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CC(83) 11th
Conclusions

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CABINET

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

THURSDAY 24 MARCH 1983

at 10.00 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the Home Department

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

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

The Rt Hon Michael Heseltine MP
Secretary of State for Defence

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon John Biffen MP
Lord President of the Council

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

The Rt Hon Baroness Young
Lord Privy Seal

The Rt Hon Norman Tebbit MP
Secretary of State for Employment

The Rt Hon Lord Cockfield
Secretary of State for Trade

The Rt Hon Lord Hailsham
Lord Chancellor

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

The Rt Hon Peter Walker MP
Minister of Agriculture, Fisheries and
Food

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Patrick Jenkin MP
Secretary of State for Industry

The Rt Hon David Howell MP
Secretary of State for Transport

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

The Rt Hon Nigel Lawson MP
Secretary of State for Energy

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

The Rt Hon Tom King MP
Secretary of State for the Environment

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THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

The Rt Hon Douglas Hurd MP
Minister of State, Foreign and
Commonwealth Office

SECRETARIAT

Sir Robert Armstrong
Mr A D S Goodall (Items 2-4)
Mr D H J Hilary (Item 1)
Mr G Stapleton (Items 2-4)
Mr L J Harris (Item 1)

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PARLIAMENTARY
AFFAIRS

1. The Cabinet were informed of the business to be taken in the House of Commons during the following week.

Questions on
Adjournment
Days

THE PRIME MINISTER said that it seemed unnecessary to have Question Time in the House of Commons on the days on which the House adjourned for the Easter and other Recesses. It would be helpful if soundings could be taken of the Opposition parties on the possibility of changing the practice for the future.

The Cabinet -

1. Invited the Lord President of the Council, in consultation with the Parliamentary Secretary, Treasury, to hold consultations through the usual channels on the possibility of dispensing with Questions for oral answer on the days on which the House of Commons adjourned for the Easter, Spring Bank Holiday, Summer and Christmas Recesses.

Law
Enforcement

THE HOME SECRETARY said that there was an increasing tendency in the Press and elsewhere to attack the Government both for alleged inadequacy in law enforcement and for seeking the powers needed for the effective combatting of crime. He was likely to face further ill-informed criticism on the interception of telephone calls during the proceedings on the Telecommunications Bill in the following week and the British Medical Association (BMA) were continuing their campaign against the new disclosure provisions of the Police and Criminal Evidence Bill. The Bill already provided for medical records to be made available to the police only after a successful application by a senior police officer to a circuit judge. The medical profession were now demanding that the application should be to a High Court judge. The Lord Chancellor and the Lord Chief Justice had confirmed that this would involve serious practical difficulties and in any case the implied lack of confidence in circuit judges was unacceptable. The need for the disclosure provisions could be substantiated by the considerable volume of evidence in his possession of deliberate obstruction of police investigations by individual doctors, and he was prepared to consider making this publicly available if the BMA did not adopt a more reasonable attitude; but he hoped that a compromise would be reached. In the meantime, the Government Whips' Office had sent briefing on the point to all Conservative Members of Parliament to ensure that there was no misunderstanding of the Government's position. When the passage of the Police and Criminal Evidence Bill through the Commons had been completed, it might be worth considering an approach to editors to point out the inconsistent stance of many newspapers on law enforcement matters.

The Cabinet -

2. Took note.

FOREIGN
AFFAIRS

Middle East

Previous
Reference:
CC(83) 10th
Conclusions,
Minute 2

2. THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE (MR HURD) said that Britain's position in the Middle East had improved as a result of the visit to London of the Arab League delegation headed by King Hussein of Jordan which had taken place on 18 March. The European Council's statement on the Middle East issued in Brussels on 21 March should also contribute to good relations between Britain and the Arab countries without creating difficulties with Israel. There was a good deal of ground to be made up with the Arab countries, especially on defence sales, over the next few weeks. The Foreign and Commonwealth Secretary would shortly be visiting Saudi Arabia, and the Secretaries of State for Energy and Trade were also contemplating visits to Arab countries before long. On the Arab/Israel problem King Hussein was not yet in a position to come to the negotiating table because he had insufficient cover from his Arab partners; and the United States was not yet prepared to bring pressure to bear on Israel to halt its settlements on the West Bank.

