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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 23 FEBRUARY 1984
at 10.00 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Lord Hailsham
Lord Chancellor

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

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

The Rt Hon Peter Walker MP
Secretary of State for Energy

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment

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

The Rt Hon Lord Cockfield
Chancellor of the Duchy of Lancaster

The Rt Hon Peter Rees QC MP
Chief Secretary, Treasury

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport

THE FOLLOWING WERE ALSO PRESENT

Mr John Gummer MP
Minister of State, Department of Employment

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61

SECRETARIAT

Sir Robert Armstrong
Mr A D S Goodall (Items 2-4)
Mr D F Williamson (Items 2-4)
Mr C J S Brearley (Item 1)
Mr R Watson (Item 1)

C O N T E N T S

Item	Subject	Page
1.	PARLIAMENTARY AFFAIRS	1
2.	FOREIGN AFFAIRS	
	Lebanon	1
	Iran/Iraq	1
	Southern Africa	2
	France	3
	Falkland Islands	3
3.	COMMUNITY AFFAIRS	
	Community Budget and United Kingdom Refunds	4
	Accession of Spain	4
	Withdrawal of Greenland	4
	International Trade: Discussions with France	5
4.	ATTACK ON CHAIRMAN OF NATIONAL COAL BOARD	5

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

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the United States and Italian contingents to the Multinational Force (MNF) in the Lebanon were in process of being withdrawn. The situation on the ground was relatively calm, although there had been some recent fighting in the South and an Israeli show of strength in southern Lebanon which included air attacks on Palestinian positions. He had expressed the United Kingdom Government's concern about the Israeli action to the Israeli Foreign Minister, Mr Shamir, in Brussels earlier that week. Saudi Arabian efforts to promote a peaceful settlement continued, and there were indications that Syria wanted to avoid the situation in the Lebanon deteriorating into total civil war. At the United Nations discussions continued with a view to replacing the MNF with a United Nations force. The prospect was for a disorderly situation continuing in the Lebanon for the foreseeable future with some possibility of a wider role for the United Nations International Force in Lebanon as a result of sustained diplomatic effort. But no United Nations force could do more than help to keep the peace: it could not impose it. The introduction of additional United Nations troops might therefore have to wait until some agreement had been reached between the parties to the conflict. Meanwhile an officer of the British contingent was attending meetings of the MNF Co-ordinating Group and the United Kingdom continued formally to be a contributor to the MNF.

THE SECRETARY OF STATE FOR DEFENCE confirmed that the British contingent remained technically part of the MNF. The Royal Fleet Auxiliary Reliant was temporarily in Cyprus but would shortly be returning to her station off the Lebanese coast with 50 troops on board. An important part of her task was to keep in touch with Her Majesty's Embassy at Beirut. She was alert to the risk of possible suicide attack by terrorists and all possible precautions were being taken. There was no way of guaranteeing her against such a threat but, unless there was a dramatic deterioration in the situation in the Gulf, British forces in or off the Lebanon did not seem likely to become prime targets for terrorist attack.

THE FOREIGN AND COMMONWEALTH SECRETARY said that Iran had just launched a new offensive in the Gulf war with the apparent aim of recapturing Iranian territory held by Iraq since 1980 and interdicting one of the main Basra/Baghdad roads. The scale of the attack, which had been expected for a long time, was difficult to determine from the conflicting claims of the two sides, but the pattern appeared to be the familiar one of initial Iranian gains of territory followed by stiffening Iraqi opposition. The efforts at mediation undertaken by the Secretary General of the United Nations had been stopped in their tracks by the latest offensive, and there was no prospect of early action at the United Nations to promote a settlement. The Foreign and Commonwealth Office were in close touch with the United States authorities about the situation in

the Gulf, and contingency plans for keeping open the Straits of Hormuz in the event of an Iranian attempt at closure were under constant review. Press speculation about warship movements in the Gulf by both the United States and United Kingdom was inaccurate as were reports about the supply of British arms to Iran. The Government continued to maintain a policy of strict neutrality as between Iran and Iraq, supplying no lethal arms to either side. Decisions had, however, been taken to release to Iran certain items of non-lethal equipment for which contracts had been concluded before the war broke out, including MV Kharg and two other Yarrow ships. There was, however, no truth in press reports that British engines were being supplied for Iranian military aircraft.

