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CC(82) 43rd  
Conclusions

COPY NO 79

CABINET

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CONCLUSIONS of a Meeting of the Cabinet  
held at 10 Downing Street on  
THURSDAY 14 OCTOBER 1982  
at 10.00 am

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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 Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer

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 Peter Walker MP  
Minister of Agriculture, Fisheries and Food

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

**SECRET**

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

The Rt Hon Lord Cockfield  
Secretary of State for Trade

**ALSO PRESENT**

The Rt Hon Michael Jopling MP  
Parliamentary Secretary, Treasury

**SECRETARIAT**

Sir Robert Armstrong  
Mr P L Gregson (Item 4)  
Mr D J S Hancock (Items 2 and 3)  
Mr A D S Goodall (Items 2 and 3)  
Mr D H J Hilary (Item 1)  
Mr M S Buckley (Item 4)  
Mr L J Harris (Item 1)

**CONTENTS**

Item	Subject	Page
1	PARLIAMENTARY AFFAIRS	1
2	FOREIGN AFFAIRS	
	Middle East	1
	Iran/Iraq	1
	Poland	2
	East/West Economic Relations	2
	Falkland Islands	3
	France	3

Item	Subject	Page
3	COMMUNITY AFFAIRS	
	The Presidency	3
	Common Fisheries Policy	4
	Common Agricultural Policy	4
	Steel	4
	Commercial Policy	4
4	INDUSTRIAL AFFAIRS	
	National Health Service Dispute	5
	National Coal Board Pay Negotiations	6

PARLIAMENTARY  
AFFAIRS

1. The Cabinet were informed of the revised business to be taken in the House of Commons during the following week. Subject to the progress of business, it was intended that both Houses should meet at 2.30 pm on Thursday 28 October for the Prorogation of the 1981-82 Session of Parliament.

FOREIGN  
AFFAIRS

Middle East

Previous  
Reference:  
CC(82) 41st  
Conclusions,  
Minute 1

2. THE FOREIGN AND COMMONWEALTH SECRETARY, reporting on his recent round of visits to Middle East capitals, said that the United States negotiator, Mr Habib, had worked out a plan for the withdrawal of all foreign troops from the Lebanon. Although the other Governments concerned favoured mutual and simultaneous withdrawal, the Syrians were insisting that the Israelis must withdraw first. Another problem was the 14,000 Palestinians still in the Lebanon. There was nowhere for them to go and they would probably have to remain there. This could pose serious difficulties for the process of withdrawal of external forces. The Arab countries were still sorting themselves out in the aftermath of the Fez Summit. They were sending a Commission of the Arab League to Washington to explore President Reagan's peace proposals with the American Administration and would not be finalising their attitude to the Reagan proposals until the Commission had reported. Some members of the Commission would be coming to London on their way back from Washington: this would provide an opportunity for useful discussions. Although all the Arab countries, including Egypt, had reservations about the Reagan proposals, all those he had visited except Syria, regarded them as a basis for discussion; and all of them welcomed the role which the United Kingdom and other members of the European Community were playing. Meanwhile a struggle for the soul of the Palestinian Liberation Organisation was in progress in which, for the moment at least, the moderates - Jordan, Egypt and Saudi Arabia - seemed to be winning. The mood within Israel was not conducive to an early peace settlement, but in other respects the short-term prospects for progress in the Middle East were not without hope.

Iran/Iraq

Previous  
Reference:  
CC(82) 40th  
Conclusions,  
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had found no expectation either in Syria or in Egypt of an early end to the Iran/Iraq war. The general view seemed to be that either Ayatollah Khomeini or President Saddam Hussain would have to fall before the war could finish. Meanwhile it looked as if the Iraqi forces would continue to contain the Iranians adequately.

Poland

Previous  
Reference:  
CC(82) 7th  
Conclusions,  
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Polish Government's legislation to ban Solidarity and the ensuing disturbance in Poland had made it even more difficult for Western countries to normalise their relations with Poland. The British, American and French Governments had all made strong statements of condemnation. The United States had gone further by suspending Most Favoured Nation treatment for Poland. Although this decision had caused him some concern, it was probably the least the United States Government could have done, given President Reagan's personal commitment to liberalisation in Poland. A special meeting of the North Atlantic Council was being convened on 20 October on British initiative to review Alliance policy towards Poland. The informal visit to London by the new Federal German Chancellor, Dr Kohl, on 19 October would be a valuable opportunity to compare notes with him on this and other problems by way of preparation for the more formal Anglo/German Summit meeting in Bonn on 28-29 October.