THE PRIME MINISTER confirmed that the talks with the Arab League delegation had gone off well, and its members had spoken in reasonable terms. But the Arab countries had no confidence that the United States Administration was pursuing President Reagan's peace proposals with sufficient urgency. King Hussein felt that he was receiving insufficient support from moderate Arab Governments and wanted to enter into negotiations supported by a representative of the Palestinians who was not a member of the Palestine Liberation Organisation. King Hussein had said that progress was held up because the Palestinians were waiting for a signal that the United States would prevent further Israeli settlements on the West Bank, while Washington was waiting for a signal that King Hussein was ready to enter into negotiations. The European Council's statement set out the conclusions of the participants on the Arab/Israel problem in an even-handed way. It was necessary to impress on the United States Administration the need for urgency in pursuing a settlement of the Middle East problem. Meanwhile the United Kingdom's relations with the Arab world were back on course, and relations with Israel had not been damaged.

Zimbabwe

Previous
Reference:
CC(83) 10th
Conclusions,
Minute 2

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE, said that two-thirds of Zimbabwe was calm and the indiscriminate killings by security forces in Matabeleland appeared to have come to an end. But dissidents were still active in the area and had lately been attacking Whites. The British High Commissioner at Harare had asked the Zimbabwean Government for a briefing on the situation and for an assurance of protection for British nationals. The decision of the Zimbabwe Opposition Leader, Mr Joshua Nkomo, to leave Zimbabwe would probably encourage the Prime Minister, Mr Mugabe, to move further in the direction of one-party rule. Mr Nkomo had so far maintained a reasonably low profile during his stay in the United Kingdom, where the Government had had no formal contacts with him.

THE PRIME MINISTER said that President Kaunda of Zambia had told her the previous day that there could be no prospect of reconciliation between the conflicting parties in Zimbabwe unless Mr Nkomo returned to the country. President Kaunda was trying to pass a message to this effect to him through the Commonwealth Secretary General. There was little doubt that his life might be in danger if he returned, and it would be reasonable for him to seek protection from the Zimbabwe Government. She noted that the Foreign and Commonwealth Office would be investigating the possibility of the Commonwealth Secretary General negotiating Mr Nkomo's return to Zimbabwe on the basis of adequate guarantees of his security from the Zimbabwe Government. It would be undesirable for the British Government to have to extend the one month period for which Mr Nkomo had been given permission to remain in the United Kingdom.

Malaysia

Previous
Reference:
CC(83) 10th
Conclusions,
Minute 2

THE PRIME MINISTER said that as a result of a very successful private visit to London by the Malaysian Prime Minister, Dr Mahathir, there had been a notable improvement in relations between the United Kingdom and Malaysia. Dr Mahathir had been treated with the importance due to his position as Head of Government of a friendly partner country. It had been agreed that the relationship between the United Kingdom and Malaysia should be on the basis of a partnership of equals. One of the lessons to be drawn was the importance of according appropriately high level treatment to visiting Ministers from Commonwealth and foreign countries.

Gibraltar

Previous
Reference:
CC(83) 10th
Conclusions,
Minute 2

THE PRIME MINISTER said that the talks on Gibraltar which she and the Foreign and Commonwealth Secretary had had with the Spanish Foreign Minister, Senor Moran, in London earlier that month had been particularly difficult. It had become clear that the Spanish Government's aim was to renegotiate the terms of the Lisbon Agreement which it was claiming was without obligatory provisions and was not a treaty. It had been made clear to Senor Moran that Britain regarded the Agreement as binding and was prepared to implement it. It would be necessary to stand firm on this position. Meanwhile it seemed unlikely that the frontier between Gibraltar and Spain would be opened completely. This was regrettable, since the present arrangement benefitted Spain at the expense of Gibraltar. She noted that the Governor of Gibraltar would be returning to London shortly for consultation and that Her Majesty's Ambassador at Madrid had been instructed to explain to King Juan Carlos and to the Prime Minister of Spain, Senor Gonzalez, the reasons why Spain should not resile from the Lisbon Agreement.

Falkland
Islands

Previous
Reference:
CC(83) 8th
Conclusions,
Minute 2

THE PRIME MINISTER said that the application from an Argentine citizen called Destefanis to take a party of alleged next-of-kin of Argentine soldiers buried on the Falklands to the Islands at the same time as a party of British next-of-kin were due to go there via Uruguay was presenting difficult problems. The application had been made through the International Committee of the Red Cross (ICRC), but many of the details were still obscure, and efforts were being made through the

ICRC to find out more about the background. Destefanis claimed to have no direct connection with the Argentine Government and his papers were not fully in order. The Civil Commissioner in the Falkland Islands, Sir Rex Hunt, believed that the Islanders would be opposed to the visit by the Destefanis group, but if the members of the group were genuine next-of-kin it would be difficult to seek to prevent them visiting the graves of Argentine dead in the Falkland Islands under ICRC supervision.

