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CC(86) 10th
Conclusions

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CABINET

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

THURSDAY 13 MARCH 1986

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 of St Marylebone
Lord Chancellor

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

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 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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ALSO PRESENT

The Rt Hon John Wakeham MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr D F Williamson (Items 2 and 3)
Mr C L G Mallaby (Items 2 and 3)
Mr A J Langdon (Item 1)
Mr R Watson (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 and that the writ for a by-election in the Fulham constituency would be moved that afternoon, the by-election to take place on 10 April.

British
Leyland

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that the bids mentioned in his last report to Cabinet were being examined by the British Leyland Board, their bankers and financial advisers, and by his own Department. There was a possibility that a further proposal would be submitted by Lancashire Enterprises. The position on that would be clearer the following week, when he would make a further report.

Previous
Reference:
CC(86) 9th
Conclusions,
Minute 2

THE PRIME MINISTER said that a period of intensive negotiations was about to start. The press would be informed that the Cabinet and the Ministerial group that had met that morning had heard a report from the Secretary of State for Trade and Industry, that no decisions were reached, and that the Cabinet and the Ministerial group agreed that further discussions would be needed with the interested parties.

The Cabinet -

- 1. Took note.

Crime
Figures: Rape

THE SECRETARY OF STATE FOR THE HOME DEPARTMENT said that the notifiable offences recorded by the police in England and Wales for 1985 would be published that afternoon. Overall they showed a 3 per cent rise in total recorded crime over the previous year's figures. That was a drop in the annual rate of increase from 8 per cent in the previous year. Within the total there was a 3 per cent reduction in offences of burglary, which must have some connection with the efforts that had been put into crime prevention. Violent crime, however, had increased by 7 per cent. Press publicity and public concern would focus on the increase of 29 per cent in offences of rape. A contributory fact in this was a change of statistical practice by the Metropolitan Police who now recorded offences of rape at the time of the first complaint made to them. The Home Office press release would touch on this, but leave it to the police to fill in the details.

He would in any event need to make some public comment about the anonymity rules applying to rape offences. Recent cases had highlighted the anomalies in the present law which provided that a rape victim's anonymity only began when a charge was brought, while anonymity also applied to the defendant. He would need to say that he was looking at both aspects of the rule.

In a brief discussion the point was made that there was a conflict between causing avoidable distress to the victims of rape and

publicising sufficient information to catch rapists. Although public feelings very understandably ran high in the direction of extending anonymity for victims and removing it from alleged rapists, the matter could not be free of controversy.

THE PRIME MINISTER, summing up the discussion, said that it was most important that the Government should not appear to lose the initiative on this matter and the Home Secretary should quickly work up proposals: these should not be confined to standing the matter over until legislation could be enacted in the Criminal Justice Bill in the next Session of Parliament.

The Cabinet -

- 2. Invited the Home Secretary to take the matter forward in the way indicated in the Prime Minister's summing up.

Scottish Teachers' Pay Dispute

Previous Reference: CC(86) 9th Conclusions, Minute 5

THE SECRETARY OF STATE FOR SCOTLAND said that, following the Government's announcement of the setting up of an independent and wide ranging inquiry into pay, conditions, duties and responsibilities, the teachers' unions in Scotland had accepted the pay offer put to them by the local authorities. Although the leadership of the teachers' unions had initially been hostile to the setting up of the inquiry, they had realised that opinion on all sides was very much in its favour and they were accordingly now presenting it as a victory. The terms of the pay settlement for 1985-86 were practically the same as those for England and Wales; the only difference was a small amount equivalent to a ½ per cent which arose from applying a previous arbitration award to Scotland. The 5½ per cent offer for 1986-87 was without prejudice to the outcome of the inquiry and would have to be financed by the employers from within existing resources. Local authorities had been informed that if they chose to award more than they could afford, the Government would not make up the difference.

THE PRIME MINISTER, summing up a brief discussion, said that it was important that the impression now being given by the Scottish unions that they had secured a better deal than their English counterparts should be quickly countered. There was a danger that otherwise the present negotiations with the Advisory, Conciliation and Arbitration Service in relation to a settlement in England and Wales would be adversely affected. It must be made absolutely clear that the 1986-87 settlement in Scotland would be constrained by the Government's overall financial limit and that the Government were free to respond to the outcome of the inquiry in whatever way they saw fit. The best way of setting out the Government's position would be to arrange to answer a Written Parliamentary Question, setting out in full the position in Scotland as compared to that in England.

The Cabinet -

3. Took note, with approval, of the Prime Minister's summing up of their discussion and invited the Secretary of State for Scotland to be guided accordingly.

