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CC(86) 7th  
Conclusions

CABINET

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

THURSDAY 20 FEBRUARY 1986

at 10.30 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 of St Marylebone  
Lord Chancellor

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer

The Rt Hon Douglas Hurd 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 Defence

The Rt Hon Nicholas Edwards MP  
Secretary of State for Wales

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  
Chancellor of the Duchy of Lancaster

The Rt Hon Tom King MP  
Secretary of State for Northern Ireland

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

The Rt Hon Nicholas Ridley MP  
Secretary of State for Transport

The Rt Hon Lord Young of Graffham  
Secretary of State for Employment

The Rt Hon Kenneth Baker MP  
Secretary of State for the Environment

The Rt Hon Kenneth Clarke QC MP  
Paymaster General

The Rt Hon John MacGregor MP  
Chief Secretary, Treasury

The Rt Hon Malcolm Rifkind QC MP  
Secretary of State for Scotland

The Rt Hon Paul Channon MP  
Secretary of State for Trade and Industry

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THE FOLLOWING WERE ALSO PRESENT

The Rt Hon John Wakeham MP  
Parliamentary Secretary, Treasury

The Rt Hon Baroness Young  
Minister of State, Foreign and  
Commonwealth Office

SECRETARIAT

Sir Robert Armstrong	
Mr D F Williamson	(Items 2 and 3)
Mr C L G Mallaby	(Items 2-4)
Mr J B Unwin	(Item 1)
Mr A J Wiggins	(Item 1)
Mr R Watson	(Item 1)
Mr M J Eland	(Item 1)

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PARLIAMENTARY  
AFFAIRS

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

Debate on  
the Reports  
of the House  
of Commons  
Procedure  
Committee

THE LORD PRIVY SEAL said that a large part of the debate on 27 February on certain Reports of the Select Committee on Procedure would be concerned with the proposals to timetable automatically the Committee Stage of all Bills which seemed likely to take more than 25 hours in Committee. The arrangements would be supervised by a new Select Committee, which would estimate the time likely to be taken and invoke the new procedure if it seemed likely to be more than 25 hours. This would considerably hamper the Government's control of legislation in the House of Commons and have serious repercussions in the House of Lords. It was possible that the recommendation would secure support from backbenchers on both sides of the House, however, since they would regard it as being more efficient and less burdensome for backbenchers than the present procedures. It would be necessary for Ministers to be present to vote on this occasion.

The Cabinet -

1. Took note.

Disposal of  
Radioactive  
Waste

Previous  
Reference:  
CC(86) 6th  
Conclusions,  
Minute 5

THE LORD PRESIDENT OF THE COUNCIL said that Cabinet had last week discussed the problems posed by the Government's existing policy for the disposal of radioactive waste. They had decided that the Home and Social Affairs Committee (H) should consider further a new suggestion made by the Secretary of State for the Environment for the disposal of low level and short-lived intermediate radioactive waste in under-sea galleries. This the Committee had now done, but were not able to agree that even a feasibility study into this new proposal was appropriate. It was clear that the new system would be considerably more expensive than the existing methods of waste disposal, by a factor varying between four and eight times. It was the strong view of the Secretary of State for Energy, supported by the Attorney General, that, if action was taken on these lines, the almost inevitable result would be a reopening of the inquiry into a pressurised water reactor at Sizewell and delay to the inquiry about the reprocessing plant at Dounreay. This would have had an adverse impact on the British nuclear industry. The majority of the Committee had, therefore, concluded that a feasibility study on under-sea disposal should not be undertaken and that the previous proposal, to go ahead with exploratory drilling on four sites, was preferable. When the geological exploration had been completed and the results assessed, a decision would need to be taken about how many of the sites should be put to a public inquiry. They were not prepared to run the risk of damage to the nuclear industry by any further delay. It was his personal view that the statement which announced the geological explorations on the four sites could minimise the political

difficulties by emphasising the exploratory nature of the test drilling. It could also emphasise the very full consideration of all the aspects which would be taken into account before a site was chosen. He recognised that this would present the Government with a very difficult two-year period but felt that it was necessary to accept this now as the only tenable course of action.

