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CM(73) 46th  
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet  
held at 10 Downing Street on  
TUESDAY 16 OCTOBER 1973  
at 11.30 am

PRESENT

The Rt Hon Edward Heath MP  
Prime Minister

The Rt Hon Sir Alec Douglas-Home MP  
Secretary of State for Foreign and  
Commonwealth Affairs

The Rt Hon Lord Hailsham of St Marylebone  
Lord Chancellor

The Rt Hon Anthony Barber MP  
Chancellor of the Exchequer

The Rt Hon Lord Carrington  
Secretary of State for Defence

The Rt Hon Robert Carr MP  
Secretary of State for the Home  
Department

The Rt Hon James Prior MP  
Lord President of the Council

The Rt Hon Sir Keith Joseph MP  
Secretary of State for Social Services

The Rt Hon Margaret Thatcher MP  
Secretary of State for Education and  
Science

The Rt Hon Gordon Campbell MP  
Secretary of State for Scotland

The Rt Hon Peter Walker MP  
Secretary of State for Trade and Industry

The Rt Hon Peter Thomas QC MP  
Secretary of State for Wales

The Rt Hon Joseph Godber MP  
Minister of Agriculture, Fisheries  
and Food

The Rt Hon Sir Geoffrey Howe QC MP  
Minister for Trade and Consumer Affairs

The Rt Hon Lord Windlesham  
Lord Privy Seal

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ALSO PRESENT

The Rt Hon Francis Pym MP  
Parliamentary Secretary, Treasury

SECRETARIAT

Sir John Hunt  
Mr H F T Smith  
Mr P Benner  
Mr H<sup>r</sup> Ellis-Rees

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PARLIAMENTARY  
AFFAIRS

1. The Cabinet were informed of proposed changes in the business to be taken in the House of Commons during the remainder of the Session. It was noted that the Minister for Aerospace was likely to be making an early personal statement on the answer he had given on 12 February to a Parliamentary Question about the tracked hovercraft train.

Debate on  
Sugar

The Cabinet were informed that there was likely to be a debate on sugar in the House of Commons during the following week, and that there was some danger that the Government would be defeated. Tate and Lyle Limited had launched a powerful and well-planned publicity campaign attacking the Government's policy on the sugar refining margin, and suggesting that if the margin were reduced next June it might become financially impossible for them to accept Commonwealth sugar for refining. Satisfactory replies were available to all the arguments being advanced by the company; but the campaign would attract support from Members of all Parties who were uneasy about the effects of this country's participation in the European Communities, and unless energetic counter-measures were taken seemed likely to have a substantial and damaging impact.

THE PRIME MINISTER, summing up a brief discussion, said that the Lord President, in consultation with the Minister of Agriculture, Fisheries and Food and other Ministers concerned, should urgently consider how the Government's case, which was a good one, could most effectively be presented to the public and in Parliament so as to secure a satisfactory outcome to the forthcoming debate.

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FOREIGN  
AFFAIRS

Iceland

Previous  
Reference:  
CM(73) 43rd  
Conclusions,  
Minute 1

2. THE PRIME MINISTER said that he had <sup>had</sup> ~~completed~~ his talks with the Prime Minister of Iceland, Mr Johannesson, about the possibility of reaching an interim agreement on fishing off the Icelandic coast. He had told Mr Johannesson that as a result of their discussion we would be prepared to contemplate an agreement to run for two years from the date of signature, under which the British trawler industry would exclude freezers and factory ships <sup>would be</sup> ~~EXCLUDED~~ from the area between 12 and 50 miles off the Icelandic coast; the trawler fleet operating in the area would be reduced, compared with the fleet operating in 1971, by 15 of the larger trawlers and 15 of the smaller; there would be areas outside the 12 mile limit <sup>would be</sup> reserved for Icelandic small boat fishing; the area would be divided into 6 sectors, one of which would be closed at any one time to British trawlers; and the procedure for dealing with violations of the agreement would be that an Icelandic patrol boat catching an offending trawler would call up one of our fishery support vessels to confirm the details of the offence and the matter would then be reported to us and the trawler in question withdrawn from the list of those entitled to fish off Iceland. The proposals had been worked out on the basis that our trawler fleet must be given the possibility of catching up to 130,000 tons a year, but a figure for the catch ceiling would not appear in the agreement and our trawlers would not have to stop fishing if they reached that figure. There was the possibility of making some adjustments in the extent of the areas reserved for small boats and on the details of the rotating closed areas; this would be the subject of study by experts. Mr Johannesson had not been prepared to state unequivocally that he would recommend to his Government and to the Foreign Affairs Committee of the Althing that an agreement in these terms should be accepted; he was willing only to say that he would discuss it with his colleagues. We must assume that the Communist Minister of Fisheries, Mr Josefsson, would oppose it, and much would depend on Mr Johannesson's determination. The Prime Minister had made it clear to him that we regarded the discussions as the substantive negotiations, and that we would not be prepared to enter into a further round of negotiations in which the Icelanders sought to get us to make further concessions. It would probably be a week or so before we had the Icelandic answer.

