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CC(82) 25th
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on

TUESDAY 11 MAY 1982

at 11.00 am

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 Francis Pym MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Sir Keith Joseph MP
Secretary of State for Education and
Science

The Rt Hon James Prior MP
Secretary of State for Northern Ireland

The Rt Hon John Nott MP
Secretary of State for Defence

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon Patrick Jenkin MP
Secretary of State for Industry

The Rt Hon John Biffen MP
Lord President of the Council

The Rt Hon David Howell MP
Secretary of State for Transport

The Rt Hon Norman Fowler MP
Secretary of State for Social Services

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

The Rt Hon Baroness Young
Lord Privy Seal

The Rt Hon Nigel Lawson MP
Secretary of State for Energy

The Rt Hon Norman Tebbit MP
Secretary of State for Employment

The Rt Hon Cecil Parkinson MP
Chancellor of the Duchy of Lancaster
and Paymaster General

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The Rt Hon Lord Cockfield
Secretary of State for Trade

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Michael Havers QC MP
Attorney General

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr R L Wade-Gery (Item 1)
Mr D J S Hancock (Item 2)
Mr D M Elliott (Item 2)
Mr R L L Facer (Item 1)

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FALKLAND ISLANDS

Previous Reference: CC(82) 24th Conclusions, Minute 2

1. The Cabinet reviewed the state of the dispute over the Falkland Islands.

The Cabinet's discussion and conclusions reached are recorded separately.

COMMUNITY AFFAIRS

30 May 1980 Mandate

Previous Reference: CC(82) 24th Conclusions, Minute 3

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that when the budget problem was discussed at the informal meeting of Foreign Ministers on 8-9 May he had made clear at the outset, as earlier agreed with the Prime Minister and other colleagues directly concerned, that he was prepared to negotiate on figures but only if the others were willing to offer a substantial improvement on their opening bid of 800 million ecus on a lump sum basis for three years. He had later indicated some of the possibilities for flexibility on the United Kingdom side. He had to report with regret that there had been no corresponding movement on the part of the nine other member states. On the second day of the meeting a one-year solution had been suggested as a way out of the looming agricultural crisis caused by the United Kingdom's continuing refusal to approve the Common Agricultural Policy (CAP) price settlement. This, not the Falkland Islands, was the issue which in this context most troubled the other member states, many of whom were desperately anxious to see the price package implemented. A fixed refund for 1982 had been proposed, calculated on the estimated outturn for that year. He had replied that he would be willing to consider a one-year settlement only on the understanding that it would be related to the outturn figures for 1982 rather than the estimates, that it would be based on a percentage of our net contribution as in the 30 May 1980 Agreement, and that the percentage would be considerably higher than the figures so far under discussion. This offer was not taken up, and the long discussions were accordingly brought to an end without agreement. It had nevertheless been gratifying that none of his Community colleagues had wanted to exaggerate this outcome: Monsieur Cheysson, the French Foreign Minister, for example, had said that Community solidarity should not be put at risk for a few hundred million ecus and that a crisis should be avoided. It was not clear what would happen next. The issue might have to come to the European Council in due course. Meanwhile there might be an attempt to impose the CAP price settlement by a majority vote in the Council of Ministers (Agriculture) currently in progress, in which event the United Kingdom would invoke the Luxembourg compromise. The French had threatened to introduce national aids for their farmers, and farmers would doubtless demonstrate against the United Kingdom veto in many member states.

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THE PRIME MINISTER, summing up a brief discussion, said that it was still essential for the United Kingdom to get a reasonable refund on its net contribution to the Community budget. The negotiation of an acceptable one-year arrangement was likely to provoke as big a row as reaching agreement on a longer term solution, and so it would be better to continue working for the latter.

The Cabinet -

Took note.

Cabinet Office

12 May 1982

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Sir R. Armsbury (BU)

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CABINET

LIMITED CIRCULATION ANNEX

CC(82) 25th Conclusions, Minute 1

Tuesday 11 May 1982 at 11.00 am

The Cabinet reviewed the state of the dispute over the Falkland Islands.

THE SECRETARY OF STATE FOR DEFENCE informed the Cabinet of the military situation.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the United Nations Secretary General, Senor Perez de Cuellar, was still actively engaged in separate consultations with the United Kingdom Permanent Representative, Sir Anthony Parsons, and the Argentine Deputy Foreign Ministers, Senor Ros. It was not yet clear whether the Argentine Government were seriously seeking an interim settlement. The previous evening Senor Ros had given the Secretary General a paper containing proposals which Senor Perez de Cuellar recognised would be unacceptable to the United Kingdom. Sir Anthony Parsons had emphasised to him that it was essential to include in any draft agreement unequivocal language to the effect that the outcome of subsequent negotiations on the status of the Islands would not be prejudged. If it became clear that the Argentines were not negotiating in good faith, Sir Anthony Parsons's aim would be to ensure that the blame for any breakdown was put on the Argentine Government. At the informal meeting of the European Community (EC) Foreign Ministers on 8 and 9 May there had been strong support for the United Kingdom position from France and Germany, while the Republic of Ireland showed the greatest opposition to further military action. There seemed likely to be a consensus in favour of renewing the economic sanctions against Argentina which expired on 17 May; but Foreign Ministers had decided to await this week's events before taking a decision. In his view it would be inadvisable to press the other member countries of the EC to settle this matter finally before 16 or 17 May, since the Falkland Islands dispute was a matter of great political and public concern throughout Europe.

In discussion the point was made that several possibilities for the long-term status of the Islands existed, including United Nations trusteeship.

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FALKLAND ISLANDS

Previous Reference:
CC(82) 24th Conclusions,
Minute 2

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Further consideration needed to be given to the alternative long-term solutions and their likely impact on Anglo-Argentine relations generally. Concern was expressed about the effectiveness of the presentation of the British position both at home and overseas, and about the way in which the British Broadcasting Corporation was reporting the crisis; criticism of the British Broadcasting Corporation would, however, be more effective if it came from the general public, rather than from the Government who could be too readily portrayed as attempting to interfere with the Corporation's impartiality. Despite the equivocal attitude of some of the media, British public opinion appeared to be increasingly robust in its attitude to the crisis. While American public opinion seemed to be solidly behind the United Kingdom, the attitude of some sections of the United States Administration was less certain.

The Cabinet -

Took note.

Cabinet Office

12 May 1982

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