The following points were made in discussion -

a. There was a need for greater public awareness of the low level of risk involved in the type of facility which was being proposed. Low level waste contained very low levels of radioactivity and the protection given by the type of facility proposed was more than adequate. An education campaign mounted by the nuclear industry could emphasise these points.

b. The fear of radioactivity could not easily be overcome by public education. The fears aroused were easily and considerably played upon by those who were opposed to nuclear power, in the media and elsewhere. There was some danger that any attempt to mount a serious education campaign would be used by the opponents of the nuclear industry to increase the publicity against it. If it were possible to wait - which it might well not be - there could be some advantage in not starting a new campaign before the receipt of the report of the Sizewell inquiry. The current situation at Sellafield was also unhelpful. There was some reason to think that members of staff who were sympathetic to Greenpeace were active in informing the media of developments there.

c. There would be some advantage in announcing the geological exploration of one site only, since this would reduce opposition. There would, however, be a great risk that the site explored and subsequently taken to a public inquiry would not be regarded as the most suitable. The history of attempting to proceed on a single site basis for controversial facilities showed that they almost invariably led to a series of reversals with consequential delay. In addition, the single site would have to be Elstow; this would break assurances, given to local Members of Parliament and residents, that other sites would be considered.

d. One reason why opposition to any nuclear facility was so strong was that there were very few advantages to be gained from agreeing to its establishment. In some other countries for example France, financial advantages of some kind were provided for inhabitants of the area in which a nuclear facility was sited. This could take the form of cheaper electricity or reduced property taxation. Recent events around Stansted and in Folkestone had shown how the financial advantages of development could alter people's attitudes. On the other hand, it was pointed out that the fear of the effects of radiation was probably greater than the nuisance created by aircraft or traffic, for example, despite the very good safety record of the nuclear industry. Great care would have to be taken in considering any system of financial inducement.

THE PRIME MINISTER, summing up the discussion, said that this was a difficult decision. It was necessary to maintain a range of sites so that the assessment could be seen to be valid when the final choice reached a public inquiry. Although proceedings with a single site might in some ways appear more attractive, it would be a risky option and would break assurances already given to local Members of Parliament and residents of Elstow. Further study should be given to the possibility of creating a climate favourable to nuclear industry developments by some form of financial inducement for those immediately affected. The Cabinet agreed that the Secretary of State for the Environment should make a statement to Parliament setting out his intention to introduce a Special Development Order approving the test drilling on the four sites suggested by the Nuclear Industry Radioactive Waste Executive. The text of the statement should be cleared in advance with colleagues.

The Cabinet -

2. Invited the Secretary of State for the Environment to make a statement to Parliament as soon as possible announcing that he would shortly bring forward a Special Development Order approving test drilling in relation to four sites.

Pit Closures

THE SECRETARY OF STATE FOR ENERGY said that the National Coal Board (NCB) would today be issuing a statement to the effect that they had not accepted the recommendations of the modified colliery review procedure in relation to Bates Colliery. This was the second colliery which had been subject to the procedure. The first review, which had been undertaken by a nominee of the National Union of Mineworkers, had recommended that the pit should be closed. The nominee of the NCB, who had undertaken the review of Bates Colliery, had recommended that some £20 million should be invested in it, whilst recognising that even after this it would still make a loss, although it would be capable of contributing to overheads and providing benefits in the area of the colliery. The NCB were not prepared to accept this recommendation and therefore proposed to close the pit. Clearly this was an embarrassing conclusion and would no doubt be used to claim that the modified colliery review procedure was a sham. There was, however, no alternative to proceeding with the statement as suggested by the NCB.

The Cabinet -

3. Took note.

Shops Bill

THE HOME SECRETARY said that the Shops Bill had now passed its stages in the House of Lords and had survived the experience remarkably well. It

now approached its Second Reading in the House of Commons. It would be most helpful if colleagues would use every opportunity over the weekend to put forward the case for the Bill. He would circulate briefing material to assist that process.

Obscene Publications (Protection of Children etc) Bill

THE PRIME MINISTER said that comments by the Parliamentary Under Secretary of State, Home Office (Mr Mellor), on television the previous evening had given the impression that the Government were satisfied that the proposal in Mr Winston Churchill's Obscene Publications (Protection of Children etc) Bill to remove the exemption the broadcasting authorities currently enjoyed from prosecution under the Obscene Publications Act 1959 was unnecessary because of the internal control the authorities exercised by virtue of their governing charter or statute over standards. Her office had that morning in consequence received a number of complaints that the Government was giving insufficient support to the Bill. The Bill was one on which a number of members of the Government, including herself, held strong views and they had voted for it at Second Reading. There was increasing concern over the effects of violence on television on crimes of violence and recent television programmes on Channel 4 had cast doubt on the efficacy of the broadcasting authorities guidelines.

