

PRIME MINISTER'S ENGAGEMENTS:

This morning the Prime Minister had had a Plenary Session with President Giscard: also present - the Foreign Secretary, Chancellor of the Exchequer, SS/Energy, M. Francois-Poncet (French Foreign Minister), M. Giraud (Minister of Industry) and M. Monory (Minister of Finance).

At 1100 there ~~would~~ be a joint press conference with the Prime Minister and President at Millbank Tower cinema.

The Prime Minister attends Questions in the House this afternoon. At 1830 she has an audience of The Queen and is in the House later in the evening for a three-line whip on the British Aerospace Bill.

PRESS NOTICES:

The Lobby were given the following three press notices:

Appointment of the Rev John Mark Meredith Dalby MA Ph.D. to the Vicarage of Saint Mark, Worsley in the County of Greater Manchester.

Appointment of Mr David Cardwell CB, F. Englk F,C,G,I., F.I.Mech.E., M.R,Ae.S., to be Chief of Defence Procurement in the Ministry of Defence.

Appointment of Colonel James Ellis Evans C.B.E., T.D., JP as Her Majesty's Lord-Lieutenant for the County of Clwyd.

IN THE HOUSE:

There is a PNQ running from Mr Les Huckfield who will ask the SS/Industry whether he will make a statement on British Leyland Management's decision to sack the Chairman of the Shop Steward's Committee.

The morning lobby was repeated. The lobby received copies of the four PM's questions answered today at 4.00 pm. The Attorney-General had three questions to answer but we could not guide at which time they would be answered.

PROTECTION OF INFORMATION BILL:

The Prime Minister had said in the House that in the present circumstances the Government would not proceed further with this Bill. There had been a considerable adverse reaction to it from both sides of the House, since its introduction. In the light of this, the Government would obviously want to take a further look at it. We had no idea when a Bill would be back before the House. By their nature the Security Services had to operate secretly. And there was a need for some legislation to allow some protection. The Government was committed to getting rid of Section 2 of the OSA but obviously some form of new legislation would be required to replace it.

MAXWELL FIFE DIRECTIVE:

In reply to whether the wording of the Directive was a bit loose we said that the Press must make their own judgement; the House also would be making a judgement. However, we emphasised that the problem was not that there were no rules; the problem was how the rules were carried out. The Prime Minister had done everything to ensure that the spirit of the rules would be enforced in future.

SIR ANTHONY BLUNT:

We emphasised that the Government had not vetted Mr Blunt's statement. We could not comment on any discrepancy between his statement and what the Prime Minister had said in the House. Mr Blunt's solicitor had requested the interview with Sir Robert Armstrong to ensure there was nothing in his client's statement which was prejudicial to national security. No deletions had been asked for nor suggested.

We anticipated that the debate tomorrow would help to clarify questions raised by the statement last week and by subsequent Parliamentary written answers.

It was difficult to give any firm guidance on an enquiry. The lobby should wait to see what emerged in the debate tomorrow. The important thing was now what happened in the future. We would give no guidance on the Prime Minister's contact/relationship with the heads of the security services but the lobby should assume that the Prime Minister's feelings had filtered through to them.

TALKS WITH PRESIDENT GISCARD D'ESTAING:

We said the situation was no different after the talks than it had been before. The Government was in a negotiating position. The Prime Minister had shown that she is very serious on the UK's budgetary contribution and that it is a major political problem for the Community. It had been made clear that other aspects such as fish, lamb and oil were not part of the argument. The Prime Minister had made clear that "half a loaf" was not good enough. We said a figure had not been given to the Prime Minister. We would also not enter into speculation on the outcome of the Summit. However, the Prime Minister's resolve in getting the inequity sorted out had not weakened.