The Cabinet -

1. Took note.

East/West  
Economic  
Relations

THE FOREIGN AND COMMONWEALTH SECRETARY said that there was continuing disagreement between the United States and her European allies on the handling of East/West economic relations; but at the informal meeting of North Atlantic Treaty Organisation Ministers in Canada on 2-3 October agreement had been reached to study various aspects of the problem. This was an important step towards closing the gap which had opened up in the Alliance, and Press coverage of the subject since the meeting had been more positive. At the same time there were evident dangers. The United Kingdom and her European partners must be careful not to enter into agreements which could hamper their own trade with the Soviet Union without securing a firm quid pro quo from the United States in the shape of a lifting of the United States embargoes. The latest developments in Poland made this more difficult. He would be proceeding with great caution and in close consultation with the Secretary of State for Trade.

In discussion the point was made that limitations on the right to export oil and gas technology to the Soviet Union could seriously damage the interests of a wide range of British firms. Attention was also drawn to possible difficulties with the United States Government over exports of sophisticated defence equipment to certain Middle East countries, where key micro-electronic components were of United States origin. The contracts concerned could be worth as much as £1½ billion. Means of overcoming the difficulties were under active consideration.

THE PRIME MINISTER, summing up the discussion, said that experience had shown that the United States had not always delivered its side of the bargain in negotiations about restrictions on trade and credit for the Soviet Union. It would be important to avoid a situation in which the United Kingdom was committed to further restrictions without an equally firm commitment from the United States to lift the embargo and end its discriminatory measures against British firms.

The Cabinet -

- 2. Took note.

Falkland Islands

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Minister of State, Foreign and Commonwealth Office, Mr Cranley Onslow, had just completed a very useful visit to the Falkland Islands on which he would be reporting to colleagues separately.

Previous Reference: CC(82) 37th Conclusions, Minute 2

The Cabinet -

- 3. Took note.

France

THE HOME SECRETARY said that he had had a valuable discussion with the French Minister of the Interior, Monsieur Defferre, in London on 12 October. It was clear that the French Government were deeply concerned at the prospect of further terrorist attacks in Paris. Recent events in the Middle East had given a new impetus to international terrorism. There was consequently a need for even greater vigilance in the United Kingdom, given the ease of access into the country from France through the Channel ports.

The Cabinet -

- 4. Took note.

COMMUNITY AFFAIRS

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The Presidency

3. THE FOREIGN AND COMMONWEALTH SECRETARY reported that a political crisis in Denmark had obliged the Danish Prime Minister to cancel a visit to London on 15 October. The crisis meant that Danish Ministers would be in a weak position to deal with the numerous Community problems that were on the agenda for the rest of their Presidency.

Common  
Fisheries  
Policy

Previous  
Reference:  
CC(82) 42nd  
Conclusions,  
Minute 3

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the cancellation of the Danish Prime Minister's visit deprived British Ministers of the opportunity to try to shift the Danish Government's position on fish. The previous day the Danish Government had published a list of demands for changes in the proposals for the Common Fisheries Policy. This was presumably a pre-election manoeuvre, but the prospects for agreement on a policy in the near future had clearly not improved.

Common  
Agricultural  
Policy

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the French Agriculture Minister, Madame Cresson, had visited the Soviet Union and was reported to be negotiating an export contract for French grain. The negotiation of such arrangements fell within the competence of the Commission and, if the story proved to be true, the episode would have profound implications for the Community.

