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CC(83) 29th
Conclusions

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CABINET

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

THURSDAY 6 OCTOBER 1983

at 11.00 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Viscount Whitelaw
Lord President of the Council

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Leon Brittan QC MP
Secretary of State for the Home Department

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer

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 Peter Walker MP
Secretary of State for Energy

The Rt Hon Michael Heseltine MP
Secretary of State for Defence

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 the Environment

The Rt Hon John Biffen MP
Lord Privy Seal

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

The Rt Hon Norman Tebbit MP
Secretary of State for Employment

The Rt Hon Cecil Parkinson MP
Secretary of State for Trade and Industry

The Rt Hon Lord Cockfield
Chancellor of the Duchy of Lancaster

The Rt Hon Michael Jopling MP
Minister of Agriculture, Fisheries and Food

The Rt Hon Peter Rees QC MP
Chief Secretary, Treasury

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THE FOLLOWING WERE ALSO PRESENT

The Rt Hon John Wakeham MP
Parliamentary Secretary, Treasury

Mr John Gummer MP
Parliamentary Under Secretary of State,
Department of Employment

SECRETARIAT

Sir Robert Armstrong
Mr A D S Goodall (Items 1 and 2)
Mr D F Williamson (Items 1 and 2)

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FOREIGN
AFFAIRS

United
Nations
General
Assembly

1. THE FOREIGN AND COMMONWEALTH SECRETARY said that he had attended the General Assembly of the United Nations in New York from 25-30 September. His speech in the general debate on 28 September had enabled him to put the British view on major world issues including the relationship of the British and French nuclear deterrents to current arms control negotiations and the Falkland Islands. He had called on the Secretary General of the United Nations, Senor Perez de Cuellar, and had made a variety of other useful contacts including bilateral meetings with Foreign Ministers and with President Kyprianou of Cyprus. It had been right for the Prime Minister to have a separate meeting with the Prime Minister of India, Mrs Gandhi, rather than to be among the small number of Western leaders who had attended Mrs Gandhi's Summit meeting, which had proved disorganised and unfruitful. Speaking in the general debate the Argentine Foreign Minister, Senor Lanari, had deployed the standard Argentine arguments about the Falkland Islands, and Argentina was working hard to muster support for a resolution favourable to its cause. In contacts with his colleagues he had reinforced the British lobbying campaign but the attitudes of the French Foreign Minister, Monsieur Cheysson, and the Italian Foreign Minister, Signor Andreotti, were unhelpful. He had made this clear to the Italian Ambassador, Signor Cagiati, and it would be necessary to maintain pressure on all member Governments of the Community.

Disarmament
and Arms
Control

Previous
Reference:
CC(83) 6th
Conclusions,
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the new American proposals in the Strategic Arms Reductions Talks announced by President Reagan on 4 October centred on the "build down" concept whereby at least one old warhead or bomber would be removed for every new strategic missile warhead or strategic bomber deployed. This was a sensible concept, consistent with the trend away from land-based strategic missiles with multiple warheads and towards small single-warhead mobile missiles. Following closely on the new American proposals about intermediate range nuclear forces announced on 26 September, this latest move would also enable the West to maintain the initiative on the arms control front.

THE SECRETARY OF STATE FOR DEFENCE said that the reduction in the North Atlantic Treaty Organisation's tactical nuclear arsenal, on which agreement was about to be reached within the Alliance, would be a further positive factor in this connection. The public relations aspect of the decision would need careful handling to ensure that it made the maximum impact on world opinion.