Sellafield
Reprocessing
Plant

THE SECRETARY OF STATE FOR ENERGY said that the Report of the Select Committee on the Environment on Radioactive Waste was highly critical and questioned the need for reprocessing at Sellafield. He was arranging for a series of press briefings and speeches to emphasise the positive aspects of Sellafield. The Central Electricity Generating Board would shortly be signing a large reprocessing contract which would be used as an opportunity for emphasising the importance of Sellafield. In addition, a new Chairman and Managing Director were shortly to be appointed to head British Nuclear Fuels Ltd (BNFL); he was sure that they would make a considerable contribution to the improvement of BNFL's public relations. He had been planning to wait for the Report of the Sizewell Inquiry before launching a wider ranging pro-nuclear publicity campaign. That Report would not be produced before September and he had therefore concluded that the campaign would have to go ahead without delay, although it would then not be able to refer to Sizewell or pressurised water reactors.

THE PRIME MINISTER, summing up a brief discussion, said that it was essential that the Government should present the best possible case for the nuclear industry and for Sellafield in particular. The comparison between the safety record of the nuclear industry and that of, for example, coalmining was not adequately recognised. The current campaigns against Sellafield had done a great deal of harm to the economy of Cumbria although there was still much support there for BNFL. Every opportunity should be taken to emphasise the positive aspects of the nuclear industry, and the Secretary of State for the Environment should join with the Secretary of State for Energy in the publicity campaign that was proposed.

The Cabinet -

4. Took note.

Northern
Ireland
Previous
Reference:
CC(86) 8th
Conclusions
Minute 1

THE SECRETARY OF STATE FOR NORTHERN IRELAND said that the Anglo-Irish Intergovernmental Conference had held a meeting on 11 March, its second in Belfast. The meeting itself had been encouraging and there had been less hostility towards it in Northern Ireland than on previous occasions. Nevertheless, the situation in Northern Ireland was worrying, not least because the politicians there seemed to have run out of ideas and their influence for restraint might be consequently eroded.

FOREIGN
AFFAIRS

Spain

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that in the referendum in Spain the previous day on membership of the North Atlantic Treaty Organisation (NATO), there had been a substantial majority for continued membership of the Alliance. This was good news. The terms of the question put to the Spanish electorate had attached conditions to continued NATO membership; the Government would be discussing the implications with Spain and the other allies.

Previous
Reference:
CC(85) 25th
Conclusions,
Minute 2

France:
Parliamentary
Elections

THE FOREIGN AND COMMONWEALTH SECRETARY said that, while prediction was risky, it appeared likely that, in the Parliamentary elections in France on 16 March, the parties of the democratic right would together win an overall majority in the National Assembly. The recent improvement in the prospects of the Socialist Party appeared to have ceased. It was not expected that the President of France, Monsieur Francois Mitterrand, would resign as a result of the election of a right wing majority in the Assembly. It would be necessary to see how the unprecedented situation of "cohabitation" between a Socialist President and a right wing Government would operate. It might become even more difficult to forecast French positions on foreign and defence matters and in other fields. The Foreign and Commonwealth Office would provide advice to other Departments on the handling of business with France in the new circumstances.

Terrorist
Incidents
Concerning
France

THE FOREIGN AND COMMONWEALTH SECRETARY said that France was facing various problems concerned with terrorism. It was possible that there were differences among French leaders on the handling of terrorist incidents, with the Prime Minister and the Minister of the Interior favouring a firmer line than the President. France was trying to secure the release of four French hostages held for over a year by a Shi'ite Moslem group in Lebanon. Following recent bombing incidents in Paris, two Iraqi Shi'ites, who were opponents of the Iraqi regime, had been expelled from France. Subsequently, and perhaps in retaliation,

four French television journalists had been taken hostage in Beirut. It was possible that some of the groups concerned in these incidents had been seeking to take advantage of the imminence of Parliamentary elections in France. The events showed that the British policy of entering into no bargains with people who took hostages was the right one. The relative uncertainty of the French position in this regard might have contributed to the taking of French hostages.

In a short discussion, it was noted that the risk of a terrorist incident against a Western country could increase when that country was approaching elections.

Iran/Iraq War

Previous Reference: CC(86) 9th Conclusions, Minute 3

THE FOREIGN AND COMMONWEALTH SECRETARY said that the military situation in the Iran/Iraq war had not changed in the past week. The slow Iraqi advance towards the town of Fao, held by Iran, continued. There was a possibility of further Iranian attacks in the same area, but Iraq should be able to withstand them. Iran continued to make statements threatening the Gulf States, especially Kuwait. Saudi Arabia was concerned about this. The United Kingdom had prompted the Secretary General of the United Nations to make a public statement expressing concern at any extension of the conflict between Iran and Iraq. The Government was also in contact with the Gulf States. The Government had proposed a diplomatic approach to Iran by the member countries of the European Community, stressing the need to respect Kuwaiti territory; but the view of the diplomatic mission in Tehran of the European Community countries had been that such an approach would not influence Iran.

South Africa

Previous Reference: CC(86) 8th Conclusions, Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the visit to South Africa by the Commonwealth Eminent Persons Group would end on 14 March. It had been handled with great discretion. The Group's contacts with the South African Government were at a critical stage. The British Government had urged the South African Government not to rebuff the suggestions that the Group were making. The South African response to the British approach had been reasonably encouraging. The prospect was that the Group would be able to continue to play a useful role in the coming period.

