadian and Australian Governments and were seeking to organise another meeting in the near future, in which rather more countries would be involved. But it was uncertain whether such a meeting would serve a useful purpose until the attitude of National Olympic Committees was clearer. The British Olympic Association (BOA) were meeting on 4 March, and the Government's most immediate objective should be to lobby those who would be involved on that occasion.

The attitude of the members of the European Community was still uncertain. But it seemed possible that, in the light of the American decision, West German athletes would not go to Moscow; and that, if this happened, French athletes would not go either. A crucial factor would be whether or not alternative games could be organised. So far as the United Kingdom was concerned this would involve the co-operation of the various sporting bodies which made up the BOA. Furtherance of the Government's policy should be co-ordinated by a group of Ministers from the Departments most closely concerned, under the chairmanship of the Minister of State, Foreign and Commonwealth Office (Mr Hurd).

In discussion of the detailed recommendations contained in paragraph 4 of the Report by Officials attached to OD(80) 14, and of the further points set out in paragraphs 5-6 of that Report, the following points were made -

- a. Paragraph 4f iii: Members of the armed services should be strongly dissuaded from individual participation rather than prevented by administrative means or disciplinary measures. They should not be treated differently, in this respect, from the other categories of public servant considered in paragraph 4g.

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b. Paragraph 4h: Although official financial assistance should not be withdrawn from British sporting bodies, it should if possible be made clear publicly that such assistance was not available to support participation in the Moscow Olympics.

c. Paragraph 4i: the Prime Minister should not formally withdraw from her position as a patron of the BOA's Olympic Appeal, but she should make it clear publicly that she did not support any use of money raised by the Appeal to pay for the attendance of British athletes in Moscow. No advice should be offered to The Queen regarding her position as patron of the BOA.

d. Paragraph 4j: If United States holders in international sports federations were being discouraged from going to Moscow, it might be reasonable for British office holders to be similarly discouraged. On the other hand it could be argued that they were going to attend meetings of the governing bodies of their federations, not just to attend the Games. The position should be further explored.

e. Paragraph 4m: It was most unlikely that the Government would reverse their policy towards the Moscow Games in any circumstances, but they would wish to review the matter if the Russians withdrew their troops from Afghanistan.

f. Television coverage of the Moscow Olympics by the British Broadcasting Corporation and Independent Television would be influenced by the extent to which British athletes were participating. A final decision would not be needed until May. The matter was a delicate one not least because rights had already been purchased from the Soviet authorities, and questions of compensation could arise. Discussions on these matters with the broadcasting authorities should be left to the Home Secretary.

g. In advising against but not forbidding participation in (or attendance at) the Moscow Olympics the Government were not likely to incur any legal or financial liabilities, but official financial support would almost certainly be required for the organisation of any alternative games and for the attendance of British athletes at them.

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h. It would be undesirable that British Airways, as a nationalised industry, should advertise any provision of special services in relation to the Moscow Olympics. But they could not be prevented from organising whatever actual flights they wished.

THE PRIME MINISTER, summing up the discussion, said that the arrangement of alternative games was likely to be the main factor in determining the extent to which British athletes accepted the Government's advice not to go to Moscow. Every effort should be made to support American attempts to organise such an occasion.

The Committee -

1. Approved the recommendations in paragraph 4 of the Report by Officials attached to OD(80) 14, subject to the comments made in discussion, and invited the departmental Ministers concerned to be guided accordingly.
2. Instructed the Secretary of the Cabinet to arrange for the establishment of a Ministerial group under the chairmanship of the Minister of State, Foreign and Commonwealth Office (Mr Hurd), with the Parliamentary Under-Secretary of State for the Environment (Mr Monro) as one of its members, to co-ordinate the implementation of the Government's policy on non-participation in the Moscow Olympics.
3. Invited the Home Secretary to discuss with the British Broadcasting Corporation and the Independent Broadcasting Authority the extent of television coverage of the Moscow Olympics.
4. Invited the Secretary of State for the Environment to consider the provision of official financial support for the organisation of alternative games and the participation of British athletes in them.
5. Invited the Secretary of State for Trade to discourage British Airways from advertising special services to the Moscow Olympics.
6. Invited the Foreign and Commonwealth Secretary to report their conclusions to the Cabinet on 28 February.

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3. CENTRAL ELECTRICITY GENERATING BOARD URANIUM ENRICHMENT CONTRACT WITH THE SOVIET UNION

The Committee considered a note by the Secretary of State for Energy (OD(80) 12) proposing the continuation of the existing contract between the Central Electricity Generating Board (CEGB) and the Soviet Union for a provision of enriched uranium for British nuclear power stations.

THE SECRETARY OF STATE FOR ENERGY said that, although there were alternative providers of enriched uranium, the Soviet Union was the cheapest source. Other Western countries including West Germany had similar contracts which were being continued. The "open-ended" nature of the contract meant that it would be difficult to cancel it without penalty. A decision was needed urgently because the first shipment of uranium hexafluoride needed to leave the United Kingdom this month to fulfil the CEGB's contractual obligation to deliver this material to the Soviet Union for processing into enriched uranium.