Steel

Previous  
Reference:  
CC(82) 42nd  
Conclusions,  
Minute 3

THE SECRETARY OF STATE FOR INDUSTRY said that the latest reports indicated that the prospects for an agreement with the United States in the steel dispute might have somewhat improved. It was to be hoped that this was so, because the consequences of failure for the British industry would be very serious. The main remaining problem lay with the Germans, who were opposing an agreement on pipes and tubes. Vice-President Davignon, who was in charge of the negotiations was reported to be hopeful that the Germans would eventually come into line. The Prime Minister's meeting with the new Federal Chancellor on 19 October would provide an opportunity to influence the German Government in this direction. There were conflicting reports about the final deadline for an agreement: it now seemed to have slipped to 20 or 22 October. If there was no prospect of an agreement by the end of the week, an emergency Council of Ministers would be called for the following week.

Commercial  
Policy

THE SECRETARY OF STATE FOR TRADE said that he was becoming increasingly concerned about the consequences for United Kingdom industry of restrictive trade practices by other countries which worked to British disadvantage. One current example was the Press reports of imports of cars from Spain. These imports resulted from the uneconomic cost structure of the United Kingdom industry, but the episode had called attention to the grossly inequitable tariff arrangements between the two countries. Under the terms of an agreement made by the Community with Spain in 1970 and applied to the United Kingdom as a result of accession, we were obliged to charge only four per cent on imports of

Spanish cars whereas Spain charged approximately 40 per cent on imports of United Kingdom cars - thus effectively preventing them from entering the market. In the past the Government's defence had been that the problem was transient because it would be solved by Spanish accession to the Community. Now the date of accession was constantly moving off and the Spaniards were fighting hard for a very long transitional period. The Secretary of State was urgently considering what the United Kingdom could do to protect the position of British industry in the new circumstances.

The Spanish problem was only one example of a general phenomenon. A very similar inequity in tariff arrangements applied in the case of Australia, which could export cars made in Australia to the United Kingdom at a very low tariff while protecting its market with a high tariff barrier. The actions of the United States over steel and the pipeline were further examples. In general, the Secretary of State was convinced that the United Kingdom's interests were firmly in the direction of liberal trading arrangements; but these examples all showed that other countries enjoyed the benefits of illiberal practices which discriminated against United Kingdom interests.

THE PRIME MINISTER, summing up a short discussion, said that the matter should be considered urgently by the Ministerial Committee on Economic Strategy and an agreed line worked out for use in the Debate on the Address.

The Cabinet -

Invited the Secretary of State for Trade to circulate a paper recommending action to be taken to protect the United Kingdom industry against the discriminatory restrictive practices of other countries, for discussion at an early meeting of the Committee on Economic Strategy.

4. THE SECRETARY OF STATE FOR SOCIAL SERVICES said that there had been considerable support by National Health Service (NHS) employees for the recent regional Days of Action, although there had been a few exceptions and the response from workers outside the NHS had been noticeably less than before. There were some signs of greater reluctance by NHS workers to take industrial action, but it was probable that the unions would continue to be able to achieve substantial disruption in selected districts by withdrawing small numbers of staff. Meanwhile talks were continuing with the Royal College of Nursing and the other professional bodies. It was too soon to judge whether a settlement would be possible with them. It would be essential for the Government to establish that these bodies would be willing and able both to secure acceptance by their members and to make an agreement against the opposition of the NHS unions. Depending on developments he hoped

INDUSTRIAL  
AFFAIRS

National Health  
Service Dispute

Previous  
Reference:  
CC(82) 42nd  
Conclusions,  
Minute 4



to be able to give the Cabinet a better assessment of what might be feasible and desirable either the following week or the week after that.

The Cabinet -

1. Took note.

THE SECRETARY OF STATE FOR ENERGY said that the overtime ban imposed by the National Union of Mineworkers (NUM) was being followed by its members, but only with some reluctance. Its effect might therefore be to reduce rather than increase support for strike action in the ballot on 28-29 October. Although the ban was preventing deliveries of coal to power stations at the weekend, the weekly rate of delivery was at present still in excess of consumption. The President of the NUM, Mr Scargill, would be mounting a massive campaign in advance of the ballot to focus attention on closures and on trade union loyalty rather than on pay. It was essential for Ministers to continue to maintain the lowest possible profile, both in public and in Parliament, on all matters which could affect the outcome of the ballot.

The Cabinet -

2. Took note.

National Coal  
Board Pay  
Negotiations

Previous  
Reference:  
CC(82) 42nd  
Conclusions,  
Minute 4

Cabinet Office

14 October 1982