The Cabinet -

1. Took note.

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Channel Fixed Link

Previous Reference.

CC(86) 2nd

Conclusions,

Minute 6

THE SECRETARY OF STATE FOR TRANSPORT said that the concession agreement between the British and French Governments and the Channel Tunnel Group and France Manche (CTG/FM) on the construction of a Channel Fixed Link was due to be signed during that week, before the French Parliamentary elections on 16 March. It had not yet been signed because France had reneged on three points that had been agreed before the announcement in January 1986 of the choice of CTG/FM as promoter of the project. The points were -

- a. The French national railway company, Societé Nationale des Chemins de Fer, was seeking to pay less for use of the Fixed Link than CTG/FM and British Rail considered right; if conceded, this would affect the financial prospects of the Fixed Link.
- b. France was urging that construction contracts let by the promoter to firms in association with it should be confirmed only when the concession agreement entered into force in a year's time.
- c. France wanted the period during which CTG/FM would have an exclusive concession to end in the year 2010 instead of 2020.

The French Government had been told that the British Government adhered to the arrangements on these points that had been agreed before January 1986 and that the concession agreement could be signed only on that basis.

In a short discussion, it was agreed that the Prime Minister should that day send a message to the French President seeking to persuade France to adhere to the arrangements earlier agreed and to proceed quickly to signature of the concession agreement.

The Cabinet -

- 3. Invited the Secretary of State for Transport to prepare accordingly a draft message from the Prime Minister to President Mitterrand.

COMMUNITY AFFAIRS

Relations with Japan

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the Council of Ministers (Foreign Affairs) on 10-11 March had issued a firm statement on the Community's relations with Japan. This endorsed the approach which the United Kingdom had been advocating. It was now necessary to make sure that the Commission followed up the specific points, including the question of Japanese imports of alcoholic drinks before the Economic Summit meeting in Tokyo.

Relations
with the
United States

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Council of Ministers (Foreign Affairs) had also reached agreement on the basis on which the Community should resist United States demands on certain bilateral trade issues and, in particular, on the effect of the accession of Spain and Portugal on United States trade. The Community was ready to engage the normal procedures on this point under Article XXIV.6 of the General Agreement on Tariffs and Trade. The United States position was misconceived. The United States would make gains in industrial trade as a result of the enlargement of the Community and this needed to be taken into account as well as some potential losses on agricultural trade. Furthermore, the United States had given strong political support to enlargement. The recent visit of the Minister of Agriculture, Fisheries and Food to Washington had been helpful in putting some of these issues in perspective.

In discussion it was pointed out that the United States had certainly misinterpreted some of the effects of the accession of Spain and Portugal even in the agricultural sector. More broadly, however, there was a serious danger of increasing trade difficulties with the United States on agricultural products. United States legislation would now make mandatory the expenditure of at least \$1 billion on the subsidisation of United States' exports. This could lead to a price war in some markets. Talks between the Commission and the United States were planned but the risk should not be underestimated.

It was also pointed out that these problems were the result of the strong growth of agricultural production in many parts of the world. It had been estimated that the Community's grain surplus could quadruple by the end of that decade if sufficient measures were not taken. The Treasury would pay out in 1985-86 more than £½ billion on the storage and disposal of cereals in the United Kingdom under the common agricultural policy, while at the same time farm incomes fell by 43 per cent in 1985. The problem of adjusting farm support to the changing agricultural circumstances was real and the solutions difficult to achieve in many developed countries. It was necessary, however, to keep up the pressure for improvements in the operation of the common agricultural policy.

Intergovern-
mental
Conference

Previous
Reference:
CC(86) 9th
Conclusions,
Minute 4

THE FOREIGN AND COMMONWEALTH SECRETARY said that all member states had agreed that they would try to ratify by the end of that year the texts incorporating the results of the Intergovernmental Conference. It had also been agreed that, in order not to prejudge the decisions of national Parliaments, there would be no formal implementation in advance of ratification but that, if progress could be made informally, member states would make their best endeavours to achieve it.

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Environment

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that at the Council of Ministers (Environment) on 6-7 March the Minister from the Republic of Ireland had focussed attention on the control of nuclear waste at Sellafield. This issue could become more difficult in relations between the United Kingdom and the Republic of Ireland. The Dutch Presidency had also kept attention on the draft directive on emissions from large combustion plants: no decisions had been taken but the question would recur at the next Council of Ministers (Environment) in June and during the United Kingdom's Presidency in the second half of 1986.

Energy Levy

THE SECRETARY OF STATE FOR ENERGY said that it was necessary to keep a close watch on the possibility that the Commission might propose a levy on energy. In discussion it was pointed out that there was no proposal and that the United Kingdom was not advocating such a policy. Others would in any event be opposed to such a proposal and at this stage there could be disadvantage in taking a high profile. The pressure for an oil import levy in the United States seemed to be receding.

The Cabinet -

Took note.

Cabinet Office

13 March 1986

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