THE HOME SECRETARY said that the Government had indicated general sympathy with the intention of Mr Churchill's Bill when it had received a Second Reading, but there were practical difficulties with some of his specific proposals. Discussions were still in progress with Mr Churchill about amendments which could be made to ensure that his intention was carried out more effectively. He believed that there was a possibility of reaching agreement. He undertook to keep colleagues fully informed of developments.

The Cabinet -

- 4. Took note.

British Leyland  
Previous Reference:  
CC(86) 6th  
Conclusions,  
Minute 1

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that there had been a meeting earlier in the week in Detroit between representatives of British Leyland (BL) and General Motors (GM) at which it had been agreed to work for completion of the Salton deal within five to six weeks. It had been emphasised by GM that if the deal did not go through they might well have to close down their Bedford truck operation. Expressions of interest in acquiring parts of BL's commercial vehicles operation had also been received from a number of other parties, who had been asked to indicate by 4 March whether they had a firm intention to make an offer (including an indication on price) and to outline their general intentions for the business. There was also the possibility of management buy-out proposals emerging in respect of Land Rover and

Freight Rover and, separately, in respect of Leyland Bus. Parliamentary handling had proved difficult over the past week and had been much exacerbated by a number of leaks, including a breach of Lobby rules. Delicate handling would be needed over the coming weeks; there was a clear risk of the GM deal falling through with no credible alternative emerging.

In discussion the following points were made -

a. The difficult handling problem in the coming week would not be confined to the House of Commons. Strong opposition was being encountered in the House of Lords and from outside Parliament. It was most important that the Government's case for exploring the possibilities of a sale was made effectively.

b. Attention was being focussed on the Land Rover part of the deal, which was the most emotive element, and the problems of Leyland Trucks had received little coverage. The employment consequences of the various options had also become submerged; the GM proposal seemed likely to prove the best solution from an employment viewpoint. Although no explicit mention should be made of the risk to Bedford, it could be pointed out in general terms that the Salton deal was not the only option available to GM in dealing with the problems of Bedford.

c. It was notable that opposition to the deal was being expressed by some who, a few years earlier, had opposed continued subsidy even at the cost of closure. Critics could be challenged themselves to assume from the taxpayer the financial risks of maintaining United Kingdom ownership of Land Rover Leyland.

d. United Kingdom opposition to Salton and the ending of the talks with Ford, risked provoking a backlash against United Kingdom investments in the United States. On the other hand United States multinationals were accustomed to European political sensitivities, and were unlikely to over-react.

THE PRIME MINISTER, summing up the discussion said that the issue needed to be handled most carefully in the coming weeks. She would set up a small Group consisting of those Ministers closely concerned to review tactics and handling. In the light of developments, a further collective discussion would be arranged before final decisions were taken. In the meantime, the Secretary of State for Trade and Industry would circulate a brief for use in answering questions over the weekend.

The Cabinet -

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

6. Invited the Secretary of State for Trade and Industry to circulate a brief to Cabinet colleagues for their use over the coming weekend.

FOREIGN AFFAIRS

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Iran/Iraq War

Previous Reference: CC(86) 6th Conclusions, Minute 2

2. THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE (BARONESS YOUNG) said that Iranian forces still held the Iraqi port of Fao. Fierce fighting continued. Chemical weapons had been used by Iraq and possibly by Iran. Iraq would probably be able to retake Fao but this might take some time. The Iranian capture of Fao had no great military significance. Iran was not immediately threatening Kuwait. The occupation of Fao was a propaganda coup for Iran and a political setback for Iraq. There was no evidence that Iran would launch a major offensive elsewhere. The matter was being discussed in the United Nations Security Council. It was unlikely that a resolution passed there would lead to a cease-fire. Nevertheless the United Kingdom was working for a balanced resolution calling for an end to hostilities and the observance of international law, especially in relation to chemical weapons. There were about 120 British citizens in the Basra area of Iraq, but none in or near Fao.