Lebanon

Previous
Reference:
CC(83) 28th
Conclusions,
Minute 1

THE FOREIGN AND COMMONWEALTH SECRETARY said that the ceasefire in the Lebanon was holding as well as could be expected. The Security Committee established to strengthen the ceasefire had made some useful progress, including the reopening of the airport. But there was no agreement yet on observers, without which the ceasefire was unlikely to last. The Syrians, with Soviet backing, were objecting to United Nations observers, and various alternatives were being explored. At the United Nations,

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the United Kingdom was playing a leading part in seeking to promote a resolution in favour of United Nations observers which would command the requisite nine votes in the Security Council, in the hope that the Soviet Union (and the Syrians) would back down if faced with the need to veto such a resolution. Meanwhile the British contingent in the multinational force (MNF) was providing a standing guard for the meetings of the Security Committee and winning golden opinions from all sides. It would however be desirable for this responsibility to be shared by the other MNF contingents on a rotational basis.

THE PRIME MINISTER commended the skill with which the United Kingdom Mission to the United Nations was working to secure a Security Council resolution which would oblige the Syrians to accept observers from the United Nations Truce Supervisory Organisation, which alone could provide a disciplined and effective observer force. The problem was to outmanoeuvre the Syrians, who did not want to be dislodged from the strong position which they had now established for themselves in the Lebanon.

Kenya

THE FOREIGN AND COMMONWEALTH SECRETARY said that the general election in Kenya on 26 September had passed off peacefully. Within the one party system there had been a wide choice of candidates, but turn-out had been low. President Moi's new Cabinet appeared to represent a reasonable balance of interests between the Kikuyu and the other tribes; and the new Minister of Finance, Mr Saitoti, was said to be a well qualified technocrat. Mr Charles Njonjo, the former Minister for Constitutional Affairs, was still in limbo awaiting the judicial inquiry into allegations that he had sought to undermine the position of the President. The Queen would be visiting Kenya from 10 to 14 November.

Prime
Minister's
Visits to
Canada and
Washington

THE PRIME MINISTER said that her recent visits to Canada and the United States had gone well. She had been impressed by Canada's enormous potential and also by its relative isolation: for example, the Canadian Prime Minister, Mr Trudeau, had told her that their exchange at Williamsburg had been the first thorough discussion of nuclear deterrence and its implications which he had ever had with another Head of Government. Canada needed to be encouraged to play a fuller part in the Alliance and in the Western community of nations. Contacts between the United Kingdom and Canada should be intensified and there should be more Ministerial visits between the two countries. During her own visit she had focused attention on the damage which Canadian policies on inward investment were doing to British companies and had been instrumental in securing a decision by the Canadian Cabinet to override a recommendation by the Foreign Investment Review Agency and allow Ultrama to purchase two Canadian petroleum retailing chains. Mr Trudeau had also said that Canada would abstain on the Argentine resolution about the Falkland Islands at the United Nations.

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In the United States, before a meeting in New York with the Secretary General of the United Nations, she had had talks in Washington with President Reagan, the Secretary of the Treasury, the Chairman of the Federal Reserve Board and Senate Foreign Relations Committee. President Reagan had shown a firm grasp of all the main issues and her private talk with him had been frank, friendly and valuable. Both with the President and with the Secretary of the Treasury, she had made it clear that the American position on unitary taxation was unacceptable and would in the long run damage United States interests. She had emphasised European anxieties about the United States deficit and the damaging effects of American extra-territorial legislation. The Foreign and Commonwealth Secretary had also made these points to the United States Secretary of State, Mr Shultz. On the Middle East, she had impressed on President Reagan the importance of not undermining Jordan and King Hussein, who was a good friend of both the West and Israel. She had also been able to explain to the Vice-President, Mr Bush, the position reached in the negotiations with the Chinese Government on the future of Hong Kong.