THE PRIME MINISTER, summing up a brief discussion, said that in view of current Western policy towards the Soviet Union following the invasion of Afghanistan it would have been preferable to discontinue this contract, but to do so would involve the electricity industry in England and Scotland in substantial extra costs in obtaining supplies from other sources. The Secretary of State for Trade had written to the Foreign and Commonwealth Secretary to say that from the point of view of trade policy, cancellation would be damaging in principle as well as practice. It was relevant that West Germany was not proposing to cancel her similar contract with the Soviet Union. The Government's freedom of action was additionally inhibited by the open-ended nature of the contract which meant that by cancellation they ran the risk of the award of damages in Soviet courts. The Committee were of the opinion that it was in principle undesirable for public purchasing organisations to enter into open-ended contracts, and had hoped that guidance could be given accordingly.

The Committee -

1. Agreed that the contract should be allowed to continue.
2. Instructed the Secretary of the Cabinet to consider how guidance should be given to Departments and nationalised industries about the undesirability of entering into open-ended contracts with no provision for termination.

Cabinet Office
22 February 1980

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FROM:

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THE RT. HON. LORD HAILSHAM OF ST. MARYLEBONE, C.H., F.R.S., D.C.L.



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15 FEB 1980
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HOUSE OF LORDS,
SW1A 0PW

14th February 1980

Prime Minister

Mr. Wylie-Grey
Mr. Harris-Smith

ARAB/ISRAEL

1. Whilst I very largely share the views of the Foreign Secretary about the desirability of using the Afghanistan situation with a view to improving Arab-Western relations, and entirely agree with his assessment of the centrality of the Israel problem to this exercise, I am afraid I do not altogether share his optimism on the prospects of his initiative, unless, of course we are prepared to sacrifice things which are too important morally, and too valuable in our interest to sacrifice. I base my view on some knowledge of the physical characteristics of the country, and some knowledge of the mentality of Arab and Jew.
2. Israel was recognised without dissentience as a member of the United Nations in 1948. Were it to be destroyed by an aggressive war the devastating effects on the rule of law throughout the world could hardly be exaggerated. Although, except in the Yom Kippur war, Israel has more than once resorted to the preemptive strike as a means of self defence to ensure survival she has been driven to this course by a succession of Arab conspiracies in 1948, 1956, and 1967 to destroy her existence by military means. She has succeeded in this without assistance from the UN but with US aid and her own heroism.
3. Prior to 1967 the physical boundaries of Israel were virtually untenable militarily. South of the Jezreel valley, the geography of Israel is starkly simple, consisting virtually of three parallel straight lines running North and South, the sea, the Judean hills, and the Jordan valley. Whoever commands the hills commands the rest. Prior to 1967 the waist-line of Israel was only 10 miles broad, and its main centres of population was exposed to artillery fire as well as the prospect of devastating air raids. After 1967 Israel has enjoyed reasonably viable military frontiers consisting of the

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Judean hills (and the no less important frontier heights on the Syrian border). Jerusalem is built on the Judean hills.

4. Israel's frontiers with Lebanon, Jordan and Egypt are, for very different reasons fairly secure in the absence of war. But Syria is a frontier state, implacably hostile, and a firm Soviet satellite. Except Egypt, none of the recognised Arab states have in my view given firm signs that they accept Israel's right as a member of the UN to continued existence. If they could once be persuaded to abandon this wholly illegal stance, I believe progress could be made. But, though Hussein might do so, I do not believe that the Saudis or Iraq will do so in the foreseeable future, Gaddafi will not, and the Islamic rulers of Algeria, Morocco, Iran et al. will not.

5. The holy city of Jerusalem is sacred to Moslem and Jew. Its physical characteristics have largely changed since 1967, since there has been a massive expansion of Jewish population on the West. The Hebrew University of Jerusalem, which has existed since the mandate is physically situated on Mount Scopus, now ^{on} what is known as the West Bank. Under Jordanian occupation the Jews were effectively denied uninterrupted access. I do not believe myself that world wide Jewish opinion throughout the world would contemplate the total abandonment of Jerusalem to the its former divided status, and I doubt whether the abandonment of Mount Scopus is even militarily on the cards. But I would doubt whether even moderate Arab opinion would contemplate anything less.

6. We should not underestimate the importance of Jewish opinion here. It is fanatically involved in the fate of Israel. Even non-observant or non Zionist Jews take this stance. I would not have cared even to fight St. Marylebone as a Conservative candidate in the face of Jewish hostility on this issue. Manchester, Leeds, and the whole of North London would be profoundly affected.

7. If there be a reasonable chance of success without losing our honour yet again over the Balfour declaration; go ahead. But have we not enough on our plate just now not to consider leaving this hot potato alone?

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8. I am sending copies of this minute to the other members of OD and to Sir Robert Armstrong.

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