The Cabinet -

- 1. Took note.

The Philippines

Previous Reference: CC(86) 6th Conclusions, Minute 2

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE said that there was an uneasy calm in Manila following the declaration on 15 February by the incumbent President, Mr Ferdinand Marcos, that he had won the recent Presidential election. The official result, which gave President Marcos a majority of 1.5 million votes, had little credibility. President Marcos showed no sign of giving up the Presidency, although his political standing had been seriously diminished. The defeated opposition candidate for the Presidency, Mrs Corazon Aquino, had launched a campaign of non-violent civil disobedience, which was backed by the Roman Catholic church. It was not clear whether Mrs Aquino's supporters would remain united in the new situation. There was a risk of violence provoked by radicals on the left of the political spectrum or by hard-liners among the military. The United States President's special envoy, Mr Philip Habib, was in Manila and had seen President Marcos and Mrs Aquino. He was avoiding public comment. There was pressure in the United States Congress to cut off economic aid to the Philippines but the Administration was opposed to this. The member countries of the European Community had issued a statement on 14 February expressing concern about the conduct of the election.

In a short discussion about the question of United Kingdom representation at the inauguration of President Marcos, due to take place on 25 February, it was pointed out that the conduct of elections



in many countries was open to criticism and the United Kingdom might not wish to withhold official representation at the subsequent inaugurations in all such cases. On the other hand, the present case was very unusual, because the member countries of the European Community had criticised the conduct of the election. The attendance of an official British representative might seem strangely inconsistent with that criticism. One option under consideration among the European Community countries was attendance by representatives of their Embassies in Manila at a level below that of Ambassador.

The Cabinet -

- 2. Invited the Foreign and Commonwealth Secretary to consider the question of British attendance at the inauguration of President Marcos, in consultation with other European Community countries and as appropriate with the United States, taking into account the statement by the European Community countries on 14 February.

Chad

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE said that rebel forces in northern Chad, which were backed by Libya, had recently attacked three towns south of the 16th Parallel, the line which France had warned the rebels not to cross. At the request of the President of Chad, Mr Hissein Habre, France had bombed the Libyan-built airstrip at Ouady Doum in northern Chad on 16 February. Libya had retaliated on 17 February by bombing the airport at N'Djamena. France had sent troops and four Jaguar aircraft to N'Djamena airport. It appeared that rebel troops had now withdrawn north of the 16th Parallel. The French Foreign Minister, Monsieur Roland Dumas, had written to the Foreign and Commonwealth Secretary on 16 February explaining why France had bombed the airport at Ouady Doum. The Foreign and Commonwealth Secretary in his reply had expressed sympathy for the French Government in a difficult situation.

Argentina

Previous  
Reference:  
CC(85) 24th  
Conclusions,  
Minute 2

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE said that a Parliamentary delegation from Argentina was visiting London until 22 February. At the request of the South Atlantic Council, a group of Members of Parliament and others interested in promoting better relations with Argentina, the Government had offered the delegation a meeting with the Parliamentary Under Secretary of State, Foreign and Commonwealth Office. It seemed likely that the delegation would refuse this offer. If so, the Foreign and Commonwealth Secretary would issue a statement saying that the offer had been made but had been turned down by the visiting delegation. The statement would describe this as a missed opportunity and reaffirm the British position on the sovereignty of the Falkland Islands.

Turkey

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE said that the current visit of the Prime Minister of Turkey, Mr Turgut Ozal, was going very well. The Prime Minister had had a useful meeting with him.

Aircraft sales to Saudi Arabia

THE SECRETARY OF STATE FOR DEFENCE said that the Head of Defence Export Services in the Ministry of Defence and the Defence Minister of Saudi Arabia, Prince Sultan, had signed on 17 February a Memorandum of Understanding on the sale to Saudi Arabia of 72 Tornado aircraft, 30 Hawk aircraft and 30 PC-9 aircraft. The first four Tornado aircraft would be delivered in March and a further two in April. Barter arrangements concerning Saudi Arabian oil, in connection with the aircraft sales, were proceeding satisfactorily. The total value of the contract to the United Kingdom was £5 billion, and it could rise to above £9 billion.