North Atlantic
Treaty
Organisation

THE SECRETARY OF STATE FOR DEFENCE said that the recent six-monthly meeting of the Nuclear Planning Group (NPG) of the North Atlantic Treaty Organisation (NATO) in Portugal had passed off uneventfully. Progress on implementing both tracks of the North Atlantic Council's decision of December 1979 (pursuit of arms control negotiations and readiness to deploy Pershing IIs and cruise missiles in Western Europe if the negotiations made insufficient progress) was satisfactory. A working group of the NPG was due to report next October on the number of warheads allocated to NATO nuclear forces which were already deployed in Europe, with a view to seeing whether there was scope to withdraw more than the 572 warheads which were due to be withdrawn when the Pershing IIs and cruise missiles were deployed.

The Cabinet -

Took note.

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COMMUNITY
AFFAIRS

Community
Budget

Previous
Reference:
CC(83) 6th
Conclusions,
Minute 3

3. THE PRIME MINISTER said that the United Kingdom had done a good deal of preparatory work for the discussion of budgetary problems at the European Council on 21-22 March. She had invited the President of the Commission, Monsieur Thorn, for a working dinner in London when it was clear that the Commission were not making adequate efforts to prepare for discussion of the issue at the Council. He had taken the view that the European Parliament wanted a long-term settlement and that the Commission could do nothing about the interim period until at least an outline of that had been agreed. She had pointed out that the United Kingdom had been promised an arrangement for 1983 by November 1982, that the United Kingdom had never previously had to wait beyond May for a settlement and that it was essential, both for political reasons and so that provision could be made in the 1984 Community budget, for an agreement to be reached in June. She had subsequently reinforced this message with the Federal Chancellor, Dr Kohl. At the European Council itself, after a difficult first day, the United Kingdom had done better than might have been expected. Dr Kohl had been a strong and effective Chairman, and the German Presidency had tabled some helpful draft conclusions. President Mitterrand had not played a substantial part in the proceedings, no doubt because his attention was concentrated on France's domestic political and economic problems, and reservations by Denmark, Greece and Ireland about a reference to budgetary imbalances had not affected the final result. The Council of Ministers (Foreign Affairs) had been instructed to examine specific proposals from the Commission on the future financing of the Community, including a lasting solution to our budget problem, and to report back to the European Council in June, and to take decisions on an interim solution for the United Kingdom for 1983 and later and report these to the European Council in June. It had been agreed that provision for the 1983 refunds would be incorporated in the draft Community budget for 1984. The negotiations to achieve a settlement in June were still going to be very difficult, but the formula used for the 1980 to 1982 refunds was perfectly good, and the real argument would be over amounts.

European
Monetary
System

Previous
Reference:
CC(82) 34th
Conclusions,
Minute 4

THE CHANCELLOR OF THE EXCHEQUER said that the dispute about the realignment of currencies within the European Monetary System during the weekend of 19-21 March had been over the distribution of the desired gap between the German mark and the French franc, rather than over the size of the gap itself. There had been considerable tension between the French and German representatives, and at one point the atmosphere had become very difficult, with France threatening to introduce widespread protectionist measures if an arrangement, satisfactory to them, could not be obtained. Agreement had finally been achieved when he and Commissioner Ortoli had held separate bilateral consultations with the French and the Germans. The French Finance Minister, Monsieur Delors, had explained that the French Government was determined to continue the fight against inflation, and needed the help which a modest devaluation of the French franc would afford in dealing with France's large balance of payments deficit; the Government were proposing measures designed to eliminate the deficit within two years. The recent decline in the value of

sterling against the United States dollar was due largely to a substantial strengthening of the dollar, although the fall of oil prices and uncertainties about the outcome of the next General Election had also affected the rise in recent weeks. Over the last four years sterling had declined against the dollar but not against European currencies. Since March 1979, when the European Monetary System had started, the value of sterling against all other reference currencies, taking 1975 as 100, had risen from 83 in March 1979 to 103 at its peak, and had fallen to 78 today. The corresponding figure for sterling against the dollar had been 92 in March 1979, 109 at its peak, and was 69 in February. Against the European Monetary System currencies it had been at 84 in March 1979, 111 at the peak, and was at 94 in February. Only the Dutch guilder (plus 3 per cent) and the German mark (plus 7 per cent) had increased in value against sterling since March 1979; the French franc was down by 22 per cent, and the Italian lire and the Irish punt by even more.

THE PRIME MINISTER said that the Cabinet would wish to congratulate the Chancellor of the Exchequer on the leading role he had played in securing a satisfactory settlement.