The Cabinet -

Took note, with approval, of the Prime Minister's statement.

Middle East

The Cabinet considered latest developments in the Middle East. Their discussion and the conclusions reached are recorded separately.

Cabinet Office

16 October 1973

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CONFIDENTIAL ANNEX

CM(73) 46th Conclusions, Minute 2

Tuesday 16 October 1973 at 11.30 am

FOREIGN  
AFFAIRS  
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Middle East

THE FOREIGN AND COMMONWEALTH SECRETARY said that the dangers inherent in the present war were increasing, in Syria the Israeli forces would probably stop short of Damascus, try to establish positions which could be held with relatively light forces, and switch part of their forces to the Sinai front. King Hussein of Jordan, who had been under strong pressure from other Arab States to provide forces to help the Syrians had agreed to do so, but would do his best to avoid engaging his forces in battle. The Iraqi brigade sent to Syria had been severely mauled. On the Sinai front the Israeli forces were apparently not at present in a position to mount a major offensive against the large Egyptian forces which were strongly entrenched. The front was relatively quiet; both sides seemed to have decided that there must be a pause before the next phase of the conflict. The Soviet Union was sending great quantities of arms and equipment to the Arabs, and the United States had begun to help the Israeli forces on a major scale. The policy of detente had not inhibited the Soviet Union and the United States from coming to this decision, which must inevitably increase the dangers already inherent in the situation.

The Foreign and Commonwealth Secretary said that we were faced with two difficult questions, on which he would be grateful for the views of his colleagues. The first question concerned our public attitude to the Arab breach of the cease fire which had led to the fighting. He was aware that the Government was being criticised for its failure to condemn this breach. But in his view, no useful purpose would have been served, and much harm would probably have been done, if we had done so. The Arabs had not crossed an international frontier to commit aggression on the territory of another country. The areas in which they were fighting were still legally, and in the view of the United Nations, part of their own territories seized and occupied by the Israelis in the 1967 war. He himself had long taken the view that fighting would break out again if Israel maintained her inflexible attitude, and he had

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never concealed this view from the Government of Israel. While, therefore, there was undoubtedly a breach of the cease fire by the Arabs, it would not be right to charge them with aggression. Nor would it be expedient to do so. We had, with a considerable expenditure of effort, greatly improved our relations with the Arab world in recent years and provided we did not throw away the GOOD WILL with the Arabs which we had earned, we might be able to play a useful part in obtaining a cease fire if circumstances should so develop as to make this possible. Finally, a public stance critical of the Arabs (and therefore regarded by them as pro-Israeli) would greatly increase the danger to our oil supplies. The second question was, in his view, a more difficult one. It arose from our decision to impose an embargo on the shipment of equipment and ammunition to the countries engaged in the battle-field area. The countries at present affected by the embargo were Syria, Iraq, Egypt, Jordan, Libya (because she might transfer supplies to other Arab countries) and Israel. The present exclusion of Saudi Arabia was possibly open to question, but the Saudi Arabian commitment to send troops to fight in Syria was probably only a gesture and it was unlikely that she would transfer to Egypt any of the equipment or spare parts she might obtain from us. On the other hand our military exports to Saudi Arabia were part of a long-term programme for an air defence system and we stood to lose orders amounting to some £250 million if we interfered with the programme; and our relations with King Faisal were of great importance not only because of the oil but also because he was a restraining influence in the Arab world. There was a clear case for continuing to supply the States in the Gulf where there were defence requirements distinct from the Arab/Israel conflict which it was greatly to our interest to support. The embargo thus extended to warlike goods covered by contracts, and in some cases already paid for. We were already holding back from Israel ammunition, about which the Israel Government had made representations to us, and spare parts for Centurion tanks, about which we had not yet received representations. The embargo was denying gun sights to the Egyptians. What we were withholding from these two countries represented, in his view, a fairly even balance. Other Western European countries were following a similar policy. If we abandoned our present course, the Arab countries would regard us as favouring Israel, even if the embargo were lifted from both sides. Our ability to play a constructive part in bringing the fighting to an end, either by our own efforts or in co-operation with other Western European countries, would be correspondingly reduced.