THE SECRETARY OF STATE FOR DEFENCE said that one Royal Navy ship of the Armilla patrol was heading for Diego Garcia and another for the Gulf, both on normal routine patrols. While close consultation with the American authorities over contingency plans was desirable, it would be important to consider the implications very carefully, not least for the safety of our forces, before any decisions were taken on whether or not to associate United Kingdom naval or other units with possible military action by the United States to re-open the Straits of Hormuz.

THE SECRETARY OF STATE FOR ENERGY said that the effect of a closure of the Straits of Hormuz on oil supplies would depend on how long the closure lasted. An interruption of some weeks in oil supplies from the Gulf would be containable provided that the other member countries of the Organisation of Petroleum Exporting Countries were prepared to increase their supplies. This would depend on whether they judged it more profitable to meet the market demand or to increase prices by maintaining scarcity. The United States also held substantial emergency oil reserves which might be made available. Total closure of the Gulf would, however, affect up to 20 per cent of the world's oil supply.

THE PRIME MINISTER, summing up the discussion, noted that both the military and political considerations affecting possible British military involvement in the Gulf in association with the United States would need to be very carefully weighed. Meanwhile it was of great importance that contingency plans should be continuously reviewed and all possible measures taken to contain the threat to Western interests which the Gulf war represented.

The Cabinet -

1. Took note.

THE FOREIGN AND COMMONWEALTH SECRETARY drew attention to the trilateral meeting in Lusaka on 16 February between the United States, South Africa and Angola which had established machinery to monitor South African disengagement from Angola. This was a significant step which could foreshadow movement towards a settlement of the Namibia problem, provided that some agreement could be reached on the South African and American requirement for the withdrawal of Cuban troops from Angola.

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France

THE FOREIGN AND COMMONWEALTH SECRETARY said that some 500 British lorry drivers were marooned with their vehicles in France as a result of the blockading of roads by French lorry drivers as part of their industrial action against the French Government. Her Majesty's Embassy at Paris and the British Consulate-General at Lyons were giving as much practical assistance as was possible to the stranded British drivers. He had summoned the French Ambassador the previous day to express the Government's concern at the situation. The question of compensation had also been raised. Similar representations were being made that day in Paris by the Parliamentary Under-Secretary of State, Foreign and Commonwealth Office, (Mr Whitney). Reports of harassment of British drivers by French police were being investigated.

THE PRIME MINISTER, summing up a short discussion, said it was important that the Government and Her Majesty's Embassy at Paris should be publicly seen to be taking action to help the stranded drivers, to keep them supplied with food and clothing, and where necessary to make loans available to cover their immediate financial needs. There was an evident risk that the French lorry drivers' technique of blockading the roads might be imitated in the course of future industrial or other disputes in the United Kingdom; and it would be helpful if the Civil Contingencies Unit (CCU) could examine the implications, and consider ways in which the risk might be averted, and measures which might be taken to limit the use and effectiveness of such techniques in the United Kingdom.

The Cabinet

2. Invited the Foreign and Commonwealth Secretary to send instructions to Her Majesty's Embassy at Paris in the sense indicated by the Prime Minister.
3. Invited the Home Secretary to set in hand a study by the Civil Contingencies Unit of the implications of the French lorry drivers' action, of the ways in which the risk of similar action (not only by lorry drivers) in this country might be averted, and if measures which might be taken to limit the use and effectiveness of such techniques in the United Kingdom.

Falkland Islands

THE FOREIGN AND COMMONWEALTH SECRETARY said that a reply had now been received from the Argentine Foreign Minister to the British proposal for bilateral talks on the normalisation of relations. The Argentines agreed on the need for bilateral contacts on normalisation, but clearly saw these as designed to lead to negotiations on sovereignty. They accepted that sovereignty should be omitted from the agenda for the preliminary talks, but would want these to cover the lifting of the Falkland Islands Protection Zone and a halt to the construction of the airfield. At first sight it appeared that some progress might be possible on the basis of the Argentine reply, but it would be necessary to consider all the issues raised in relation to one another. He would be bringing forward proposals for collective consideration by the Defence and Oversea Policy Committee (DOP) shortly.

