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CM(73) 47th  
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet  
held at 10 Downing Street on  
TUESDAY 16 OCTOBER 1973  
at 5.30 pm

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 Geoffrey Rippon QC MP  
Secretary of State for the Environment

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 John Davies MP  
Chancellor of the Duchy of Lancaster

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>F</sup> Ellis-Rees  
Mr J B W Robins

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THE  
QUEEN'S  
SPEECH  
ON THE  
PROROGATION  
OF  
PARLIAMENT

1. The Cabinet had before them notes by the Lord President of the Council (CP(73) 100 and 101) to which ~~were annexed~~ a draft of The Queen's Speech on the Prorogation of Parliament.

The Cabinet considered the draft Speech paragraph by paragraph.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet approved the draft, subject to certain amendments which had been suggested. It might, however, be necessary to reconsider paragraph 7 when more was known about the reaction of the Icelandic Government to the discussions on fisheries which had just taken place in London and to add a paragraph about the fighting in the Middle East. The Secretary of State for Northern Ireland would also need to review the paragraphs on Northern Ireland in the light of the latest developments.

The Cabinet -

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

OIL  
SUPPLIES

2. THE PRIME MINISTER informed the Cabinet that the Organisation of Petroleum Exporting Countries (OPEC) had met in Vienna the previous week and presented the oil companies with a demand to double the posted price of oil from \$3 to \$6 a barrel, requesting a reply within a few days. The oil companies were not prepared to accept an increase of this size, but they believed that any counter offer which they would consider realistic might lead to a breakdown of the negotiations; in these circumstances they had represented that they needed to consult their Governments about the OPEC proposals. The conference had accordingly been adjourned for two weeks. If price increases of this order were conceded, it would increase the cost of oil supplies to the European Economic Community by about \$10,000 million a year. The Ministers most closely concerned had been consulted by the oil companies about the tactics they should follow; messages had been sent to the Governments of the major oil consuming powers; and an attempt would also be made to gain the support of the Shah of Iran for moderating the demands of OPEC.

THE SECRETARY OF STATE FOR DEFENCE said that the war between the Arab States and Israel was already interrupting supplies of oil to Western Europe, though the effect so far on the United Kingdom was small. The Arab members of OPEC were however due to meet in Kuwait the following day to discuss use of the oil weapon as a means of bringing pressure on the United States to drop her support of Israel, possibly by preventing the sale of oil

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to United States oil companies. They well recognised that such a move could incidentally be very damaging to European supplies, and indeed had warned us on this account to use our influence with the United States. Action was already in hand to bring into force the oil sharing arrangements of the Organisation for Economic Co-operation and Development. Against this background the Task Force on Oil Supplies had reviewed the state of contingency planning in the United Kingdom and considered the measures that needed to be taken immediately. Stocks of oil stood at some 75 days' forward consumption, with about 30 days' supply in transit by sea at any time. But distribution difficulties would arise when stocks fell below the level of 30 days' consumption. An interruption in the supply of Arab oil would cut our imports by nearly half, and immediate action would be needed to conserve stocks. Legislation would be required to provide powers to introduce motor fuel rationing and to enforce the allocation of supplies to industry, as well as to protect the oil companies against being sued for breach of contract by their customers; and a Bill could be ready for introduction at the beginning of the new Session of Parliament; if a crisis occurred before then it might be necessary to rely on emergency powers. Preparations for the rationing of motor fuel could be completed in three to four weeks; hitherto these had been hampered by the need for security, but in present circumstances public opinion was likely to accept the need for precautionary measures, and action need not be inhibited by the risk of the Government's plans becoming known. It would be necessary to prepare the recruitment of some 2,000 staff to administer the rationing scheme. The Cabinet might consider it advisable for the Civil Contingencies Unit now to take over the direction of these preparations. Consideration would also need to be given to the way in which cuts in the consumption of oil by industry should be imposed, and to the possibility of increasing the use of coal at power stations. The latter measure could save up to 6 million tons of oil over a period of six months; but account must also be taken of the risk to coal supplies in case of industrial action. The Task Force would be putting proposals on these questions to the Ministerial Committee on Economic Strategy.