On East-West relations, it was apparent that the United States maintained regular contacts with the Soviet Union, despite the action they had taken - and had expected their allies to take - to show disapproval of the Soviet invasion of Afghanistan and the shooting down of the Korean airliner. Once indignation over the Korean airliner had subsided, it would be desirable for the United Kingdom also to resume working contacts with the Soviet administration and seek if possible to influence the rising generation of Soviet leaders. On arms control, it was clear that the remarks by the Vice-President about the inclusion of the British and French nuclear deterrents in the Geneva negotiations had been misinterpreted. The argument that British and French weapons should be included in the Strategic Arms Reduction Talks (START) if they were excluded from the intermediate nuclear force (INF) negotiations was misconceived: the United States was precluded by the Jackson amendment from entering into any arms control agreement with the Soviet Union except on a basis of parity. It would be inconsistent with this for the United States to agree to an equation which made allowance for British and French weapons at United States expense: such an approach could lead to pressure on Britain and France to scale down their deterrents or abandon them altogether. The French had made it clear that they would not allow the size of their deterrent to be determined by the United States; nor could the United States allow the size of their capability to be dependent on France or the United Kingdom. The right position for the British Government was that the British national deterrent was a red herring in the current negotiations, since Britain disposed of only 128 strategic warheads as against 9,000 Soviet warheads: if however the United States and the Soviet Union could reach agreement through the INF and START negotiations drastically to reduce their respective nuclear arsenals, the time would then come for the United Kingdom to consider what contribution it could make to the nuclear arms control process.

The Cabinet -

1. Took note.

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International
Monetary Fund

Previous
Reference:
CC(83) 15th
Conclusions,
Minute 2

THE CHANCELLOR OF THE EXCHEQUER said that he had recently attended the annual meeting of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development. There had been general endorsement of the need to maintain anti-inflationary policies calculated to sustain the world economic recovery which was now clearly under way. On the question of access to IMF funds, the United States Congress had still not ratified the Bill implementing the new quotas, which the United States Government had agreed to earlier in the year. But a British compromise proposal for interim arrangements covering the next 12 months had been agreed, and President Reagan's undertaking to give his strong personal backing to the passage of the quota Bill through Congress had been warmly welcomed. There had been widespread concern about the ability of the present Brazilian Government to carry through the stringent measures required by the IMF as part of its relief package, and the possibility that a future Brazilian Government might repudiate Brazil's debts could not be ruled out. But the United States and other industrialised countries were giving Brazil a substantial measure of financial support, and contingency plans to cope with a Brazilian debt repudiation were in hand. There had been little support at the meeting, even from France, for the idea of a new Bretton Woods conference. But a majority of Commonwealth countries was in favour of it, and the idea would probably be pressed by the Prime Minister of New Zealand and others at the forthcoming Commonwealth Heads of Government Meeting.

The Cabinet -

2. Took note.

COMMUNITY
AFFAIRS

Agriculture

2. THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that at the meeting of the Council of Ministers (Agriculture) on 26-27 September no agreement had been reached on the reform of the arrangements for certain Mediterranean products. The question on fruit and vegetables could not be settled without a clearer indication of the situation for olive oil in an enlarged Community. On the United Kingdom's own request for an extension of the less favoured areas there was almost no difficulty of substance. The decision had been deferred because the Commission was about to present proposals on the renewal of the scheme itself.

Fisheries

Previous
Reference:
CC(83) 26th
Conclusions,
Minute 3

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the Council of Ministers (Fisheries) on 3-4 October had agreed to the conservation measures and to the structural programme. It had also agreed to a United Kingdom initiative that, in future negotiations with Norway, any compensation would not be given in the form of herring. Agreement had not been reached on the quotas of herring; it had been helpful, however, that the Commission's compromise proposal had include a high figure, commencing at 28 per cent and declining to 23 per cent of the total, for the United Kingdom.

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Employment

THE SECRETARY OF STATE FOR EMPLOYMENT reported that he had successfully resisted in the Council of Minister on 29-30 September a number of proposals for action, for example on part-time work and working time, which were not suitable areas for Community legislation.

European
Parliament
Elections

THE FOREIGN AND COMMONWEALTH SECRETARY said that he would be writing shortly to his colleagues about maintaining consistency between the programme of the European Democratic Group for the forthcoming elections to the European Parliament and the policy of the United Kingdom Government. In addition, he would be taking advice, including legal advice, about the distribution of Community funds which were being made available for the support of parties in the elections.

The Cabinet -

Took note.

Cabinet Office

7 October 1983

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