The Cabinet -

4. Took note.

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Previous Reference: CC(84) 6th Conclusions, Minute 3

3. THE FOREIGN AND COMMONWEALTH SECRETARY reported that at the informal meeting of Foreign Ministers on 18-19 February there had been progress in the discussion on the need for better budgetary discipline in the Community. Some member states, which had not been willing in the past to contemplate strict measures, were now prepared to consider changes in the budgetary procedures or Treaty amendment. He was not hopeful of a solution. On the correction of the budget inequity there now seemed to be a reasonable prospect of agreement on duration: the change in the budgetary system should last as long as any increase in the Community's own resources. There had been some movement of member states towards a revised budgetary system on the lines proposed earlier by the Germans. There had, however, been no substantive discussion of figures. On the difficult agricultural questions, particularly the proposals on milk, Ireland, Italy and Greece had repeated their requests for exemptions and there had been no agreement. There were some indications, however, of a greater willingness within the Community to accept that the proposed super levy on milk should apply to quantities in excess of 97.2 million tonnes. The effect of such a measure on dairy farmers, including those in the United Kingdom, would be hard and the political difficulties should not be underrated. The formal meeting of the Council of Ministers (Foreign Affairs) on 20-21 February had taken stock of the situation on the United Kingdom's 1983 refund. He had received the unanimous support of the Council which had instructed its Chairman to write formally to the European Parliament requesting a Parliamentary Opinion on the regulations necessary for the payment of the refunds, so that these regulations could be adopted by the Council of Ministers at its meeting on 12-13 March. He had also now received a reply from the President of the Commission about the sum of about £42 million which was in dispute under the risk-sharing provisions of the agreement on the 1982 refund. This indicated that the question might be dealt with as a political question in the wider negotiation on the future financing of the Community in March.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Council of Ministers (Foreign Affairs) on 20-21 February had reached agreement on the statement of the Community's position on agriculture, which had been holding up the accession negotiations with Spain. This statement had now been presented to Spain.

THE FOREIGN AND COMMONWEALTH SECRETARY reported that agreement had been reached in the Council of Ministers (Foreign Affairs) on 20-21 February on the terms for Greenland's withdrawal from the Community and the continued fishing opportunities for the Community in Greenland waters.

In return for the fishing opportunities the Community would make a payment of 26.5 million ecu a year, which was less than Greenland was now receiving. There would be no aid from the European Development Fund.

International
Trade:
Discussions
with France

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that he had discussed with the French Minister for International Trade, Madame Cresson, the extent to which it might be possible to avoid the competitive misuse of resources in some exports to countries which could not finance their purchases on commercial terms. Madame Cresson had also made plain that the French maintained their link between improving the Community's internal market and greater powers for the Commission to act in trade disputes with third countries.

The Cabinet -

Took note.

ATTACK ON
CHAIRMAN OF
NATIONAL
COAL BOARD

4. The Cabinet noted with much concern the incident in Northumbria the previous day, in which the Chairman of the National Coal Board, Mr Ian MacGregor, had been jostled by a crowd of miners and knocked over, and invited the Secretary of State for Energy to convey to the Chairman the Cabinet's good wishes for a speedy recovery.

THE SECRETARY OF STATE FOR ENERGY, having spoken to the Chairman, conveyed his gratitude for the Cabinet's message of good wishes. Mr MacGregor had sustained severe bruising to his head, neck and shoulders, but was able to fulfil his engagements.

In discussion it was noted that the first reports of the incident, which suggested that what had happened to Mr MacGregor was the accidental result of a crowd getting out of control, appeared to underplay the seriousness of the incident. Later reports, including television pictures, strongly suggested that the use of violence had been deliberate. It was notable that the local leader of the National Union of Mineworkers had not made any expression of apology or regret. The evidence would be closely examined with a view to the possibility of a prosecution.

The Cabinet -

Took note.

Cabinet Office

23 February 1984