1983
Farm Price
Negotiations

Previous
Reference:
CC(83) 7th
Conclusions,
Minute 3

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that the three day meeting of the Council of Ministers (Agriculture) which had originally been scheduled for 28-30 March to reach a settlement of the 1983 price fixing would now be restricted to 28 March as a result of Ministerial changes in Germany and France. The successor to the German Minister, Herr Ertl, was likely to be Herr Kiechle, a Bavarian dairy farmer, who had previously criticised Herr Ertl as not standing up strongly enough for the interests of German farmers. Madame Cresson's successor in France was Monsieur Michel Rocard, who had been Monsieur Mitterrand's rival for the Socialist nomination for the Presidency. He was hoping to have bilateral meetings with both new Ministers shortly. Their appointments might well mean, however, that this year's farm price settlement would be delayed until May.

Steel

Previous
Reference:
CC(82) 51st
Conclusions,
Minute 3

THE SECRETARY OF STATE FOR INDUSTRY reported that the previous day he had finally obtained the Commission's agreement to a further instalment of Government support for the British Steel Corporation. The difficulties had been primarily created by the Commission's adverse reaction to the announcement that Ravenscraig would not be closed. The presentation of any further announcements of this kind would therefore need to be very carefully handled.

Visit of
Commissioner
Richard

THE SECRETARY OF STATE FOR EMPLOYMENT reported that he had invited Commissioner Richard to the United Kingdom for a discussion of employment and social affairs. He had made very clear the United Kingdom's doubts about the Fifth Company Law Directive and the Vredeling Directive. Positions had, however, been closer on the reform of the Social Fund, and he saw prospects of reaching an agreement on this satisfactory to the United Kingdom during the French Presidency in the first half of 1984.

The Cabinet -

Took note.

ECONOMIC
AFFAIRS

Trade Figures

Previous
Reference:
CC(83) 6th
Conclusions,
Minute 4

4. THE SECRETARY OF STATE FOR TRADE said that the trade figures for February, which would be published that afternoon, were significantly better than those for the previous month. They would show a deficit on visible trade of only £138 million, as compared to £491 million in January, and a surplus on current account of £42 million, as against a deficit of £311 million in January. Total imports had been marginally lower than in January, and there had been a big improvement in exports of non-oil goods.

In discussion it was suggested that a major factor in the adverse January figures had been an increase in imports in that month. In part this might have been due to manufacturers rebuilding their stocks after having run them down in order to get their end-year balance sheets right. It was noted that imports of basic materials had increased 2½ per cent in February, which was in line with the more favourable trend in manufacturing production in January. It was also noted that Sir Ian Gilmour MP had been incorrect in his reference to the balance of payments position on manufactured goods during the Budget debate in the Commons; the Secretary of State for Industry was planning to write to Sir Ian Gilmour to set the record straight.

Oil Prices

Previous
Reference:
CC(83) 6th
Conclusions,
Minute 4

THE SECRETARY OF STATE FOR ENERGY said that his objective was to inject increased stability into the oil market. The recent agreement by the Organisation of Petroleum Exporting Countries (OPEC), was being viewed with some scepticism, though it was in fact holding up reasonably well so far. A recent statement by the new United States Energy Secretary predicting a further sharp fall in price had been unhelpful; he had, however, subsequently acknowledged this, and it was hoped that future comments from the United States would be more statesmanlike. The recent action by the Union of Soviet Socialist Republics in under-cutting OPEC's price had also put a strain on the market. He had recently seen Sheikh Yamani, who realised that there would have to be a change by the British National Oil Corporation (BNOC) in the price for oil from the United Kingdom continental shelf, and he had told him that he

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hoped to hold the present price as long as possible this month. In practice there would need before the end of the month to be the minimum reduction consistent with selling North Sea oil. He would be seeing BNOC next week to work out what the change would have to be. In the longer term the prospect was for continued uncertainty during the difficult summer period, when demand was weak, and the market was unlikely to firm up before the autumn.

In discussion, the following main points were made -

a. The Russian action was likely to have been motivated primarily by a need for hard currency but perhaps also by an opportunistic perception of the possibility of political disruption.

b. While it was inevitable that the United Kingdom's greater security of oil supplies should affect the parity of sterling, the balance of payments, and the revenue, it would be desirable, if possible, to discourage the widespread belief that the pound was a petro-currency. Attention could be drawn to the fact that the revenue from North Sea oil represented only 5 per cent of the Gross National Product.

BROADCASTING

5. THE SECRETARY OF STATE FOR THE HOME DEPARTMENT said that the Independent Broadcasting Authority had made it clear to TV-AM that it was not acceptable to have an active politician as Chief Executive except as a short-term interim arrangement. Mr Aitken had confirmed that it was his intention to relinquish the post as soon as a permanent appointment could be made.

The Cabinet -

Took note.

Cabinet Office

24 March 1983