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In discussion it was urged that we should at least fulfil existing contracts, without discrimination between one country and another. In support of this it was argued that the supply of ammunition was becoming a crucial problem for Israel and that it was not in our national interest to weaken Israel's power to resist and thus to strengthen Soviet influence in the Middle East by strengthening the position of the Arab countries, which were Soviet clients. It was also argued that if we sold weapons in times of peace and contracted to maintain the supply of spare parts and ammunition, we were in honour committed to continue that supply if war broke out. Indeed, since we had always foreseen the likelihood of renewed conflict in the area we could be presumed to have taken this into account when we entered into contracts. It was further suggested that there was a distinction between re-equipping the opposing forces as the Soviet Union and the United States were doing, and providing them with supplies and spares for equipment which they already held. It was noted that when the Government had come under attack for supplying spare parts to South Africa, the policy had been justified on the ground that the original equipment had been properly supplied under the Simonstown Agreement and that the supply of the equipment implied an obligation to supply spare parts: this might be quoted in criticism of the Middle East embargo, although admittedly supplies to South Africa had not been made in time of conflict. Particular concern was expressed about the decision to continue the training of a number of Egyptian pilots who were now in this country on a conversion course for flying helicopters. This was attracting much criticism and appeared to be inconsistent with the breach of contract on supplies. It was also suggested that if it were decided to maintain the embargo it might be difficult to continue to exclude Saudi Arabia from it. As regards the attitude that the Government should adopt towards the Arab breach of the cease fire, it was suggested that whatever might be the failings of Israeli policy, there was no justification for the breach of the cease fire and it was wrong that we should appear to be tolerant of it.

On the other hand it was argued that the interests of this country would not be served if it appeared to the Arabs that our policy was turning towards supporting Israel. The consequences for our oil supplies and therefore for our economy as a whole would be very serious, and our interests in the Gulf would suffer severe damage. Furthermore our ability to contribute to a cease fire, which might be of crucial importance at the right moment, would be gravely impaired. This was of particular relevance at a time when the United States and the Soviet Union were becoming increasingly committed to the support of the Israelis and Arabs. It had been apparent during the past few days that we were in a position to talk confidentially to both sides: and in due course, possibly in association with European countries who were following a similar

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course on the supply of arms, we might be able to take a constructive initiative. Furthermore, much of the concern that had been expressed appeared to rest upon the assumption that Israel was going to lose the present conflict. On present evidence that was not so. The argument that Israel depended on us for ammunition for her Centurion tanks could not be sustained; suitable ammunition could, and no doubt would, be supplied by the United States. And it should be remembered that we imposed an embargo on both sides in the conflict between India and Pakistan.

It was recognised however that public opinion was uneasy, and that there was a considerable element, not limited to the Jewish community, which sympathised with the Israelis and which might conclude that the embargo was particularly damaging to the Israelis and had only been imposed because we were afraid of the threat to our oil supplies. Acute problems were likely to arise in some areas; there were for example threats of resignation by local councillors which if implemented might stimulate a feeling of separateness on the part of the Jewish community which would have very serious long-term consequences. Further thought needed to be given not only to the content of our policy but also to its public presentation.

THE PRIME MINISTER, summing up the discussion, said that the Government were faced with complex and very difficult domestic and international problems. It was important however to keep the matter in proportion. Anything we might supply to Israel would be minimal compared with the massive supplies which were now flowing from the United States. Fears that Israel would be destroyed were exaggerated. The United States would not let that happen. It was difficult to predict how far the Soviet Union would go in support of the Arabs. There was a danger that the two super powers would find themselves increasingly involved and increasingly unable to reconcile their Middle Eastern policies with their general policy of detente. Our position in this could become very important. We should not underestimate our influence with the Arabs generally, and especially with Egypt. Events over the last few days had shown that we had more reliable information about Egypt's attitude than the Americans and even the Russians. We had been very active in the search for a solution and our efforts must continue. We would be powerless to help if by a change of direction in our policy we sacrificed our relations with Egypt. Far from opening the way to increased Soviet influence in the Middle East our improved relations with the Arabs served to counter Soviet influence. The embargo was however an important domestic issue and although in the statement which he was to make in Parliament later that day the Foreign and Commonwealth Secretary would need to maintain our policy, it might be helpful if he could also make it

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clear that the situation would be kept under constant review. The Cabinet could then resume their discussion of the matter at a subsequent meeting.

The Cabinet -

Took note, with approval, of the Prime Minister's summing up of their discussion.

Cabinet Office

17 October 1973

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