Previous Reference: HC(85) 28th Conclusions, minute 1

The Cabinet

3. Took note

International Tin Council

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that the banks involved in trying to solve the crisis of the International Tin Council (ITC) were beginning to break ranks and some had resumed the sale of tin. Earlier that week he had met Mr Adam Ridley of Hambros Bank, Mr Peter Graham of the Standard Chartered Bank and Mr Ralph Kestenbaum of the London Metal Exchange, who had suggested that the Government should make an immediate interest-free loan of £200 million to rescue the ITC, of which £120 million might be recoverable in due course from the Council. The Secretary of State for Trade and Industry had replied that the Government was most unlikely to make such a large sum available. Unless colleagues dissented, he proposed to confirm that the Government would not do so.

Previous Reference: HC(86) 4th Conclusions, minute 4

In a short discussion, the following points were made -

- a. The Government had made major efforts to rescue the ITC but other European countries, notably the Federal Republic of Germany, France and the Netherlands, had refused to participate adequately in the rescue arrangements.
- b. The Government had offered a contribution which had exceeded by £50 million in the United Kingdom's rightful proportion of the rescue money. This offer had been very generous and there could be no question of increasing it.
- c. Of the ten largest broking firms concerned in the ITC, accounting together for over 90 per cent of the exposure, only two were British. But the collapse of the Council would have many

secondary effects on the British economy. Other parts of the London Metal Exchange might suffer. The tin mines in Cornwall would have difficulty in selling sufficient amounts of tin at a lower price.

d. If the ITC broke down, there would be a great deal of litigation. Since the Council had been located in London, some litigants might choose to take proceedings against the United Kingdom Government as being jointly and severally liable in the matter.

e. The efforts to mount a rescue of the ITC had passed through critical stages before. But there was now a serious risk that those efforts would fail.

The Cabinet -

4. Invited the Secretary of State for Trade and Industry to make clear to those concerned that the request to the Government to make an interest-free loan of £200 million would not be met.

COMMUNITY AFFAIRS  
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Inter-governmental Conference  
  
Previous Reference: CC(86) 6th Conclusions, Minute 3

3. THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE (BARONESS YOUNG) said that, together with the majority of member states, the United Kingdom has signed on 17 February the Single European Act which resulted from the Intergovernmental Conference. It had been made clear that the decision of most other member states to sign did not pose problems for Denmark. The Danish Government expected that the referendum in Denmark would be favourable and, if so, they would sign on 1 March. The Italian Government, whose Parliament had made signature contingent on signature by all other member states and the Greek Government would probably sign at that time also. The procedures for ratification would not begin until all these Governments had signed. She was grateful to the Lord Privy Seal for his agreement that the necessary Bill should be introduced in the United Kingdom Parliament during the present Session.

Relations with Turkey and with the European Free Trade Association Countries

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE said that there had been two good results in the Council of Ministers (Foreign Affairs) on 17-18 February. There had been progress in re-establishing better relations between the Community and Turkey. Denmark had lifted its reserve on an outstanding aid commitment and there had been a move to unblock a meeting of the Community's Association Council with Turkey. The Greeks were still obstructive but there was some hope that they could be brought to agree. The Council had also agreed on a mandate for the negotiations between the Community and countries in the European

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Free Trade Association following the accession of Spain and Portugal to the Community. The decision had been satisfactorily taken by a majority vote to overcome French and Irish objections on agriculture.

The Cabinet -

Took note.

NORTHERN  
IRELAND  
AFFAIRS

Previous  
Reference:  
CC(86) 4th  
Conclusions,  
Minute 6

4. THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the Taoiseach, Dr Garret FitzGerald, had on the previous day held useful meetings with the Prime Minister and himself. It was encouraging that the Taoiseach, overruling his Attorney General, had announced that the Irish Republic would now sign the European convention on the Suppression of Terrorism without waiting for legislation to pass through the Dail.

THE PRIME MINISTER, summing up a short discussion said that she would be seeing the leaders of the Ulster Unionist Party and the Democratic Unionist Party on 25 February. It would be a critical meeting; the Unionist leaders might seek to deliver an ultimatum that, unless the Government abandoned or suspended the Anglo-Irish Agreement, the unionist community would resort to more extreme forms of opposition to the Agreement. Particular care would be taken in preparing the line which she would take at the meeting.

The Cabinet -

Took note.

Cabinet Office

20 February 1986

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