In discussion there was general recognition of the urgent need for precautionary measures. Consideration would need to be given to the possibility of importing coal; though this could have an adverse effect on industrial relations in the coalmining industry. Motor fuel rationing would not of itself save a large proportion of the country's oil supplies - perhaps some 3 million tons a year; and further study would need to be given to its implications for public transport. Plans were in hand for the administration of the scheme from seven regional centres. This complex administrative system and the relatively small benefit suggested that petrol rationing should be very much a last resort; nonetheless, it would have a marked effect on public opinion, and would underline the gravity

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of the crisis with which the country might be faced. This might also argue in favour of declaring a state of emergency at an appropriate moment; though it would be important to emphasise the limits of emergency powers. It was further accepted that extensive preparations of this kind must come to public notice; but public opinion would expect the Government to take vigorous measures to safeguard supplies. A well-directed publicity campaign could secure significant economies, and it would be important to take every advantage of the climate of opinion to secure acceptance for the Government's measures.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that contingency planning against an interruption to our oil supplies should be carried forward with the utmost vigour. If a serious crisis arose, public opinion would expect the Government to be ready with appropriate measures; and there would be widespread criticism if they failed to match the pressure of events. Both the Task Force on Oil Supplies and the Civil Contingencies Unit would have a role to play and there would need to be close co-ordination between them. In general however the Task Force, in addition to any matters concerning oil policy generally, should concern itself with the maintenance of our oil supplies to the maximum extent; whereas the Civil Contingencies Unit would be responsible for all matters affecting our ability to endure in a situation where oil supplies had been reduced. In particular the Civil Contingencies Unit should urgently examine the proposals for legislation, the possible use of the Emergency Powers Act, the preparations for motor fuel rationing, and the measures that should be adopted for allocating cuts in industrial use of oil, as well as any other steps that might be taken to minimise the effect of an interruption including a suitable publicity campaign. Action on a contingency basis should be pressed ahead as rapidly as possible under the general supervision of the Civil Contingencies Unit. Collective Ministerial approval would of course be necessary before any steps were taken by us to reduce consumption; and it would also be necessary for the Economic Strategy Committee to consider at an early date the priorities for the allocation of oil to industry and other vital sectors after these had been examined by the Civil Contingencies Unit.

The Cabinet -

1. Agreed that contingency preparations against any interruption in the United Kingdom's supplies of oil should be completed as a matter of urgency.

2. Invited -

i. The Secretary of State for Trade and Industry, in consultation with the Lord President of the Council, to arrange for legislation controlling the supply of liquid fuels to be prepared.

ii. The Lord President of the Council, in consultation with the Secretary of State for Trade and Industry, to arrange for the Civil Contingencies Unit to examine all the preparations for reducing domestic oil consumption in this country as indicated in the Prime Minister's summing up.

iii. The Secretary of State for Defence to arrange for the Task Force on Oil Supplies to continue to examine all possible ways of ensuring the maintenance of oil supplies to this country to the maximum extent possible.

3. The Cabinet resumed their consideration of the latest developments in the Middle East. Their discussion and the conclusions reached are recorded separately.

FOREIGN  
AFFAIRS

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Middle  
East

Previous  
Reference:  
CM(73) 46th  
Conclusions,  
Minute 2

Cabinet Office

17 October 1973

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CONFIDENTIAL ANNEX

CM(73) 47th Conclusions, Minute 3

Tuesday 16 October 1973 at 5.30 pm

FOREIGN  
AFFAIRS

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Middle  
East

Previous  
Reference:  
CM(73) 46th  
Conclusions,  
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY reported that when he had made his statement on the Middle East fighting that afternoon, the mood of the House of Commons seemed to be rather calmer than might have been expected. He had stressed the even-handed nature of our embargo on arms supplies and the distinction between supplies sought by the direct combatants and those intended for the defence of the Persian Gulf. He hoped also that he had disposed of the concern regarding the training being given to Egyptian helicopter pilots and the supply of tanks to Dubai.

In a short discussion it was noted that the reception given to a similar statement in the House of Lords had been markedly more critical: and it was argued that the distinction which the Government had drawn in connection with the continued supply of arms to the Gulf States was likely to come under increasing criticism. In particular there would be opposition to supplies going to Saudi Arabia. It was also clear that in many quarters there was unease about the Government's refusal to state publicly that the Arabs were responsible for breaking the ceasefire even if this stopped short of condemnation. On the other hand no convincing arguments had been put forward to show that the Government's present policy was wrong, and the Cabinet were informed that the Irish Foreign Minister was anxious that the Community countries should make a joint demarche to the United States and the Soviet Union about the arms shipments they were making. On the other hand it was argued that if the Organisation of Petroleum Exporting Countries meeting resulted anyhow in the reduction of supplies of oil to us we should have greater freedom of manoeuvre to assist Israel. Events were moving fast and the Cabinet would need to continue to keep them under close review.

The Cabinet -

Took note.

Cabinet Office

17 October 1973